

Brian Sándoval
Governor



James R. Wells, CPA
Director

Steve Weinberger, CPA
Administrator

**STATE OF NEVADA
GOVERNOR'S FINANCE OFFICE
Division of Internal Audits**

209 E. Musser Street, Suite 302 | Carson City, NV 89701-4298
Phone: (775) 684-0222 | <http://iaudits.nv.gov> | Fax: (775) 687-0145

November 08, 2017

Ronald Grogan, Administrator
Nevada Taxicab Authority
Department of Business and Industry
2090 East Flamingo Way, Suite 200
Las Vegas, Nevada 89711

RE: Annual follow-up on the Department Business and Industry, Taxicab Authority
Audit Report No.16-01 issued January 19, 2016

Dear Mr. Grogan:

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits annually reviews and reports on the status of agencies' outstanding audit recommendations. Our review shows of the five outstanding recommendations from the January 19, 2016 audit report one is fully implemented and four are no longer applicable. We determined the following:

Recommendation 2

Correct the fee structure by rescinding the \$0.08 mileage rate increase, eliminating the \$0.12 per mile fuel surcharge, and using a graduated fee structure in the future based on actual Clark County fuel prices.

Status – No longer applicable

Agency Actions – The administrator removed the \$0.12 per mile fuel surcharge in November 2015. At the October 26, 2017 Taxicab Authority Board meeting, the Board voted to maintain the \$0.08 mileage rate increase after examining fees and other charges in the taxicab industry as well as the current environment in Clark County.

Auditor Comment – The administrator reports the status of the recommendation as no action taken; however, based on the Board's current decision, this recommendation is considered no longer applicable.

Recommendation 3

Adjust the credit card fee by dropping to a maximum \$0.90 per transaction.

Status – No longer applicable

Agency Actions – At the October 26, 2017 Taxicab Authority Board meeting, the Board voted to maintain the \$3.00 credit card fee after examining fees and other charges in the taxicab industry as well as the current environment in Clark County.

Auditor Comment – The administrator reports the status of the recommendation as no action taken; however, based on the Board's current decision, this recommendation is considered no longer applicable.

Recommendation 4

Evaluate eliminating the credit card fee completely.

Status – No longer applicable

Agency Actions – At the October 26, 2017 Taxicab Authority Board meeting, the Board voted to maintain the \$3.00 credit card fee after examining fees and other charges in the taxicab industry as well as the current environment in Clark County.

Auditor Comment – The administrator reports the status of the recommendation as no action taken; however, based on the Board's current decision, this recommendation is considered no longer applicable.

Recommendation 5

Clarify enforcement policy and procedures; organize and equip accordingly.

Status – Fully implemented

Agency Actions – The administrator and taxicab authority chief field investigator met with enforcement staff to clearly articulate their primary role is as category II peace officers (field investigators) and not category I peace officers (first responders). The Taxicab Authority issued new uniforms and other equipment, and removed the word "police" from clothing and equipment.

Recommendation 6

Submit a Bill Draft Request to eliminate the Taxicab Authority as a separate state regulatory agency and transition its statutory responsibilities to Clark County or the Nevada Transportation Authority.

Status – No longer applicable

Agency Actions – The administrator reports no further action is planned as this would require legislative action. Additionally, legislators submitted SB 299 during the 79th Legislative Session which died in committee.

Auditor Comment – The administrator reports the status of the recommendation as partially implemented; however, based on the lack of legislative action, this recommendation is no longer applicable.

Sincerely,

A handwritten signature in blue ink that reads "Steve Weinberger".

Steve Weinberger, CPA
Administrator

cc:

Governor Brian Sandoval, Chairman, Executive Branch Audit Committee
C.J. Manthe, Director, Department of Business and Industry
James R. Wells, CPA, Director, Governor's Finance Office

Attachment

Attachment

BRIAN SANDOVAL
Governor

C. J. MANTHE
Director



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
TAXICAB AUTHORITY
2090 E. Flamingo Road, Suite 200
Las Vegas Nevada 89119
Telephone (702) 668-4000 • Fax (702) 668-4001
<http://taxi.nv.gov>

RONALD GROGAN
Administrator

STAN OLSEN
Chairman

Members
BRUCE AGUILERA, ESQ.
JAMES E. CAMPOS
ROGER C. THOMPSON, Ph. D
RICHARD DAVID GROOVER

November 1, 2017

Steve Weinberger, CPA, Administrator
State of Nevada Governor's Finance Office
Division of Internal Audit
209 E Musser St
Carson City, NV 89701

RE: Follow-up on the Department of Business and Industry Taxicab Authority audit report 16-01 issued on January 16, 2016

Dear Mr. Weinberger:

The Taxicab Authority Board met on October 26, 2017 to review the outstanding recommendations from the 2015 Internal Audit. The Board's response to the recommendations are listed below.

Recommendation 2

Correct the fee structure by rescinding the \$0.08 mileage rate increase, eliminating the \$0.12 per mile fuel surcharge, and using a graduated fee structure in the future based on actual Clark County fuel prices.

No action was taken. After giving this matter careful consideration and examining fees and other charges in the taxicab industry as well as the current environment in Clark County, the Board voted to maintain \$0.08 mileage this rate increase. Please see "Attachment A" summarizing the information the Board reviewed in making this determination.

Recommendation 3

Adjust the credit card fee by dropping to a maximum \$0.90 per transaction.

No action was taken. After giving this matter careful consideration and examining fees and other charges in the taxicab industry nationwide as well as other industries' practices, the Board voted not to reduce the credit card fee rate. Please see "Attachment A" summarizing the information the Board reviewed in making this determination.

Recommendation 4

Evaluate eliminating the credit card fee completely.

No action was taken. After giving this matter careful consideration and examining fees and other charges in the taxicab industry nationwide as well as other industries' practices, the Board voted to maintain the current credit card fee. Please see "Attachment A" summarizing the information the Board reviewed in making this determination.

Page 2 of 4
Letter dated November 1, 2017

Recommendation 5

Clarify enforcement policy and procedures; organize and equip accordingly.

Fully Implemented: All actions necessary to satisfy the recommendation have been completed. The Taxicab Authority issued new uniforms and other equipment, and removed the word "police" from clothing and equipment.


Recommendation 6

Submit a Bill Draft Request to eliminate the Taxicab Authority as a separate state regulatory agency and transition its statutory responsibilities to Clark County or the Nevada Transportation Authority.

Partially Implemented: There are no further actions planned. Implementing this recommendation requires legislative action.

As the auditors reported previously, a concept bill draft with options was submitted; however, no action was taken. In addition, Senate Bill 299 consolidating the Taxicab Authority with the Nevada Transportation Authority was submitted to the legislature during the 79th Legislative Session but died in Committee.

Sincerely,



Ronald Grogan, Administrator
Nevada Taxicab Authority
Department of Business and Industry



Page 3 of 4
Letter dated November 1, 2017

Attachment A

The Board met on October 26, 2017, and voted to retain both the \$3 credit card fee and the .08 cents added to the meter in 2015 (the .08 cents was originally part a .20 cents fuel surcharge the balance of which was removed in the Fall of 2015).

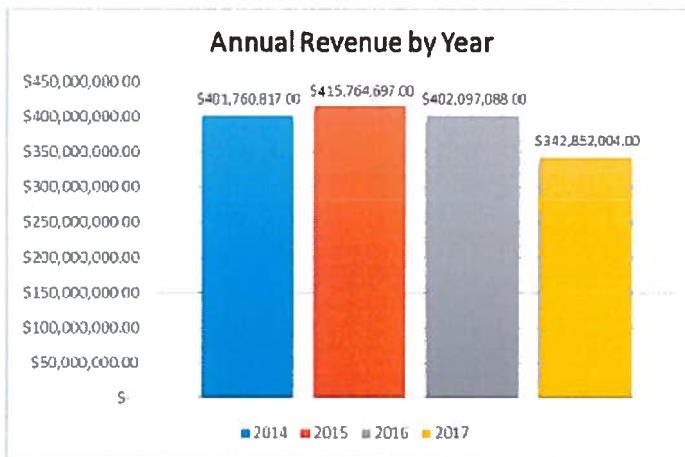
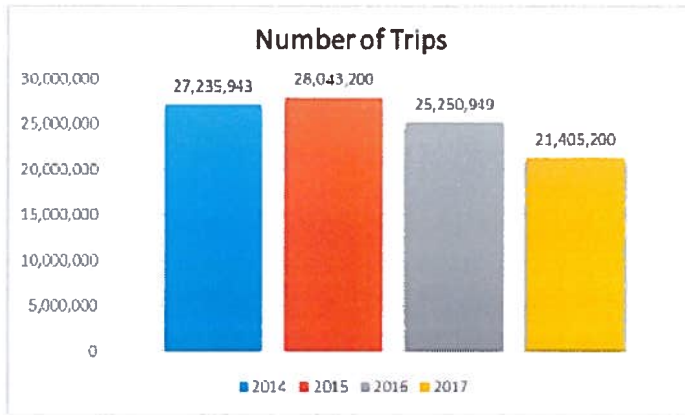
The decisions of the Board were based on information provided by the Industry, Applied Analysis (the Livery Operators Association's Consultant), as well as information provided by Taxi Research Partners (a consulting firm hired by the Taxicab Authority to study the Clark County Taxi Industry and provide information on the rate structure).

There were a number issues discussed relating to the credit card fee:

- 1) The \$3.00 credit card charge is legal and was approved by the legislature in 2011 (NRS 706.88355). The \$3.00 charge has been in existence since 2004.
- 2) Only those customers who use a credit or debit card are charged a fee.
- 3) It is transparent, the credit card charge is posted on the doors of all cabs within Clark County.
- 4) Various types of fees are prevalent throughout the country and used to increase revenue in the taxi industry. Some examples include:
 - a. .50 cents to \$1.00 night surcharge (New York, New Jersey, Richmond and Austin);
 - b. \$1.00 peak hour charge (New York, New Jersey);
 - c. .50 cents to \$5.00 additional passengers charge (Chicago, Dallas, Wash DC, Atlanta, Seattle, St Louis, Providence, Salt Lake City, Milwaukee, Memphis, Oklahoma City, Norfolk, Baltimore, Charlotte, Portland and Nashville);
 - d. \$1.00-\$5.00 trunk usage or luggage charge (Baltimore, Providence, Virginia Beach-Norfolk, Milwaukee, Raleigh and Buffalo);
 - e. \$5.00 for large suitcase; and
 - f. .50 cents for each grocery bag (multiple cities).
- 5) Northern Nevada recently added a \$3.00 credit card fee.
- 6) Miami-Fort Lauderdale offers a \$2.70 credit for cash.
- 7) Many businesses charge customers to use credit cards and debit cards including a number of state agencies. In addition, gas stations charge higher rates per gallon of gas for customers not paying with cash.
- 8) Airline and hotel fees are normal and prevalent in the tourism industry.
- 9) Customers in casinos in Las Vegas are charged \$7.00-\$10.00 dollars to withdraw funds from in-house ATM machines.
- 10) The Taxicab Authority does not receive a significant number of complaints related to the credit card fee. In 2017, the TA only received 16 complaints during the same period the industry had provided over 15 million rides. During the review of these complaints it was noted that some customers were surprised about the credit card charge even though the credit card fee was posted on vehicle doors. The Board, in its decision, ordered the TA to add signage inside the taxis to better inform customers about the credit card fee.
- 11) Finally, it has been two (2) years since the audit was conducted and much has changed in the taxi industry since 2015. TNC operations have contributed to a decrease in rides for the taxi industry and resulted in lost revenue. (See Charts below)



Page 4 of 4
Letter dated November 1, 2017



Considering all the information contained here, the Board felt that eliminating the credit card charge or .08 cents previously added to the meter would further cause severe negative impact to an industry that had already suffered nearly a \$73 million dollar loss of revenue and 2,000 fewer drivers since 2015.



