

Cooper, Kathy

2885

From: Miller, Sarah E.
Sent: Wednesday, January 19, 2011 12:08 PM
To: IRRRC; Totino, Michaele; Smith, James M.; Wilmarth, Fiona E.
Subject: FW: IRRRC NO. 2885 ,REG NO. 126-1 PHILADELPHIA PARKING AUTHORITY
Attachments: Comments to regulation IRRRC NO. 2885.pdf

From: Victory Cab [mailto:victorycabco@yahoo.com]
Sent: Monday, January 17, 2011 6:14 PM
To: Miller, Sarah E.
Cc: IRRRC
Subject: Fw: IRRRC NO. 2885 ,REG NO. 126-1 PHILADELPHIA PARKING AUTHORITY

Hi Sarah,

Please see attachment of my commends for :

IRRC NO. 2885, Philadelphia Parking Authority,

NO,126-1, Philadelphia Taxicab and Limousine Regulation
Order Docket NO.PRM-10-001

if need more information
My cell number 267-2283006
Thank you,

David Arbel, General Manager,

Broad & Pike Motors, Inc.
Yellow 2000 of Philadelphia, Inc. Nagi cab corp,
MM transportation, LLC, Micky cab co,Inc.
1405 west pike Street
Philadelphia, PA 19140
(215) 223-5002 office
(215) 223-4997 fax
victorycabco@yahoo.com

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PROPOSED RULEMAKING

PHILADELPHIA PARKING AUTHORITY

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[52 PA.CODE CHS. 1001, 1003, 1005, 1011, 1013, 1015, 1017, 1019, 1021,
1023, 1025, 1027, 1029, 1051, 1053, 1055, 1057, 1059, 1061, 1063 AND
1065]

[PRM-10-001]

Philadelphia Taxicab and Limousine Regulations

[41 Pa.B. 435]

[Saturday, January 15, 2011]

The Philadelphia Parking Authority (Authority), on November 22, 2010, adopted a proposed rulemaking order which establishes a body of regulations applicable to Philadelphia taxicabs and limousine service providers. This proposed rulemaking was necessitated by the Commonwealth Court's determination in *Germantown Cab Co. v. Philadelphia Parking Authority*, 993 A.2d 933 (2010), that the Authority's existing local regulations are invalid because they were not promulgated under the act of July 31, 1102 and 1201— 1208), known as 1968 (P.L. 769, No. 240) (45 P.S. §§ the Commonwealth Documents Law. The matter is on appeal to the Supreme Court, but the Authority will proceed with this proposed rulemaking in an abundance of caution.

***Philadelphia Taxicab and Limousine Regulations;
Doc. No. PRM-10-001***

COMMENTS RESPONSE TO PROPOSED RULEMAKING ORDER

PHILADELPHIA TAXI CAB AND LIMOUSINE REGULATION

ORDER DOCKET NO. PRM-10-001

IRRC NO. 2885 PHILADELPHIA PARKING AUTHORITY

**REG NO. 126-1 PHILADELPHIA TAXICAB AND LIMOUSINE
REGULATIONS**

Comments by David Arbel

philadelphiataxi@gmail.com

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Since Philadelphia proposed regulation "TITLE 52 PUBLIC UTILITIES Part II" built on the NY model "CHAPTER 17 RULES FOR TAXICAB, HACK-UP AND MAINTENANCE §17-18 Scheduled Vehicle Retirement"

I would like to make the comparison between NY TLC regulation and Philadelphia TLC proposed regulation and show the economic forces on Philadelphia Taxi cab market.

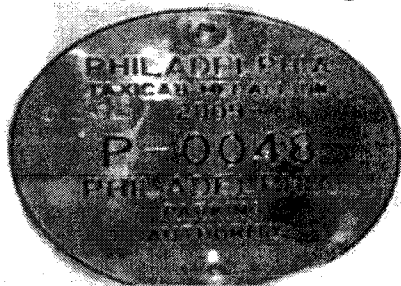
References: check the links below



http://www.nyc.gov/html/tlc/downloads/pdf/public_notice_06_30_09.pdf
**CHAPTER 17 RULES FOR TAXICAB
HACK-UP AND MAINTENANCE
§17-18 Scheduled Vehicle Retirement**



<http://www.philapark.org/tl2/pdfs/2010-ppa-tld-regs.pdf>
**TITLE 52
PUBLIC UTILITIES
Part II.
Philadelphia Parking Authority.**



Scheduled Vehicle Retirement Table
Comparison between TLC NY, NY and TLC/ PHILADELPHIA, PA

Scheduled Vehicle Retirement	TLC-NY	TLC-PHILADELPHIA
<p>Vehicle is double-shifted reenter service after having been removed from taxicab service</p> <p><i>Mileage at vehicle introduction Max</i></p>	<p>36 Month/ <u>*Unlimited Miles</u> <u>1 to 36 Month/ Unlimited Miles</u></p> <p>New from the car dealer</p>	<p>60 Month/ <u>Maximum mileage 200,000Miles</u> 1 to 12 Month</p> <p>Up to 15,000 Miles</p>
<p>vehicle is driven by at least one Long-Term Driver</p> <p><i>Hardship Extension one Long-Term Driver</i></p>	<p>60 Month/* Unlimited Miles</p> <p><i>Extensions of 12-Month</i> 72 Month/ *Unlimited Miles</p>	<p>60 Month/ <u>Maximum mileage 200,000Miles</u></p> <p>N/A</p>
<p><i>Compressed Natural Gas Extension</i></p>	<p><i>Extensions of 36-Month Retirement Schedule</i> 72 Month/ double-shifted *Unlimited Miles</p> <p>96 Month/ one Long-Term Driver *Unlimited Miles</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>
<p><i>Minivan Extension</i></p>	<p>12 additional months of Taxicab service if double-shifted</p> <p>48 Month/ double-shifted *Unlimited Miles</p>	<p>N/A</p>

<i>Minivan Extension</i>	By 18 additional months of Taxicab service under other conditions 78 Month/ one Long-Term Driver *Unlimited Miles	N/A
<i>Clean Air and Accessible Taxicab Extensions</i> reenter service after having been removed from taxicab service <i>Mileage at vehicle introduction Max</i>	<i>Extensions of 36-Month (72 Month) Retirement Schedule for any Level I or Level II Clean Air Taxicab</i> *Unlimited Miles <i>1 to 72 Month</i> New from the car dealer	96 Month/ Maximum mileage 300,000Miles 1 to 36 Month Up to 35,000 Miles
double-shifted Long-Term Driver	<i>Extensions of 60-Month Retirement Schedule: Level II Clean Air</i> 96 Month/ *Unlimited Miles 152 Month/ *Unlimited Miles	N/A N/A N/A
Maximum number of taxicab driver's certificates Currently active licensed	No limit 48,536	Limited to 3,000 Estimated 5,500

***Unlimited Miles-** A vehicle which cannot pass inspection must be replaced, regardless of whether its Scheduled Retirement Date has been reached.

Leasing/ Rental Income

Medallion and license owners can lease this form of property to drivers on either a short-term (shift) or long-term (weekly) basis, and often leases can be made to multiple drivers, even on a long-term basis.

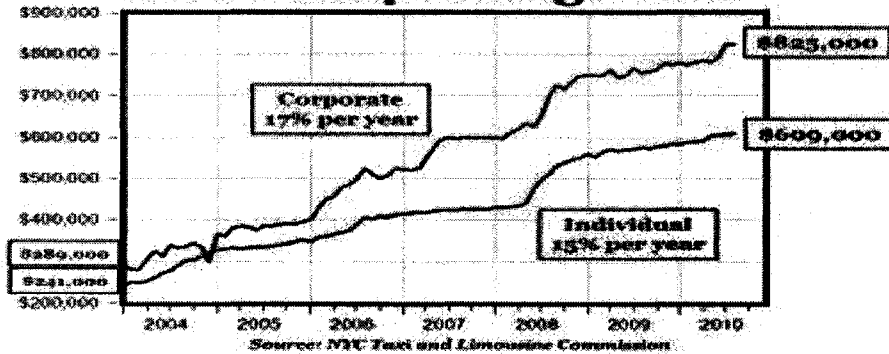
Short-term leasing can potentially generate higher gross returns, but a lower cost structure often makes long-term leasing more profitable.

In general, a medallion owner has the option to lease:

- (a) Only the medallion,
 - (b) The medallion and car without providing repairs and maintenance, and
 - (c) The medallion and car with repairs and maintenance provided,
- although the nature of shift leasing always requires an owner to provide and maintain their vehicles.

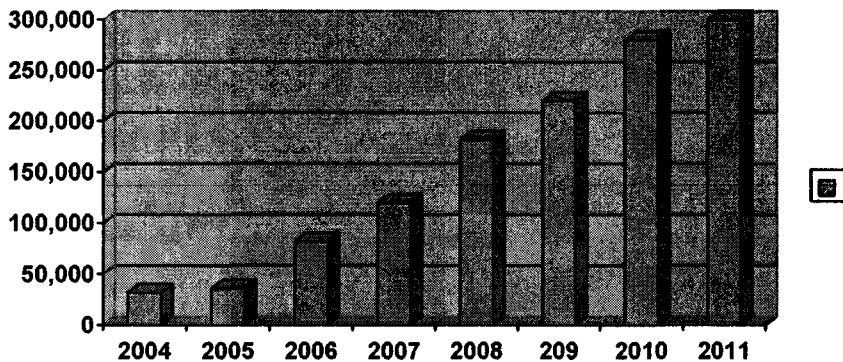
Owners typically do not pay for gas, Driver violation and parking or employee fringe benefits.

NYC Taxi Medallion Prices Jan. 2004 to Aug. 2010



NY Individual Medallion growth an everge of 15% per year

Philadelphia Taxi Medallion Prices Jan.2004 to Aug.2010



Philadelphia Medallion growth an everge of 43% per year

Comparison of total investment to start ONE taxi cab for individual in the cities of:

	TLC-NY	TLC-PHILADELPHIA
Medallion price	\$825,000 Corporate \$609,000 Individual	N/A \$280,000
Vehicle costs	\$28,000	\$5,500
"Hack-up" costs	\$1,800	\$1,800
Insurance	\$7,000	\$4,500
TLC-Licensing fees	\$550	\$1,300
Total Investment for Individual	\$646,350	\$293,100

Total investment to start ONE taxi cab for individual in NY is 220% greater than one in Philadelphia

Comparison of maximum lease charge for a medallion and vehicle for one twelve-hour shift

Maximum Lease charge for a medallion and vehicle for one twelve-hour shift shall not exceed:

Day Shift	Monday	Tuesday	Wed	Thur	Friday	Saturday	Sunday	Total Weekly Day shift
TLC regulation Philadelphia	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$490
TLC/NY	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$735
Night Shift	Monday	Tuesday	Wed	Thur	Friday	Saturday	Sunday	Total Weekly Night shift
TLC regulation Philadelphia	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$490
TLC/NY	\$115	\$115	\$120	\$129	\$129	\$129	\$115	\$852

Comparison Maximum income from weekly day & night shift

NY: Above it is demonstrated that with no downtime a taxicab with medallion leased one day and night shift per day could potentially earn $(\$735+\$852)*52=\$82,524$ per annum

Assume that the vehicle or shift driver(s) are unavailable 25% of the time and that result in an income of **\$61,893 per annum.**

Philadelphia: Above it is demonstrated that with no downtime a taxicab with medallion leased a day and night shift per day could potentially earn $(\$490+\$490)*52=\$50,960$

Assume that the vehicle or shift driver(s) are unavailable 25% of the time and that results in an income of **\$38,220 per annum.**

The potentially earn of shift day and night in NY is 122% greater than Philadelphia

Weekly charge Day shift only, Max lease in NY is 150% greater than Philadelphia

Weekly charge Night shift only, Max lease in NY is 174% greater than Philadelphia

Comparison of Standard Lease Cap for a medallion and vehicle for one shift for a week or longer

The Standard Lease Cap for a medallion and vehicle for one shift for a week or longer shall not exceed: (down time estimated by 20%...accidents, maintenance).

NY: $(\$666 \text{ day and } \$666 \text{ night}), \text{ weekly... } (666*2*52*80\%) = \$55,411/\text{year}$ two shift
Philadelphia: $\$490 \text{ (day and night) weekly... } (490*2*52*80\%) = \$20,384/\text{year}$ two shift

Standard lease cap for medallion and vehicle in NY is 272% greater than in Philadelphia

Comparison Standard Lease Cap for a medallion only

The Standard Lease Cap for a medallion only, covering the entire time during a week or longer, shall not exceed: (down time estimated by 20%...accidents, maintenance).

NY: \$800 weekly.....(800x52x80%) = \$33,280/year

Philadelphia: \$400 weekly.....(400x52x80%) = \$16,640/year

Standard lease cap for medallion in NY is 200% greater than Philadelphia

Comparison of financing for medallion only

NY/ Financing 80% (\$609,000) at 5.75% with a 25-year amortization schedule results in an annual payment of \$45,975 per annum (plus the investor has to come up with the \$150,000 equity investment).

Philadelphia/ Financing 80% (\$280,000) at 5.75% with a 25-year amortization schedule results in an annual payment of \$21,138 per annum (plus the investor has to come up with the \$56,000 equity investment)

Philadelphia: Financing taxi medallion: \$21,138 per annum

ACTUAL COSTS for Operating Vehicle (Medallion not included)

<u>New York</u>	<u>Philadelphia</u>
• Vehicle costs (new\$28,000/3year)=\$9334	(used \$5,500/3year)=\$1834
• "Hack-up" costs: \$1,800	\$1,800
• Insurance: \$7,000	\$4,700
• TLC-Licensing fees:\$550	\$1,300
• Repairs(\$50x52)=\$2,600	(\$50x52)=\$2,600
• Total costs\$21,284/year\$12,234/year

Philadelphia: ACTUAL COSTS for operating vehicle: \$12,234/year

**PREDICTED COSTS UNDER THE NEW TLC
REGULATION**

Operating Vehicle under TLC PROPOSED REGULATION, (Medallion not included)

Average miles for taxi cab/year in Philadelphia 55K/year
 TLC Philadelphia Scheduled Vehicle Retirement
 60 Month/ *Maximum mileage* 200,000Miles

200,000/55= 3.64/year

\$28,000/3.64=\$7,692/year (TLC force purchasing vehicle under 15,000 miles)

<u>New York</u>	<u>Philadelphia</u>
• Vehicle costs (new\$28,000/3year)=\$9334	(\$28,000/3.64year)=\$7,692
• "Hack-up" costs: \$1,800	\$1,800
• Insurance: \$7,000	\$7,000
• TLC-Licensing fees:\$550	\$1,300
• Repairs(\$50x52)=\$2,600	(\$50x52)=\$2,600
• Total costs\$21,284/year	\$20,392/year

Philadelphia/ Under new TLC regulation cost of new vehicle operation:
\$20,392/year

***167% a year increase in vehicle operating cost**

***operating cost not included other expenses as: Accidents and total loss.**

**GROSS NET INCOME OPTIONS OPERATING TAXI CAB
IN PHILADELPHIA:**

Option 1: Medallion leased a day shift and night shift (Garage Fleet)

Option 2: Standard Lease for a medallion and vehicle

Option 3: Standard Lease for a medallion only

OPTION 1

Medallion leased a day shift and night shift (Garage Fleet)

1. Medallion leased a day shift and night shift (income). \$38,220/year
Actual costs vehicle operation.....\$12,234/year
Financing Medallion payment of.....\$21,138/year
Total net gross.....\$38,220-(12,234+21,138)=\$4,848/year

*******Profit of \$94 a week*******

TLC Philadelphia proposal Medallion leased a day shift and night shift

1.1 Medallion leased a day shift and night shift (income). \$38,220/year
Estimated costs, vehicle operation.....\$20,392/year
Financing Medallion payment of.....\$21,138/year
Total net loss.....\$38,220-(20,392+21,138) =(-)\$3,310/year

Under **New TLC proposal Loss of \$64 a week**

OPTION 2

Option 2: Standard Lease for a medallion and vehicle

2. The Standard Lease Cap for a medallion and vehicle
Philadelphia: \$490 weekly..... (490x52x80%)=\$20,384/year
Financing Medallion payment of.....\$21,138/year
Actual costs vehicle operation.....\$12,234/year
Total net loss.....\$20,384-(21,138-12,234= (-) 12,988/year

*****Loss of \$250 a week*****

TLC Philadelphia proposal for Lease Cap for a medallion and vehicle

2.1 Medallion and vehicle, \$490 weekly..... (490x52x80%) =\$20,384/year
Financing Medallion payment of.....\$21,138/year
Estimated costs vehicle operation..... \$20,392/year
Total net loss.....\$20,384-(21,138+20,392) = (-) \$21,146/year

*****Under New TLC proposal Loss of \$407 a week*****

OPTION 3

Option 3: Standard Lease for a medallion only

3. The Standard Lease Cap for a medallion only

Philadelphia: \$400 weekly..... (400x52x80%) =\$16,640/year
Financing Medallion payment of.....\$21,138/year
Actual costs Insurance.....\$4,700
TLC-Licensing fees.....\$1,300
Total net loss..... \$16,640-(21,138+4,700+1,300) = (-) \$10,498/year

*******Loss of \$202 a week*******

TLC Philadelphia proposal for Lease Cap for a medallion only

3.1 Philadelphia: \$400 weekly..... (400x52x80%) =\$16,640/year
Financing Medallion payment of.....\$21,138/year
Actual costs Insurance.....\$7,000
TLC-Licensing fees.....\$1,300
Total net loss.....\$16,640-(21,138+7,000+1,300) = (-) \$12,798/year

*******Loss of \$247 a week*******

CONCLUSION

During the last 6 years, the value of a taxi medallion grew at the average rate of 43% a year because of high demand for jobs by unskilled workers. This growth created a dangerous economic bubble that clearly showed that economic forces are very poor for operating a taxi cab in Philadelphia. As shown by **Option 2** (Standard Lease for a medallion and vehicle) and **Option 3** (Standard Lease for a medallion only), the **gross income is negative**. The only parties that still make a profit are the finance companies and the medallion owner if there are no monthly payments. If new investors cannot gain profit from a taxi medallion, this industry will never grow and compete, and it will not benefit the public.

Today, the average financing for a taxi medallion is 25 years, with payments of \$21,138 per annum. Option 2 shows a loss of **\$250 a week** because under current TLC regulation the Maximum cap of standard was never adjusted to the increase of the medallion prices. Instead, TLC Philadelphia kept the cap unchanged since 2005, as today the Maximum lease cap is too low to generate profit. Option 3 also shows a loss of \$202 a week.

The new proposed regulation did not offer any adjustment to the Maximum standard lease cap. If the cap is be adjusted according to the medallion value, it will create a solid economic plan. This is what the TLC in NY did by adjusting the Maximum cap with an increase in the market value of a taxi medallion. TLC Philadelphia, however, wants new vehicles in Philadelphia streets; this will increase the hardship on taxi industry by increasing the losses and will bring the taxi market to a complete stop, followed by destruction and bankruptcy.

TLC Philadelphia did not offer any solutions to the failing taxi industry; they have only created more demands; see **Scheduled Vehicle Retirement Table** page 3-4. NY TLC has a better understanding of the situation, and is providing economical solutions for mileage and retirement life cycle for vehicles and better answers for public demands for green, Minivan and other friendly technologies in transportation. TLC Philadelphia asks for a short life cycle for vehicles that will bring the taxi industry to their knees, with no green environment options and no minivan options.

TLC Philadelphia is a branch of the Philadelphia Parking Authority operating as bill collectors with the highest penalties and violations in the nation - some as much as 300% higher than NY TLC regulations. TLC

Philadelphia has a long way to go in learning from other cities success by balancing economic market forces with realty and not just seeking short-term gratification in terms of what looks better on the street or how the departmental requirement balance sheet looks. Follow other successes, not failures.

Comments by: David Arbel
philadelphiataxi@gmail.com