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February 23, 2012

James R. Ney, Director  
Taxicab and Limousine Division  
Philadelphia Parking Authority  
2415 S. Swanson Street  
Philadelphia, Pennsylvania 19148

Re: Fiscal Year Ending June 30, 2013 Budget  
Hospitality Initiative Report  
Fiscal Year 2013 Fee Schedule

Dear Director Ney:

In response to your request for comments on the above, please accept these comments on behalf of Yellow Cab Company, Executive Transportation Service, Inc., and all of the carriers certified by the Pennsylvania Public Utility Commission, which have rights to provide call or demand service in a portion of Philadelphia. These PUC certified carriers include Bucks County Services, Inc., Concord Coach Limo, t/a Concord Coach Taxi, Concord Coach USA, t/a Bennett Taxi Service, Dee Dee Cab Company, t/a Penn Dell Cab, Germantown Cab Company, and MCT Transportation, Inc., t/a Montco Suburban Taxi.

## I. GENERAL COMMENTS

Act 94 allows the Authority to impose fees “necessary to advance the purposes of [Act 94].” 53 Pa.C.S. §5707(b). But Act 94 is not clear as to the limits on the Authority’s power to impose fees and spend money.

Clearly, the Authority has the power to impose fees to cover regulatory expenses and fees should bear some relationship to the costs of administering and enforcing Act 94. Regulatory expenses should also be reasonably related to a function or a power that the Authority has under Act 94. In addition, regulatory expense should be allocated to the regulated community in a fair and equitable manner. With these general principles in mind, we have several objections to the proposed budget and fee schedule.

## I. DISPATCH FEES

First, the Authority's budget is divided between taxicab operations and limousine operations. There is no separate budget for dispatch operations. Because dispatchers only provide service to taxicabs, any expenses relating to the regulation of dispatchers would have to be included in the taxicab budget; however, none of the line items contained in the taxicab budget appear to be related to cost of regulating dispatchers.

One would expect the cost of regulating dispatchers to be very minimal in relation to the cost of regulating taxicabs or limousines. Accordingly, the \$3,000 fee for dispatchers seems unfair and inequitable. It does not appear to bear any relationship to the cost associated with the regulation of dispatchers.

Likewise, the \$600 fee for a change in dispatch colors does not appear to bear any relationship to the actual cost of administering such a change.

## II. METERED LIMOUSINE FEES

The fee for "metered" limousine rates is unfair and inequitable. In the first place the fee appears to be a special tax that applies to only one carrier, Executive Transportation Services. There is no basis for distinguishing between "meter" limousines and other limousines and the fee bears no relationship to the revenue or profitability of "meter" limousines as opposed to any other type of motor carrier.

Secondly, the Authority charges "metered" limousines a price for doing business in addition to annual fee. The price includes, territory restrictions, vehicle caps, increased inspection standards, all of which are illegal.

Third, as provided in Section IV below, per vehicle assessments for motor carriers with unlimited certificates are unfair and inequitable.

## III. PARTIAL RIGHTS ASSESSMENTS

Motor carriers with rights to provide call or demand service in portions of Philadelphia are certified and regulated by the Pennsylvania Public Utility Commission. The Authority does not have the power or authority to impose assessments on these carriers.

Even if the Authority had the power and authority to impose fees on these carriers, the proposed fee in the Authority's budget and fee schedule is grossly unfair and inequitable. The Authority calls these carriers "partial rights" carriers, which refers to the fact that they have authority in "part" of the city, whereas medallion taxicabs provide service on a citywide basis. Yet the Authority proposes to impose the same fee it charges medallion taxicab owners for each vehicle that a "partial rights" carrier operates. This is unfair and inequitable for a number of reasons.

First, “partial rights” carriers should not be charged on a per vehicle basis for the reasons set forth in Section IV below.

Secondly, if a “partial rights” carrier can only operate a vehicle in a portion of the area of served by a medallion taxicab, then its fee should be a fraction of the medallion taxicab fee based on the amount of territory it covers.

Third, the Philadelphia International Airport, the 30<sup>th</sup> Street Train Station, the sports stadium complex and Center City Philadelphia are all outside of the operating territories of “partial rights” taxicabs, while the territories of “partial rights” carriers include some of the poorest residential neighborhoods in Philadelphia. Any fee charged to these carriers should take these factors into account.

Third, unlike medallion taxicabs, which are all the same, “partial rights” carriers operate in different territories with different business models. Their revenue potential and profitability vary widely. Thus, a uniform assessment for all “partial rights” carriers bears no relationship to revenue potential or profitability of individual carriers.

#### IV. PER VEHICLE ASSESSMENTS FOR NON-MEDALLION MOTOR CARRIERS

A uniform per vehicle assessments for medallion taxicabs is appropriate because medallion taxicab certificates are limited to the operation of one taxicab per certificate and because all medallions have equal revenue potential. All medallions charge uniform rates and may operate on a citywide basis. In addition, the cost of operating a single medallion does not vary significantly from one medallion operator to the next. Accordingly, a uniform medallion fee is fair and equitable because it bears a reasonable relationship to the revenue and profit that a single medallion taxicab may generate.

On the other hand, a per vehicle assessment for motor carriers with authority to place as many vehicles into service as necessary to meet the needs of the public is neither fair nor equitable.

First of all, motor carriers with unlimited certificates have many different business models. Revenue potential and operating costs vary from motor carrier to motor carrier and even within individual classes of motor carriers.

Secondly, motor carriers with unlimited certificates need the flexibility to add or delete vehicles from their fleet to respond to fluctuations in public demand. The Authority’s fee schedule does not permit such flexibility. In fact, the per vehicle assessment imposes a de facto restriction on an unlimited certificate without due process because it makes it cost prohibitive to add vehicles to the fleet.

## V. APPLICATION AND TRANSFER FEES

The application fees for new service are high and bear no relationship to the regulatory costs associated with the processing of such application. The same applies to the proposed transfer fees. In reality these are value added taxes and transfer taxes based on the value of the underlying rights. The Authority has no power or authority to impose such taxes, unless they bear a reasonable relationship to the regulatory costs associated with the administration and enforcement of the statute. Clearly, in this case, they do not.

Compare the \$350 application and transfer fees charged by the Pennsylvania Public Utility Commission to the \$15,000 application fee for new dispatch rights. Or the 5% transfer fee for medallions, which this year will yield nearly \$20,000 per transfer for the Authority. The Authority cannot justify these fees on the basis of covering regulatory expenses.

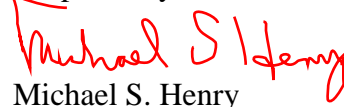
## VI. HOSPITALITY INITIATIVE

The Authority does not have power or authority to spend money on the Hospitality Initiative. The original appropriation expired on December 30, 2005, before the Authority encumbered the funds as required under Section 23(2) of Act 94. In addition, the appropriation was limited to \$2,000,000, whereas the Authority has illegally spent almost \$4,000,000 on the Hospitality Initiative. Without a legislative appropriation, the Authority does not have the power or authority to spend money on equipment and services for taxicabs because it does not relate to a function or power that the Authority has under Act 94. By supplying equipment and services to taxicabs, the Authority is engaged in providing taxicab service, which is not authorized under Act 94. Any fees, such as the \$325,000 dispatch fees are therefore illegal.

## VII. OVERALL COSTS

Historically, the Pennsylvania Public Utility Commission charged a single licensing fees and did not charge for many of the items for which the Authority charges. Many of the Authority's regulatory activities are subsidized by these fees. Accordingly, the Authority's fees in comparison with those charged by the Public Utility Commission are significantly and unreasonably higher. The bulk of the cost appears to be associated with the extraordinarily high cost of payroll. The bureaucracy appears to be bloated and top heavy. The Authority needs to take a serious look at the burgeoning regulatory costs and should reject the budget and fee schedule proposed by the TLD.

Respectfully submitted,



Michael S. Henry