

MODERATOR'S COMMITTEE ON TAXI MEDALLIONS

Monday, July 28, 2014 @ 7:00 PM

Room 408, Brookline Town Hall

333 Washington Street

Meeting was called to order. Present were:

Chad Ellis

Amid El Khoury

Michael Sandman (via conference call)

Acting Chairman Ellis opened the meeting at 7:05. He explained that Mike Sandman was participating by phone. He explained that the meeting was a public hearing, and that no votes would be taken. He also pointed out that the meeting was being videotaped, and he requested that people speak for no more than 5 minutes each when they made their comments to the committee members.

- David Lescohier: If something looks too good to be true, that is usually the case. The Green caucus supported Article 26. Claim that we would get new taxis and a windfall for the town seems too optimistic. Her conditions changed into the now suggest that we find a less risky plan? The plan [as originally proposed] is unfair to the elderly, to the environment and to the drivers. The town claims an exemption from the rule to sell to the highest bidder. But we waited too long to sell the medallions, and the industry is in a state of disruption. We should hire a different kind of consultant. The companies claim that the town is trying to make them by their business twice. Instead, consider reserving 45 medallions for drivers and sell them at a negotiated price. Refer to the Schaller plan. Include in any negotiations representatives of the elderly, drivers, and other groups with an interest.
- Joe Bethony (Bay State Tax): Taxi companies can't continue to operate with the current system. The competition operates with no regulation and has access to capital. Medallions will stabilize the industry and enable the companies to recapitalize. That way the BETS program will continue. The current plan calls for the companies to pay between \$5 million and \$6 million. The town should get its funds [from the companies] after the sale of all medallions is complete. The small operators and the town needed a strong central company [to provide radio room services] so that customers can call in for lost items and so forth.
- Dario (Brookline Town Taxi): Taxi companies are not getting a free ride and the town is getting a good deal [from the proposed plan]. We have been through a long set of negotiations, and there's no way to go forward except with medallions.
- Merilice: I asked whether there was any member of the committee who represents drivers. No and I hope the committee will bring representatives of the drivers onto the committee. Boston taxi drivers don't get benefits and feel like sharecroppers. But they would like a more level playing field versus Uber and they may put together a co-op. [She endorses] the Schaller plan, which was shelved it because it didn't create a windfall for the town. The current plan is an example of how we are not an inclusive town. Most of the drivers are

minorities in the new Diversity Commission should be involved.

- Member of the public: The membership of the committee is not represented. The drivers I spoke to don't understand the diet plan. You drivers can't get financing. The town needs to consider more than just the funds that will flow from medallions.
- Taxi driver: Ten years ago, driving was a good profession. Now computer dispatching has hurt incomes and many drivers have left. The Uber app is highly functional - a very good system. But they have different rates. The taxi drivers are allowed to use their meters, but the nonprofessional drivers get different rates. And they are not very high. You don't know who the Uber driver is - there is no credit check, no CORI [Criminal Offender Record Information] check. The industry is changed - there is not as much work, not as much income. I have heard that drivers can get into their own small business, but Merilice is right that the driver should have an opportunity. You want someone willing to make a long-term investment.
- TMM: Times are changing. Medallions are the way to create a better taxi industry in Brookline.
- Red Cab representative: I am an employee, not an owner. The industry has been put on hold and the ability to make long-term decisions has been hurt [by the delay in issuing medallions]. La Capra's ideas are good but they need funding such as funding for a full-time hackney officer. There is no tool to not renew licenses for poor drivers. Medallions provide the opportunity for capitalizing the industr. And medallions create a way for new entrants to bring new blood into the industry.
- John Harris: When the tier system is implemented, existing owners get medallions at a low price and it would provide a cornucopia for the incumbent companies. That will allow them to buy a new vehicle. But once property is created, the owners have a permanent right. I have heard the medallions will sell for \$120,000-\$125,000, and Boston taxi medallions are \$600,000. Cambridge prices tracked Boston's, and summer bills are \$350,000 once the diamond prices go up that will make it impossible for new entrants to buy in. How can a person making \$30,000 get a loan to buy medallion? Brookline drivers earn \$30,000; Uber drivers' incomes are tracked by credit card and the median driver in New York City who works 40 hours or more earns \$90,000 before expenses, and \$75,000 in San Francisco. Drivers pay lease rates; Uber drivers get paid for actual rides. They can decide when to spend time driving and went to sit it out.
- Taxi driver who spoke earlier: Asked if he prefers medallions; he's not certain..
- Taxi driver: Our own medallions will allow us to make enough to pay the bank. Most of us are in favor of medallions.
- Taxi driver: The town should shut down the Uber.

- Joe Bethony (Bay State Taxi): (1) Schaller says Brookline drivers make as much or more than Boston drivers. (2) If the drivers had been able to spend on a medallion what they spent on leases, they would easily be able to afford them. I have 25 applications for people who want to buy a medallion. Will sell almost all our medallions to individuals. Bay State was asked to buy Red Cab with a two week lead time. Then the town turned around and took some licenses back because they were being used. There's no ownership rights and Brookline now; no one would invest. Medallions will solve that. Brookline isn't Boston. We do \$100,000 in three dollars fares for BETS. If things remain the way they are, that level of service will vanish, because Uber will put Bay State out of business by taking drivers.

Question to Joe: Who are the 25 applications from?

Answer: Only from Bay State drivers.

- Dario (Brookline Town Taxi): The town has spent tens of thousands of dollars on two consultants. It's time to move ahead and let the market work. In Chicago no one bid for new \$325,000 valiance [because of concern about Uber]. If it's such a bad plan, no one will buy. Let the market decide.
- Driver/owner of 3 taxis: When I heard about the opposition, I was really shocked. Drivers have been hanging in four years and been told "it's almost done." When we get medallions, the drivers will make more money.
- John Harris: a study by Harvard business school and the Federal Trade Commission shows that the price of a taxi ride is around 25% higher in cities with medallions. When cities ended medallions, service did not go down. When medallion prices rise, fares will have to rise. {He endorses] Bay State's record and the way they take care of drivers. The La Capra plan is a move to consolidation, which will happen eventually. But when the tier sales are over, it will be an opportunity for new people to buy in.
- David Lescohier: looking at the proposed regulations, they contemplate putting medallions in the hands of companies, not drivers. I question the miracle of creating a \$15 million windfall. Good faith negotiations are needed - an open process with all of the stakeholders.
- Joe Bethony (Bay State Taxi): the Boston rates not gone up despite the medallion prices. Brookline actually has higher rates than Boston. Brookline can limit the number of medallions that any one person can buy.
- Taxi driver: [Couldn't hear him]
- Taxi driver: [Says he is a regular driver]: Uber is putting pressure on the industry but if we medallionize it will attract new entrants. The longer we sit on the fence, the more damage will be done [to the industry].
- John Harris: My motivation is that I'm the on of a small business owner and I hear that taxis are the toughest business. My father was in the other tough business, restaurants. There's a comparison in that the restaurant business operates on 1-year licenses. Restaurants have no

guaranty [of continued licensing] and they may have a 10-year lease. You can borrow in restaurants [that is, they can get loans from banks] so it [borrowing] can be done. What we want is taxi drivers who are experts in taxis, not in finance.

- Regular driver: If there's a complaint about a taxi, the hackney officer can take action. There's no recourse with Uber.