

Staff Report on Taxicab Meter Rates

July 16, 2008

Minneapolis Code of Ordinances Chapter 341.775 mandates that taxicab fare rates be reviewed every twenty four (24) months. The history of rate increases for the past ten years is listed below:

	First 1/8 Mile	Per mile	Wait time	10 Mile trip.
March 3, 2000	\$2.00	\$1.60	.35 per minute	\$17.80
Nov. 19, 2004	\$2.50	\$1.60	.35 per minute	\$18.30
	First 1/5 Mile	Per mile	Wait time	10 Mile Trip
Sep. 23, 2005	\$2.50	\$1.90	.35 per minute	\$21.12
July 16, 2008	\$2.50	\$2.20	.40 per minute	\$24.06

Three recent taxicab meter rate studies have been completed by the City of St. Paul, the City of Los Angeles, and the Minneapolis Taxicab Industry. The meter rate surveys accompany this report. As a result of the findings of the various studies, the Cities of Minneapolis, St. Paul, Bloomington, and the Metropolitan Airports Commission are all preparing for a standard rate increase. A summary of gasoline prices in Minneapolis for the past three years is listed below.



The various metropolitan representatives concluded that by increasing the taxicab meter rates at the same time the metro area rates will remain consistent and provide less confusion for both the public and the taxicab industry. Some major companies have multiple licenses and allow taxicab vehicles to operate in several jurisdictions. Calibration, certification, and sealing of taxicab meters also will be much simpler if the rate increase is consistent in the metro area.

The proposed amendment on taxicab meter fares was discussed with the local taxicab service industry at a recent meeting, and notice of today's public hearing was mailed to all Minneapolis taxicab service companies on July 2nd, 2008. This proposed amendment is also endorsed and supported by the staff of "Meet Minneapolis".

We also propose to amend the ordinance so as to instigate an annual automatic taxicab meter rate adjustment based upon the annual changes in the Personal Consumption Expenditures (PCE) price index. This index measures the changes in industry costs for fuel, insurance, vehicle repair and replacement. It is comparable to the CPI which measures changes in prices paid by consumers. If a price index were adopted as a means of adjusting the cap, it would be a revolving figure requiring annual review of the trends in the industry. Listed below are the PCE and CPI price indexes for the past three years.

Price Index	2007	2006	2005	3 year Average
General PCE (1)	+2.5	+2.8	+2.9	2.73
General CPI (2)	+2.8	+3.2	+3.4	3.13

(1) Bureau of Economic Analysis (Table 2.3.4) (2) Bureau of Labor and Statistics (Table 1A)

The final amendment requires taxicab operators to distribute customer comment and information cards. The cards will provide basic information about the Minneapolis taxicab system, the rates, and will provide a mailer card that will allow passengers to report service problems or compliments to the director. The proposed customer comment and information cards are attached.