

## **IQ Business Connection**

Administrator for Yellow, Checker and Rainbow Cab Companies

August 2, 2022

RE: Memorandum  
Council Agenda: 08/09/22  
File: 22-1127  
Item: 2.12

### **Letter of Opposition**

Honorable Mayor and Council Members:

We strictly oppose the recommendation made by SJPd and CSJ Finance Department contained in the above listed memo. This unilateral decision did not address the matters at hand nor did it address the financial burdens endured by our endangered industry.

### **Recent History of the San Jose Taxicab industry**

Five years ago, the City of San Jose supported as many as 16 taxicab companies, 700 taxicabs and 900 licensed drivers. Today, only three companies remain and a mere 157 cabs to service to the entire County.

This is not a flourishing industry. And, yet this report seems content to shutter the remaining taxicab operators, effectively ending taxicab service in the City of San Jose.

### **Permit Fees**

In their decision, the SJPd and CSJ Finance Department recommend a Taxicab Driver New Permit fee of \$623. This is nearly three times higher than Oakland, which is the second most expensive at \$251.00. (Add in the annual Business tax @ \$210 for a total cost of \$833 for a new driver).

A Driver Permit Renewals costs \$352, rivaled only by Sacramento which costs \$195. These permit fees deter most new drivers when they can drive an Uber at \$0.00 initial cost. The memo didn't address these costs and the unlevel playing field between taxis and multi-billion-dollar companies such as Uber and Lyft.

## **Raising Insurance Limits**

The memo recommends an increase in liability insurance limits from the current \$350,000.00 to \$750,000.00, more than double the current coverage limits.

Some taxicab companies are paying as much as \$6000.00 a year per unit for the current required level of insurance. Doubling this coverage may increase the per unit costs to as much as \$12,000.00 per cab.

Unlike Uber and Lyft, taxicabs are required to have commercial insurance 24/7 where TNCs , (Uber/Lyft), are allowed to operate with “period based insurance” with coverages as low as \$50,000.00.

The memo mentions “since 2008 show that 13 taxicab companies (SF) evidenced minimum liability coverage of \$1,000,000.00”. While the memo does not give a reason for the higher limits, we assume these companies are participating in the City/County Paratransit program that provides the revenue required to pay for the additional insurance costs.

We did not see that the memo address the costs of such an increase of coverage..?

Most SJ taxicab operators can no longer afford collision coverage leaving them out in the cold when they are hit by uninsured or underinsured motorists. (Low income liability limits are \$3000.00)

The standard costs for physical damage coverage is 8-10% of the vehicle value plus a \$1000.00 deductible.

## **Color Scheme**

As stated in the memo, sections 6.64.160, 6.64.180 and 6.64.370 all reference a color scheme. These sections also reference a TRADE NAME and DISTINGUISHING VEHICLE MARKINGS.

We ask council to remove the words “color scheme” and or “color or colors” from these sections. By eliminating these words, the trade name and distinguishing vehicle markings will remain.

The color requirements are antiquated, and they place additional and unwarranted costs on today’s taxicab operators. By removing these words from the ordinance, taxicabs will still have the following markings on each vehicle:

- Affixed Decals with four-inch lettering-Trade Name (each side of the taxicab)
- Affixed Decals with four-inch lettering – telephone number
- Affixed Decals with four-inch lettering – vehicle number (four sides of the taxicab)
- Commercial License Plates

These marking greatly exceed anything Uber and Lyft are required to display, yet Uber and Lyft vehicle are considered distinguishable by the CPUC.

Uber and Lyft have taken over most all taxicab services. Yet their simple 3x5 inch card is adequate to avoid confusing the public.

### **Taximeter**

We appreciate the memo's recommendation and SJDP will no longer require a taximeter to perform a vehicle inspection and place a taxicab in service as on-line enabled software continues to replace the need for them.


We appreciate your time and attention with these matters.

Best regards,

Larry Silva  
President and GM  
IQ Business Connection  
FKA, Yellow Checker Cab

# GREEN CAB

*Reliable & Fast Service*



08/03/2022

RE: Memorandum

Council Agenda: 08/09/2022

File: 22-1127

Item: 2.12

To the Honorable Mayor and Council Members:

The upcoming City Council meeting is scheduled to address the following recommendation:

**Maintain the permit fee schedule, increase the insurance requirements, and maintain the requirement for taxicabs to have distinguishing vehicle markings and colors but allow taxicab companies to select a new paint color if desired.**

During the last City Council meeting that discussed Taxi Issues, the Taxi Industry was promised that the City would work towards “leveling the playing field”. If this recommendation is applied, it will in no way help the Taxi Industry, and will further deter an endangered Industry. We strongly oppose the recommendation made by the SJPd and the CSJ Finance Department.

The Taxi Industry has been heavily impacted by TNCs. TNCs are not as regulated as Taxi Companies. Due to the existing regulations, business operations are difficult to maintain. City ordinances require specific color schemes, logos, stickers and permits which accrue several hundreds of dollars in expenses for drivers.

Color scheme requirements should be abandoned. The best way the City can equal the playing field would be to examine current regulations. A notable marking indicating the vehicle is “for hire” does not require a specific color. TNCs accept all vehicle colors, and do not require the colors to differ from other TNCs. Consumers are still able to identify Uber from Lyft because of a small 3x5 logo drivers display. We suggest that Taxi Companies be allowed to do the same. Cab numbers and logos would be displayed on the vehicle, but color schemes should be optional, it should be a decision the Cab companies make.

It is understandable that certain requirements are necessary and enhance functionality within our Area of business. However, the City should abate the costs of remaining in compliance with such requirements. The SJPd and CSJ Finance Department’s recommendation of raising the policy limit for the insurance will signify closure for the Taxi Companies that remain in San Jose.

Silicon Valley Taxi Drivers, Inc.



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We hope that the effects that an increase will have on our Industry could be genuinely considered; this Insurance limit increase and the existing regulations need to be reevaluated and omitted. The directives that this committee creates should protect our area of business, and the hundreds of consumers who use our services as a lifeline. We transport people to medical dialysis and cancer treatment; this decision will endanger these people too, not just our Industry.

City Hall promised to make it an equal playing field for Taxi Companies and TNCs; this is not possible if the proposed regulations are implemented. Increasing Insurance limits will make it impossible for Taxi Companies to survive.


If you have any questions or require additional information please feel free to contact the Industry Representatives. Green Cab and the remaining Taxi Companies in the City have joined together to communicate our opposition of the recommendation made in the above listed memo.

Thank you,

Maria Magana  
Manager  
Silicon Valley Taxi Drivers, Inc.  
Db a Green Cab

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08/15/2022

**To the honorable Mayor and City Council members:**

The Taxi Industry would like to take a moment to thank Mayor Sam Liccardo for arranging a meeting between the Taxi Industry, the SJC Airport, the SJPd Lieutenant, and the City's Risk Management. We would also like to thank these individuals for giving us ample time to voice our concerns.

As discussed during the meeting our primary concerns were Taxi Driver Permit fees, Color Schemes, and the Insurance limit requirement for Taxi Drivers.

**Taxi Driver Permits:**

As the Lieutenant stated there will be a new online portal for permit processing. The new portal will reduce the time spent on issuing permits.

As Lieutenant Kidwell stated Permit fees are calculated using "time analysis". Throughout the years permit processes have changed significantly. The process is essentially in-house now. The Driving Examination is obsolete, and so are the exams on City ordinances, and Maps. Despite this decrease in time and resources, permit fees have increased, these fees must be abated.

**Color Schemes:**

During our meeting we expressed frustrations with color scheme requirements. Adherence to the required color schemes creates significant expenses to drivers. These expenses discourage new drivers from joining the industry and financially drain the drivers who already exist.

A paint job on a new vehicle is at minimum \$2,000. This is a heavy burden to place on a driver. This is why we suggest that Ordinance 6.64.370 be revised; the language referencing "paint, color and color schemes" should be deleted from the Ordinance.

Removing the color scheme requirement would make Taxi initiation processes less tedious and expensive. This could help level the playing field between TNCs and Taxis. TNCs require no paint modifications to their vehicles. They just require their drivers to display a 3x5 company logo. This small logo helps the public differentiate one TNC from another. We would like the City to consider a similar approach for Taxis. Instead of designated color schemes, the identifying characteristics of a cab should be the Company logos, cab numbers and Company phone numbers. This can be successful, as we have seen other cities implement this change successfully. **Cities in Orange County**

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**California, and Saint Louis Missouri have gotten rid of Color Scheme requirements for Taxi Companies and they have not had issues because of it.**

## **Insurance Requirement for Taxi Drivers:**

We need the Insurance limit requirement for Taxi Companies to remain \$300,000. The Taxi Industry has a very limited market for insurance. This allows these companies to increase their premium even if no losses were accrued. Nonetheless, premiums also increase when policy limits and coverages increase.

As of now, Green Cab is paying about \$4,000 per cab each year. A \$750,000 policy limit will significantly increase our premium. Our premium per cab will probably double and we will not be able to sustain this extra expense. This increase will force Green Cab into closure. Green Cab will not have any funds to ensure continued operations if we have additional insurance expenses.

The City's Risk Management said the interest in increasing the limit exists to make sure there are funds available to cover significant losses. However, usually attorneys only request the full policy limit, in the event of a significant loss. Our insurance has not requested an increase on our coverage limit because of a past loss; therefore we believe it is not necessary. As stated above, it will also be incredibly damaging to our Company.

## **Closing Statement:**

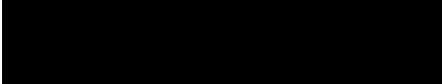
TNCs and the Taxi Industry cannot be on an equal playing field unless actual change is implemented to level the playing field. We respectfully ask the City to reexamine and decrease permit fees, revise Ordinance 6.64.370, so that color schemes will not be required, and ensure that the required insurance limit remains the same. The Taxi Industry is not growing, it is endangered. Regulations should help the people or entities they were created for; they should not damage or further endanger our Industry.

If you have any questions or concerns, please feel free to contact me at (408)771-6986 or email me at [jesus.maria@greencabtaxi.com](mailto:jesus.maria@greencabtaxi.com).

Thank you,

Maria Magana  
Operations Manager  
Green Cab

**IQ Business Connection  
FKA, Yellow Checker Cab**



August 16, 2022

**\*\* Electronic Delivery\*\***

RE: 22-1253  
August 23<sup>rd</sup> Council Agenda

Honorable Mayor and Council Members:

We would like to thank you for the deferral from the August 9<sup>th</sup> meeting as it gave us time to meet with the city risk manager, airport management and the San Jose Police Department. The three remaining taxicab companies were in attendance, and we spoke openly regarding the struggles and unlevel playing field "taxi" is facing on daily basis.

We trust their upcoming recommendation will include our requests to keep the current and common insurance limits.

We trust the recommendation will request the removal of "paint", "color" and "distinguishing color scheme" from section 6.64 of the San Jose taxicab ordinance, leaving the designated tradenames, markings and commercial license plates.

Also, we ended our meeting confident that SJPd will look at and make every effort to keep fees at the lowest possible amounts in order to lower financial restrictions in our already hurting industry.

Please adopt these changes to ensure San Jose and the surrounding areas maintain taxicab services.

Best regards,


Larry Silva  
President & GM  
IQ Business Connection

IQ Business Connection is a broker of taxicab fare opportunities for licensed and insured taxicab operators.

## 08/23 Council Agenda Item 22-1253

Lawrence Silva <[REDACTED]>

Fri 8/19/2022 12:01 PM

To: City Clerk <[REDACTED]>

[External Email]

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August 19, 2022

Honorable Mayor and Council Members

We reviewed the staff revised memo and we appreciate the PD supporting our elimination of the paint color requirements. (Maybe we will see some Teslas at some point)

Also, we appreciate the PD's willingness to expedite the review the actual man-hours for driver permitting services. Since the driving test, written test and map tests by a sworn law enforcement officer are no longer part of the current procedures we believe the permitting costs will be reduced.

As for the Risk Manager's recommendation to increase the liability insurance beyond that of other agencies, except Oakland Port Authority, (We are not sure if OAK actually has any taxicabs working there), is completely baffling. Their own data doesn't support this increase.

Government Agency Amount of Coverage  
City of Oakland and Port of Oakland \$1,000,000  
City and County of San Francisco<sup>9</sup> \$1,000,000 Temporarily Reduced to \$ 300,000  
City of Los Angeles<sup>10</sup> \$ 300,000  
City of San Diego<sup>11</sup> \$ 300,000  
City of Sacramento<sup>12</sup> \$ 500,000

During our meeting the taxi industry clearly stated the cost of the additional coverage is a direct out of pocket expense for each driver. An additional \$90 per week (estimated) on top of the current cost of fuel and inflation is really hurting all SJ licensed drivers.

Inflation hurts drivers in several ways. The costs to maintain their vehicles including tires, brakes, oil changes and carwashes, not to forget about major repairs as dealerships now charge up to \$300 per hour.

Inflation is making it more difficult for drivers to put food on the family table and pay rent.

The City denied any risk in this matter nor does it appear that they have any complaints regarding this issue.

Taxicab drivers live in a world where low-income residents are allowed to carry only \$3,000.00 in liability insurance. Now this level of insurance "too little" as it will not even replace a rear bumper of most vehicles in a minor accident.

We will be asking council to deny the increase in liability insurance in order to preserve the remaining taxicab services provided to the citizens of San Jose.

If you have any additional questions, please feel free to call the undersigned at [REDACTED]

Best regards,

Larry Silva

**Larry Silva**  
President & GM  
IQ Business Connection  
FKA Yellow Checker Cab Company

[REDACTED]  
[REDACTED]

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