

COUNCIL OF THE COUNTY OF MAUI
PARKS AND ECONOMIC
DEVELOPMENT COMMITTEE

December 2, 2005

Committee
Report No.

05-168

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Parks and Economic Development Committee, having met on October 20, 2005 and November 17, 2005, makes reference to the following:

1. County Communication No. 05-314, from Councilmember Michelle Anderson, transmitting correspondence dated September 17, 2005, from Sylvia Sales, owner/operator of Maui Island Taxi & Tours, Inc., requesting an increase in taxicab rates.
2. County Communication No. 05-315, from Councilmember Jo Anne Johnson, transmitting correspondence from Alan Little and David B. Mogilefsky, requesting an increase in taxicab rates.

By correspondence dated October 19, 2005, the Chair of your Committee transmitted the following correspondence entitled: 1) "Current Taxicab Rates Of Fare And Baggage By County"; 2) "Maui County's Current Taxi Rates vs. Recommended Rate Proposals"; and 3) "American Automobile Association: Daily Fuel Gauge Report".

By correspondence dated October 19, 2005, Councilmember Dain P. Kane transmitted the following: 1) a copy of correspondence dated September 27, 2005, to the Department of the Corporation Counsel, from Councilmember Kane, regarding the periodic review of taxicab rates; 2) a copy of correspondence dated October 10, 2005, to Councilmember Kane, from the Department of the Corporation Counsel, approving a draft resolution entitled "REQUESTING THE MAYOR OF THE COUNTY OF MAUI TO APPOINT A COMMITTEE TO REVIEW CHAPTER 5.16, MAUI COUNTY CODE, RELATING TO TAXICABS", as to form and legality; and 3) a copy of correspondence dated October 17, 2005, to Councilmember Kane, from the Department of the Corporation Counsel, opining that the report submitted by the Acting Director of Finance complies with the minimal requirements of Section 5.16.100 (A), Maui County Code (MCC)", and that the establishment of a committee is not a prerequisite for Council action on taxicab fare rates and baggage charges.

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Your Committee notes that the taxicab rates of fare and baggage are included in Section 5.16.080, MCC, and not in Appendix B, Revenue-Rates, Fees and Assessments of each fiscal year's budget. Therefore, the Council is able to amend the taxicab rates without having to amend the Budget Ordinance.

At its meeting of October 20, 2005, your Committee met with the Director of Finance, the Motor Vehicle and Licensing Division Administrator of the Department of Finance, and a Deputy Corporation Counsel.

Your Committee received public testimony from four individuals supporting an increase in taxicab rates.

Kenny Barr, Makena-Kihei Taxi Company, Ltd., supported an increase in the initial meter actuation (drop fee) from \$2.50 to \$3.00. He also supported an increase in the rate per mile from \$2.00 to \$2.80. He stated that a rate comparable to the City and County of Honolulu (Honolulu) would be adequate, even though Maui's operating costs are generally higher than Oahu's.

David B. Mogilefsky, Good Time Taxi, initially proposed an increase in the drop fee to \$3.00 and an increase in the rate per mile to \$2.80. However, he stated that after further discussion with several taxicab operators at the Kahului Airport and in South Maui, concerns were raised about the potential for visitors to seek other modes of transportation, and the creation of an overall negative impression of Maui, if rates were established that are comparable to Honolulu's rates. Thus, the consensus among these operators is for a drop fee of \$3.00 and a rate of \$2.50 per mile.

Ron Thompson, owner of La Bella Taxi, proposed two options: 1) increasing the drop fee to \$3.00 and increasing the rate per mile to \$3.00; or 2) increasing the drop fee to \$4.00 and increasing the rate per mile to \$2.50.

Donna Le Cao, on behalf of LA Taxi, supported an increase in the rate per mile to \$3.00 and offered no recommendation to the drop fee.

Your Committee received the following documents from Mr. Mogilefsky: 1) correspondence entitled "Rate of Fares and Baggage, County of Maui"; 2) correspondence entitled "Maui, October 2005, Current and Projected Taxi Fares"; and 3) correspondence entitled "U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers 2000-2005".

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The Deputy Corporation Counsel reviewed correspondence dated October 17, 2005, from the Department of the Corporation Counsel. She advised your Committee that the Council is not precluded from proposing amendments to Chapter 5.16, MCC, in the absence of a committee. As such, establishment of a committee is not a prerequisite for Council action on taxicab rates and baggage charges.

In discussing how an increase in taxicab rates would be derived, your Committee suggested taking the difference between the price per gallon of gasoline in the year 2000 and today's average gas prices, and factor in operational costs such as insurance and repairs to arrive at a suggested rate increase.

Mr. Mogilefsky stated that high gasoline prices alone should justify a rate increase. In addition, taxicab rates for Maui County have not increased since the year 2000. Based on the increase in gasoline prices on Maui and the overall cost of living according to the Consumer Price Index in the last five years, he calculated that a \$0.25 per mile increase would be justified based on the rise in gasoline prices, and a \$0.40 per mile increase would be justified based on the increase in the cost of living. Therefore, Mr. Mogilefsky proposed to increase the drop fee to \$3.00 and increase the rate per mile to \$2.50.

According to Mr. Mogilefsky, if Maui were to model Honolulu's taxicab rates, fares for longer runs would increase considerably and may pose some resistance from visitors. He added that rates that are too high may work for taxicab operators with shorter runs; however, those with longer runs may end up losing business to shuttle operators and car rental companies, among others.

Mr. Thompson proposed to increase the drop fee to \$3.00 and increase the rate per mile to \$3.50. He stated that this increase may help to incur a profit for taxicab drivers instead of merely meeting expenses.

Your Committee questioned whether the taxicab industry on Maui has considered flat rates for longer runs. Your Committee was informed that the Public Utilities Commission (PUC) regulates flat rates. Since the taxicab industry on Maui is under the purview of the County and not regulated by the PUC, flat rates would not be an option for consideration.

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Your Committee discussed having a taxicab rate for shorter distances and another rate for longer distances. Your Committee further discussed how having two taxicab rates may help to meet the costs associated with shorter runs. With any rate change, your Committee was informed that taxicab meters must be calibrated and set at the approved rates by the Measurement Standards Division, State Department of Agriculture.

Your Committee suggested obtaining a sample of monthly expenses from taxicab operators to provide an overview of the costs incurred to run a taxicab business. Your Committee expressed concern that taxicab operators may be seeking proposed rates that may be too low. Your Committee stated that they would like to see the taxicab industry be more profitable for taxicab operators.

As a direct response to the high gasoline prices on Maui, your Committee noted the urgent need to increase taxicab rates in order to provide immediate relief to the taxicab industry. Your Committee suggested having a full review of the taxicab industry conducted in the coming year.

Your Committee deferred the matter pending further discussion.

By separate correspondence dated October 26, 2005, the Chair of your Committee requested that Kenny Barr of Makena-Kihei Taxi Company, Ltd.; Ron Thompson of La Bella Taxi; Sylvia Sales of Maui Island Taxi & Tours, Inc.; and David B. Mogilefsky of Good Time Taxi, submit their monthly operational expenses, including costs for maintenance and repair of vehicles, gasoline, insurance, and any additional relevant monthly expenses as it pertains to his taxi business.

By correspondence dated November 1, 2005, Mr. Barr submitted a copy of his monthly operational expenses for September 2005.

By correspondence dated November 2, 2005, Ms. Sales submitted a copy of her monthly operational expenses and a justification to increase the drop fee to \$5.00.

By correspondence dated November 3, 2005, Mr. Mogilefsky submitted a copy of his monthly operational expenses for calendar year 2004.

By correspondence dated November 8, 2005, the Chair of your Committee transmitted a copy of Mr. Thompson's monthly expense log from August 2005 to October 2005 and a copy of his daily income log for November 1, 2005.

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By correspondence dated November 9, 2005, the Chair of your Committee transmitted a draft bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 5.16.080, MAUI COUNTY CODE, PERTAINING TO RATES OF FARE AND BAGGAGE CHARGE". The purpose of the draft bill is to amend Section 5.16.080 of the MCC pertaining to taxicab rates.

By correspondence dated November 9, 2005, the Chair of your Committee transmitted a copy of a prior Council's Economic Development Committee's Committee Report No. 99-215 and Committee Report No. 00-200 for informational purposes.

By correspondence dated November 14, 2005, the Chair of your Committee transmitted a document entitled "Samples of Proposed Taxi Rates".

By correspondence dated November 16, 2005, Kenny Barr of Makena-Kihei Taxi Company, Ltd., expressed support for an increase in taxicab rates comparable to Honolulu's rates.

At its meeting of November 17, 2005, your Committee met with the Motor Vehicle and Licensing Division Administrator of the Department of Finance, the Economic Development Coordinator, and a Deputy Corporation Counsel.

Your Committee received public testimony from three individuals supporting an increase in taxicab rates.

George Spring, an employee of Kaanapali Taxi, proposed an increase in the drop fee to \$3.50 and an increase in the rate per mile to \$2.80. Although taxicab operators are required to pay general excise taxes, he expressed concern that the sales tax cannot be collected from their customers.

Sylvia Sales, owner of Maui Island Taxi & Tours, Inc., proposed an increase in the drop fee to \$5.00 and an increase in the rate per mile to \$4.00. She stated her desire to see an annual review of taxicab rates conducted each year.

Ron Thompson, owner of La Bella Taxi, obtained a consensus from several taxicab operators. While they agreed that rates should be increased, the group recommended a higher increase in the mileage rate over an increase in the drop fee. As such, they proposed an increase in the drop fee to \$3.00 (currently \$2.50) and an increase

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in the rate per mile to \$3.00 (currently \$2.00). They also expressed their desire for taxicab rates to be reviewed on an annual basis.

Your Committee received written testimony from Sed Bulda of Maui Airport Taxi, supporting a \$3.00 drop fee and a rate of \$2.50 per mile.

The Deputy Corporation Counsel reiterated that taxicab rates may be changed without a budget amendment. He further stated that an appointment of a committee by the Mayor, as stated in Section 5.16.100, MCC, is not a prerequisite for Council action on taxicab fare rates and baggage charges.

Your Committee expressed support for a drop fee of \$5.00 and a \$3.00 per mile rate in order to make shorter runs more viable and increase the profitability of the taxicab industry as a whole.

Your Committee notes that at a rate of \$3.00 per mile, the rate per one-eighth mile is 37 ½ cents. Your Committee further notes that at 38 cents per one-eighth mile, the rate per mile is \$3.04.

Your Committee questioned whether taxicab meters could be calibrated to accommodate a taxicab rate of 37 ½ cents per one-eighth mile, or whether the rate should be rounded up to 38 cents.

Mr. Barr stated that if the meters were calibrated to one-tenth of a mile instead of one-eighth of a mile, a proposed rate of \$3.00 per mile could be easily calculated. He stated that if the meters were set to one-tenth of a mile, every click of the meter would register 30 cents. He further stated that he did not believe the meters could be set to a fraction of a cent to accommodate 37 ½ cents per one-eighth mile, but suggested that the Measurements Standards Division, State Department of Agriculture, be contacted for clarification.

The Motor Vehicle and Licensing Division Administrator disagreed with changing the calibration of taxicab meters from one-eighth to one-tenth of a mile. He stated that the rates for the counties of Honolulu, Kauai, and Hawaii, are based on one-eighth of a mile. Therefore, for comparison purposes, Maui's rates should remain at a one-eighth of a mile calculation.

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Your Committee questioned whether taxicab operators were also requesting an increase in baggage charges. Your Committee was informed that the current ordinance provides taxicab drivers with the option of charging for baggage; but since most taxicab drivers do not charge for baggage, an increase in baggage charges was not necessary.

Your Committee suggested that taxicab rates be reviewed on a regular basis. Your Committee further suggested including taxicab rates in the Budget Ordinance, Appendix B, Revenue-Rates, Fees, and Assessments, to provide for a timely review of rates. However, the Deputy Corporation Counsel stated that fares that are derived from taxicabs are not deposited into the general fund and, therefore, are not listed as part of the Budget Ordinance.

Your Committee suggested empanelling a committee appointed by the Mayor, consistent with Section 5.16.100, subsection B, MCC, to ensure that rates are reviewed annually. Your Committee intends to work with the Office of Economic Development to ensure the timely review of taxicab rates.

Your Committee recommended that the draft bill be revised to include the following proposed rates: 1) \$5.00 drop fee; 2) 38 cents for each additional one-eighth mile or fraction thereof; and 3) 38 cents for each additional one minute of waiting time or fraction thereof.

Your Committee voted to recommend passage of the revised draft bill.

Your Committee is in receipt of a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 5.16.080, MAUI COUNTY CODE, PERTAINING TO TAXICAB RATES OF FARE AND BAGGAGE CHARGE", incorporating your Committee's suggested revisions.

Your Parks and Economic Development Committee **RECOMMENDS** the following:

1. That Bill No. _____ (2005), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 5.16.080, MAUI COUNTY CODE, PERTAINING TO TAXICAB RATES OF FARE AND BAGGAGE CHARGE" be **PASSED ON FIRST READING** and be **ORDERED TO PRINT**;

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2. That County Communication No. 05-314 be FILED; and
3. That County Communication No. 05-315 be FILED.

Adoption of this report is respectfully requested.

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JO ANNE JOHNSON **Chair**

ROBERT CARROLL **Member**

CHARMAINE TAVARES **Vice-Chair**

DANNY A. MATEO **Member**

MICHELLE ANDERSON **Member**