

**MODERATORS COMMITTEE ON TAXI MEDALLIONS**  
**Thursday, July 14, 2014 @ 7:00 PM**  
**Room 408, Brookline Town Hall**  
**333 Washington Street**

**Meeting was called to order. Present was:**

Joshua Safer, Chairman  
Chad Ellis  
Amid El Khoury  
Jeffrey Kushner  
Michael Sandman

Chairman Safer opened the meeting at 7:05.

- He explained to members of the public that the committee would take public comments at the end of the meeting, but that there would be a public hearing later in the summer.

Craig Bolon challenged whether the committee's public meeting had been posted appropriately.

- Chairman Safer pointed out that the committee would not be taking any votes on matters of substance, and opened the meeting. Todd Kirrane provided him with a copy of the notice, but Mr. Bolon stated that it had not been properly posted.

Mike Sandman provided an overview of the structure of taxi regulations and of the taxi industry in Brookline.

- He noted that the companies that have licenses to operate taxis switched from having employee drivers to leasing in the 1990s, and that taxi licenses are currently valid for only one year, which makes it difficult if not impossible for the companies to obtain bank financing,
- He described the process the Transportation Board and the Town Administrator's staff workgroup on taxi medallions went through to arrive at the current plan for auctioning medallions, including the reports provided by two taxi industry experts, Bruce Schaller and Richard LaCapra, and Town Meeting's favorable action in 2009 on a home rule petition to the legislature to allow Brookline to sell medallions.
- He noted the purpose of the medallion plan was to substantially improve the condition of the taxi fleet by allowing the owners to monetize their rights to operate, something they cannot do with an annual license but could do with a medallion; to make it possible for individual drivers to buy the right to operate their own taxis; and to make those changes in a way that would provide the Town with a financial benefit.

Chairman Safer then led the committee members through a discussion of what objectives the Town should have for the taxi services.

- The members agreed that they wanted taxi service to be:

- Safe
  - Reliable
  - Timely
  - Available 24/7
  - Reasonably priced
  - Sustainable (both economically and environmentally)
  - Low risk of drastic regulatory shifts for the owners
  - Flexible in the sense of providing options for the Members also agreed that the industry, however structured, should return an appropriate financial benefit to the Town.
- There was a discussion of the extent to which the market for traditional metered taxi services overlaps with the market for ride-for-hire services such as Uber, and the extent to which Uber would expand the overall market due to its focus on a different demographic.
    - Mike Sandman opined that the barriers to emulating Uber were low, and that an established taxi company or group of companies could commission the creation of an app.
    - Chad Ellis pointed out that the cost of an app was substantial.
  - There was a discussion of the potential problems inherent in a medallion system, including the lack of leverage regulators would have over medallion holders who obtained a permanent right to operate, and of the efforts made by the Transportation Board and staff to draft regulations that dealt with the potential problems. The committee discussed the problems in Boston, which some members attributed to lax or corrupt regulators.

Chad Ellis led the committee through a discussion of the economic metrics of the industry and posed the problem that if medallion owners had to incur increased costs, either their revenue would have to rise or their return on investment would fall.

- Mike Sandman noted that from the driver's perspective, the replacement of the current taxi fleet largely made up of second-hand Ford Crown Victorias with new, fuel-efficient vehicles would result in decreased fuel costs and potentially increase ridership and revenue. He said that just three weeks of leasing at the current rate of \$800/week would allow the taxi owner could offset the financing costs of a new \$30,000 vehicle, and that translated into just a 6% increase in annual costs.

The committee discussed possible ways to provide the Town with regulatory flexibility as the ride-for-hire business evolved.

- One suggestion was for alternatives to traditional medallions, which have no expiration date. Example: A multi-year license that might allow the license holder to obtain bank financing.
  - There were questions around the extent of transferability that would have to be built into such a long-term license, the term of the license, and the possibility of having the license term roll forward in order to preserve the ability to use it as collateral.

- The question is whether there is a mechanism for monetizing an asset other than a permanent license.

To get a better sense of the economics of the taxi industry and learn more about the potential to borrow against something other than a traditional medallion, the committee agreed that it should review Richard LaCapra's report with him and meet with a representative of Brookline Bank, which has previously stated that it would finance medallions.

Comments from the public:

- The Town should consider alternatives that reduce the potential \$10 to \$17 million windfall that the Town would realize from the sale of medallions under the LaCapra plan.
- John Harris: Issuing medallions wasn't necessary to improve Boston's taxi fleet' regulators simply required the [medallion] owners to buy new cars. And Uber has not sought medallions, but it has nonetheless been successful.
- Joe Bethony (Bay State Taxi): The LaCapra plan requires medallion owners to pay the Town for the medallions within three years, something the owners will not be able to do. He described the history of his company, which bought Red Cab at the urging of the Town at a point when Red Cab was about to be closed down. He said that drivers were continuing to lease from Bay State rather than jump to Uber in the hope that they will be able to buy medallions. He stated that the BETS [Brookline Elderly Transportation Services] program under which Bay State voluntarily subsidizes seniors was at risk of the incumbent Brookline taxi companies do not survive the transition to medallions.
- Naif Bethony (Bay State Taxi) took issue with the concept of auctioning medallions, claiming that the incumbent companies had earned the right to be given medallions. He stated that the existing licenses only have value because of the operators, and that the Town should not extract that value from the operators.

Following the public comment period, the committee approved the minutes of its July 3<sup>rd</sup> meeting by a vote of 4-0.

The committee agreed it should meet with Richard LaCapra on July 21 if he is available, and possibly with a representative of Brookline Bank and with the court-appointed accountant who oversees Red cab's operations.

- It scheduled a public hearing for Monday July 28.

The meeting adjourned at approximately 9:30 PM.

Mike Sandman, Secretary

Documents: "Taxicab Medallions—A review of experiences in other cities" By Anna Barlett and Yesim Yilmaz