

BRIAN SANDOVAL
Governor



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
TAXICAB AUTHORITY
1785 E. Sahara Avenue, Suite 200
Las Vegas Nevada 89104
Telephone (702) 668-4000 • Fax (702) 668-4001
<http://taxi.state.nv.us>

BRUCE BRESLOW
Director
CHARLES D. HARVEY
Administrator
ILEANA DROBKIN
Chairman
VACANT
Vice Chairman
Members
JOSHUA C. MILLER
JOSEPH P. HARDY, JR., ESQ.
DENNIS NOLAN
DEAN COLLINS

BEFORE THE STATE OF NEVADA TAXICAB AUTHORITY
BOARD MEETING AND PUBLIC HEARING MINUTES

January 28, 2013

The Board Meeting and Public Hearing of the State of Nevada Taxicab Authority was held on Tuesday, January 28th, 2014. The meeting was held at the Taxicab Authority at 1785 E. Sahara Avenue, Suite 200, Las Vegas, Nevada 89104. The meeting began at 9:30 A.M.

Present were: Chairman Ileana Drobkin, Member Josh Miller, Member Joseph Hardy, Member Dennis Nolan and Member Dean Collins. Others present: Charles D. Harvey, Administrator; Legal Counsel, Ryan Sunga, Deputy Attorney General; Ruben Aquino, Chief Investigator; Christine Guerri-Nyhus, Senior Deputy Attorney General and Recording Secretary, Barbara A. Webb.

1. Call to Order –

Chair Drobkin called the meeting to order at 9:30 AM.

2. Pledge of Allegiance to the Flag

Pledge of Allegiance to the Flag was led by Member Dennis Nolan.

3. Compliance with Open Meeting Law

Administrator Charles Harvey stated that we are in compliance with the Open Meeting Law.

4. Public Comment

A presentation of a Certificate of Appreciation was made by Administrator Harvey and the Board to Yellow/Checker/Star cabdriver Gerardo Gamboa for his professionalism, honesty and outstanding customer service for returning a bag he found in his cab that he thought was a bag of chocolates. After he returned it to his company, he found out it was a bag that contained stacks of \$100 bills totaling \$300,000.00. The rightful owner was contacted, proved it was his money, and the bag of money was returned to him. Mr. Gamboa received a generous reward and recognition from his company and the media all over the world.

Corky Gowans from TaxiPass stated that he had met with Administrator Harvey to explain a new meter and has approval for a pilot program for a new cab meter – DT-5. He stated he would like to come back in February to make a full presentation to the Board and the companies. He stated that Desert Cab is willing to put 5 units in their cabs if the Board approves.

Steve Lanett, Whittlesea driver, commented that the signage at the airport is a step in the right direction. Tourists need to notice the signage and let the cabdriver know that they have read it and know how much the fare should be. He said that being placed in the right area is extremely important.

Sam Moffitt, Yellow cabdriver, thanked the Board for putting the fuel surcharge on the agenda for discussion. He stated that fuel surcharge is determined when the cost of fuel is more than \$3.25 per gallon. He stated that 2 of the largest cab companies run on alternative fuel. He commented that if the Board does not know what these companies are paying for their fuel, how can they determine if they qualify for the fuel surcharge.

Lisa Blair, Vegas-Western driver, commented that she feels the meter should be kept and raised and does not want any more cabs on the road. She said that she worked during CES and that it took forever to get from place to place; at the SHOT Show it took 20 minutes to pick up someone. She said a plan is needed, not more cabs. She said because of the difficulty in getting to and from the conventions because of traffic, the cabs will stage at the hotels instead. She thinks a system for cabs only should be thought about. She also commented about the \$3.00 Service Fee on the credit card machines stating that a lot of passengers think it's the driver's tip.

Chair Drobkin told Ms. Blair that she would like to speak with her regarding the infrastructure that the Board is trying very hard to change.

Bill Shranko, COO, YCS, commented how the articles regarding Mr. Gamboa in the RJ by Tim O'Reilly and the Sun by Rick Velotta went worldwide. He feels it is one of the warmest things that have happened all over the world. He said that it was something very positive and put "good" on the map.

Jay Nady, A Cab owner, stated that he had gotten calls from LVCVA to pick up people but they are not allowed to pick up there.

Public comment was closed.

* 5. Approval of the November 15, 2013 Board Meeting Minutes

Motion:	Approve the November 15 th , 2013 Board Meeting Minutes
By:	Member Hardy
Seconded:	Member Collins
Vote:	Passed unanimously

6. Discussion with Maria Soto, Traffic Manager for LVCVA, regarding recent taxicab service.

Ms. Soto stated that they had good service during Cowboy Christmas. They had their first meeting with company supervisors and received a lot of feedback for better service. She stated 2 northbound lanes in front of the Wynn were restricted due to work in the median area during the opening day of CES which created a lot of delays leaving 300+ people waiting 25-30 minutes for a cab. World of Concrete – there was a steady flow of cabs thanks to the supervisors at YCS and Frias who kept the traffic flowing. International Builders' Show and the Kitchen & Bath Industry Show are in this week. ConExpo is coming in March. She also handed out a list of upcoming events.

She thanked Chair Drobkin for her help during CES with her contact with Clark County and the water company. Chair Drobkin commented that when she contacted the water company they said it wasn't them. She said that thanks to Commissioner Ross who helped shut down the construction.



7. Discussion with Chris Anderson, Transportation Manager, McCarran International Airport.

Chris Anderson did not attend.

Harry Waters, Deputy Director at McCarran, stated that he has changed positions and wanted to introduce his replacement who is Freddy Kirtley. He also stated that the taxi service for 2013, in December, was up 4%. He said that overall, they loaded 3.5 million cabs in 2013 which was 6-1/2% over 2012. So far 2014 is up due to CES.

8. Discussion with Larry Montoya, Security Manager, Sands Expo, regarding recent taxicab service.

Larry Montoya did not attend.

* 9. Discussion and Possible Decision regarding Fuel Prices and the Fuel Surcharge regarding the removal of California from the Index.

Kelly Kuzik made his presentation. The surcharge using what is currently the pad 5 which includes California, it also has Alaska, Hawaii and other southern states in it. What we're requesting is that the standard be moved from pad 5 to pad 5B, pad 5 bravo, which is all the same states except it removes California. I've created a bunch of charts and graphs that I included in your packet. The reason we're bringing this up again is that for a benchmark, standard trigger point for it, to have legitimacy, it's got to be an accurate representation of what it is you're using it to measure or measure against. At this point, none of the operators are paying that pad 5 price. The pad 5 bravo's closer, but the pad 5 price is just within 30 to as much as 60 cents difference from what we're paying in Las Vegas. And that's why we've asked to have the matter put back on the agenda so that we can at least get a little closer and add a little more legitimacy to the standard for using the current benchmark.

Member Miller: Someone, during public comment, someone asked whether the price of propane or natural gas was ever considered. I remember when we put this into place, but this has been a long (inaudible) of how the price of propane or natural gas comes into play because we do have (inaudible). Have we ever considered that? I would think that would be rather complex too, and it would be a significant capital investment up front.

Kelly Kuzik: We have. I've done some of that research. One of the things that a lot of people forget, or may not know, is when you're using propane, natural gas, even alcohol, you have to use one and a half to sometimes twice as much as you would gasoline because of its volume metric inefficiency. So even if they're getting a huge break on it, they have to use twice as much in the summer because of the way that gas expands and -- I'll spare you all the science. But when we did the research a while back, it winds up being pretty close to what the people are paying for gasoline considering you have to use twice as much of it. So we have looked at that.

Chair Drobkin allowed interventions.

Intervenors were Desert Cab Company, Western Cab Company, A Cab, LLC, Yellow/Checker/Star Cab Companies, Whittlesea Blue/Henderson Taxi, Lucky Cab Company, Ace Cab, Inc., Union Cab Co., A NLV Cab Co., Vegas-Western Cab, Inc., and Virgin Valley Cab Company and ITPE Union.



George Balaban, Desert Cab Company. We oppose changing the system right now. When we set the benchmark we knew what the benchmark was. We knew that included California. And, again, we've known that all along and I don't understand how far away it is from what we pay, how that's relevant. It was that far away when we set the benchmark. It's that far away now. The other thing that concerns me is that at the NTA, they are using the regulation as the exact same benchmark. So we have that benchmark over there (inaudible) what we use here for setting our tariffs (inaudible) now we're going change it? The fact is companies are under the NTA and the TA. It just seems to me that we know what that gap is, we can take that into account, as we're deciding to take off the fuel surcharge or leave the fuel surcharge on. So I would be opposed to changing it. We've been using it this long, we budgeted using it. I mean this is the way we've been doing our business. It is correct to say that that is not close to what we pay. And as far as the propane, the natural gas and all that, that's completely (inaudible). We would like it to stay just the way it is because that's how we've been operating. That's how we've been budgeting.

Member Hardy: I guess the issue to me really is that we're using a benchmark that everyone, the staff, the companies, etcetera, admits doesn't really apply to what you all are actually paying here. And so I guess do you have -- other than the TA uses what we're currently using -- is there any other argument that we should keep using what to me seems to be a number that isn't the reality of what's happening here in Nevada?

George Balaban: Well, I don't. The only explanation I would have is that, again, when we adopted this benchmark, it had a spread in it as well. So when we picked it we were below it, knowing that. So if we picked the benchmark of \$3.50, with what the fuel price was, we were probably paying gasoline at \$2.80 in Las Vegas. The benchmark was at \$3.40. So in essence, to reverse it now basically doesn't make any sense. I guess where I'm -- if the spread was 60 cents now and there was no spread back when we adopted it then I'd understand your logic. But the spread has been the spread and California has always been higher than us and this is where the spread had been set and we took that into account when we were picking the benchmark price.

Member Hardy: Do you recall why it was determined to use the pad 5 at all?

George Balaban: I don't remember if the NTA had already adopted it. I believe a couple of the companies have a little bit more of the research.

Marilyn Moran, Western Cab, supports Desert.

Jay Nady, A Cab: In my response I said that I agreed that we should change it, but I misread the way it was presented, which was kind of uncommon for me to misread things. But George put together a good point. When we first did this, we realized that California was in it and that California had paid more taxes and their fuel was more expensive. And because of that we set our trigger point substantially below it. I really don't care if you pull California out. But then you have to address the trigger point also, as to where it's (inaudible). As long as you do that, which is much work, it doesn't make any difference because the trigger point is already marginally higher (inaudible). As long as you address both of them, it doesn't make any difference to anybody really.

Bill Shranko, YCS, said he'll refer comments to Whittlesea Blue, but retain our right.



Cheryl Knapp, general manager, Whittlesea Blue Cab and Henderson Taxi: I am actually going to have to agree with Jay Nady. And I really want to make sure that's on the record. Because it is a valid point that needs to be stressed again, that if you are going to change the index that we're using, then you also need to change the trigger in accordance with that. So frankly, I think that if you're doing that it's six of one and half a dozen of the other. Having it consistent with the same formula that is used by the NTA, a sister agency of yours, I think just makes sense. This is the same formula that we've used since the very first fuel surcharge in 2005. I just don't see any reason to change something that isn't broken. With regards to a few of the comments that were made with regards to alternative fuels, compressed natural gas is a huge expense on the part of the operator. Our initial expense was a minimum \$12,000 to convert the vehicle. And Kelly Kuzik was very apt in his research with the efficiency of those fuels in comparison to gasoline. So to assert an opinion that operators that are using alternative fuels, for the sake of the environment, are doing so at a profit is foolhardy and uninformed. So I'll be happy to address any comments or questions from the Board.

Chair Drobkin: Anybody have anything to ask? There were no questions.

Desiree Dante, Lucky Cab: We support the argument as presented by A-Cab and Whittlesea.

Neal Tomlinson on behalf of Frias: We support the existing fuel index for several reasons. And we also agree with Jay Nady. Back in 2011 when this Board had several hearings about the index there was a lot of discussion about pad 5 and different variations of pad 5, as Kelly mentioned. And we had lots of discussions about how to adjust the floor and the ceiling, based on that. And there was substantial discussion and testimony about it. And if I remember right, Member Miller was the one that suggested that we adjust the floor and ceiling. And that's what the Board ended up doing. So we do support the existing index. And part of this too is that Frias has relied upon this index for many years. Like Cheryl says, it's been in place at least since 2005. I think it was actually in effect before that. But we relied on this for our business planning, for our budget bargaining, negotiations. I mean this was the index that's been set for many years. And so the companies relied on that for all their business planning, budgets, so we support keeping the index the same. With respect to the NTA regulation, the NTA held regulation workshops back in 2010. And they adopted regulation LCB file number R111-10 on December 16, 2010, which sets forth the same pad 5 (inaudible) index (inaudible). And in that regulation (inaudible) modified NAC 706.3555. That specifically was one of the discussions that we had back in 2011 with this Board, was to maintain some level of consistency with regard to the index. But as a result of those discussions, that's why the floor and ceiling was adjusted because the floor and ceiling is not the same as NTA, but the index is the same. And it's the same for good reason. So we would support keeping it the same.

Richard Segerblom for ITPE: We support staff, but more importantly I think it's important to go back and look at 2011 and what was the gap between Las Vegas and California and has that significantly changed since then. It's one thing to say we want to keep that range, but if it's 10 cents or 20 cents a few years ago and now it's 40 or 50 cents then that does (inaudible) out of line. And in fact we'd like to see (inaudible) go back and revisit the whole price adjustment and then start again, use the current level or base (inaudible) benefit from the (inaudible). So to go back to the basic question, we support the staff's recommendation.

Marc Gordon, general counsel for Yellow/Checker/Star, also Bill Shranko, Chief Operating Officer: I would just like to say first of all, Yellow/Checker/Star supports the industry position today. There's a lot of collective knowledge and experience in this room with fuel surcharges. I was not in the industry when the last one was passed, but from what I heard and read and researched there were a lot of compelling arguments for why California is in that index and why that index was chosen. So we would like to align



ourselves with the rest of the industry. And I'd like Mr. Shranko to make some points that he knows about from his history with this issue.

Bill Shranko: Of course, I'm agreeing with Whittlesea's presentation. Sometimes there are people that are concerned with the environment -- and we have been for over 30 years, and even Milton Schwartz's company in Cleveland was given a national recognition by the president many years ago for environmentally safe. It wasn't tricks and gimmicks that we did this for. With respect to the founders of our company, they absolutely, legitimately felt that the environment needed to be addressed and they decided to take monumental steps. And I appreciate Mr. Moffitt's comments because he has been through tough negotiations with us and he realizes that the cost of propane exceeds the regular unleaded gas concept. And as Cheryl mentioned her astronomical costs for the conversions initially and with propane it's even larger because the initial building of the pumps and then the conversions that we have. But in exchange for paying an awful lot of money, we have taken millions of tons of particle matter out of the air to make Las Vegas what it needs the most, a much cleaner city. We also want to let you know that not only that the NTA are keeping that rate, there could be different adjustments. You'll recall when you originally passed for the fuel increase it was Yellow/Checker/Star that reminded everyone that you're going to have to have at least a 30-day -- you adopted that proposal standard to even consider taking it off. So we do support Whittlesea and the rest of the industry.

Member Miller: I distinctly remember this discussion in April 2011. At the time, our average was -- I think we were looking at this new index that was below the threshold that we set. So we were looking at a particular index and we selected the \$3.25 index so that the fuel surcharge would go into effect immediately. So going back and revisiting which index (inaudible) should certainly include (inaudible) the threshold or just leaving it where it is. As far as the spread, obviously (inaudible) I mean it's a little hard to tell with these graphs, but it looks like it might have been around 40-cent spread (inaudible) the largest time frame -- I mean there was like a spike in one month of maybe 50 cents. It got higher than that, but 50 cents and now it looks like it's about 35 cents. So it doesn't look like the spread has changed too significantly. I'm open to looking at a new index. We just need to change the thresholds, which seems like a fair amount of analysis that needs to be done. We should do more than just eyeball a spread. We should probably do some deeper analysis. So I would not support a change of the index at this time.

Brent Bell, Whittlesea: I just want to remind everybody the spread just got (inaudible) California.

Member Collins: Just for me, I agree wholeheartedly with Member Miller and his synopsis. I don't think we should actually do anything at this point.

Member Nolan: We know what the consequences of making a change at this point (inaudible) disrupt business for the different providers at a minimum. And if nothing else the quagmire for NTA is going to have an agendized discussion on this. And we don't know what some of the unintended consequences of making the change at this point in time. And so I would support Mr. Miller's suggestion of not doing anything at this time, but also I believe that he's correct in (inaudible) price adjustment (inaudible) index again (inaudible) analysis (inaudible) agendize that and (inaudible).

Member Hardy: My concern was addressed by the comments from the industry and also Member Miller, in terms of we based the fuel surcharge, floor and ceiling, if you will, on the index that's currently in place. So I agree that nothing needs to be done right now. If the index is changed then the floor should be changed as well.

