

TAXIS AND OTHER PRIVATE TRANSPORTATION SERVICES

Kenneth W. Heathington, Transportation Center, University of Tennessee

The rapid decline of privately owned transit companies brought about a rapid increase in publicly owned public transportation systems. Municipalities either purchased these operations or started new ones. Many argued that public ownership of transit systems was the only solution to the rapidly declining demand for public transportation services. Many felt that unless systems were publicly owned there would soon be no public transportation in most urban areas. Even though publicly owned, many systems still have declining ridership. Costs have risen substantially. The subsidies required, both for capital and operating costs, far exceed the original estimates in many cases.

The Urban Mass Transportation Act to provide government subsidies for public transportation was written in such fashion to discourage private ownership and encourage public ownership. The original Urban Mass Transportation Act placed most privately owned public transportation systems at a disadvantage. Private operations could receive financial assistance, but the difficulties in obtaining this assistance were so great that almost no privately owned system did. Taxi systems, which are mainly privately owned and operated, could receive capital financial assistance as could publicly owned systems, providing certain conditions were met. This, however, did not seem to concern the taxi companies until municipalities began to offer demand-responsive transportation (DRT) services at low prices and to provide capital and operating subsidies to these publicly owned operations. Almost all publicly owned DRT systems offer services somewhat similar to those of taxi operations but at a substantial reduction in fares. Some taxi companies began to feel that these publicly owned and subsidized systems might become a threat to their own operations. Only after the introduction of DRT services did many taxi operators begin to take a real interest in becoming a part of the public transportation program in urban areas.

SHARED-RIDE TAXI OPERATIONS

For many years, DRT systems have existed in the private sector. Cities such as Little Rock, Arkansas, Davenport, Iowa, and Hicksville, New York, have had shared-ride taxi systems. Shared-ride taxi operations are identical to most DRT operations except that a 4-door sedan is used instead of a bus and the fares are much higher on the shared-ride taxi systems. The taxi operations generally are not subsidized. Tables 1 and 2 (1) give a summary of several DRT systems and 2 shared-ride taxi systems. The levels of service for the shared-ride taxi services (Davenport and Hicksville) are quite high, although the productivity is low. The cost per trip is much higher for a shared-ride taxi system than for a DRT system. However, no operating subsidy is provided to the shared-ride taxi operations. The demand for service is also substantially higher for the shared-ride systems than for most of the DRT systems. Only in Regina is the demand higher for DRT than for either of the shared-ride taxi systems.

Table 1. Service and equipment of demand-responsive systems.

System	Service Type		Service Area			Hours of Operation		Equipment			
	Peak	Off-Peak	Miles ²	Population	Persons per Mile ²	Days	Time	Type	Total Number	Peak Use	Off-Peak Use
Ann Arbor	Many-to-few	Many-to-few	2.3	8,872	3,857	M-F Sa	6:30 a.m.-6:00 p.m. 6:00 a.m.-6:00 p.m.	10-pass. van	3	3	3
Batavia	Many-to-many ^a	Many-to-many ^b	4.3	17,338	4,032	M-F	6:00 a.m.-6:00 p.m.	23-pass. bus 10-pass. van	4 1	5	3
Bay Ridges	Many-to-many ^a	Many-to-many	4.0	14,500	3,625	M-Sa	5:15 a.m.-1:30 a.m.	11-pass. van 19-pass. bus	5 1	4	2
Davenport	Many-to-many	Many-to-many ^b	19.7	98,500	5,000	All	All	5-pass. cab	23	20	16
Haddonfield	Many-to-many	Many-to-many	10.9	40,100	3,679	All	All	17-pass. bus 13-pass. bus	12 7	—	—
Hicksville	Many-to-many	Many-to-many	6.8	48,100	7,074	All	All	5-pass. cab	30	26	—
Regina	Many-to-one ^a	Many-to-few	5.0 ^c 8.5 ^d 9.0 ^e	32,000 ^e 58,000 ^d 63,000 ^a	6,400 ^e 6,824 ^e 7,000 ^e	M-F Sa Su-hol.	5:25 a.m.-12:00 m.n. 6:40 a.m.-12:00 m.n. 1:20 p.m.-8:40 p.m.	15-pass. van 23-pass. bus 45-pass. bus	6 5 1	18	8 ^e 6 ^d 5 ^a

^aSubscription. ^bOther services are also provided. ^cPeak. ^dOff-peak. ^eEvening.

Table 2. Operation and costs of demand-responsive systems.

System	Passengers/Weekday	Demands/Mile ² /Hour	Passengers/Vehicle/Hour	Avg Time (min)		Dis-patching	Com-petition	Goods Movement	Owner-ship	Union Drivers	Driver Wages/Hour	Cost/Vehicle Hour			Avg Fare/Trip	Subsidy Source
				Wait	Ride							Total	Oper-ating	Cost/Trip		
Ann Arbor	250	9.1	8	9	13	Manual	Bus, taxi	No	Public	Yes	5.50	10.59	9.91	1.32	0.45	Local ^a
Batavia	350	6.8	11.5	11	11	Manual	Taxi	Yes	Public	No	3.30	—	—	—	0.47	— ^b
Bay Ridges	600	7.5	9.7	45	7	Manual	Taxi	No	Public	Yes	3.30	—	—	0.60	0.26	Province and local na
Davenport	1,269	2.7	5.0	20	10.5	Manual	Bus, taxi	Yes	Private	No	2.65	4.97	4.67	0.99	1.03	na
Haddonfield	1,331	4.7	5.4	25	15	Computer	Taxi	No	Public	Yes	7.79	15.40	13.81	2.85	0.30 ^c	Federal and state na
Hicksville	900	5.5	3.0	9.5	9	Manual	Bus, taxi	Some	Private	No	2.29	3.70	3.53	1.23	1.79	na
Regina	3,400	25	19.5	22.5	17.5	Manual	Taxi	No	Public	Yes	5.75	11.00	7.00	0.56	0.32	Local

^a\$2.5-mill property tax.

^bOperating costs and portion of fixed costs are covered by system revenues.

^c15 cents for senior citizens.

INTEGRATION OF TAXI OPERATIONS WITH PUBLIC TRANSPORTATION SERVICES

DRT services are costly because of low demand, capital intensiveness, high labor rates, restrictions on work rules, and few economic incentives. These characteristics are prevalent in most DRT systems, and many are now rethinking the position of public ownership as a solution to most public transportation problems. Some are now suggesting that efficient services at low operating costs can be provided better by private enterprise than by publicly owned systems. Private companies can diversify operations to engage in goods movement, charter services, and various other activities that often may not be engaged in by public companies.

A publicly owned system that uses federal money under a 13-C agreement is locked into a type of operation in which change is difficult. The operating cost may continue to increase substantially but few means are available for lessening the amount of responsibilities of the urban municipalities. More thought is now being given to seeking contractual arrangements through private enterprise for providing certain types of public transportation services.

This paper does not examine the many ways in which an urban area could provide public transportation services solely through the private sector. However, the opportunities are there, and only the initiative of the private operator and the municipal government is required to integrate private operations into public services. The taxi firms have shown little, if any, enthusiasm for becoming involved with municipal services. In the past neither the municipal governments nor the taxi operators determined what role taxis could play in helping to solve public transportation problems. Only recently have they begun to discuss the potential that exists for cooperative ventures of the 2 groups.

SUMMARY

This conference was designed to provide a forum for taxi operators and municipal governments to discuss the benefits that could result to each from the integration of services. Many transportation services can be performed better by the private sector. However, without the cooperative efforts of the private sector, municipal governments will not permit or encourage the integration of services. A change is needed in the manner in which financial support is provided to various public transportation services. This does not imply that direct operating or capital subsidies should be provided to private enterprise. However, from a contractual point of view, there is much to be gained by the use of private operators in an urban area.

REFERENCES

1. K. W. Heathington and J. D. Brogen. Demand Responsive Transportation Systems. Bureau of Mass Transit, Tennessee Department of Transportation, 1974.
2. B. Arrillaga and G. E. Mouchahoir. Demand Responsive Transportation System Planning Guidelines. Report No. UMTA-VA-06-0012-74-6, Mitre Corporation, April 1974.
3. W. G. Atkinson. Regina's Telebus Is Meeting People's Needs, Building Transit Confidence and Saving Money. Traffic Engineering, Vol. 44, No. 4, Jan. 1974, p. 6.
4. R. F. Kirby et al. Para-Transit: Neglected Options for Urban Mobility. The Urban Institute, Rept. UI-4800-8-2, June 1974.
5. An Analysis of Two Privately Owned Demand Responsive Transportation Systems. Transportation Research Center, University of Tennessee, Research Progress Rept., Aug. 16, 1973.
6. New Concepts in Urban Transportation. Transportation Research Board, Vol. 4, No. 1, March 1974.

Charles Boynton, Salt Lake City Taxicab Association

The taxi industry has 190,000 vehicles and carries more than 2.5 billion trips a year. They carry 25 percent of the commuter traffic and serve 3,400 cities of all sizes.

The taxi serves the tourist, who is uncertain about the use of other public transportation facilities. We are in competition with rent-a-car companies at airports, and we are the backup system to many families when they have car failures.

Not so obvious but equally important to our industry is shared riding or group riding or demand-responsive transportation. We have school contracts under which we carry school children almost door to door, but sometimes corner to corner.

We have special education school contracts for carrying mentally retarded, deaf, and blind children and adults who need the care of one-to-one relations. We also have a few long-distance contracts. We are involved in programs to carry welfare recipients to nutrition, hospital, and health care centers. We also provide wheelchair transportation. We are active in the package delivery business and in jitney service.

One of the problems in the taxi industry is the retention of accumulated revenues. It results, I believe, from the tremendous impact of labor. In my own case, 95 percent of the money from the taxi meter goes to drivers, dispatchers, and clerical and maintenance people. When fuel costs go from 5 to 10 percent of revenue, that is critical.

During the past 10 years, the taxi industry has moved from employer-employee businesses to a lessee relation in which the company provides licensed system insurance, dispatching, and coordination and rents the car to the driver. We have spent a long time trying to determine the relation of the driver to the provider of the service. We have had ongoing battles with the Internal Revenue Service on whether we should