

Q&A



Q: What's the big deal? Won't all of these STITA drivers just go work for Yellow Cab?

A: STITA is a co-op of 216 cabs owned by 283 people. They're small, independent businesses that band together to provide service. Many work long, hard hours and barely get by.

Yellow Cab may try to hire some hourly STITA drivers or buy some owner-operators' taxicabs at distressed, fire sale prices, **but STITA and most of its members will go out of business unless the court stops the Port from signing an agreement with Yellow Cab.** That's because losing the contract means most STITA drivers won't have enough fares to support themselves since the STITA cabs serving the airport are not licensed in Seattle, and without the Port contract, there is not nearly enough business in King County to support the STITA cabs. STITA's drivers cannot make a living without the airport contract.

Q: Why should I care? How will this affect cab service?

A: Besides lacking a green fleet, and operating a fleet in which nearly half the cabs are owned by just a few people, Yellow does not currently have enough cabs with King County to provide service for the airport contract.

The Port requires up to 210 cabs dedicated to the airport to ensure less than a five-minute wait for passengers. If Yellow diverts more than one half of its cabs for airport service, it **will severely shortchange passengers in Seattle and King County, leading to long wait times for pickup.** And because of the moratorium on new Seattle taxi permits, Yellow will not simply be able to add more cabs to service the city to make up the difference.

In addition, Yellow already has more than half the taxi permits in Seattle. Awarding Yellow the airport contract will only increase its already huge market share and decrease competition. If STITA is forced to disband, the Port will be completely dependent on Yellow Cab. If revenues fall short or service is poor, passengers will find themselves with long waits at the airport, and shoddy, irregular service within city limits.

Q: Why can't STITA drivers just get a Seattle permit to provide service in the city and cut down on wasteful, one-way "deadhead" trips?

A: Many STITA drivers would love to have a Seattle permit, but in recent years, there has been a moratorium on the issuance of new taxi permits in Seattle, so STITA members can't obtain the permits, except by purchasing them from existing city permit

holders. Very few city permits are ever available at one time, and they are prohibitively expensive.

Q: What's wrong with the Port seeking the highest bidder? Shouldn't the Port be maximizing money from its contracts?

A: When it comes to setting fees for taxicabs, the Port has to remember that rates are set by King County, and part of that rate setting is to make sure the cab drivers receive a living wage. The King County Code requires the King County Council to set the taxicab meter rate at a level that is "just and reasonable."

When the Port tries to take 10 percent or more of the gross revenue from the drivers, it is interfering with the legal taxi meter rates set by the County Council. Stated another way, the Port's new concession fee cuts directly into the county's taxi meter rate and prevents taxi operators from receiving the gross receipts they legally are entitled to receive.

Q: If STITA's doing such a good job, why didn't it score better in the proposal process?

A: STITA did quite well and outscored its competitors in a number of areas, including quality of customer service. But the Port scored STITA lower in two key categories: "guaranteed revenue" (i.e., how much bidders were willing to guarantee to pay in excess of the Port's actual costs of providing services to the successful bidder); and "financial strength."

Regarding the "guaranteed revenue" category, STITA contends it was improper for the Port to include that category because the Airports Act does not allow the Port to invite taxicab company bidders to promise to pay fees that are not based on the Port's actual costs of providing services to the taxicab concessionaire.

Unfortunately, the Port's bidding process caused a predatory bidding war among King County taxicab companies which not only is illegal but, if allowed to be repeated in the future, will be financially devastating to the King County taxi industry.

Regarding the "financial strength" category, it's completely punitive to measure STITA's financial strength in for-profit terms. STITA has always been a non-profit – at the very insistence of, you guessed it – the Port. So, of course STITA does not have the same cash flow, profit margins, lines of credit and retained earnings of a for-profit company. However, the Port chose not to weight these factors to reflect that, and graded STITA lower for following the very rules that the Port had demanded in the first place.

Q: What about STITA's environmental impact? How green is it?

A: STITA has the greenest cab fleet in the nation. At the Port's insistence, the owner-operators of STITA invested huge sums in converting to an eco-friendly fleet of Toyota Prius hybrids and Compressed Natural Gas vehicles. By contrast, many of its competitors rely on aging gas-guzzlers. Given the Port's goals in reducing emissions and operating cleanly, STITA is the obvious environmental choice. Yellow's fleet is not green and will not be required to meet the same green standards as STITA until September 2011.