

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
EXECUTIVE COMMITTEE  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

June 12, 2014

MINUTES

A. ROLL CALL

Chairman Mathis called the Executive Committee meeting to order at 9:25 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Roberts moved for approval of the minutes of the April 10, 2014, MTS Executive Committee meeting. Mr. Gloria seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. Trolley Renewal Project Update

Bruce Schmith of SANDAG provided a presentation on the Blue and Orange Line Improvement Corridor. He discussed the Blue Line stations and rail construction including the Barrio Logan station, Harborside Station, Pacific Fleet Station, 8<sup>th</sup> Street Station, 24<sup>th</sup> Street Station, E Street Station, H Street Station and Palomar Street Station. Mr. Schmith discussed the other Blue Line projects update including recently bid projects, job order contracts and the engineering phase. He also reviewed the traction power substation (TPSS) update. Wayne Terry, Chief Operating Officer of Rail, provided an update on the light rail procurement status. Paul Jablonski, Chief Executive Officer, stated that once the Blue Line has temporary platforms installed, low floor trolley cars will go into operation. He said the expectation is that low floor service will be fully operational on the Blue Line at the end of October or beginning of November. Mr. Jablonski also commented on the status of the milestones. He stated that the first milestone is behind in schedule; however the contractor stated that they do expect to be on time for the remaining milestones.

Action Taken

Informational item only. No action taken.

2. Encanto/62<sup>nd</sup> Street Trolley Station Transit Oriented Development

Karen Landers, General Counsel, introduced the agenda item and provided a brief description of the project. Tim Allison, Manager of Real Estate Assets, continued the presentation and explained this project relates to the Encanto/62<sup>nd</sup> Street Trolley Station and the potential long-term development agreement and ground lease with AMCAL Multi-Housing, Inc. He discussed the trolley station specifications and reviewed the development proposal. Mr. Allison also reviewed the affordable housing building elevations and the site plan for upper floors of the building. Ms. Landers continued the presentation by reviewing the development status update and the next steps of the project. She explained the Disposition

and Development Agreement and Ground Lease highlights. She stated that the ground lease will be an upfront payment of \$1,035,000 for the initial term of 55 years. She also noted that there will be market adjustments for subsequent terms of 25 years and 19 years.

Mr. Mathis asked whether or not there will be an additional pedestrian walkway across the street from the parking lot to the trolley station platform. Mr. Allison stated that they have attempted to get a mid-block crossing, but have been told that will not be possible. Mario Turner, with AMCAL Multi-Housing, Inc., added that they will contact the City Planning department to try and acquire a mid-block pedestrian walkway.

Mr. Gloria inquired about the shared costs going forward for maintenance and the security of the property. Ms. Landers stated that MTS will have its own security at the property and will manage it similarly to the Grossmont Station. Mr. Mathis inquired about the security cameras on the property. Mr. Allison stated that the cameras will stream back to MTS's Central Control Station. Mr. Turner stated that AMCAL will install the conduits and wiring in the building for the security cameras. Mr. Jablonski suggested that the cameras should also stream into the onsite building office for additional monitoring of the property.

Mr. Cunningham asked what the length of the covenant is to maintain it as affordable housing. Mr. Turner stated that the tax credit requires the 55 year lease agreement and the housing commission also has their own separate 55 year lease agreement to maintain the affordable housing requirement.

#### Action Taken

Mr. Cunningham moved to receive a report on a potential long-term development agreement and ground lease with AMCAL Multi-Housing, Inc. and to forward a recommendation to the Board of Directors for approval of the Disposition and Development Agreement and Ground Lease. Mr. Gloria seconded the motion, and the vote was 5 to 0 in favor.

### 3. San Diego Taxi Fare Standardization Report

Sharon Cooney opened the agenda item by giving a brief overview of the study and an update on the Taxicab Advisory Committee response. Mr. Mathis stated that the recommendation of this agenda item will be to receive the report and that it will not be forwarded to the Board of Directors. Dr. James Cooper, Taxi Research Partners, gave a presentation regarding the San Diego Taxi Fare Standardization Report Study. He reviewed the following aspects of the study: tasks; project steps; driver profiles; baseline earnings; change in operating costs; associated factors influencing earnings; arguments for/against standardization; standardization impacts; options and conclusions. Bill Kellerman, Taxicab Administration Manager, stated that there has not been a raise in the airport's taxicab rate for 2014. He said they have deferred action on changing the airport rate pending the study.

## PUBLIC COMMENTS

Sarah Saez – Ms. Saez of the United Taxi Workers of San Diego stated that they are in opposition to the study. She stated they support the SDSU letter that was provided to the Committee which raises questions to the study presented. She also said they have issues regarding the results of the dispatch driver findings, because some drivers in dispatch receive preferential treatment. Ms. Saez said that she feels standardization will make it more difficult for drivers to compete with one another. She stated that they have been advocating for a lease cap, because when taxi fares rise in price, the taxi leases also rise.

Ian Sernelo – Mr. Sernelo of the United Taxi Workers of San Diego stated that they are concerned with the study and said there were important points made in the SDSU letter. He said the methods used in the study are up for interpretation based on the sample of the drivers used. Mr. Sernelo said that some of the calculations were not clear based on the hours worked. He also stated that there were several points raised by SDSU that were not addressed in the report.

Margo Tanguay – Ms. Tanguay of the Taxicab Advisory Committee agreed with Ms. Saez and Mr. Sernelo. She stated that the Committee agreed to receive the report, not accept the report. She said the majority of the taxi drivers have been using the airport rates. She commented that there are taxicab strikes occurring in Europe currently. Ms. Tanguay said that Uber and Lyft services do not have the same vehicle inspections or driver inspections as taxis.

Dr. Cooper responded in regards to the SDSU letter stating that the SDSU study and his study do not really differ. He said they fully accept that some drivers work long hours and make little amounts of money. Dr. Cooper stated that it is hard to verify the actual hours driven by each individual. He also explained the differences between lease drivers and owner operators. Mr. Roberts asked what the general consensus was for the study. Dr. Cooper stated that they see a benefit for a standard rate, but not being overcharged. He said that they are introducing the idea of a post-rate discount of having a single rate and then discounting that rate. Mr. Mathis asked if we already have a standard single rate based on the airport rate. Mr. Kellerman said about 70-80% of drivers currently use the airport rate.

Mr. Gloria asked Dr. Cooper if the driver dispatch records were available for public review. Dr. Cooper said that the records are not available due to a confidentiality agreement.

## Action Taken

Mr. Gloria moved to receive a presentation by Taxi Research Partners regarding the "San Diego Taxi Fare Standardization Report". Mr. Ovrom seconded the motion, and the vote was 4 to 0 in favor, with Mr. Cunningham absent.

4. South Bay Maintenance Facility Update

The Executive Committee unanimously agreed to move this agenda item to the July 10, 2014 Executive Committee agenda.

Action Taken

No action taken.

6. Baltimore Junction Excess Property Potential Development (TAKEN OUT OF ORDER)

Karen Landers opened the presentation regarding the Baltimore Junction Excess Property. Tim Allison described the Baltimore Junction site, location and specifications. He explained that G8 Development, Inc. is interested in purchasing the property for the purpose of developing a Hilton Garden Inn Hotel. Mr. Allison stated that the City of La Mesa likes the idea of having a hotel developed on this land. He also reviewed the G8 Development proposal for the hotel. Mr. Roberts asked if this property has been marketed to the public. Mr. Allison stated that it has not been marketed through CoStar, however a number of development entities have inquired about the property. Mr. Roberts stated that he suggests this property should be publicly marketed before moving forward with an exclusive negotiating agreement.

Action Taken

Mr. Roberts moved for a new recommendation of public solicitation of the Baltimore Drive property. Mr. Ovrom seconded the motion, and the vote was 4 to 0 in favor, with Mr. Cunningham absent. The original recommendation to forward this item to the Board of Directors for approval of an Exclusive Negotiating Agreement for the long-term lease of 5159 Baltimore Drive was declined.

5. Update on Department of Labor Challenge of California Public Employees' Pension Reform Act of 2013

Mr. Jablonski provided an update on the Department of Labor Challenge of the California Public Employees' Pension Reform Act of 2013 (PEPRA). He said there was a Federal Court date for the judge to hear a motion by the Department of Labor for summary judgment in this case; however the judge did not make any ruling at that time. Mr. Jablonski explained that the State of California enacted a one-year exemption from PEPRA for transit agencies pending the outcome of litigation. He also stated that the judge's decision should be made in approximately 30 to 45 days.

Action Taken

Informational item only. No action taken.

D. REVIEW OF DRAFT JUNE 19, 2014, BOARD AGENDA

Recommended Consent Items

6. Policy 25 - Equal Employment Opportunity (EEO) Program for Employees and Contractors  
Action would update and reaffirm MTS Policy 25.
7. Motorola Regional Transit Management System Annual Maintenance and Support Services - Contract Amendment  
Action would authorize the CEO to execute MTS Amendment No. G0867.15-03 with Motorola, Inc. to extend the Regional Transit Management System (RTMS) annual maintenance and support period from July 1, 2014 through June 30, 2015; and execute MTS Amendment No. G0868.9-03 with North County Transit District (NCTD) for a Funds Transfer Agreement.
8. Weed Abatement Services - Contract Award  
Action would authorize the CEO to execute MTS Doc. No. L1186.0-14 with DeAngelo Brothers, Inc. for the provision of on and off track weed abatement services for a contract period of five (5) years.
9. Investment Report - April 2014  
Informational item only. No action taken.
10. Fiscal Year 2015 Capital Improvement Program Amendment  
Action would approve the amended FY 2015 Capital Improvement Program (CIP).
11. Fiscal Year 2015 Transportation Development Act Claim  
Action would adopt Resolution Nos. 14-8, 14-9, and 14-10 approving fiscal year 2015 Transportation Development Act (TDA) Article 4.0, 4.5 and 8.0 claims respectively.
12. Number Not Used
13. Compass Card Back Office Memorandum of Understanding  
Action would execute Addendum 21 to the Master MOU with NCTD and SANDAG to formally transfer Compass Card Back Office responsibilities to MTS and allocate cost sharing for such services.
14. 2014 Mills Building Board Room Improvement Project  
Action would authorize the renovation of the 10<sup>th</sup> Floor Board Room through Colliers International, the Mills Building on-site property management company.

Ms. Landers stated that consent item number 13 on the June 19, 2014 draft Board agenda has been removed from the final Board agenda.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

No discussion for this agenda item.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee member communications.

G. PUBLIC COMMENTS

Margo Tanguay – Ms. Tanguay made a comment to Mr. Roberts regarding the newly opened County Waterfront Park. She stated that the park is a wonderful new addition to San Diego.

**The Executive Committee convened to Closed Session at 11:40 a.m.**

4. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8;  
Property: 8650 Tech Way, San Diego, California (Assessor Parcel Nos. 369-220-85)  
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets  
Negotiating Parties: Excel Hotel Group; Hallmark Communities, Inc.; and Dan Floit  
Under Negotiation: Price and Terms of Payment

**The Executive Committee reconvened to Open Session at 11:59 a.m.**

Oral Report on Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

4. The Executive Committee received a report and gave instructions to Real Property Negotiators.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for July 10, 2014.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 12:02 p.m.



Chairman

Attachments: Roll Call Sheet  
Handout – SDSU Letter 6/6/14 re: San Diego Taxi Fare Standardization Report  
Handout – Taxi Research Partner Letter 6/10/14 re: Response to SDSU Letter

**EXECUTIVE COMMITTEE  
METROPOLITAN TRANSIT SYSTEM**

**ROLL CALL**

MEETING OF (DATE) June 12, 2014

CALL TO ORDER (TIME) 9:25 a.m.

RECESS \_\_\_\_\_

RECONVENE 11:59 a.m.

CLOSED SESSION 11:40 a.m.

RECONVENE \_\_\_\_\_

ADJOURN 12:02 p.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
GLORIA <input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>	9:25 a.m.	12:02 p.m.
MATHIS <input checked="" type="checkbox"/>	9:25 a.m.	12:02 p.m.
OVRUM <input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>	9:25 a.m.	12:02 p.m.
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:25 a.m.	12:02 p.m.
CUNNINGHAM <input checked="" type="checkbox"/> (McClellan) <input type="checkbox"/>	9:25 a.m.	11:00 a.m.
Transportation Committee Rep Slot (Mathis)		

SIGNED BY THE CLERK OF THE BOARD:

Julia Sansone

CONFIRMED BY THE GENERAL COUNSEL:

Kim Carol



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College of Arts and Letters  
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June 6, 2014

Dear Taxi Advisory Committee,

We regret that we cannot appear in person today, but we want to express our concern to you about the income calculations in the San Diego Taxi Fare Standardization Report draft. We believe there are serious problems with the sample, the methodology and the calculations, which make the figures in the report unrepresentative of the earnings of drivers in San Diego.

Our concerns are as follows:

1) Driver survey methods: the report explains:

"The team considered it important that a representative sample of drivers were given the opportunity to participate across a variety of differing operating patterns. Questionnaires were therefore distributed at stand, in the SAN airport holding area, at the Sheriff's licensing facility, at the MTS training and inspection facilities. The survey was also made available on-line using a unique code system comprising stated address and recorded IP address. The unique code reduces the potential for multiple entries using the on-line system, with a similar precaution on paper responses based on name."

Giving a representative sample of drivers the opportunity to participate, is not the same as having achieved a representative sample – which the report does *not* claim to have done. In fact, we think it is unlikely that the sample is representative as we know drivers fear retaliation and would be unlikely to complete a survey that asked for their name. Also, since drivers could take the survey on line there was clearly a self-selection process, not a random sampling. We believe that owner-operators were more likely to respond to the MTS sponsored survey, and are very likely overrepresented, skewing the earnings data upward. This is of particular concern since the figures based on the survey say that they represent the experience of "lease" street drivers.

2) Dispatch data: we assume that dispatch data included *all* drivers for the dispatch, this should be verified because any selectivity would obviously skew the data. It would also be helpful to know what year the data came from – a normally included piece of information that is missing (this is particularly important since dispatch fares have dropped off dramatically recently due to Uber and other competition). We would also like to point out that while 50% of fares come from dispatch calls according to the report, this does not mean that 50% of drivers make their living from dispatch calls. As can be seen in the data itself those calls go to a more concentrated group than the street fares. Moreover, the majority of drivers certainly do not work for one of these two "efficient" dispatch companies. In fact,




this dispatch data can at its best only represent the opportunities for the most successful of the drivers.

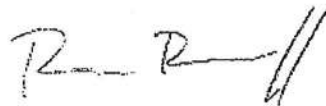
- 3) Calculation of hours from dispatch reports: We believe the hours used to calculate the earnings are low by any reasonable measure. It is irregular, and unexplained, that the authors used the mode of hours and not the mean or median. We also find the assumption that workers do not work before receiving the first dispatch call or logging in very problematic. In fact, the report itself acknowledges pre-log in work as a practice on page (41), *and* includes these potential extra fares but *not* the potential extra hours in its calculations. Moreover, the yearly annual income seems to be calculated on even fewer than the 7.75 hours a day that the report claims to use for full time dispatch drivers. The calculation is made apparently using approximately 35 hours a week (either 5 days at 7 hours, or about 4.5 days at 7.75 hours).
- 4) Mismatch of data on hours worked: on page 31 the report state, “the divergence between electronic and driver reported hours may appear irreconcilable.” In fact, the data *is* irreconcilable. Even using the driver survey of a sample we believe to be a more protected group of drivers, probably underrepresenting lease drivers, the median hour worked appears to be close to 12, with the majority of drivers reporting either 10 or 12 hours worked per day. This figure is in line with the length of standard leases (12) and a previous report by ourselves and one by the drivers’ association. This triangulation makes it a much more reliable figure.
- 5) Grossly underestimating expenses: The report only uses two expenses for lease drivers: gas and lease. It is unclear where the authors came up with \$3.68 for gas. On page 65, they provide the price of gas over an 18-month period. Looking at these figures, there is no way to justify the use of \$3.68 as the gas price for 2013/2014, which is clearly way below any derivation of a mean or median, or even a mode. The lease price is also underestimated. In the first income calculation tables on page 42, the lease for dispatch drivers is \$65 a day, which would be reasonable except that it the yearly figure is for only 4.5 days a week for 50 weeks. Drivers have to pay the lease 7 days in most instances, whether they are driving or not. In the following table on page 46, for extended hours lease dispatch, the lease amount has been reduced even further with no explanation. On pages 49 and 50, the lease street driver’s “vehicle and infrastructure” expense is higher at \$358 a week (this is dividing the annual lease by only the 50 weeks referred to in the report, when actually they usually have to pay all 52 weeks). This amount is below the average weekly lease price for even a 12-hour lease (True North found the lease to be \$2000 a month in 2011). Moreover, the lease amount for “street” drivers is *more* than that of the dispatch drivers. Anyone who knows the industry, knows that these estimates are fatally flawed, since the “efficient” dispatches charge much higher fees, and consequently the lease rates on the taxis under their purview are actually considerably higher. Finally, other acknowledged expenses were not calculated into the earnings per hour (eg cleaning and credit card on page 61). And other unacknowledged expenses like cell phone expense, required to receive dispatch calls, (and calculated in the previous MTS commissioned True North study) were left out as well.
- 6) Miscalculating the earnings per hour: the income per hour calculation, based on the vast data supplied by the dispatch companies, should have been figured on an individual basis and *then* the mean and the median of individual income could have been calculated. Using the overall mode of hours and the overall mean of fares to then calculate income does not give accurate data about average earnings.

The income per hour figures in this study can be considered the upper bound of what taxi drivers make; they are certainly not representative in any way. The problems with the data, including using low numbers for expenses, ignoring standard procedures for calculating average hourly earnings, and using a skewed survey sample (and possibly dispatch sample), call the study's conclusions about earnings into serious doubt.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jill Esbenshade". The signature is fluid and cursive, with the first name "Jill" written in a larger, more prominent script than the last name.

Jill Esbenshade, PhD  
Associate Professor  
Department of Sociology  
San Diego State University

A handwritten signature in dark ink, appearing to read "Peter Brownell". The signature is more stylized and less legible than the one on the left, with the first name "Peter" written in a large, bold script and the last name "Brownell" in a smaller, more compact script.

Peter Brownell, PhD  
Research Director  
Center on Policy Initiatives

June 10th, 2014

Response to San Diego State University commentary dated June 6th, 2014.



## Introduction

Taxi Research Partners have undertaken a study of the taxi market in San Diego, presented in our recent report to the MTS. Our work has been carried out without bias as independent researchers and included a significant number of surveys, stakeholder interviews and data analysis. In the course of our work we encountered a wide range of views with very differing perceptions of the taxi industry, the role it plays in transportation and the issues faced by the industry.

In undertaking our analysis we have kept an open mind at all times and demonstrate what we believe to be a fair review of the facts presented to us and a detailed analysis of survey and electronic data.

In common with colleagues from San Diego State University we too believe it is important that taxi drivers are recognized for the significant work they undertake in the city. There is no benefit to us in misrepresenting the number of hours a driver works, this is the basic tenet of the SDSU letter dated June 6th and we have not done so. We also point out that, while the estimation of driver earnings is important in understanding the market, the market is influenced by many more factors that will ultimately impact on the earnings of the driver.

In setting out our response to the SDSU letter of June 6th., we have no desire to criticize the authors, nor reduce the importance of the driver to the San Diego Taxi market; but rather to respond to the individual points that have been made. Taxi Research Partners recognize and highlight the significant role that the San Diego Taxi Driver plays in the transportation services offered.

## 1.0 Driver Survey Methods

In their first substantive point the SDSU authors question the representative nature of the driver survey undertaken. The authors highlight reasons why the sample may be biased and cite intimidation within the industry.

While we do not have any evidence of intimidation, the SDSU authors are correct in their premise that a greater number of owner operators would skew the sample. The survey was aimed at lease drivers, although the nature of collection could not exclude responses from owner operators. As a result we identified owner / lease categories and treated responses as separate. We believe that this allowed us to avoid a biased response specific to any one driver type. It would also be a reasonable accusation that incorrect responses (where a respondent chooses to lie) would also skew the sample but this latter point is true of all surveys.

Driver surveys were undertaken using three collection methods: intercept, distribute and on-line. Surveys were then stratified to driver types, on the basis of responses provided. Drivers categories are set out in the report and this categorization ensured that we did not allocate dispatch driver earnings to street drivers, airport earnings to non-airport drivers etc. The purpose and effect of this was that the analysis did NOT misrepresent drivers of any one category. This is also important in respect of 'mode' analysis, a further comment in the SDSU letter, discussed below. The team took measures to avoid duplicative entry, where a respondent answers the survey more than once; and

variance analysis to identify where responses appeared to differ from the normal distribution of responses in each of the driver categories.

## 2.0 Dispatch Data

The dispatch data relates to ALL drivers within the dispatch reporting. There is no possibility of a skewed sample and Taxi Research Partners are satisfied that the datasets provided were accurate and un-manipulated. Data analyzed relates to four seasonal periods in 2013. The analysis undertook a sanity check, identifying records that appeared incorrect or incomplete, on a line-by-line basis where appropriate.

It is accurate that not all drivers work for larger 'efficient' dispatch companies, with many choosing to concentrate on street work and therefore not all drivers receive the level of income of a driver with an efficient dispatch company but this was NOT suggested. Indeed, the use of different categories of drivers ensures that the calculations on fare are NOT based on the income of drivers from an efficient taxi dispatch company alone. We agree with the SDSU assessment that more than half of San Diego drivers work outside 'efficient' dispatch companies and developed a structure that represented these drivers as well.

## 3.0 Calculation of hours / Mode calculation

'Mode' is one of three forms of average. Averages can relate to:

- Mean - the summation of all entries and division by numerator (the most common form of average)
- Median - the mid point entry
- Mode - the most common entry

The SDSU authors comment on the use of mode but fail to recognize that the identification of hours relates to three categories in their own right, drivers working part time, drivers working full time and drivers working extended hours, though this may simply be a misunderstanding on the part of the SDSU authors.

Our analysis identifies the peaks in responses for drivers hours for each of the three categories (P/T, F/T and E/T). These are the most common worked hours for each category and include significantly longer hours worked in the case of street drivers. The correlation between dispatch and driver reporting can be seen in Figure 14, on page 32. This method of mode analysis specifically provides for drivers working different hours and in particular recognizes the very long hours that are worked by street drivers.

The SDSU authors also suggest that we have not calculated drivers working before their first dispatch trip and after their last, although they do recognize that we have referenced this. In fact the Taxi Research Partners have included time before and after first and last dispatch. In one company the analysis is made simple in that metered trips of any kind (whether dispatch or by hail) require the meter to be 'logged on' using a swipe system. Effectively shift times (rather than dispatch times) are actually demonstrated. This is not true for all dispatch systems and we rounded up working hours on the basis that we felt a driver may choose to work a complete hour. Thus a last dispatch drop off at

12.35 would be measured as a shift ending at 1.00. It is also noted that additional trips taken beyond dispatch 'working hours' have the effect of increasing total income, not reducing it.

#### 4.0 Irreconcilable differences between datasets

We found it very difficult to understand why this was included as a criticism of our work as it appears to reflect the views we actually stated. We agree that dispatch and self-reported hours are different, although some pattern correlations are present and need to be acknowledged.

We also agree that many drivers do work 10-12 hours per day, a fact acknowledged in our working hours categories. Indeed our use of Part Time, Full Time and Extended Hours drivers actually allows for this to be fully included and we suggest provides a more accurate review of incomes than that possible using a single 'all driver' method.

#### 5.0 Underestimating Expenses

We do not consider that we have underestimated expenses. Indeed the comment made in respect of gasoline prices highlights a significant misunderstanding of the process of analysis on the part of the SDSU authors. The purpose of a comparison across time periods is to identify the change in prices NOT to provide a global approximation of cost.

We used recognized independent sources in identifying prices at the start of the analysis period and at its conclusion for all external prices and identified lease rates from driver responses in the driver survey. As these responses were stratified by driver type we do not consider there to be a bias in any one category. The precise nature of lease costs reflect the market for leases and no single response or stated cost may be entirely accurate for the rest of the fleet.

Costs across all driver types are tabulated in our report. It is NOT appropriate to use a mean or even a median value across the period as this fundamentally removes the ability to compare from start to finish. We feel the SDSU comment reveals a misunderstanding of the process undertaken.

#### 6.0 Miscalculating earnings per hour

As in the previous statement we feel that the SDSU authors misunderstood / misrepresent the process of the analysis. We have NOT used a mode calculation of earnings for all drivers but rather values for different driver types. The result is NOT a single San Diego average as may be read into the criticism but a detailed review of different drivers. No single driver will earn the same amount as individual circumstances will alter, as will the numbers of trips demanded. The use of driver categories allows for a more detailed analysis of potential earnings. Moreover, as the report seeks to compare changes in the market over time, the use of one single value is both inappropriate and misleading.

We do NOT suggest an overall mean of earnings, as set out here and, we believe, in our report; but a mix of earnings reflecting different driver circumstances.

Professor James M. Cooper, Taxi Research Partners