

Southern Nevada Tourism Infrastructure Committee Testimony Request

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Organizational Overview

Brief History of Frias Transportation

In 1958, Charlie and Phyllis Frias were visiting Las Vegas from their home in Texas. During their stay, they fell in love with what would become their future home but not without some heart ache. The two of them could not decide whether to stay in Las Vegas or return to Texas so they did what may be the most historic, but yet unknown, coin toss in Las Vegas history. Phyllis called tails and tails it was. Las Vegas has benefitted from the decision ever since. Charlie, soon after moving, was looking for some extra work and started driving a Union Cab part-time. After a time, the then owner of Union Cab decided to sell the company. The owner had developed such a great respect for the Frias family that even though they did not have the resources, they helped Charlie find a way to buy Union Cab. Charlie took ownership of Union Cab in 1966 which at the time had only five medallions and cars and a dozen or so employees. Over the next 40 years, Charlie would build Frias Transportation into the largest transportation company in Nevada. Today, Phyllis is still involved with day-to-day operations of five taxicab companies, (Union Cab, Ace Cab, ANLV, Vegas Western and Virgin Valley), a limousine company (Las Vegas Limousines) and a shuttle bus company (Airline Shuttle).

The five cab companies now hold a total of 860 medallions - nearly 30% of the total amount of medallions in Clark County.

Las Vegas Limousines has a fleet of over 60 vehicles, is the number provider of limousine per capita services at McCarran International Airport and holds one of the state's only unlimited limousine licenses.

Airline Shuttle has a fleet of over 60 passenger vans and mini busses and is the largest provider of per capita passenger service at McCarran International Airport.

In addition, Mrs. Frias owns many other entities including shopping centers in Las Vegas, "A Cowboys Dream" bed and breakfast in Alamo and has most recently helped in the opening of Frias Park which is one of the city's largest community parks.

As Frias comes near its 50th anniversary of operation in Clark County, it has unfortunately become easy in today's fast paced, instant-gratification, and technology-based transportation environment for some to forget the contributions that pioneers in this community, such as Charlie Frias, who have been instrumental contributors in the growth of Southern Nevada's tourism industry.

Frias's importance to the region's tourism based economy

The infrastructure for tourism is critically important and wide-ranging. With a population of approximately two million people and an estimated 41+ million visitors in 2014 and 2015, the resource base in Las Vegas for tourism is phenomenal. The city's tourism attractiveness lies in its diversity and accessibility. Over the past 10 years, we have seen a dramatic shift in visitorship from the expected Las Vegas draw for its incredible hotels, casinos and night life venues, to the impact of more traditional tourist activities such as site seeing tours, hiking, biking, exploring national parks and golfing. The area's impressive scenery and activities attract diverse groups necessitating a need for a well-developed infrastructure to ensure unlimited opportunities for these non-traditional activities as well as the more traditional Las Vegas strip demands.

For nearly 50 years, Frias had, by all measurements, realized its full potential in tourism. Frias has long since been the number one provider of transportation for our visitors. In 2014, the Nevada Taxi Cab Authority reported the industry had provided nearly 28 million taxicab trips and the five Frias Taxi Cab Companies

provided over 28% of that total, or nearly eight million trips. In addition, Las Vegas Limousines and Airline Shuttle transported over 500,000 guests to and from McCarran International. The transportation industry is key to the success of tourism in Las Vegas. The first and last person, a visitor to Las Vegas sees and speaks to may be a taxi, limo or shuttle bus driver.

In other large tourism and convention markets, there is often other forms of mass transportation available for both residents and visitors but this is not true in Las Vegas where the taxicab industry has historically been relied upon to be the city's main mass transportation system for its tourists throughout its history. This unique environment will require the taxi-cab industry to remain the most important mode of transportation in our infrastructure for the foreseeable future. Frias will continue to lead the way in this market and will provide the transportation necessary to fulfill the needs of Southern Nevada. The importance of Frias on the economy is not solely the transport of millions of guests and residents each year but also its large impact on local jobs. Frias is one of the largest non-hospitality employers in Nevada at just under 2,400 employees. The company has an annual payroll of over \$57 million and pays modified business taxes in excess of \$600,000 annually. The company offers full and affordable health care options and 401k retirement programs and with over 1,000 vehicles in its fleet, the benefits to the local economy are countless. Frias Transportation proudly takes its place alongside the resort industry as one of the most important economic sectors in Nevada.

Current status of Frias, and its competitive positioning

For the past decades, Frias has positioned itself as the largest taxicab business in Las Vegas and as the number one provider of airport to hotel transportation in Clark County. Today, Frias has nearly 900 cabs in its fleet with 860 medallions. In 2014 and 2015, Frias and the industry has experienced some of its best years as the economy has recovered from recession and visitors have returned at never before seen numbers. This year, more than 41 million people will visit Las Vegas and Frias will transport nearly 30% of those visitors who choose to use a taxi or per capita services from McCarran. Frias is in a position of strength as it braces for its new competitors entering the marketplace. During this year's session the Nevada Legislature approved a new competitor to enter the market for the first time in decades. In the near future, Frias will roll out its strategy to compete against the TNC's. The lack of any serious regulations being imposed on Technology Networking Companies (TNC's), who will begin operating in the near future, has caused some initial operating inequalities in the battle for market place. It is the belief of Frias that our transportation services are able to provide the tourism community with methods of mass transportation that TNC's cannot provide based on their current operating platforms. We will adapt our own business plans and strategies to meet the demands of the public, and those who govern them, or we will quickly find ourselves in a much more difficult competitive position.

Role Frias plays in Southern Nevada's tourism economy

In 2015, Las Vegas will host nearly 44 million visitors. Domestic tourism plays an especially important role in the Las Vegas tourism industry. This market will continue to expand as the economy grows and as more people return to being tourists and travelers. International tourism is also a vital element of the Las Vegas tourism industry. Regardless of where the tourism market is coming from, may it be the business travel market, convention market, leisure segments or incentive based, Frias and the taxicab industry play a critical role in the success of the Las Vegas tourism industry. The one thing all of our visitors have in common is the need to travel from place to place once they have arrived. Regardless of whether its CES, a Mayweather fight letting out or merely heavy daily arrival and departure traffic at the airport, per capita curbside taxi service moves all of those people with very little incident. Southern Nevada is not without competition for our tourism market. A growing amount of major cities are improving or building infrastructure in order to put forward competitive bids for our small, medium and large conventions which have become the backbone of our economic success. There are many factors that convention and meeting planners choose the location for

their events and efficient and affordable taxicab service is one of the biggest. We are very aware of our role as ambassadors of the city and do not take lightly the part we play in the city's tourism success. The more than 2,000 drivers employed by Frias, along with thousands more in the industry, work hard every day to move the city's most valuable commodity, our tourists. Our drivers must pass a pre-employment drug test and fingerprint background checks. Post-employment, our drivers are subject to random drug testing all to ensure the safety of the riding public. Frias will continue to be the leader in this market and will continue to carry out this valuable service to our economy.

A look ahead for Frias Transportation, performance metrics and plans for future expansion

While there is no doubt that population growth will continue in the coming years, there is no guarantee that this growth will be sustainable, nor that the tourism industry will be able to continue to support Southern Nevada's growth or achieve its economic objectives. Tourism however, perhaps more than any other sector, has the potential to achieve the objectives of the state.

Tourism created, and continues to create, opportunities for the small entrepreneurs like Charlie Frias. However, dramatic changes coming to our industry will vary those opportunities, create new ones and force forward thinking in an industry that has not been required to do so for much of its existence. Performance metrics such as blown shifts, convention sizes, holiday tourism expected visitor numbers and expected service times on phone call reservations are no longer the most important metrics for growth and expansion. These are being replaced by new metrics such as "time to accept" and "time to pick up" that consumers have dictated to be important as we move into an "e-hail request" world of transportation.

The Frias forward plan includes offering the local and visiting public an e-hailing application which will give an option of using a regulated carrier to provide similar services that the TNC's will bring to the community. This application and others that our competitors in the industry will be bringing to market, will allow guests who prefer to use new technology but would prefer to utilize safe, fully-regulated companies who conduct background and drug tests on all their drivers. There is little doubt that the industry will lose market share to TNC's entering Las Vegas. This would be no different than if 10,000 more regulated medallions were permitted to start operating. Our future lies in competing within the landscape, in which we have for decades by continuing to provide exceptional service to our tourism partners in the resort corridor while also looking forward to engaging in the new market made possible by technology.

Current capacity of the Frias Operations in today's tourism-related infrastructure

There are 16 regulated taxicab companies in Clark County with a total fleet size of over 3,000 vehicles. There are many regulated limousine and shuttle bus operators that comprise thousands of more vehicles throughout the valley.

Frias and the taxicab industry are burdened now, and will be in the future by a lack of dedicated taxi travel lanes, resort taxi stand space and the lack of alternative roads and streets to travel as the city's traffic builds. The crowded streets around the strip corridor mean longer arrival times for guests and a general frustration from drivers as they find it more and more difficult to make a living due to traffic. Recent changes by the Nevada Taxi Cab Authority and by Senate Bill 376 that allowed geographic restrictions to be removed from the industries medallions and increased the total number of medallions allowed to be on the road servicing the community have ensured the industry has the capacity to deliver the necessary services and service levels. Both the Authority and industry will have a very close eye on changes in necessary medallion allocations in order to meet demands as tourism numbers grow. The industry services the community on most days with little to no problems and moderate wait times. At our current capacity, tourism in general is

being well served. The problems regarding infrastructure start to occur on those days in which there is extremely high visitor demand and there by more cars which means more traffic and thus the drivers increased inability to provide service. It is a vicious cycle. More visitors = equals the need for more taxis = more traffic = the need for more cars = more traffic.

The industry believes it can handle the current transportation needs of Southern Nevada tourism industry as well as its future needs, however infrastructure changes will be necessary to make this happen. As the city's tourism and visitorship grows over the next several decades, the glaring problem in transportation, of any type, is where to put all of the necessary vehicles while avoiding bottlenecks and inefficiencies, which limit all of our abilities to service our tourists and the local population.

A number of factors pose challenges to Frias outside of its direct control that could limit the effectiveness of industry.

- Road conditions
- Resort cab stand space
- Airport cab stand space
- Antiquated regulations within Nevada Statutes

Road Conditions

One of the problems facing the industry is the limited view of its value and contributions to the city's growth and its necessity for the city's continued success. As a result, marginal resources have been devoted to developing and promoting the sector. Tourism is at times narrowly viewed as only tourists and hotels but, is in fact, much more. Developments in and around the "Golden Triangle" have rarely weighed the effects on the taxi industry and how the state can help the industry get all of these people from point A to point B. The lack of foresight in this area over the past 40 years of growth has left the community with very limited options, overcrowded streets and many unhappy guests and drivers trying to maneuver their way around. There are many decisions that can still be made by regulatory bodies to assist taxis abilities to move around the city easier. All future road developments around the resort corridor for example need to consider taxi and other transportation traffic flow as a first priority. If we continue to grow our annual tourism numbers towards the 50 million mark without increasing the capacity of the transportation provider's ability to travel efficiently, I fear the opportunity to grow will ultimately fail as guests become less satisfied with their ability to move from place to place quickly and efficiently.

Resort Cab Stand Space

This is very simple. As hotel room space has increased, taxicab stand space has remained, in most cases, the same. In today's environment where hotels have expanded their room numbers and convention space, taxicabs are expected to deliver service to the increased number of guests with little to no increase in the number of areas in which to stage. The same is true at our major convention centers. In many cases where events have been underserved, it is not because there isn't enough cabs on the street but because there is major difficulty getting in and out of the venue. If a trip is too cumbersome or takes too much time out of a driver's shift, they often choose to provide service elsewhere. The need for these spaces has, for the most part, been undervalued and thus it has been a contributing factor to some of the service issues in the resort and convention corridor.

Airport Cab Stand Space

The same point can be made for McCarran International as was said for the convention corridor. In general, on a normal day there are more than enough taxis, black cars and shuttles available to clear the airport arrivals. The problems nearly always occur when there is not enough curbside space for loading. As a guest waiting at one of our airport taxi-stands, it may appear there are not enough taxis, when in fact, there could be hundreds being held in the airport staging area just waiting to be released to the loading area. Regardless of more taxis, limos, shuttles or others operating and providing service to the growing passenger counts, the county and airport will need to redevelop these loading areas in order to more efficiently service the demand.

Antiquated regulations within NRS 706

The past and current policies, as well as current regulations contained in the Nevada Revised Statutes which govern Taxicab operators in Southern Nevada, need to be re-examined. These policies and regulations have served the industry and the city well for decades, but times have changed and the regulations and industry have to adjust to the new era in transportation. Many of the current regulations are still relevant, are well written, protect the consumer and should be left intact for all providers of taxicab services, to ensure a safe and optimal experience for our guests. The Nevada Taxi Cab Authority has governed the industry, its drivers and served the community well for decades, however some of the current regulations were written in periods of time for conditions that no longer exist. One example is the existing definitions regarding “long hauling”. This is often the subject of large debate but was written when the population was less than 500,000, tourism was half of what it is today and the airport connector did not exist. Today, by the letter of the law, “the most direct route” would cause millions of trips to leave the airport by Swenson, turn left on Tropicana and right or left on Las Vegas Boulevard. It was never the intent to make Tropicana Boulevard a parking lot of cab traffic but there were few other options in the days of this regulation and it made sense at the time. The industry has and will continue to change. It is clear however, there will be some service entities who will not be burdened by many of the restrictions our industry currently has. We will need to work diligently with the Taxicab Authority and the state to make serious changes that will not only allow us to provide the vital services needed but to fairly compete on levels we may not even be aware of yet but may come to fruition quickly in this age of transportation technology.

Some important items which will help the industry flourish in the coming decades include:

- Appropriate supportive infrastructure to control traffic, increase staging areas, the addition of taxi only traveling lanes and well thought out street decisions
- Relief from some of the industry’s current regulations which will provide the framework in order for the industry to flourish
- Effective communication between all of the partners in tourism which form the basis of tourism growth
- Establishing an environment of cooperation and close partnerships among key stakeholders
- Better service in previously neglected neighborhoods
- Continued safe modes of transportation with reliability
- Continued competitive pricing
- Innovative answers to customer needs
- Focus on product enhancement
- Increase driver training and awareness on tourism
- Maintaining and upgrading the existing infrastructure

Conclusion

A lack of expanded and improved infrastructure necessary to meet the needs of the aggressive tourism projections is the biggest concern for the taxicab industry. However, the concern is not based on any belief that the industry can't continue to be the primary provider of transportation for tourism but because of a lack of improvement in the infrastructure within our resort corridor, most notably our taxi stand and curbside staging space which allows more cars to more easily access and depart from the properties. The absence of adequate transportation services effectively prevents participation in the tourism industry and especially in our most important market of large conventions and events.

Our vision is to work with our partners in tourism to develop a sustainable infrastructure that will contribute significantly to the improvement of the quality of experience for everyone in Southern Nevada. As a major partner in Southern Nevada's economic success and tourism strategy, Frias and the Taxicab industry will be a major force in the development and delivery of the expectations laid out by this committee.

Tourism shares a relationship with the transportation industry that at first sight, seems to be ideal. In reality however, the two have not worked together closely. The lack of co-participation in planning as the city has grown is evident, but not unfixable. The Southern Nevada taxi cab industry would argue that we provide the best taxi service in the country. The small geographic area in which a large percentage of our services are performed are unique and nobody moves masses of people more efficiently and affordably than our industry in Las Vegas. We are also aware that change in the industry is inevitable and that in order to continue providing the highest level of service, we will need to change. The industry will need to better plan and implement new and innovative services in order to keep up with the demands of our tourism industry. We look forward to being an integral part of the long term growth and success of Southern Nevada's Infrastructure and Tourism.

About John Marushok

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24 years spent in guest services in the resort corridor

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