



ARLINGTON COUNTY, VIRGINIA

<p>County Board Agenda Item Meeting of March 14, 2009</p>
--

DATE: March 13, 2009

SUBJECT: Request to Advertise for a Public Hearing on April 25, 2009, an Ordinance to Enact a New Chapter 25.1 (Taxicabs) of the Code of Arlington County, Virginia (“Code”), and to Repeal Chapter 25 (Taxicabs) of the Code, Concerning the Regulation, Operation and Control of Taxicab Service, Taxicab Businesses, Owners, Drivers and Passengers, Including the Establishment of Rates and Charges for Taxicab Service, to Be Effective upon Enactment

C. M. RECOMMENDATION: Authorize advertisement for a public hearing at the April 25, 2009, County Board meeting, an ordinance to enact a new Chapter 25.1 (Taxicabs) of the Code of Arlington County, Virginia (“Code”), and to repeal Chapter 25 (Taxicabs) of the Code, concerning the regulation, operation and control of taxicab service, taxicab businesses, owners, drivers and passengers, including the establishment of rates and charges for taxicab service, to be effective upon enactment.

ISSUES: County Board action is needed to advertise and eventually enact a revised Taxicab Ordinance with the following major changes:

- The proposed new Taxicab Ordinance (Chapter 25.1 of the County Code) specifies a more systematic and data-driven approach both for determining how many taxicabs are to be authorized and to which companies, and for periodic consideration of rates of fare.
- The proposed application and other fees structure is considerably higher than under the current ordinance (Chapter 25 of the County Code), commensurate with the level of staff effort necessary to defray the cost for such consideration of certificates and rates.
- The proposed consideration of certificates, every two years instead of every year, begins with the County Manager’s determination of how many more taxicabs, if any, should be authorized.
- The proposed process offers better opportunities for applicants that do not already operate taxicabs in Arlington, and allows for increased competition within Arlington County’s taxicab industry.
- The proposed new ordinance provides a regular interval for considering rates of fare, every two years, if needed. The ordinance does not, however, restrict or limit when the County Board can consider rates of fare.

<p>County Manager: _____</p>
<p>County Attorney: _____</p>
<p>Staff: Kelly Cornell, DES/DOT John Lafley, Police Department, Taxicab Inspector Mark Kellogg, DES/DOT</p>

SUMMARY: A comprehensive revamping of Arlington County's Taxicab Ordinance has been proposed in order to build upon the successes of the existing ordinance while also addressing concerns that have arisen over the last several years. Staff has worked intensively with the Transportation Commission, the taxicab industry and interested stakeholders, using a consultant with extensive knowledge & experience in the field, to develop an improved ordinance. Major features of the new ordinance are regular, biennial processes for consideration of rates of fare and certificate increases. A new annual fee is proposed, per taxicab authorized, to provide the funding for the data collection and analyses to provide a solid statistical basis for these processes. Existing fees are updated. Advertising the proposed ordinance in March, and enactment in April, will make the ordinance effective before the existing process begins under the present ordinance to accept certificate applications between May 1 and May 10.

BACKGROUND: The taxicab industry, like other transport industries, was brought under regulation in most U.S. cities during the late 1920s and 1930s, largely because of the extremely competitive conditions stimulated by the Great Depression. Though regulation was not uniform across cities, it largely consisted of three elements: entry regulation, price regulation and quality regulation.

Although a sizeable majority of cities in the United States and Canada limit entry to the taxicab business, entry controls are criticized by some economists. In fact, prevailing economic theory, along with substantial economic deregulation in other transportation industries during the late 1970s and early 1980s, led to a significant deregulation of the U.S. taxicab industry by the early 1980s.

While the effects of deregulating the taxicab industry in the United States have varied depending on local markets and conditions, deregulation has generally been unfavorable. Several studies concluded that deregulation of the taxicab industry is a departure from the experience with deregulation in other industries, and is influenced by taxi market imperfections which reduce or remove incentives for price and service quality competition. Consequently, most cities which had fully deregulated taxicab service have since reverted to some form of control over market entry.

Today, regulations governing the taxicab industry continue to vary by location but typically address entry, fares, and service. These regulations are generally aimed at preventing an oversupply of taxicabs and providing convenient, affordable, and safe service. Arlington County is one of many local governments that continue to successfully regulate the taxicab industry. While the current process used to regulate taxicabs in Arlington County can be cumbersome and is in need of revisions, the overall result of the County's regulatory efforts is efficient, equitable, and safe taxicab service.

Arlington's Taxicab Ordinance (Chapter 25 of the County Code) was developed several decades ago. About 30 years ago, what had been the role of a former public-utilities County advisory body was taken over by the Transportation Commission. Since then, there have been isolated, relatively minor changes to the ordinance in terms of periodic changes in rates of fares, the addition of a bulk-purchase discount, the ability to bring certain vehicles into service that are not brand new, the ability of companies to self-insure, and provisions for service to people in wheelchairs. However, the structure of the ordinance and the process for awarding certificates have remained the same.

The current annual process for considering certificates of public convenience and necessity is outdated, cumbersome and confusing. It begins with a 10-day window at the beginning of May. Between May 15 and July 15, the Transportation Commission conducts an annual meeting, considers any applications received, and develops recommendations to the County Manager concerning the number and allocation of taxicabs. Especially in years for which there are applications, the Transportation Commission has been frustrated as it has attempted to carry out its specified role to develop recommendations to the County Manager, citing insufficient data. More than 20 years ago, two former commissioners took it upon themselves to perform their own sample analysis of taxicab manifests, and this was continued by the staff for quite a few years after these commissioners' efforts were discontinued. Even with that analysis, Commission members expressed frustration with the level of information available. Some Commission members have also been uncomfortable with the process of making taxicab recommendations to the County Manager when the Commission's normal process is to consider recommendations from the County Manager, so that the Commission can consider and make its recommendations to the County Board.

In 2006, for the first time, there was consideration of alternative-fueled vehicles which is something that the current Taxicab Ordinance does not address. This recent opportunity, combined with the continued frustration with the cumbersome process under the current ordinance, led to the County Manager in 2007 directing the staff to consider a comprehensive overhaul of the ordinance.

DISCUSSION: In the Spring of 2007, Arlington contracted with Nelson-Nygaard to perform a study that examined existing conditions, compared Arlington's taxicab regulation with those of peer jurisdictions, and developed strategies to address the issues and opportunities identified. In May, 2007, applications were submitted for 215 additional taxicabs --- which would have resulted in a 32-percent increase to the authorized fleet size at the time --- including a request for 100 taxicabs from a proposed new company: EnviroCab.

Facing this challenge of considering an increase of unprecedented magnitude, the Transportation Commission decided to conduct an informal workshop that was held on June 5, 2007, in advance of the ordinance-required annual meeting. It was recognized that the consideration of taxicabs for 2007 would need to follow the usual process, and be based on the information already available, but that this process in 2007 would provide lessons on what the information and process should be. Nelson-Nygaard observed and documented this process as it continued to a conclusion in the Fall of 2007. EnviroCab was authorized to operate a fleet of 50 hybrid taxicabs, and existing companies were authorized to operate 36 additional vehicles, all of which either were wheelchair-accessible, or were committed to be hybrids.

The Nelson-Nygaard study --- Arlington County Taxi Study, Final Report --- was completed in April, 2008. The study recommends strategies for improving regulation focused on the following three goals:

- “Regulations concerning Arlington County’s taxicab industry should be driven by an interest in promoting the best service possible for customers. With this in mind,

standards for customer service should be defined and monitored for adherence. These include minimum response times and maximum waiting times.

- The quality and diversity of information available to the Transportation Commission should be expanded to help it with decisions, especially those that concern the level of documented demand for service and performance of firms against customer-service standards.
- These data and metrics should be incorporated into a revised license-allocation process which rewards firms that meet and exceed minimum criteria for customer-service performance.”

The study outlines strategies for achieving those goals, improving the taxicab customer’s experience, improving the taxicab driver’s welfare, and reducing environmental impact.

In February, 2009, Nelson-Nygaard was hired to document the theory behind regulating supply and price for taxicabs, and to document the experience of localities that have regulated fewer elements. The draft technical memorandum, dated February 27, 2009, (Attachment A), presents both the theoretical and empirical rationale for regulating entry to the taxicab market, and for regulating taxi fares. The main findings of the memorandum are:

- Fare and entry regulation address different market failures. Fare regulation seeks to mitigate the consumer’s problem of incomplete information and an inability to shop around. Entry controls seek to mitigate an oversupply of taxicabs, particularly from independent operators. Thus, the two forms of regulation are complementary.
- A very strong theoretical basis for regulating taxicab fares exists where street hails or taxi stands account for a significant share of the market, primarily due to the lack of price competition as consumers take the first cab available.
- In practice, most cities that deregulated fares have reintroduced fare regulation, because expected price competition did not appear and patrons found different fares confusing.
- The theoretical basis for entry control is somewhat more ambiguous. Economists tend to argue in favor of free entry in order to improve availability and promote competition. However, there is a theoretical rationale for entry control to promote economies of scale; mitigate congestion; permit cross-subsidization of service to unprofitable lower-demand neighborhoods; and increase regulatory leverage.
- In practice, deregulation of entry has had negative impacts and most localities which have deregulated the taxicab industry have reversed course. The increase in taxicab supply following deregulation has usually been due to single-cab independent operators. This has not led to economists’ predictions of improved service quality, as the independent operators focus on already well-served locations such as hotel stands and airports rather than the dispatch market. However, the independent operators have tended to exacerbate congestion, reduce driver earnings, increase fares (to compensate for longer waiting times between trips), and undermine the financial viability of dispatch service by other firms.

Nelson-Nygaard will continue to provide technical expertise and advice as Arlington implements its regulatory structure, once the proposed ordinance is enacted.

Community Process:

Once the County Board consideration of certificates was completed in October, 2008, staff turned attention again to a comprehensive update of the ordinance. As part of the comprehensive update of the ordinance, staff produced an Arlington County Taxicab User Survey, which garnered significant public feedback. The survey findings were quite favorable and indicated that a vast majority of the 125 Arlington citizens who responded to the survey were satisfied with taxicab service within Arlington County. In addition to the survey, staff and the Transportation Commission held four public workshops. The first of these work sessions, along with the User Survey, was advertised on the County webpage, CommuterPage.com, and in the Arlington Insider eNewsletter. Notice of each of the other workshops was also posted online on the Arlington County calendar. In addition to the public, initial outreach was directed at the taxicab industry, the Metropolitan Washington Airports Authority, the hotel/tourism sector via Arlington Economic Development, and the elderly and disabled community via the Department of Human Services.

The initial workshop was held on December 4, 2008, hosted by the Transportation Commission, at which the project manager for Nelson-Nygaard presented its final report. The following four topics were identified as needing further discussion at a subsequent workshop, to which the Civic Federation was also invited to send representatives:

- Service Performance Standards
- Environmental/Fuel-Economy Standards
- Process for Certificate Increases
- Process for Certificate Allocations

The second workshop was held on January 10, 2009, and attendees participated in break-out sessions about the four topics. A third session was held on January 22, 2009, for discussion about rates of fare and further discussion about certificate allocations. The stakeholder comments of those three sessions were considered during the drafting of the new Taxicab Ordinance. This draft was discussed at a meeting held on February 19, 2009, attended by Transportation Commission members, representatives of five of Arlington's seven taxicab companies, one of the two 2008 applicants for taxicabs, a representative of the Civic Federation, and an employee of the Metropolitan Washington Airports Authority.

Issues:

At the four public meetings, discussions focused on the certificate and rate processes, fee levels, and fuel-efficiency standards. While the fuel-efficiency standards (in Section 25.1-19(n)) generated considerable discussion, because some would like them to be higher, and others lower, the recommended approach seems to have been well-received. Additionally, at the Transportation Commission meeting on March 5th, there was considerable discussion about competition and how best to incorporate it into the certificate process.

Fee Levels and Staffing:

Arlington’s fees for applying for certificates, taxicab driver licenses, and vehicle inspections have not changed for more than a decade. Beyond that, the processes for considering certificates and regular rate considerations envision considerable data collection, analysis and industry coordination beyond what the current staffing level provides. The fees that are specified related to certificates (in Section 25.1-5) are at a level to support an additional staff person dedicated to administering the ordinance. Should the annual \$150-per-taxicab fee be implemented as is recommended, a staff person should be hired so that the data can be collected and used in the analysis for the certificate process in 2010. If it is determined not to increase fees, the criteria specified for the certificate process (in Section 25.1-4(e)) can still be used but, as today, the analysis will be largely qualitative and use the limited data that can be easily obtained. Without a dedicated staff person, the annual \$150-per-taxicab fee (in Section 25.1-5(b)) should not be enacted.

Table 1 shows Arlington’s current fee levels, proposed fee levels, and the corresponding fees in Alexandria and Fairfax County.

Table 1: Taxi Fees

	Arlington County, VA (Current)	Arlington County, VA (Proposed)	City of Alexandria, VA	Fairfax County, VA
Certificate Fees: ¹				
Annual Fee	none	\$150/vehicle	\$4,000 plus \$150/vehicle ⁷	\$150/vehicle ⁶
Application Fee	\$25	\$100/additional vehicle ⁴	\$4,000	\$100/additional vehicle
Driver License Fees: ²				
Initial Year	\$30.00	\$65.00	\$175.00	\$65.00
Renewal (per year)	\$20.00	\$40.00	\$75.00	\$40.00
Retest	\$15.00	\$30.00	n/a	\$30.00
Replacement	\$10.00	\$20.00	\$25.00	\$20.00
Vehicle Inspection Fees: ³				
Each Inspection	\$10.00	\$20.00	\$170.00 ⁵	\$20.00

¹ Paid by existing and prospective companies

² Paid by drivers

³ Paid by vehicle owner

⁴ Minimum of \$500 for new companies

⁵ Initial inspection is \$270

⁶ Pro-rated for partial year for fleet additions

⁷ Exception for grandfathered vehicles

Certificates of Public Convenience and Necessity

Especially from the taxicab industry's viewpoint, one of the very important elements of the proposed ordinance is the process for determining how many taxicabs are allowed to be operated, and by whom. Arlington's current ordinance specifies an annual process that culminates in those decisions by the County Manager, in the context of the annual report on the economic condition of the industry. These decisions on the number and allocation of taxicabs may be appealed by any current company, for hearing by the County Board. If there are multiple appeals, they may need to be heard at different Board meetings, depending upon the filing date in relation to the Board calendar. In a concurrent process, any new applicant for authority to operate taxicabs will have its application considered by the County Board, perhaps at the same Board meeting as any appeals are heard, but perhaps not, depending upon the calendar of Board meetings for that year and the timing of the appeal(s). The Transportation Commission advises the County Manager as to the allocation of taxicabs. Any applicant --- whether an existing company that wishes to expand its fleet, or a new applicant --- needs to justify the application in terms of both demonstrating that the overall business level warrants the additional taxicabs that it is seeking authority to operate, and persuading the County that its application is superior to competing applications, should there be any. The narrow window for accepting applications under the existing ordinance is between May 1 and May 10, annually.

The certificate process included in the proposed ordinance that is recommended to be authorized for advertisement would be every two years, and begin in 2010. This allows for the collection and analysis of data that are key to conducting the proposed process. Because this process requires considerable staff time, the taxicab industry does not change tremendously from year to year, and it sometimes takes a year or more to adjust to changes in the number of taxicabs, it is proposed to consider changes to certificates every two years, as the City of Alexandria and Fairfax County do, rather than annually. When applications filed in 2008 were being considered, the additions to the fleet authorized in 2007 had not been fully implemented, and there was not much of a basis to determine whether the business level was high enough yet to support the authorized fleet, much less the larger fleet should new applications be approved.

The proposed process would begin with the County Manager's determination of the number of taxicabs that, from an analytical standpoint, would be the best number to have operating in Arlington. In doing so (as per Section 25.1-4(a)), the staff would examine market change over the two prior years, industry performance and competition. More specifically, the market change would be based on indicators of demand for taxicab service, including Arlington's resident population, paratransit use of taxicabs, tourism levels and air-passenger traffic. The measurements of performance over the prior two years would include, should the recommended fees and staffing be implemented, a statistical analysis of the existing radio-dispatched company response time, availability and turnover of taxicabs at taxicab stands, and time to engage a taxicab by hailing. Once a new ordinance is enacted, staff will continue to work with the taxicab industry to clarify and refine how this analysis is performed.

As Fairfax County does with its biennial process, Arlington would announce its proposed number of additional taxicabs, if any, no later than June 30 of each even-numbered year. Potential applicants would have two months to prepare and submit proposals, and would need to justify the market demand for the vehicles they request (as specified in Section 25.1-4(c)) only if an applicant's individual request exceeds the number determined by the County Manager for the industry as a whole.

The time period for submitting applications would be two months, instead of the present 10-day window. The public process to consider applications would be in the Fall, rather than the current schedule that is primarily during the summer vacation season. Between the September 1 closing date for applications and early October, it is proposed that the staff analysis be conducted to determine how many additional taxicabs are proposed to be allocated, and to whom. The Transportation Commission would schedule its public meeting (unless there were no applicants), having received the application(s) by September 15. The County Manager would issue the recommendations for the number and allocation of taxicabs (as per Section 25.1-4(d)) by October 15 so that the Transportation Commission would have them, as it typically does for matters upon which it advises the County Board, as part of its consideration. The Transportation Commission's action would be due no later than November 15, to enable County Board consideration before the end of the calendar year.

Factors for Allocating Taxicabs

In an effort to streamline the allocation process, the proposed ordinance that is recommended for advertisement specifies 10 factors (in Section 25.1-4(e)) which the County Manager will consider when determining to whom to allocate an increase in the number of taxicabs, if any, and would be applicable to existing companies seeking increases, and to new applicants. All applicants would be evaluated based on what they are proposing they will provide in terms of service types (e.g., hail and stand only vs. dispatch), wheelchair-accessible service, credit/debit acceptance, hybrid and fuel-efficiency, service days and hours, and fleet sustainability. Existing companies would also be evaluated based on their records for vehicle productivity and efficiency, and customer service, such that their service quality could either help or hinder their applications. Once a new ordinance is adopted, with the fee level determined and the corresponding staffing level set, staff will work the industry to clarify and refine how the 10 factors will be quantified.

It is important to note at this time that while 10 factors are specified within the proposed ordinance, the County Manager retains the ability to consider any other relevant information he deems appropriate. Also, as the Transportation Commission is recommending, the proposed ordinance specifies that the County Manager shall further consider the effect of increased certificates on the amount of competition in the industry, the number of certificates the applicant(s) holds relative to the total number of outstanding certificates, and, any proposed innovation to the industry.

Rates of Fare

Arlington's current ordinance specifies the rates that taxicabs authorized by Arlington must charge, with the exception that discounts may be offered for bulk or prepaid purchases, and for elderly and disabled persons. It specifies that the County Board may change rates, from time to time after a public hearing. Although there is no linkage in the current ordinance between the Transportation Commission's annual meeting and consideration of rates, in practice, rate considerations have sometimes been discussed at this meeting, and they are certainly a consideration of the County Manager's annual report on the economic condition of the taxicab industry. Because gasoline prices have been so volatile in recent years, both the rates in general and gasoline surcharges have been considered more frequently.

The proposed ordinance recommended to be authorized for advertisement proposes a regular process (in Section 25.1-16) for considering rates every two years. Also, thresholds and a process for enacting, increasing, decreasing and discontinuing gasoline surcharges are specified (in Section 25.1-16(h)). In addition, the County Board continues to have the option to consider rates at any time (in Section 25.1-16(g)) though, with a regular biennial process and an administrative process for gasoline surcharges, there should be less need for the government to initiate a rate-consideration process at some time other than every two years. The discount for prepaid or bulk purchase, which is not defined in the current ordinance, is not included in the recommended ordinance, but the discount of up to 25 percent for elderly and disabled persons (in Section 25.1-12(j)) is continued. Other changes are to allow drivers to recoup the airport surcharge (in Section 25.1-12(h)) at the amount that the driver pays, and to recoup tolls (in Section 25.1-12(g)) but only if the passenger refuses an option to travel a route without tolls.

Table 2 shows Arlington's current rates of fare, and also those of Alexandria, Fairfax County, and the District of Columbia. Like Fairfax County does, Arlington would have regular, periodic considerations of rates. Like Alexandria's process, Arlington's process for gasoline surcharges would be administrative --- reducing the lag time and staff time for what is now a three-month process. The surcharges are intended to be identical to Alexandria's. As Fairfax County does, Arlington staff intends to work with the taxicab industry to develop indicators of the need for rate changes. The proposed ordinance specifies rate consideration in odd-numbered years so if it's enacted soon, certificate holders could request a rate increase anytime before the deadline of June 30, 2009. However, with the very small increases in the Consumer Price Index and reduction in gasoline prices since the most-recent rate increase, staff has no intent to raise rates this year and it is unlikely that any certificate holder will request an increase.

The current ordinance does not specify any role for the Transportation Commission in consideration of rates, except in the context of developing its recommendations to the County Manager on taxicab allocations. The proposed ordinance specifies that once the County Manager develops recommendations, they are provided to the Transportation Commission (as per Section 25.1-16(f)) so that it can develop recommendations to the County Board.

Table 2: Current Taxi Rates/Fares

	Arlington County, VA	City of Alexandria, VA	Fairfax County, VA	Washington, DC
Dispatch Fee	none	none	none	\$2.00
Initial Drop Charge	\$2.75*	\$2.75**	\$3.25*	\$3.00**
Rate per Mile	\$2.00	\$2.04	\$2.00	\$1.50
Rate per Hour	\$22.50	\$22.67	\$21.18	\$15.00
Extra Passenger (min age)	\$1.00 (6)	\$1.25 (5)	\$1.00 (12)	\$1.50 (6)
Suitcase	\$0.50 per bag if > 2	\$1 - \$2 if > 2	\$0.50 per bag	\$0.50 per bag
Footlocker	\$2.00	n/a	\$2.00	\$2.00
Grocery Bag	none	\$1 - \$2 if > 2	\$0.25 - \$1 if > 2	none
Snow Emergency	none	\$5.00	none	25% of base
Gasoline Surcharge	none current	none current	none current	none current

* includes 1/5 mile

** includes 1/6 mile

Transportation Commission Consideration

At its March 5, 2009, meeting, the Transportation Commission considered a draft ordinance, and adopted a motion that outlines the Commission's recommendations. Items about which the Commission discussed recommending changes, and staff comments on them, are as follows:

- **Specify “competition” as one of the factors that determine the number and allocation of certificates.**

Competition has been added as a specified factor in the determination of the number of taxicabs (in Section 25.1-4(a)(2)) and allocations (in Section 25.1-4(e)).

- **Define the factors for allocating taxicabs to applicants (in Section 25.1-4(e)).**

Staff has added some descriptive language in this subsection for some of the factors, so that there is some indication of what will be measured. Staff has been working with the industry to clarify the method for allocating additional taxicabs to applicants. (The current draft is Attachment B.) In 2010 when the County Manager issues the statement (as per Section 25.1-4(b)) indicating the number of additional taxicabs proposed to authorized, the general methodology for this allocation will be issued, so that potential applicants have guidance on how best to compete for additional taxicabs. It is anticipated that this methodology will be refined over time, for each subsequent even-numbered year, without the need to amend the ordinance.

- **Specify when and how the number of taxicabs authorized would be reduced.**

While reductions do not appear to be needed anytime soon, it is desirable to specify this. However, even if reductions are unlikely, it is important to work with the industry to try to treat everyone fairly. Once a new ordinance is enacted, staff will work with the industry on this, to develop proposed ordinance amendments for future consideration.

- **Clarify the definitions of “Transportation Commission” and “Commission”.**

The ordinance language now specifies “Transportation Commission” in all instances, and that term has been defined.

- **Conduct the certificate process annually, rather than every two years.**

The proposed certificate process would be conducted during much of the calendar year in even-numbered years, beginning with the analysis during the first half, and followed by the consideration of applications in the second half. Similarly, in odd-numbered years, the proposed process for considering rates would require considerable staff work, such that doing both at once, at the fee and staffing levels proposed, would likely exceed staffing capacity. Also, after any substantial increase in authorized taxicabs, as there was in 2007, it takes more than a year for the cabs to be put in service and for experience to be gained with that increased fleet, to provide a basis for the subsequent applications. For these reasons, the City of Alexandria and Fairfax County consider certificate applications every two years.

- **Broaden the language (in Section 25.1-17(h)) to clarify that the prohibition on driver use of phones while in service includes hands-free use, and expand the prohibition to other communication devices.**

The language has been broadened to also prohibit the use of text-messaging devices. The prohibition of phone usage is clear without the need to be explicit about hands-free use.

- **Require that taxicabs be posted with the notification of County Board hearings about rates of fare.**

This has been added (to Section 25.1-16(f)).

- **Expand the prohibition on smoking beyond that for the driver, while a passenger is on board.**

This could be pursued in the future. However, it would require an amendment to a different County Code Chapter, rather than Chapter 25.1 (Taxicabs).

- **Consider a reduction in taxicab rates because gasoline prices are considerably lower than they were at the time of the most-recent rate increase.**

Effective August 1, 2008, the mileage rate was increased by 11 percent, from \$1.80 per mile to \$2 per mile, at the same time that a temporary \$1 surcharge was eliminated. At that time, the price of gasoline was well over \$3 per gallon. It had been more than two years since the previous rate change in November, 2005. Considering that now it's been more than three years, during which prices for vehicles, maintenance, and insurance have increased, even though gas prices have plummeted and are even lower (\$2 versus \$2.75) than in November, 2005, an 11-percent increase is not excessive. Both Alexandria and Fairfax County have \$2-per-mile rates.

- **Change the index for the gasoline surcharge to specify an Arlington or Northern Virginia price index, rather than one for the region as a whole, so that changes such as an increase in the Maryland gas tax would not influence a surcharge.**

The language now specifies a Virginia index, which is what the AAA reports and Alexandria uses. Staff will consult with Alexandria about using a different index in the future.

Once the Transportation Commission's letter to the County Board becomes available, staff will forward it along with comments on any additional Commission recommendations.

Next Steps

Should the County Board authorize advertisement of the proposed ordinance at its March 14th meeting, then the public hearing will be held at its April 25th meeting. The Transportation Commission has a meeting scheduled for April 9th (with a potential carryover session on April 16th) at which the Commission may consider the advertised ordinance. Should the County Board enact the proposed ordinance at its April 25th meeting, the ordinance could take effect upon enactment. If the proposed ordinance is not enacted (and thus the existing ordinance is not repealed), then applications for certificates could be filed between May 1 and May 10. However, a separate board report provides for advertisement of alternative amendments to the current ordinance. This alternative would move the start of the application process from May 1 to July 20, and move back by about three months the timetable for considering certificates, to allow another three months for consideration of the new ordinance.

FISCAL IMPACT: The proposed fees are detailed in Table 1: Taxi Fees, and address the issues of annual certificate fees, certificate-application fees, and license and inspection fees. The proposed annual certificate fee of \$150 per taxicab (in Section 25.1-5(b)) is estimated to produce \$115,000 beginning in FY2010. This fee, assessed on the basis of number of taxicabs authorized, would be used to fund the cost of a 1.0 FTE staff person, along with contracting for data collection that will be needed to conduct the ongoing analysis for the anticipated certificate and rate processes. The additional 1.0 FTE would need to be authorized at the time that the County Board approves the additional fees.

Certificate-application fees will not be collected until the next opportunity to apply, in FY2011, and then will follow a biennial process. Fee revenue from the biennial certificate-application fee is projected to be up to \$25,000. The license fees proposed in Section 25.1-9(i) and inspection fee in Section 25.1-21(b) are estimated to produce about \$90,000 annually, roughly twice the amount raised at the fee levels in the current ordinance. This revenue would reduce the net tax support for the Hack Inspector and other staff who participate in the taxi regulation process.

Increases in fee revenue discussed in this Board report are not included in the FY2010 County Manager's Proposed Budget. When the County Board approves additional fees, estimated revenues could be appropriated at that time.