



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of December 11, 2010**

DATE: December 3, 2010

SUBJECT: Review of Applications for Award of New Taxicab Certificates

C. M. RECOMMENDATIONS:

1. Deny the application submitted by GoGreen Cab, Inc., for a certificate that would permit operation of 50 taxicabs in Arlington.
2. Deny the application by EnviroCab, LLC, for a new certificate authorizing operation of 25 additional taxicabs, for a total of 75 taxicabs.

ISSUES:

The Arlington Taxicab Ordinance (Chapter 25.1 of the Arlington County Code) requires County Board approval of all changes to taxicab certificates. This year, two applications by taxicab companies seeking either a new or an amended certificate to permit operation of additional taxicabs were filed with the County. An evaluation of the demand for taxi service conducted by Arlington County staff indicates that there is no need for additional taxicabs to be permitted.

SUMMARY: Arlington's Taxicab Ordinance permits business entities and individuals to submit applications for taxicab operation certificates during a specified time period in even-numbered years. This year, two applications were received, requesting authority to add a total of 75 taxicabs to the Arlington taxicab fleet. Upon review of data evaluating the current demand and operations of the Arlington taxicab industry, the County Manager has found that there is no need for additional taxicabs at this time.

BACKGROUND: In June 2009, the Arlington County Board adopted a complete recodification of Chapter 25 of the Arlington County Code which addressed the regulation of taxicabs. The revised Taxicab Ordinance (Chapter 25.1) includes a process for determining the appropriate number of taxicabs to operate in Arlington, as well as how the issuance of taxicab Certificates of Public Convenience (Certificates) should be conducted. The first step in the process is the issuance of a report by the County Manager regarding the appropriate number of taxicabs that should operate in Arlington. Upon analysis of indicators of taxicab demand, such as percentage changes in Arlington jobs and residents, changes in local tourism activity, public transportation

County Manager:

BMD/GA

County Attorney:

BRC

[Signature]

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use, reports of taxicab utilization, demand for paratransit service and other relevant factors, the County Manager issued a report on July 1, 2010 (see Attachment A), that indicated that additional taxicabs are not needed in Arlington at this time.

Following the County Manager’s report, existing holders of taxicab certificates and prospective taxicab Certificate holders were permitted until September 1, 2010, to file applications for new or amended Certificates. Two applications were received, one from GoGreen Cab, Inc., requesting a new Certificate allowing operation of 50 cabs, and one from EnviroCab, LLC, requesting an expansion of operation by 25 cabs, to a total of 75 cabs. The applications were reviewed by County staff, and presented to the Arlington Transportation Commission in a public hearing on October 7, 2010. The County Manager evaluated the two Certificate applications based upon the information supplied by the applicants and the study that was conducted previously to determine the appropriate number of taxicabs for the Arlington market. On October 15, 2010, the County Manager issued a report that recommended that both applications for additional certificates should be denied. The Transportation Commission also recommended denial of both applications.

DISCUSSION:

Data Collection and Evaluation:

The 2010 Taxicab Certificate Determination Report evaluated changes in a number of factors considered to be indicators of local taxicab demand. Those indicators include changes in the level of: Arlington’s residential population, Arlington’s total employment, Arlington hotel occupancy, area airport utilization and area transit ridership. Over the two-year period, (2007 to 2009) those indicators have either exhibited declines or only modest increases (see Table 1). Over the same period, the number of taxicabs authorized to operate in the County has increased by more than 14%.

Table 1: Arlington Taxicab Demand Indicators

	2007	2008	2009	2009-2007	% Change
Arlington Population	206,800	209,300	212,000	+5,200	+2.5%
Arlington Employment	205,300	206,800	207,800	+2,500	+1.2%
Arlington Hotel Occupants	2,911,607	2,630,903	2,772,196	-139,411	-4.8%
Airport Passengers	43,416,871	41,905,067	40,790,700	-2,626,171	-6.1%
Area Transit Ridership	76,741,070	79,801,721	79,295,274	+2,554,204	+3.2%
Arlington Taxicabs	666	752	765	+99	+14.9%

County staff analysis of data reported by current Arlington taxicab Certificate holders indicates a general decline in the utilization of taxicabs. Over the past two years, the number of reported

dispatch trips completed by Arlington taxicab companies has declined by more than 335,000 trips (approximately 14.8%). The taxicab trips dispatched at Reagan National Airport have declined by more than 174,000 (approximately 11.7%) during the two-year period. Only Arlington wheelchair taxicab dispatch trips have exhibited some increase, a gain of 270 trips (approximately 2.4%) over the two-year period.

Earlier this year, County staff also conducted a survey of all taxicab stands in Arlington. The survey found that the majority of stands were full to capacity most of the time. Nearly all of the time, the stands were observed to have adequate numbers of taxicabs on hand, and there was no wait for a taxicab. Frequently staff observed taxicab stands overflowing, resulting in traffic congestion and issues with taxicabs obstructing access. Since that study, staff has lengthened some of the stands to create spaces for an additional dozen waiting taxicabs. Staff is also currently looking at creating some new stands but must weigh the benefits of the new stands for taxicabs against the loss of curb space for other uses such as short-term customer parking.

The Applications:

EnviroCab, LLC, is Arlington's newest taxicab company, having begun operation in late 2007 with a Certificate that authorizes 50 taxicabs. EnviroCab has established an identity as an environmentally-friendly service with 100% of its vehicles being higher-mileage hybrid vehicles. EnviroCab's records show that customer demand for dispatch service has grown substantially since its inception. EnviroCab's 2010 application asks for 25 additional cabs, of which 20 vehicles would be gasoline-hybrid powered and five vehicles would be electric-powered vehicles such as the Nissan Leaf or Chevy Volt. EnviroCab argues that additional taxicabs are needed to enable it to keep up with the growth in demand for its dispatch service. They say that their company is very popular with the Arlington public and their current fleet is insufficiently sized to adequately service the entire County.

The other certificate application was submitted by a new company, GoGreen Cab, Inc., which is proposing to begin operation with 50 hybrid vehicles. The owner of the new company, Mr. Mujahid Ahmad, has stated that he intends to utilize state-of-the-art technology for 24-hour taxi dispatch service. Mr. Ahmad has also indicated that he plans for GoGreen Cab to operate mostly with owner-operated taxicabs, however there would be some company-owned taxicabs for rent. GoGreen intends to attract veteran drivers by charging lower company fees than the other Arlington taxicab companies. Although Mr. Ahmad has applied for a certificate that requests 50 vehicles, he has indicated that he could provide dispatch service with a Certificate that authorizes as few as 30 vehicles.

Public Review:

Both applicants were provided opportunities to make presentations at Transportation Commission meetings in September and October. Representatives from several current taxicab Certificate holders also addressed the Commission and spoke in opposition to both applications. Several taxicab drivers, including a representative of the Arlington United Taxicab Operators (AUTO) spoke against the applications. The opinions expressed frequently cited the current overcrowding at taxicab stands and the general weakening of taxicab demand.

Conclusions:

Although County staff found both applications to be complete and fully in compliance with the requirements of the Taxicab Ordinance, staff does not think that either applicant has made a compelling case for adding taxicabs. Staff is concerned that the current demand for taxicabs appears to be flat or declining, while the taxicab fleet has grown significantly in recent years. The apparent oversupply of taxicabs has resulted in frequent overcrowding at taxicab stands and regular loitering by taxicabs looking for space at the stands. The loitering increases traffic congestion and adds to the traffic volumes on local streets.

Potential benefits that could be gained from the County Board granting Certificates to the two applicants would chiefly be the greater competition from having another company (GoGreen Cab, Inc.) in the industry and the introduction of electric-fueled vehicles such as the Nissan Leaf or Chevy Volt. However County staff thinks that additional taxicabs, absent significant growth in the demand for taxicabs, will only add to the current overcrowding and loitering problems as well as lead to a decline in taxicab drivers' incomes. Declining taxicab driver income will likely result in the loss of some experienced drivers, longer working hours, deferred vehicle maintenance and a call for increased taxicab fares.

As noted above, the Transportation Commission and the County Manager both agree with County staff, and recommend that both Certificate applications be denied at this time.

FISCAL IMPACT: If approved, the Certificate holder for each additional taxicab would be responsible for an annual payment to the County of \$150 per taxicab to cover the costs of taxicab industry regulation. If all 75 applied-for taxicabs would be authorized, the additional revenue to the County could total \$11,250. Other fees would also be accrued by the County in the form of Public Vehicle Driver's License application fees and renewals if the additional taxicabs would be approved. Enlarging the Arlington taxicab fleet would impose additional County staff and operational costs that would be offset by the additional fees collected.

2010 Taxicab Certificate Determination Report

County Manager's Recommendation – June 30, 2010

The County Manager recommends that there be no increase to the number of taxicab certificates in 2010. Based on the evaluation of qualitative and quantitative factors, there is not sufficient evidence to justify an increase in the number of taxicabs or certificates. This report provides evidence to support this recommendation.

Certificate Determination Process

According to Section 25.1-4 of the Taxicab Ordinance the number of Taxicab Certificates is to be determined by the County Manager on a biennial even-numbered year. The process for the current year begins with a July 1, 2010 taxicab/certificate determination issued by the County Manager. The following report indicates the number of taxicabs proposed to be authorized, the rationale for such number, and the general methodology used in arriving at a recommendation. A separate process for deciding whether and to whom taxicabs/certificates are granted is initiated after this determination. Existing certificate holders or new applicants have the opportunity to present justification for additional taxicabs or certificates during the certificate allocation process detailed below:

Certificate Allocation Process

- July 1– September 1, 2010: Applications are accepted from taxicab certificate holders requesting additional taxicabs and non-certificate holders. If an applicant applies for a certificate, the issuance of which would authorize an increase in the number of taxicabs for such applicant or certificate-holder, and which increase would exceed the number of taxicabs determined by the County Manager, then the application must include relevant facts indicating the reasons that the applicant contends that the market change, industry performance, certificate-holder performance, competition, and other specified factors are other than those determined by the County Manager.
- Prior to September 15th: At the September 9, 2010, Transportation Commission Meeting copies of applications are presented for public review. Applications will be presented by existing and new taxi companies at this meeting.
- Prior to October 15th: County Manager provides a memo to the County Board regarding the number of additional taxicabs (to be authorized by Certificates) allocated to each applicant, including the number of wheelchair-accessible taxicabs and hybrid or vehicles not primarily powered by gasoline or diesel fuel.
- Prior to November 13th: Transportation Commission provides a memo detailing allocation recommendations to the County Board prior to November 13, 2010 County Board meeting.
- November 13, 2010, County Board holds a public hearing for taxicab certificate holder/non-certificate holder applicants.

- December 12th: County Board issues certificate determination decision at the December 14, 2010, meeting.

According to Section 25.1-4 of the Taxicab Ordinance the County Manager shall consider for the immediately preceding two (2) years: (1) the percentage change in residents, taxicab and paratransit trips, and indicators of business activity, tourism, and public transportation use (jointly “Market Change”) within Arlington County; (2) Taxicab industry and Certificate-holder performance indicators; (3) Competition, including consideration of the number of Taxicabs authorized to be operated by any Certificate-holder in relation to the total number of Taxicabs authorized to be operated under all Certificates; (4) Other factors having, in the reasonable opinion of the County Manager, specific relevance to the provision of taxicab service to the public.

In order to provide a certificate determination recommendation a combination of indicators were utilized by staff to assess the need for an alteration to the current number of certificates (765). Staff assembled and evaluated data from 2007 to 2009 to provide an initial recommendation regarding the number of taxicab certificates. The historical data taken under consideration includes the percentage change in population of Arlington County; change in at-place employment; change in taxi trips dispatched; change in airport taxi pick up trips; change in County hotel occupancy levels; change in overall transit passenger trips. These and other factors were evaluated as the primary drivers of trip generation in order to determine the demand for taxicabs in Arlington County and are grouped into sections as follows: (1) Current Certificate Distribution, (2) Population Indicators, (3) Business Activity, (4) Transportation Indicators, (5) Tourism Indicators, (6) Competition, (7) and Other Qualitative Data.

Current Certificate Number and Distribution

There are currently 765 taxicabs in Arlington County, which operate under seven (7) certificate holders. Based on the most recent taxicab inventory there are 172 hybrid taxicabs (22.4% of the entire fleet) and 29 wheelchair accessible taxicabs (3.8% of the entire fleet). When combined, the four companies that provide dispatch service total to 666 taxicabs (87% of the entire fleet).

Table 1 provides the current distribution of taxicab certificates by company.

Table 1: Current Number of Taxicabs by Company

Company	Number of Taxicabs	Hybrid	Wheelchair
Red Top*	350	41	23
Blue Top*	166	9	3
Arlington Yellow Cab*	100	55	-
EnviroCab*	50	50	-
Crown Cab	37	14	-
Hess Cab	35	1	-
Friendly Cab	27	2	3
Total	765	172	29

*Taxicab companies that provide dispatch service

Population Indicators

The growth or decline of Arlington County’s population is one of the contributing indicators as to whether there has been an increase or decrease in the supply of potential taxicab passengers.

Table 2 shows that the population of Arlington County grew from 206,800 to 212,000 between 2007 and 2009, which is an increase of 5,200 residents (2.51%).

Table 2: Arlington County Population (2007-2009)

	2007	2008	2009	2009-2007	% Change
Population	206,800	209,300	212,000	+5,200	+2.51%

Source: Arlington County Planning and Research Analysis Team (PRAT) Estimates

There is currently no standard ratio of taxicabs to population but this measure provides a point of comparison between the County's taxicab industry growth and population growth. **Table 3** shows the number of taxicabs permitted to operate between 2007 and 2009. There have been two taxicab increases between 2007 and 2009 resulting in an overall increase of 99 taxicabs (14.86%). EnviroCab is the only new certificate holder that has been added during this period and was permitted to operate fifty (50) taxicabs under its certificate.

Table 3: # of Cabs Operating (2007-2009)

	2007	2008	2009	2009-2007	%Change
Number of Taxicabs	666	752	765	+99	+14.86%

Table 4 shows the number of taxicabs per 1,000 residents within Arlington County. The increase in certificates and taxicabs resulted in a total of 765 taxicabs between 2007 and 2009, which equates to approximately 3.61 taxicabs per 1,000 residents, an increase of 12.05% between 2007 and 2009.

Table 4: # of Cabs Per 1,000 inhabitants (2007-2009)

Cab/Pop. Indicator	2007	2008	2009	2009-2007	%Change
Cabs Per 1,000	3.22	3.59	3.61	+0.39	+12.05%

Residents are a potential supplier for taxicab demand. The County has experienced an increase in residents of 5,200 (+2.51%) between 2007 and 2009. During this time frame the County taxicab fleet has increased from 666 to 765 taxicabs. As the population grew so did the ratio of taxicabs per thousand residents. The ratio of taxicabs to residents climbed 12.05% from 3.22 to 3.61 taxicabs per thousand residents. As evidenced by the ratio of taxicabs per 1,000 residents, the Arlington taxi fleet has grown at a higher rate than the population increase the last two years. However, prior to that large rate of increase there was not a change in the number of cabs for several years. Appendix A provides a multi-jurisdictional comparison of taxicabs per 1,000 residents which places Arlington County in context with neighboring jurisdictions and comparable transit oriented jurisdictions.

Business Activity

Business activity is another contributing indicator that was used to evaluate the state of the taxicab industry. At-place employment is a business activity indicator that provides a measure as to whether there was a change in the number of jobs within Arlington County. Thus it provides a gauge for commuters entering Arlington County for work related purposes. Taxis provide a guaranteed ride home (GRH) to commuters who use alternative modes. For example, a taxi provides an option if a bus rider must return home in an emergency or a car pooler must stay at work later than expected. This addresses a common objection to the use of alternative modes by supplementing transit with an auxiliary transportation service. **Table 5** shows an increase in at-

place employment from 205,300 to 207,800 between 2007 and 2009, which amounts to 2,500 (1.21%).

Table 5: Arlington County At-Place Employment (2007-2009)

	2007	2008	2009	Difference	% Change
At-Place Employment	205,300	206,800	207,800	+2,500	+1.21%
Taxicabs per 1,000 Employees	3.24	3.64	3.68	+0.44	+12.03%

Source: Arlington County Planning and Research Analysis Team Estimates

The factor used to measure business activity within the county is at-place employment. The County experienced an increase in at-place employment of 2,500 (1.21%) indicating a greater number of people commuting within the County, a contributing factor to taxicab demand. As the employment grew so did the ratio of taxicabs per thousand employees. The ratio of taxicabs to employees has climbed from 3.24 to 3.68 taxicabs per thousand employees (12.03%) between 2007 and 2009, resulting in a higher taxicab-to-employee ratio. This indicates that the rate of growth within the taxicab industry has outpaced at-place employment growth.

According to the Bruce Schaller's Taxi Model, which is a benchmark that provides a comparison of various jurisdictions throughout the country, population and employment are not as statistically significant in determining demand as subway commutation, hotel occupancy, and airport taxi trips.

Transportation Indicators

In order to develop a measure of cogent importance taxi trip supplier factors were ranked based on a comparison of available dispatch data and the most recent sampling of manifest data. Transportation indicators, including dispatch taxicab trips and transit ridership, provide evidence as to whether there is sufficient demand for an increase to the current number of taxicabs in Arlington County.

Hotel patrons, transit users, and airport passengers are the three largest suppliers of passengers for hail based service. Of the non-dispatch trips the three major sources are:

- Hotel users comprise 18% of hail based service (largest source of hail based service).
- Transit users comprise 13% of the hail based service.
- Airport users comprise 12% of the hail based service.

Taxicab Trips

Taxicab dispatch trips capture the amount of call-in service provided by dispatch taxicab certificate holders, which constitute seventy-percent (70%) of the industry's taxi trip business. Dispatch trips are the most labor and capital intensive type of trip, requiring substantial call center operations, and are often the most difficult to serve. These factors make this an indicator deserving of close attention. As a County with a predominance of telephone order (dispatch) trips and fewer hail based trips the existing taxicab companies that are authorized to operate a specific number of cabs must be adjusted regularly if demand for dispatch cab service is changing. Dispatch service also captures whether there is a shortfall in service in outlying areas since cabs tend to cluster in active airport, hotel, and transit cab stand/street hail markets. **Table 6** provides a comparison between the number of dispatch trips in 2007 and 2009.

Table 6: Dispatch Taxi Trip Comparison (2007-2009)

	2007	2008	2009	2009-2007	% Change
Blue Top	531,075	351,704	232,489	(298,586)	-56%
EnviroCab*	-	36,134	66,926	+30,792	+85%
Red Top	1,814,178	1,731,698	1,727,456	(86,722)	-5%
Yellow Top	167,259	152,690	150,462	(16,797)	-11%
Total	2,512,512	2,272,226	2,177,333	(335,179)	-14.75%

Source: Arlington County Dispatch Taxicab Certificate Holders

*EnviroCab was not yet in operation during the 2007 calendar year.

There was a decrease in the total number of dispatch trips by 335,179 (-14.75%) during that time period. The decrease in dispatch trips between 2007 and 2009 indicates a lower demand for taxicab call-in service. Blue Top Cab showed the most drastic decrease in dispatch trips (-56%), which is partially attributable to the fact that drivers have begun to take calls directly, a decrease in hotel business, and the convenience of improved taxi stand locations. EnviroCab's number of dispatch trips increased by 30,792 (85%) between 2008 and 2009. They were the only taxicab company to experience an increase in dispatch trips over the period between 2007 and 2009. Their company began service as a new dispatch provider in 2008 therefore they did not dispatch any trips in 2007. In 2008 their fleet operated 35 taxicabs and in 2009 they became fully operational with 50 taxicabs.

Transit Usage

Taxis are used to connect multimodal linked trips from taxi stands at transit hubs. Taxis support use of alternative modes such as ridesharing and transit use, by giving people who use those modes a fallback option in emergencies or off-peak transit service hours. This also enables people to reduce their car ownership. In these ways, when taxis are coordinated with transit modes they can contribute to relatively large reductions in vehicle travel. Transit usage is a variable that provides an assessment of the number of bus, rail, and paratransit passengers within Arlington County. Transit passengers generate hail-based service for nine taxi stands within the County, which are located adjacent to transit and bus stations. **Table 7** indicates an increase in overall transit ridership between 2007 and 2009.

Table 7: Transit Ridership in Arlington County

	2007	2008	2009	2009-2007	% Change
VRE	1,000,702	1,014,269	1,014,269*	+13,567	+1.36%
Metro Rail	59,762,923	61,617,661	61,232,165	+1,469,242	+2.46%
Metro Bus	14,750,220	15,676,285	15,314,423	+564,203	+3.83%
ART	1,115,365	1,382,948	1,622,071	+506,706	+45%
STAR	89,198	84,682	84,475	-4,723	-5.29%
MetroAccess	22,662	25,876	27,871	+5,209	+22.99%
Total	76,741,070	79,801,721	79,295,274	+2,554,204	+3.20%

Sources: Arlington County Division of Transportation; Washington Metropolitan Area Transit Authority; and Northern Virginia Regional Transportation Authority

*Estimate based on mid-year year ridership provided by VRE

There have been both downward and upward fluctuations amongst the different transit modes utilized within the County. Decreases in Metro Rail, Metro Bus, and STAR ridership between 2008 and 2009 indicate a downward ridership trend in those transit categories during that period. Overall there has been an increase in ridership for all transit modes within Arlington County of 2,554,204 trips (+3.2%) between 2007 and 2009. Transit trips experienced an increase between

2007 and 2009 but not consistently amongst all transit category types. Also a downward trend in use occurred between 2008 and 2009 in four transit categories. The lack of consistency and fluctuation of patterns within transit ridership does not provide clear evidence that a change in taxicabs/certificates is merited.

Tourism Indicators

Tourism indicators including airport taxi trips and hotel occupancy provide additional evidence as to whether there is sufficient demand for an alteration to the current number of taxicabs in Arlington County.

Airport Volumes

Airport passenger volumes provide a measure for air travelers using taxicabs to provide an intermodal ground connection for flights. The number of air passenger enplanements provides information indicating whether there was a change in the number of people traveling to and from Arlington County and the surrounding region. Taxicab airport pickups capture whether there is a change in the demand for taxicab service originating at the IAD (Dulles) and DCA (Reagan National) airports. **Table 8** shows a decrease in airport passengers at IAD and DCA of 2,626,171 (-7.39%) between 2007 and 2009. These aggregate airport access volumes indicate a decrease in the amount of taxicab use demand by arrival and departure passengers.

Table 8: Airport Passengers

	2007	2008	2009	Difference	% Change
DCA (Reagan National)	18,679,343	18,028,287	17,577,359	-1,101,984	-5.90%
IAD (Dulles)	24,737,528	23,876,780	23,213,341	-1,524,187	-6.16%
Total	43,416,871	41,905,067	40,790,700	-2,626,171	-6.05%

Source: Metropolitan Washington Airports Authority

Airport passenger arrival taxi trips include all surrounding jurisdiction taxicabs, thus providing a strong indication for potential taxicab use by arrival passengers. This does not include pick ups of passengers who make their own arrangements to be picked up at the airport. That volume is captured within the total dispatch trips in Table 4. Trips from IAD are exclusively provided by the Washington Flyer, although trips to the airport can be provided by any cab company. DCA is served by a combination of regional taxi providers which includes Arlington County. **Table 9** shows a decrease of 339,118 (-11.73%) passenger arrival taxi trips at IAD and DCA airports combined between 2007 and 2009. DCA experienced a decrease of 174,142 (-9.31%) passenger arrival taxi trips between 2007 and 2009.

Table 9: Airport Passenger Arrival Taxi Trips

	2007	2008	2009	Difference	% Change
DCA (Reagan National)	1,869,814	1,753,121	1,695,672	-174,142	-9.31%
IAD (Dulles)	1,022,132	927,610	857,156	-164,976	-16.14%
Total	2,891,946	2,680,731	2,552,828	-339,118	-11.73%

Source: Metropolitan Washington Airport Authority

Airport users comprise about 12% of the hail based service in the County. A decrease in the number of airport passenger arrival taxi trips supports the notion that demand has declined for taxicab trips originating from the airports between 2007 and 2009.

Hotel occupancy indicates whether there was a change in the number of travelers staying within Arlington County. There are a total of forty-three (43) hotels located within Arlington County. The fluctuation in visitors has an impact on taxicab trips generated from these locations. The vehicle trip generation of a hotel is dependent on various factors. Size, location, and type of hotel all contribute to the trip generation at these facilities. Facility capacity characteristics can be identified by the number of hotel rooms. **Table 10** shows a decrease of 2.94% in hotel occupancy between 2007 and 2009. This indicates that there has been a decrease in visitors and therefore a lower demand for taxicab use at Arlington County hotels. Approximately 382 fewer rooms were filled per day, which equates to 139,411 less rooms occupied over the course of the year. Hotel users comprise about 18% of trip origins which makes them the largest source of hail based service.

Table 10: Hotel Occupancy

	2007	2008	2009	Change
Rate of Occupancy	74.73%	73.12%	71.79%	-2.94%
Number of Rooms	10,674	9,858	10,579	-95
Rooms Occupied Daily	7,977	7,208	7,595	-382
Rooms Occupied Annually	2,911,607	2,630,903	2,772,196	-139,411

Sources: Smith Travel Research and Arlington PRAT

The economic recession has adversely affected the taxicab business which is largely dependent on the hospitality industry. Hotel occupancy decreased by 2.94%, supporting the notion that taxicab demand declined for visitors to Arlington County during that period.

Hotel and airport origin trips combined amount to 30% of the hail-based taxi trips within the County which is more than twice the transit origin trip indicator (13%). Thus the demand trend in these two sources leads to the conclusion that there should not be an increase in taxicabs/certificates.

Competition

Competition is a factor of concern within Arlington County due to the current distribution of taxicabs. The distribution of taxicabs for the existing certificate holders by company provides evidence that Transportation Inc. (Red Top Cab and Arlington Yellow Cab) has a sizeable advantage in terms of number of taxicabs operating under their two certificates. The company was founded in 1968 and thus has the most years of industry experience amongst the existing seven certificate holders. This has afforded them the ability to expand to their current size. Transportation Inc. operates a total of 450 taxicabs (58.8% of taxicab industry). This is more than double the taxicabs operated by any other company. Transportation Inc. is able to provide more service via dispatch because of the number of taxicabs and licensed drivers they have available for Arlington's workers, residents, and travelers. Their taxicab service is supplemented by a dispatch call service center which is the largest of all of the dispatch companies with at least fifteen (15) phone operators providing service for Red Top Cab and Arlington Yellow Cab during each shift.

The remaining two dispatch companies that operate in competition with Transportation, Inc. are Blue Top Cab and EnviroCab. Blue Top Cab is the second largest company within Arlington County with a total of 166 taxicabs (21% of the taxicab industry). Blue Top Cab was founded in

1984 and is the second oldest company in Arlington. Blue Top Cab currently staffs 2 to 3 phone operators to accommodate the call volumes for its existing fleet. EnviroCab was founded in 2007 and is the fourth largest company with 50 taxicabs (6.5% of the taxicab industry) in operation. EnviroCab currently staffs 2 to 3 phone operators to accommodate the call volumes for its existing fleet. EnviroCab has also implemented a computer based dispatch system to provide service to customers. EnviroCab offers a unique all-hybrid fleet. Both Blue Top Cab and EnviroCab provide credit card swipe capabilities for their customers, which enhances their ability to compete with Transportation, Inc.

Friendly Cab (27 taxicabs), Hess Cab (35 taxicabs), and Crown Cab (37 taxicabs) do not provide dispatch service or credit card swipe capabilities. These non-dispatch companies primarily rely on taxicab stands and pre-established customer relationships for their passenger business. Driver availability to their customers is based on the individual driver's preferred work schedule. These companies operate smaller fleets that would not support a dispatch oriented business model. They have a limited ability to serve the county's workers, residents, and travelers because of their size and business structure.

The current structure of the industry indicates the need for more competition through the addition of certificates to smaller companies but quantitative and qualitative factors do not support an overall increase to the number of taxicabs.

Other Qualitative Information

Staff Observations

Staff regularly interviews drivers during annual taxicab inspections, observes taxi stand locations, and attends meetings with regional taxicab regulators. Based on information gathered during these exchanges, staff has concluded that the amount of available passenger business is not sufficient enough to support additional taxicabs within Arlington County. The primary issues faced by the industry include (1) a decrease in the number of trips that are dispatched; (2) fewer taxis being utilized due to a shift of customers to lower cost alternatives such as transit; (3) a decrease in airport taxicab trips, which causes an oversupply of taxicabs at the regional airports; and (4) taxicab stands that remain full and are frequently overloaded, which leads to loitering and overloading of taxi stands at heavily trafficked origins and destinations within the county. Hotel staff from areas in Crystal City, Pentagon City, and along the Rosslyn-Ballston Corridor reported that there is an oversupply of taxicabs at the taxicab stands that serve their concierge desks.

Taxicab companies that hold certificates granted by the County will not be able to sustain their operations if they grow at a faster pace than their customer base and demand. Taxicab drivers will not be able to sustain a living if the income generated has decreased due to lower demand. In order to maintain a well-functioning taxi system there needs to be recognition of the importance of considering the needs and interests of certificate holders, drivers, taxi users, airports, hotels, and other major service areas. An effective regulatory system is built on a fair balancing of these competing and contributing interests. An oversupply of taxicabs will cause a decline in both service quality and driver quality, which would be a disservice to the County as a whole. Ultimately, the number of taxicabs permitted to operate should result in an optimal and efficient balance of service availability to meet needs, and should not result in a surplus of services which can lead to unnecessary cruising by taxicab drivers and congested conditions at popular taxicab stand service nodes such as airports and downtown hotels.

It is the Hack Inspector's opinion that an increase in the number of certificates would not be in the County's or the industry's best interest. He has spoken with a large majority of the licensed cab drivers in Arlington County. The overwhelming sentiment from these drivers has been that there are already too many certificates. Among the other chief complaints from these drivers has been the disproportionate difference in the number of cabs versus the number of available spaces at taxi stands.

He has observed that the busy stands are routinely overcrowded. Taxi stands are a significant revenue generator for non-dispatch drivers. It is in his opinion that adding more certificates without adding at least an equal number of stand spaces would negatively impact an already stressed system.

Existing Taxicab Certificate Holder Observations

Existing certificate holders were contacted and some provided input on whether there should be an increase in certificates. Among those who responded were Blue Top Cab, Red Top Cab, EnviroCab, and Crown Cab. Blue Top Cab indicated that their company would not seek certificates because of a variety of market demand concerns. Red Top Cab indicated that they did not plan to increase their fleet at this time. EnviroCab indicated that they would apply for hybrid taxicab certificates in 2010 in order to further grow their company. Crown Cab indicated an interest in adding wheelchair taxicab certificates.

Conclusion

Taxi Fleet Size & Certificate Recommendation

The taxi demand indicators, qualitative contributions from the existing certificate holders, and staff observations provide evidence to support the recommendation not to increase taxicabs. Controlling the entry of the number of new taxicabs allows the County to ensure that certificate holders operate at an optimal level. During the period between 2007 and 2009 the increases in population and at-place employment were accommodated by increases in the number of taxicabs. Further growth at this time would create a higher ratio of taxicabs-to-population and taxicabs-to-employees, which is not consistent with market demand. Dispatch trips are a major source of business for the taxicab industry (70%) in Arlington County, and a decrease in approximately 335,179 trips over the past three years indicates a substantial decrease in demand. The decrease in the suppliers of two of the largest origins of hail-based trips (hotels and the airports) counteracts the small and inconsistent increases in transit trips. Also transit trips in certain category types decreased in some instances during the three years of evaluation. As a result staff suggests that the decrease in market change indicators including taxi trips dispatched, hotel occupancy, and airport taxi usage shows an overall decline in taxicab demand.

The County Manager recommends that there be no increase to the number of taxicab certificates in 2010. The evaluation of indicators during the period from 2007 to 2009 and qualitative evidence provided by staff accounts of industry performance provide enough evidence that the current environmental conditions are not conducive to an increase in the number of taxicabs. Additional contributions from current industry leaders also provide support from a business perspective on industry operations and driver income potential. Without numerical limits the County will experience an oversupply of cabs which will lead to both deterioration in driver and vehicle quality.

A justification by an existing certificate holder or new applicant that would prove counter to this argument would have to be both persuasive and supported by accurate/verifiable qualitative and quantitative data. This opportunity is provided during the certificate allocation application process.

Wheelchair Taxicab Certificate Determination

A separate wheelchair taxicab certificate determination was developed based on existing capacity and reported dispatch trips. As a result of these efforts staff recommends that no additional wheelchair taxicab certificates be issued in 2010. Although it is complex to gauge the exact demand for wheelchair taxicabs, staff believes that there is enough quantitative data and anecdotal information to make this determination.

In Arlington there are three wheelchair service providers: 1) Metro Access provides service through Diamond Transportation using nine (9) vehicles that are not issued certificates by Arlington County, 2) Arlington’s STAR program provides service using twenty-three (23) vehicles that operate under Red Top’s certificate and 3) all other users through: Red Top’s twenty-three (23), Blue Top’s three (3), and Friendly’s three (3) wheelchair taxicabs. Thus, Arlington County currently has a total of twenty-nine (29) wheelchair taxicabs operating under three different certificates.

Wheelchair taxicabs provide service on a dispatch and non-dispatch basis. Red Top Cab’s twenty-three (23) wheelchair taxicabs and Blue Top’s three (3) wheelchair taxicabs offer service using both methods. Friendly Cab provides three (3) wheelchair taxicabs only through a hail-based (non-dispatch) service. Red Top’s wheelchair taxicabs average roughly 1,000 wheelchair trips per year. Based on that average capacity it is reasonable to assume that the other six (6) taxicabs could serve about six thousand (6,000) more trips per year. Thus, existing certificate holders, who operate the total of twenty-nine (29) wheelchair taxicabs in Arlington County, should have a capacity of roughly 29,000 trips per year. Available data and anecdotal evidence suggests that this level of trips well exceeds demand. **Table 11** shows a modest increase in Red Top, non-STAR, wheelchair taxicab trips (270) between 2007 and 2009.

Table 11: Wheelchair Taxi Trips*

Wheelchair Trips	2007	2008	2009	2009-2007	Biennial Change %
Dispatch Trips	11,397	11,841	11,667	270	2.37%

*Source: Transportation Inc. (Red Top Cab Wheelchair Taxi Service Provider)

The data also indicates that Red Top has additional capacity, because the number of trips provided in 2008 exceeds those made in 2009. Further, staff has received reports from taxicab operators that those wheelchair taxicabs operating on a hail-based system are operating at less than capacity. Thus, staff believes that neither the change in trip volume, nor the available anecdotal information, supports an increase in the number of wheelchair taxicab certificates for 2010.

Appendix A

Multi-Jurisdictional Comparison of Taxicabs per 1,000 residents

Jurisdiction	# of Cabs Operating	Population Est. (2008)	# Taxicabs per 1,000 population	Density (pop/sq. mi.)
Metro Washington DC Area				
Arlington County	765	206,800	3.70	8,016
City of Alexandria	729	143,885	5.07	9,592
District of Columbia	6513	591,833	11.00	9,639
Fairfax County	576	1,015,302	0.57	2,570
Montgomery County	715	950,680	0.75	1,919
Prince George's County	775	820,852	0.94	1,691
Comparable Transit Oriented Jurisdictions				
Portland, OR	382	551,226	0.69	4,114
Seattle, WA	674	598,541	1.13	7,211
San Francisco, CA	1500	798,176	1.88	17,352

Sources: U.S. Census American Community Survey and Arlington County PRAT