



## ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item  
Meeting of October 15, 2011

### REVISED REPORT

**DATE:** October 17, 2011

**SUBJECT:** Request to Advertise enactment of an Ordinance to amend, reenact and recodify § 25.1-12 (Rate schedule, tolls, payment) of Chapter 25.1 (Taxicabs) of the Arlington County Code by (1) amending subsections 25.1-12(A), (B), (C) and (D) relating to the initial drop, mileage, waiting time and extra passenger charges, to become effective January 1, 2012, and (2) adding new subsection 25.1-12(L) relating to payment of fares by credit card, to become effective April 1, 2012.

#### **REVISION EXPLANATION:**

The changes propose an alternative means to increase the current taxi fares, and they are supported by AUTO (Arlington United Taxicab Operators) for an increase of \$0.10 to the mileage charge. Both alternatives increase taxi fares.

#### **C.M. RECOMMENDATION:**

Authorize advertisement of a public hearing on November 19, 2011, regarding the adoption of the attached Ordinance (**Attachment A**) to amend, reenact and recodify § 25.1-12 of the Arlington County Code by

- a. Amending subsections 25.1-12(A) and (D) relating to the initial drop and extra passenger charges, respectively, to become effective January 1, 2012, or
- b. Amending subsections 25.1-12(A), (B), (C) and (D) relating to the initial drop, mileage, waiting time and extra passenger charges, to become effective January 1, 2012, and
- c. Adding new subsection 25.1-12(L) relating to payment of fares by credit card, to become effective April 1, 2012.

County Manager:

*BMD/kma*

County Attorney:

Staff: Angie de la Barrera, DES

34.

**ISSUE:** Two alternatives for increasing taxi fares are proposed for advertisement. Changes in taxicab fares require ordinance amendments. Proposed rate changes must be advertised for public hearing prior to their enactment.

**SUMMARY:** It is recommended that the County Board advertise an Ordinance (**Attachment A**) to replace the current \$2.75 initial drop charge on taxi trips with a \$3.00 initial drop charge or to replace the current \$2.00 per mile charge with a \$2.10 per mile rate, and to change the extra passenger charge from \$1.00 per additional passenger over six years of age to \$1.50 per extra passenger age 12 years or older. These changes are proposed to enable taxicab operators to recoup the additional costs of taxi operation that have accrued since the last time that taxi fares were increased in July 2008.

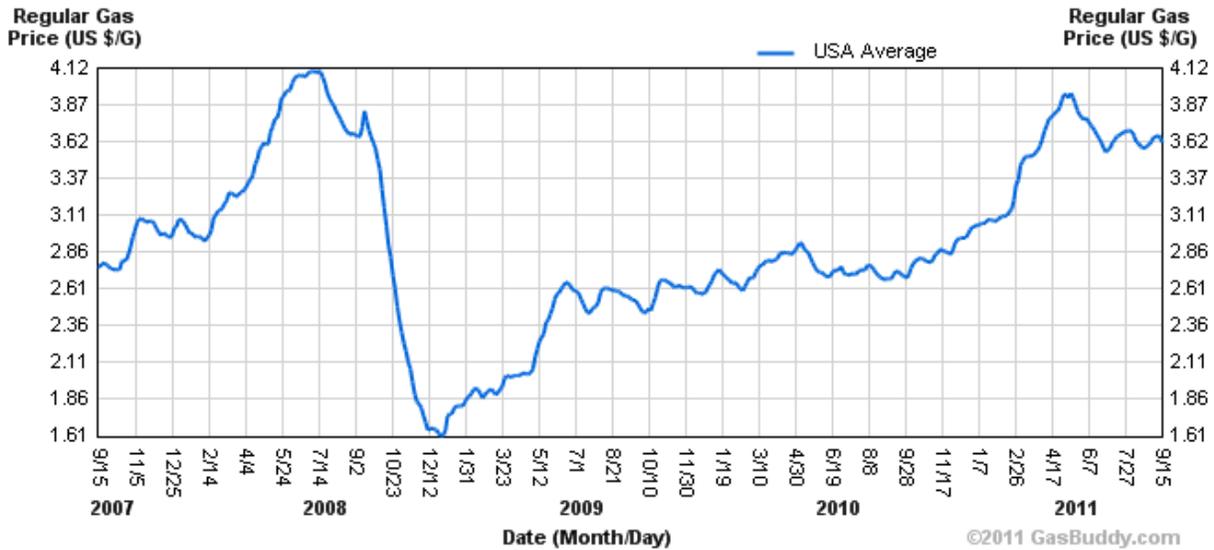
In addition, it is proposed by County staff that every taxicab be equipped to accept, and required to accept, credit card payment of fares by April 1, 2012.

Both items are expected to be heard by the Transportation Commission at its November 3, 2011, meeting, and staff propose that the County Board's public hearing on adoption of the ordinance occur at its November 19, 2011, meeting.

**BACKGROUND:** The most recent change in taxicab fares in Arlington occurred on July 17, 2008, when the mileage charge was increased from \$1.80 per mile to \$2.00 per mile. That increase came after the Arlington County Board had enacted on July 18, 2008, an emergency ordinance permitting a temporary \$1.00 gasoline surcharge for taxi trips to compensate drivers for the rapidly increasing cost of gasoline. The increase in the mileage charge was in part to compensate taxi operators for the increase in gasoline prices. Prior to 2008, the previous fare increase was in November 2005. As part of that fare increase, the initial drop charge remained at \$2.75 while the mileage charge was increased from \$1.60 per mile to \$1.80 per mile, and the waiting-time charge was increased from \$20.70 per hour to \$22.50 per hour. The November 2005 fare increase replaced a \$0.50 per trip gasoline surcharge that had been enacted in June 2005.

The gasoline surcharge enacted in 2008 was in response to the cost of gasoline increasing to around \$4.12 per gallon in July of that year. An emergency gasoline surcharge was requested in May of this year by Blue Top and Arlington Union Taxi Operators (AUTO). Gasoline prices peaked at \$3.96 per gallon at about that time. Staff informed Blue Top and AUTO that staff would not support an increase, as gas prices had not risen to the 2008 peak. Staff has been monitoring gas prices and in recent months the price of gasoline has begun to decrease and it is now around \$3.66 per gallon (see chart below). The price of gasoline is one factor that staff considers when evaluating the adequacy of the current fare structure.

48 Month Average Retail Price Chart



The Taxicab Ordinance revision of June 2009 imposed a new requirement for Arlington County staff to conduct on a biennial basis a study as to the adequacy of the existing taxi fare schedule. During this summer County staff has worked with representatives from Arlington taxicab certificate holders and Arlington Union Taxi Operators (AUTO) to ascertain the operating costs and revenues for Arlington taxicab drivers. The general conclusions are that Arlington taxicab drivers are on average earning annual incomes of about \$40,000 to \$60,000 after expenses, and that expenses have increased on average about five percent since the time of the last fare increase. Annual income figures are based upon revenues per cab and may vary depending on hours worked and number of drivers per vehicle.

As the County and taxicab industry do not want the taxi drivers to suffer substantial long-term declines in income, options for fare increases have been considered. Several alternative means to revise fares to better compensate the taxi operators were considered, including changes to the initial drop charge, mileage charge and all other fare components. In evaluating the various alternatives the potential impacts upon local trips, long distance trips, families and other travelers, and the overall competitiveness of Arlington’s taxi fare pricing were all considered.

Currently, more than 90 percent of all Arlington County taxicabs are equipped to accept credit card payment. It is an increasingly common method of payment. County staff believes that the technology exists such that all Arlington taxicabs could accept payment by credit card. Achieving certainty that all cabs are equipped to accept credit cards would be a great benefit to the taxicab-traveling public.

**DISCUSSION:** After a review of the Arlington taxi industry’s revenues and operating costs, County staff has determined that an increase in taxi fares is warranted to compensate taxi operators for their increased costs for purchasing/leasing and operating a taxicab. Since the time of the last fare increase, the overall cost of operating a cab has increased by about five percent. The table below provides a breakdown of the formula that staff uses to evaluate taxi operation costs. Consideration is given both to changes in costs for specific items such as the price of a

new taxi vehicle or the price of insurance, and to more general cost inflation as reflected by the Consumer Price Index (CPI).

<b>Taxicab Cost Element</b>	<b>BLS Index</b>	<b>Weight</b>
Salaries, Wages and Profits	CPI	0.62
Vehicle Purchase	New Cars (Hybrids)	0.15
Fuel	Motor Fuel	0.10
Insurance and Other	Other Private Transportation Services	0.08
Maintenance, Parts and Equipment	Maintenance and Repairs	0.05

Using Bureau of Labor Statistics (BLS) index data in the five categories above, and weighting each category based on overall importance, staff has calculated the relevant percent change in the cost of taxicab operation between January 2008 and January 2011.

<b>BLS Index</b>	<b>Weight</b>	<b>2008</b>	<b>2011</b>	<b>Increase or Decrease</b>	<b>Weighted Change</b>
CPI	0.62	212.18	221.06	1.04	0.65
New Cars	0.15	135.64	137.75	1.02	0.15
Motor Fuel	0.10	275.3	277.665	1.01	0.10
Insurance & Other	0.08	124.29	140.49	1.13	0.09
Maintenance & Parts	0.05	227.73	250.73	1.10	0.06
<b>Sum</b>	<b>1.00</b>				<b>1.05</b>

Based on the analysis of the BLS index, the cost for operators has gone up approximately five percent from the last rate increase in 2008 to 2011. Staff also conducted an item-by-item review of the major cost components such as the purchase price of a new hybrid Toyota Camry, taxi companies' stand dues and average auto insurance prices which also confirmed that five-percent is a good estimation as to the cost increase that the average taxi driver has experienced since mid-2008.

County staff recommends advertising of two alternatives to the current taxi fare structure in order to provide additional revenue to compensate the taxi operators.

**Fare Structure Alternatives:**

- Alternative 1. An increase of \$0.25 to the initial taxi drop charge. The initial charge for any taxi trip would go from \$2.75 to \$3.00 for the first one-fifth mile of travel.
- Alternative 2. An increase of \$0.10 charge to the mile. The per-mile charge would increase from \$2.00 to \$2.10.

Both alternatives will include an additional change to increase the fee from \$1.00 to \$1.50 for each extra passenger. While the extra passenger charge would go up by \$0.50 per person,

passengers would no longer be charged for extra passengers between the ages of six and eleven years. The change in the age criteria is intended to reduce the impact of the fare increase on families that might otherwise be unduly burdened.

The alternative 1 to increase the drop charge by \$0.25 was endorsed by the taxicab certificate owners, while the alternative 2 to increase the mileage charge by \$0.10 is supported by AUTO.

The table below shows the effect of the two alternatives proposed versus current prices. It assumes that about 30 percent of trips currently have an extra passenger (defined as a person over six years old). It also assumes that in the future about 25 percent of trips will have an extra passenger (meaning a person 12 years of age and older.)

<b>Trip Distance in Miles</b>	<b>Current Fare</b>	<b>Alternative 1. \$0.25 drop +\$0.50 extra passenger</b>	<b>Alternative 2. \$0.10 miles +\$0.50 extra passenger</b>	<b>Alternative 1. Percent change</b>	<b>Alternative 2. Percent change</b>
<b>1</b>	\$5.05	\$5.38	\$5.23	6.4%	3.5%
<b>3</b>	\$9.05	\$9.38	\$9.43	3.6%	4.1%
<b>5</b>	\$13.05	\$13.38	\$13.63	2.5%	4.4%
<b>7</b>	\$17.05	\$17.38	\$17.83	1.9%	4.5%
<b>10</b>	\$23.05	\$23.38	\$24.13	1.4%	4.7%
<b>15</b>	\$33.05	\$33.38	\$34.63	1.0%	4.8%
<b>20</b>	\$43.05	\$43.38	\$45.13	0.8%	4.8%
<b>25</b>	\$53.05	\$53.38	\$55.63	0.6%	4.9%

An Arlington taxicab average trip is about five miles. In alternative 1, for a one-passenger trip, the increase will be \$0.25. Assuming that on average one trip in four carries an age-eligible extra passenger, the proposed fare changes will add approximately \$0.33 to the cost of each trip. The percent increase for short trips (three miles and under) will be in the four to five percent range. For longer trips, such as to Dulles Airport, the effect of the fare changes will not be as significant.

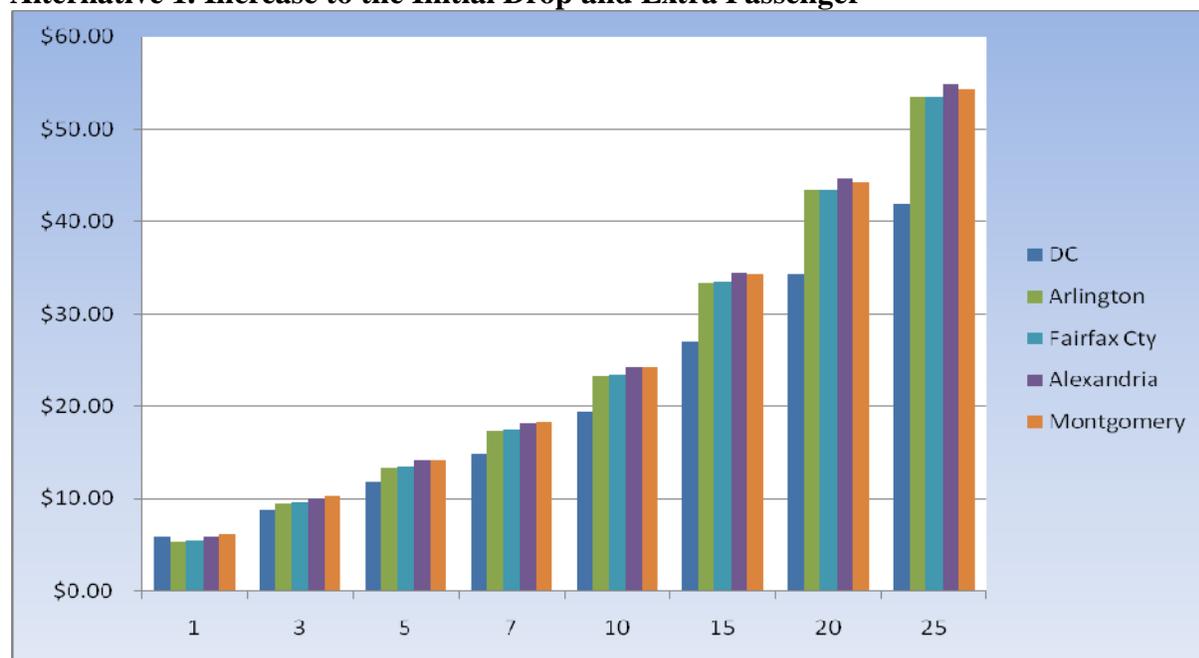
In alternative 2, for a one-passenger trip, the increase will be \$0.50. Assuming that on average one trip in four carries an age-eligible extra passenger, the proposed fare changes will add approximately \$0.58 to the cost of each trip. The percent increase will be in the three and a half to five percent range. For longer trips, such as to Dulles Airport, the effect of the fare changes will be more significant.

The table below compares Arlington’s current taxicab fares with those for some of the other jurisdictions in the region. Currently, Arlington has the lowest initial drop charge, the lowest extra passenger charge and one of the lowest mileage charges. Unlike Alexandria and the District of Columbia, Arlington has not imposed a fuel surcharge.

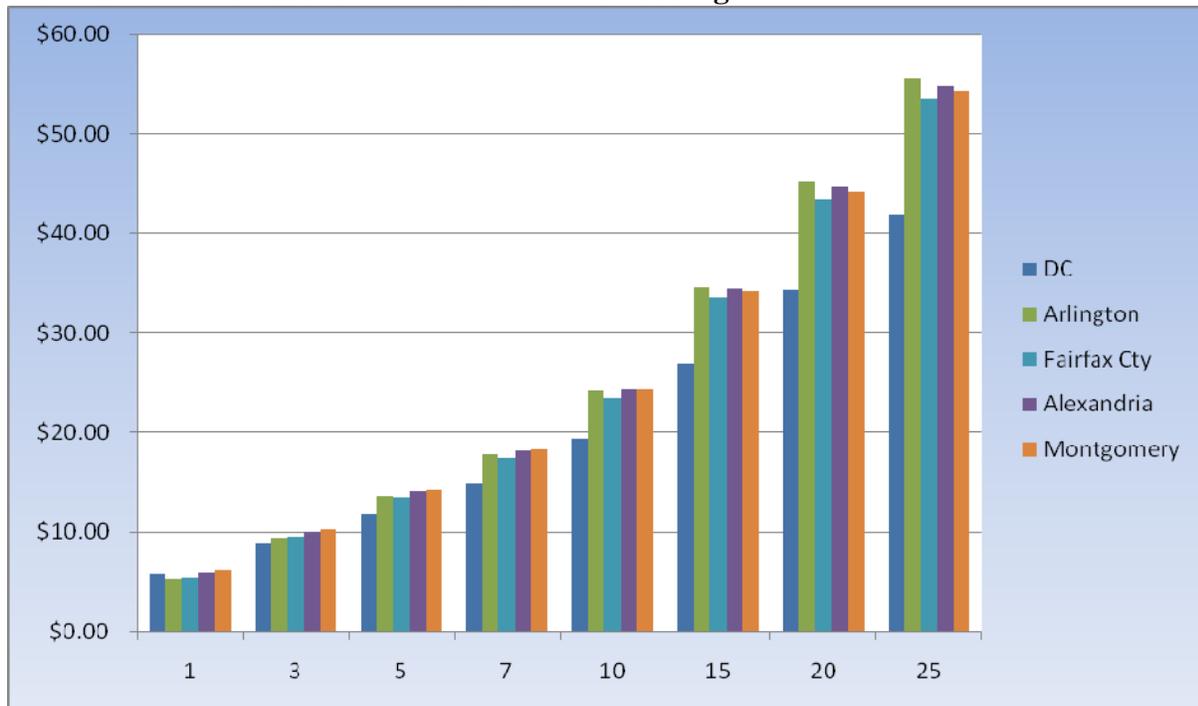
Jurisdiction	Initial Charge	Per Mile	Waiting Per Hour	Extra Passenger	Gasoline Surcharge	Date of Surcharge
<b>Arlington (Current)</b>	\$2.75	\$2.00	\$22.50	\$1.00	None	
<i>Arlington (Alternative 1)</i>	<i>\$3.00</i>	<i>\$2.00</i>	<i>\$22.50</i>	<i>\$1.50</i>	<i>None</i>	
<i>Arlington (Alternative 2)</i>	<i>\$2.75</i>	<i>\$2.10</i>	<i>\$22.50</i>	<i>\$1.50</i>	<i>None</i>	
<b>Alexandria</b>	\$3.09	\$2.04	\$22.67	\$1.25	\$0.50	Mar-11
<b>Fairfax Co.</b>	\$3.25	\$2.00	\$21.18	\$1.00	None	
<b>Montgomery</b>	\$4.00	\$2.00	\$28.00	\$1.50	None	
<b>District of Columbia</b>	\$3.00	\$1.50	\$15.00	\$1.00	\$1.00	Mar-11

Below are two graphs comparing alternative 1 and alternative 2 with those of its neighboring jurisdictions. In alternative 1, even with the proposed initial drop charge increase to \$3.00 and the \$1.50 extra-passenger charge, taxi trips in Arlington will remain slightly less expensive than those of all the other area jurisdictions except for the District of Columbia. In addition, the cost of traveling by an Arlington taxicab to more distant locations such as Dulles Airport will remain competitive with that of other alternatives such as the Washington Flyer, Super Shuttle and private executive sedan services. In alternative 2, with the proposed increase from \$2.00 to \$2.10 per mile, trips of 12 miles or less are competitive in price with other jurisdictions. Over 12 miles, under the new fare trips by Arlington cabs become more expensive and less competitive.

### Alternative 1. Increase to the Initial Drop and Extra Passenger



## Alternative 2. Increase to the Mile and Extra Passenger



### Credit Cards

Given changes in consumer behavior and current technologies, staff recommends that all Arlington County taxicabs be required to provide patrons the option of fare payment by credit card. Currently all the cabs of five of the seven taxi companies, representing more than 90% of the Arlington taxi fleet, are equipped to make credit card transactions. However, a taxi patron may still encounter a cab that does not offer credit card payment, and may be hesitant to use a cab if they are uncertain about their payment options. Achieving uniformity amongst cabs will both benefit the taxi patrons with greater choice in payment options and also benefit the taxicab operators by reducing uncertainty that can make patrons hesitant to use taxis.

**PUBLIC COMMENT:** Staff presented the fare increases noted in Attachment A to the Transportation Commission on September 29, 2011. There were only two speakers representing Red Top and Blue Top cab companies in favor of the proposed increases and the equipping of cabs to accept credit card payment. The Transportation Commissioners voted 8 to 2 to support advertisement of the proposed ordinance amendments. Some Commissioners expressed concern about the need for fare increases at this time.

**CONCLUSION:** Staff recommends that the County Board advertise two alternatives for increasing taxi fares.

Alternative 1. An ordinance replacing the initial drop charge of \$2.75 with a rate of \$3.00, and replacing the \$1.00 extra passenger charge for persons over six years of age with a \$1.50 extra passenger charge for persons 12 years of age or older.

Alternative 2. Replacing the \$2.00 per mile charge with a \$2.10 per mile charge, and replacing the \$1.00 extra passenger charge for persons over six years of age with a \$1.50 extra passenger charge for persons 12 years of age or older.

In addition, staff recommends advertising a new requirement that every taxicab be equipped to accept, and required to accept, credit card payment of fares by April 1, 2012.

**FISCAL IMPACT:** The fare increase would apply to all taxicab trips, including those used for County programs. The Department of Environmental Services contracts with Red Top Cab to transport disabled persons under the STAR para-transit program. STAR currently uses Red Top for about 36,530 trips per fiscal year with an average trip length of about eight miles. It is estimated that the extra passenger charge of \$1.50 could result in an additional \$3,000 in annual expenses for the County. For alternative 1, the initial drop charge increase from \$2.75 to \$3.00 would cost the County an additional \$9,132.50 per year. For alternative 2, the increase in the per mile from \$2.00 to \$2.10 would cost the County an additional \$30,000. Approximately half of the additional costs would occur in Fiscal Year 2012. As with the costs to STAR from the current surcharge, DES expects that the additional costs that result from a mileage-rate increase would be covered by the program's contingency for program adjustments included in the FY 2012 adopted budget. The fare charge is also expected to have a small impact on the operating budgets of the Department of Human Services and the Department of Parks, Recreation and Cultural Resources, which use taxicabs to transport clients for some of their programs. Each agency uses a few hundred taxicab trips per year. The increased costs for DHS and PRCR will be accommodated within existing program budgets.

**AN ORDINANCE TO AMEND, REENACT, AND RECODIFY § 25.1-12 (RATES OF FARE) OF CHAPTER 25.1 (TAXICABS) OF THE ARLINGTON COUNTY CODE, BY AMENDING SUBSECTIONS 25.1-12(A) AND (D) RELATING TO THE INITIAL DROP AND EXTRA PASSENGER CHARGES , RESPECTIVELY, EACH TO BECOME EFFECTIVE ON JANUARY 1, 2012, AND TO ADD A NEW SUBSECTION 25.1-12(L) REQUIRING ALL TAXICABS TO BE EQUIPPED TO ACCEPT, AND TO ACCEPT, PAYMENT OF FARES BY CREDIT CARDS, TO BE EFFECTIVE ON APRIL 1, 2012.**

1. **BE IT ORDAINED** that § 25.1-12, subsections (A) and (D) of the Arlington County Code are amended, reenacted and recodified to read in pertinent part as follows, effective on January 1, 2012:

**§ 25.1-12. Rate schedule, tolls, payment.**

The rate schedule for fares and service charges is as follows:

(A) For the first one-fifth (1/5) mile (initial drop charge): ~~two dollars and seventy-five cents (\$2.75)~~three dollars (\$3.00).

\* \* \*

(D) For each additional Passenger over six (6) years of age twelve (12) years of age and older, when more than one (1) Passenger is transported: ~~one dollar (\$1.00)~~one dollar and fifty cents (\$1.50).

\* \* \*

2. **BE IT FURTHER ORDAINED** that new subsection (L) is added to § 25.1-12 of the Arlington County Code as follows, effective on April 1, 2012:

\* \* \*

(L) As of April 1, 2012, each taxicab shall be equipped to accept, and shall accept, payment of fares by credit cards.

\* \* \*

3. **BE IT FURTHER ORDAINED** that the subsections of § 25.1-12 that are not amended by this ordinance shall remain in full force and effect as previously enacted.

**AN ORDINANCE TO AMEND, REENACT, AND RECODIFY § 25.1-12 (RATES OF FARE) OF CHAPTER 25.1 (TAXICABS) OF THE ARLINGTON COUNTY CODE, BY AMENDING SUBSECTIONS 25.1-12(A), (B), (C) AND (D) RELATING TO THE INITIAL DROP, MILEAGE, WAIT TIME AND EXTRA PASSENGER CHARGES , RESPECTIVELY, EACH TO BECOME EFFECTIVE ON JANUARY 1, 2012, AND TO ADD A NEW SUBSECTION 25.1-12(L) REQUIRING ALL TAXICABS TO BE EQUIPPED TO ACCEPT, AND TO ACCEPT, PAYMENT OF FARES BY CREDIT CARDS, TO BE EFFECTIVE ON APRIL 1, 2012.**

1. **BE IT ORDAINED** that § 25.1-12, subsections (A), (B), (C) and (D) of the Arlington County Code are amended, reenacted and recodified to read in pertinent part as follows, effective on January 1, 2012:

**§ 25.1-12. Rate schedule, tolls, payment.**

The rate schedule for fares and service charges is as follows:

(A) For the first ~~one-fifth (1/5)~~one-sixth (1/6) mile (initial drop charge): two dollars and seventy-five cents (\$2.75).

(B) For each succeeding ~~one-fifth (1/5)~~one-sixth (1/6) mile or fraction thereof (mileage charge): ~~forty cents (\$0.40)~~thirty-five cents (\$0.35).

(C) For each ~~sixty-four (64)~~fifty-six (56) seconds of wait time: ~~forty cents (\$0.40)~~thirty-five cents (\$0.35).

(D) For each additional Passenger ~~over six (6) years of age~~ twelve (12) years of age and older, when more than one (1) Passenger is transported: ~~one dollar (\$1.00)~~one dollar and fifty cents (\$1.50).

\* \* \*

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