



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of September 8, 2007**

**DATE:** August 28, 2007

**SUBJECT:** Application by EnviroCAB LLC for a certificate of public convenience and necessity to engage in the taxicab business in Arlington County.

**C. M. RECOMMENDATION:**

Issue a certificate of public convenience and necessity to EnviroCAB LLC to engage in the taxicab business in Arlington County, and authorize the operation of 50 taxicabs by EnviroCAB LLC.

**ISSUES:** Will the public welfare be enhanced by the award of a certificate to EnviroCAB?

**SUMMARY:** A new company, EnviroCAB LLC (“EnviroCAB or “Applicant”), has applied for a certificate of public convenience and necessity to operate a taxicab business in Arlington. EnviroCAB plans to operate an all-hybrid fleet with dispatch service. It is recommended that EnviroCAB be granted a certificate of public convenience and necessity to operate 50 taxicabs.

**BACKGROUND:** Arlington’s six taxicab companies are currently authorized to operate a total of 666 taxis. The three larger companies are radio-dispatched—Red Top with 330 taxis, Blue Top with 156, and Yellow with 95. The three smaller companies, which do not offer dispatched taxi service, are Hess with 35 taxis, Crown with 27 and Friendly with 23. The taxicab companies serve different markets. The three large companies provide dispatch service, ranging from Red Top, where more than 70 percent of trips are dispatched, to Yellow, which has about 40 percent of its trips dispatched. The three smaller companies depend on “hail” service, pickups from taxi stands and hotels, and pickups from Reagan National Airport. Red Top also serves as a contractor for the Arlington STAR paratransit service and other social services for the County.

The last significant increase in the number of taxicabs authorized was in 1998-1999, when the number of taxicabs authorized by the County was increased by six percent or 37 vehicles. Since that time, the events of September 11, 2001, the brief closure of Reagan National Airport, and the drop in tourism and business travel caused a drop-off in the taxicab business. The business has since recovered, and in the last two years the companies have asked for certificate amendments to operate additional taxicabs. Following last year’s application period and the annual Transportation Commission taxicab meeting, a small number of special-purpose taxicabs was authorized—three wheelchair-accessible vehicles and eight alternative-fuel vehicles. These

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: Richard Hartman, DES, Division of Transportation

were allotted to the companies by the County manager as amendments to the existing certificates this spring.

Arlington's Taxicab Ordinance (Chapter 25 of the County Code) specifies that each year between May 1 and May 10, applications may be submitted both for new certificates of public convenience and necessity to engage in the taxicab business and for amendments to existing certificates. This year the current certificate holders applied for a total of 115 additional taxicabs. Also, a new company, EnviroCAB LLC, applied for a certificate to operate up to 100 hybrid taxicabs.

**DISCUSSION:** The application for a certificate from EnviroCAB for 100 hybrid taxicabs specified that these would be mostly Toyota Prius vehicles, with a small number of Ford Escape SUVs. The Applicant claimed that the inspiration behind the company was the County's Fresh AIRE program. In its application, EnviroCAB agreed to purchase carbon offset credits to offset the emissions of the vehicles in its fleet. EnviroCAB also stated that it would purchase carbon offset credits to offset the additional emissions of the equivalent of two 16 mpg vehicles for every taxi they were authorized to operate.

It is the role of the Transportation Commission to consider the applications for new or amended certificates and to make recommendations to the County Manager. The Transportation Commission this year recommended that the existing companies be permitted to operate a total of 41 additional taxicabs and that EnviroCAB be given a certificate to operate 35 taxicabs for a total increase of 76 vehicles, an 11.4 percent increase. In the County Manager's Annual Taxicab Report (Attachment A), it was recommended that the existing companies be permitted to operate a total of 36 additional taxicabs and that EnviroCAB be issued a certificate to operate 50 taxicabs for a total increase of 86 vehicles, a 12.9 percent increase. The new certificate for EnviroCAB requires approval by the County Board. Because an appeal of the amendments to the existing certificates was filed by M&R Taxi Company (Arlington Blue Top Cab) on August 20, 2007, the County Board will also consider the appeal. The amendments to the certificates of the existing companies will not be made until the appeal is acted upon.

EnviroCAB plans to provide centralized dispatching, but all of the taxicabs would be owned by the drivers. The Transportation Commission had some concerns over EnviroCAB's business model with the drivers owning all of the vehicles. There was uncertainty whether enough drivers will be willing to purchase the more expensive hybrid vehicles needed to join the EnviroCAB fleet. The Commission also questioned the lack of experience in the taxicab business demonstrated by EnviroCAB. The Commission recommended that EnviroCAB be granted a certificate to operate 35 taxicabs on the condition that the County Manager was able to enforce the company's carbon offset pledge and that the company succeeded in employing an experienced taxi industry veteran as part of the management team.

Staff did have some concerns over EnviroCAB's business model and their lack of experience in the taxicab business. However, since the time of the original application, the company has added to its management team people with experience in the taxicab business. (Attachment B provides information on EnviroCAB's operating plan.) As a result, it is recommended that EnviroCAB be granted a certificate to operate 50 hybrid taxicabs. This relatively large number of vehicles for a

startup company is justified by the importance of reducing vehicle emissions and the impetus that the EnviroCAB application has had in convincing other taxicab companies to add hybrid cabs. It would also increase competition in the taxicab industry by providing another sizeable company with dispatch service.

In its application and supporting material, EnviroCAB has emphasized the importance of having a fleet large enough that Arlington customers could call for a taxicab and be assured that they would be dispatched a low-emissions hybrid taxicab. Having a certificate to operate 50 taxicabs would also insure a more viable business by enabling the Applicant to better cover startup and marketing costs and the expense of running a 24-hour dispatch operation. It would also allow the company to charge lower fees to its drivers.

During the public hearing, the County should consider the relevant economic considerations and other factors as described in § 25-6(4)(b):

1. The adequacy of existing taxicab service and other forms of passenger transportation.
2. The probable permanence and quality of service offered by the applicant.
3. The character of taxicab service proposed by the applicant.
4. The financial status, character and responsibility of the applicant.
5. The experience of the applicant in taxicab operations.
6. The adequacy of existing transportation service for persons in wheelchairs.

**FISCAL IMPACT:** None.