



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of July 19, 2008**

DATE: July 10, 2008

SUBJECT: Enactment of an Ordinance to amend, reenact and recodify Section 25-14 (Rates of Fare) of Chapter 25 (Taxicabs) of the Arlington County Code by

- a. Amending subsection 25-14 (1) (a), subsection 25-14 (1) (b), and subsection 25-14 (1) (c) relating to drop, mileage, and wait time charges, to become effective August 1, 2008, and
- b. Repealing subsection 25-14 (1) (j) relating to a one dollar (\$1.00) gasoline surcharge per trip, to become effective August 1, 2008.

C. M. RECOMMENDATION:

Enact the attached Ordinance (Attachment A) to amend, reenact and recodify Section 25-14 (Rates of Fare) of Chapter 25 (Taxicabs) of the Arlington County Code by

- a. Amending subsection 25-14 (1) (a), subsection 25-14 (1) (b), and subsection 25-14 (1) (c) relating to drop, mileage, and wait time charges, to become effective August 1, 2008, and
- b. Repealing subsection 25-14 (1) (j) relating to a one dollar (\$1.00) gasoline surcharge per trip, to become effective August 1, 2008.

ISSUES: Should the emergency gasoline surcharge on taxicab fares be made permanent or should it be replaced with an increase in the mileage rate with related changes in the drop and wait time charges?

SUMMARY: It is recommended that the County Board enact an Ordinance (Attachment A) to replace the current \$1.00 gasoline surcharge on taxi trips with an increase in the mileage rate from \$1.80 to \$2.00 per mile to account for the significant increase in the price of gasoline.

BACKGROUND: On June 17, 2008, the Arlington County Board enacted an emergency ordinance permitting a \$1.00 gasoline surcharge for taxi trips to compensate drivers for the rapidly increasing cost of gasoline. The most recent taxicab fare increase (not a surcharge) previously approved by the County Board was in October 2005, and went into effect on November 1, 2005. At the time of that fare increase, the initial drop charge remained \$2.75, 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.

County Manager: _____

County Attorney: _____

Staff: Richard Hartman, DES, Division of Transportation

The gasoline surcharge enacted in 2005 was in response to the cost of gasoline increasing to around \$2.25 per gallon in June of that year. Later that year, following Hurricane Katrina, the price of gasoline spiked to over \$3.00 per gallon in September 2005. At the time the Board enacted the (non-surcharge) fare increase, the price of gasoline had begun to decrease, and the fare was based on a gasoline price of about \$2.75 per gallon. In recent months, the price of gasoline has risen sharply and it is now around \$4.00 per gallon.

In early May of this year, several Arlington taxicab companies asked the County Manager to consider a fare increase or surcharge to compensate drivers for the increasing cost of gasoline. The requests include two different types of fare increases. Blue Top Cab and Crown Cab companies asked that the initial charge be raised by \$1.00. Red Top Cab asked that the mileage charge be increased from \$1.80 to \$2.00 per mile. The fare at that time was \$2.75 for the initial 1/6 mile, \$0.30 for each additional 1/6 mile, and \$0.30 for each 48 seconds of waiting time (\$22.50 per hour). On May 20, as gasoline prices continued to rise, Red Top Cab requested that a fare surcharge of \$1.00 be added on an emergency basis, to be replaced in July by a permanent increase in the mileage charge. Letters from the taxicab companies requesting a fare increase or surcharge are attached to this report (Attachments B through D).

The \$1.00 per trip surcharge was enacted by the County Board on June 17, 2008, on an emergency basis. It will be in effect until August 15, unless the Board acts to make it permanent or replace it with another charge. At the time the Board enacted the surcharge, it also approved advertisement of a public hearing to consider two permanent fare increase options: 1) retaining the \$1.00 surcharge or 2) increasing the mileage charge by \$0.20 per mile, from \$1.80 per mile to \$2.00 per mile, with related changes in the drop and wait time charges.

DISCUSSION: Staff recommends replacing the \$1.00 per trip surcharge with an increase in the mileage rate from \$1.80 to \$2.00 per mile, the maximum amount that was advertised. The average taxi-trip distance in Arlington is about six miles, so the mileage increase of \$0.20 per mile would yield about \$1.20 per trip, somewhat more than the \$1.00 yield from the gasoline surcharge. An increase in taxi fares of \$1.20 per trip appears to be appropriate in light of current gasoline prices. At the time of the last fare increase in November 2005, it was calculated that a typical taxicab used on average about one gallon of gasoline for each trip, including non-revenue miles. (This was based on the Ford Crown Victoria, which, despite a growing number of hybrids employed during the past year, still constitutes a large majority of the Arlington taxicab fleet.) An increase of \$1.20 per trip would cover the increase in the price of gasoline from the \$2.75 per gallon that was used in establishing the previous fare increase to a price of \$3.95 per gallon.

Previous analysis has shown that a typical taxi driver might drive 160 miles per day, with 64 of those being paid miles (non-revenue miles would include trips to and from the garage, driving to pick up a passenger, or returning to a taxi stand after a trip.). Assuming 300 work days a year, and a vehicle gas mileage of 15 miles per gallon, that would require 3,200 gallons of gasoline per year. At the price of \$2.75 gallon assumed at the time of the last fare increase, the cost to the driver would be \$8,800 per year. The same amount of gasoline at a recent price of \$4.00 per gallon would cost the driver \$12,800 per year, an increase of \$4,000 or 45 percent. The proposed fare increase of \$0.20 per mile would yield that driver an additional \$3,840 per year, 96

percent of the driver’s increased gasoline cost. Drivers of more fuel efficient vehicles, on the other hand, could have a gain in revenue greater than their increased fuel cost. The driver of a vehicle that got 25 miles per gallon would see the same \$3,840 yearly increase in revenue, but would have an additional fuel cost of only \$2,400. Thus, there exists an incentive for more fuel-efficient vehicles.

The table below shows the effect of each option (surcharge and mileage rate increase) on the fares for some representative taxi trips. (All numbers are exclusive of waiting and extra charges.)

Trip Characteristics	Before Surcharge	Surcharge Option	Increase	Mileage Option	Increase	Both Options	Increase
To grocery store – 2 miles	\$6.35	\$7.35	\$1.00 (15.7%)	\$6.75	\$0.40 (6.3%)	\$7.75	\$1.40 (22.0%)
Courthouse to National Airport – 5 miles	\$11.75	\$12.75	\$1.00 (8.5%)	\$12.75	\$1.00 (8.5%)	\$13.75	\$2.00 (17.0%)
Ballston to Dulles Airport – 22 miles	\$42.35	\$43.35	\$1.00 (2.4%)	\$46.75	\$4.40 (10.4%)	\$47.75	\$5.40 (12.8%)

For short trips, the increase in the mileage charge would raise the fare less than the gasoline surcharge. For trips of medium length, typical for Arlington, the effect would be about the same for either option. For long trips, such as to Dulles Airport, the increase in the mileage charge would have a significantly larger effect than a surcharge.

The advantage of the mileage-charge option is that it ties the fare increase more directly to the cost of the gasoline used and compensates the drivers for their actual expenses. It does not burden residents who depend on taxicabs for short trips as much as the \$1.00 surcharge. The Transportation Commission, during its discussion of the emergency surcharge, expressed a preference for the option that would increase the mileage charge.

It has been suggested that the increase in the taxi fare should include both a mileage rate component and a per-trip component. The reasoning is that the costs of non-revenue mileage should be shared equally among all of the trips. However, the longer trips, such as to Dulles Airport, generally require more non-revenue miles to return to Arlington, so an increase in only the mileage charge seems to be a more equitable approach.

The table below compares Arlington’s current taxicab fares with those for some of the other jurisdictions in the region. With the increase in the mileage charge, Arlington’s taxi fares would be between those of Alexandria and Fairfax.

Jurisdiction	Initial Charge	Per Mile	Waiting Per Minute	Gasoline Surcharge	Date of Surcharge
Arlington	\$2.75	\$1.80	\$0.375	\$1.00	June 2008
Alexandria	\$2.75	\$2.04	\$0.375	\$1.00	May 2008
Fairfax Co.	\$2.75	\$1.75	\$0.35	\$1.00	Nov. 2007
Montgomery	\$4.00	\$1.60	\$0.40	\$1.50	May 2008
District	\$3.00	\$1.50	\$0.25	\$1.00	Nov. 2007

CONCLUSION: Staff recommends that the County Board enact an ordinance replacing the \$1.00 emergency gasoline surcharge with a permanent increase of \$0.20 per mile, the maximum mileage increase that was advertised for public hearing. The mileage charge would change from \$0.30 for each 1/6 mile to \$0.40 for each 1/5 mile. The initial charge would remain at \$2.75, but it would cover the first 1/5 mile to match the revised mileage increment. Similarly, the waiting time charge would remain at \$22.50 per hour, but the fare increment would change to \$0.40 to match the revised mileage fare increment.

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 paratransit program. STAR currently uses Red Top for about 5,000 trips per month with an average trip length of about eight miles. At the time the surcharge was enacted, it was estimated that the \$1.00 surcharge would cost an additional \$60,000 per year and the increase of \$0.20 per mile would cost \$96,000 per year. 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 2009 adopted budget. The surcharge was also expected to have a smaller 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. Since most of these trips are shorter than the average STAR trip, the cost of the mileage increase on these programs is expected to be similar to that of the current surcharge, approximately \$9,000 per year for DHS and \$10,000 per year for PRCR. The increased costs for DHS and PRCR will be offset by providing fewer taxi trips or by shifting funds from other programs.

AN ORDINANCE TO AMEND, REENACT, AND RECODIFY SECTION 25-14 (RATES OF FARE) OF CHAPTER 25 (TAXICABS) OF THE ARLINGTON COUNTY CODE BY AMENDING SUBSECTIONS 25-14 (1) (a) THROUGH (c) RELATING TO THE INITIAL DROP, MILEAGE, AND WAIT TIME CHARGES, AND REPEALING AN EMERGENCY ORDINANCE RELATING TO A GASOLINE SURCHARGE ENACTED BY THE COUNTY BOARD ON JUNE 17, 2008, EACH TO BECOME EFFECTIVE AUGUST 1, 2008.

1. BE IT ORDAINED that Section 25-14, Subsection (1) (a) through (c), Chapter 25, of the Arlington County Code is amended, reenacted and recodified to read, in pertinent part as follows, effective upon enactment:

Section 25-14. Rates of Fare

(1) Schedule. Taximeter fares shall be defined as Class A fares; the Taxi shall be under the direction of the passenger and shall travel by the route designated by the passenger if the passenger has a preference. Any stopovers en route shall be at the direction of the passenger. For such service, it shall be unlawful to charge other than the following rates, with subsection (1) (c) to be determined by the taximeter:

- (a) For the first ~~4/6~~ 1/5 mile (initial drop charge) \$2.75
- (b) For each succeeding ~~4/6~~ 1/5 mile (mileage charge) ~~\$0.30~~ \$0.40 (~~\$1.80/mile~~ \$2.00/mile)
- (c) For each ~~forty-eight (48)~~ sixty-four (64) seconds of wait time ~~\$0.30~~ \$0.40 (\$22.50/hour)

* * *

2. Be it further ordained that Section 25-14, Subsection (1) (j) of Chapter 25 of the Arlington County Code, as enacted by the County Board on an emergency basis on June 17, 2008, is hereby repealed, effective August 1, 2008.

~~(j) Gasoline Surcharge: Notwithstanding any provision of subsection (1) above, a gasoline surcharge in the amount of one dollar (\$1.00) may be added to the fare of each taxi trip.~~

3. Be it further ordained that remaining subsections of the above section hereby amended, reenacted and recodified shall remain as previously enacted.

4. This Ordinance shall become effective on August 1, 2008, at 12:00 AM.