



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of September 13, 2008**

DATE: September 5, 2008

SUBJECT: Applications of GoGreen Cab and I-Top Cab for Certificates of Public Convenience and Necessity to engage in the taxicab business in Arlington County.

C. M. RECOMMENDATION:

Do not issue certificates of convenience and public necessity to operate taxicab businesses in Arlington County to the two applicants, Mr. Mujahid Ahmad, President of GoGreen Cab, Inc., and Mr. Habteab Daka, intending to trade as I-Top Cab, pursuant to applications dated May 7, 2008, and May 8, 2008, respectively.

ISSUES: Should the applicants be issued certificates of public convenience and necessity to operate taxicab businesses in Arlington County?

SUMMARY: Two applications have been received this year for a certificate of public convenience and necessity to engage in the taxicab business in Arlington County. The first application, dated May 7, 2008, is from Mr. Mujahid Ahmad, President of GoGreen Cab, Inc. The second application, dated May 8, 2008, is from Mr. Habteab Daka, intending to trade as I-Top Cab. Last year saw a large increase in the number of taxicabs authorized by the County. A new company, EnviroCAB, was issued a certificate to operate 50 taxicabs. Existing companies were authorized to operate an additional 36 taxicabs. For the reasons stated in this report, the staff believes that the need for more new companies has not been demonstrated. It would not markedly improve service to the public and would likely be harmful to the livelihood of the current drivers. It is recommended that the County Board not issue certificates of public convenience and necessity to the two applicants.

BACKGROUND: The County Taxicab Ordinance specifies a 10-day period during the month of May when new companies may apply for a certificate of public convenience and necessity to engage in the taxicab business and when existing companies may apply for certificate amendments to operate additional taxis. The County Manager makes the determination on certificates for existing companies operating in the County. The County Board must make the decision on new companies not now operating in the County.

County Manager: _____

County Attorney: _____

Staff: Richard Hartman, DES, Division of Transportation

Last year, there was a large increase in the number of taxicabs permitted to operate in Arlington. The then-existing companies were authorized a total of 36 additional taxis. A new company, EnviroCAB, was authorized to operate 50 taxis. This was a total increase of about 13 percent in the number of taxicabs authorized to operate in the County. Previous to 2007, the last significant increase had been in 1998-1999, when the number of authorized taxicabs was increased by about six percent. Since that time, the events of September 11, 2001, the brief closure of National Airport, and the drop in tourism and business travel caused a drop-off in the taxicab business. By 2007, the business had recovered, and the companies were again asking for more taxis. The new applicant, EnviroCAB, made a compelling case by specifying that its entire fleet would be environmentally-friendly hybrid vehicles. The large number of new taxis authorized last year was intended, in part, to assure that EnviroCAB would have enough vehicles to operate a viable dispatch business.

Including the large increase in taxis last year, the seven resultant taxi companies were permitted to operate a total of 752 taxis. The four largest companies—Red Top, Blue Top, Yellow Cab and EnviroCAB—provide dispatch service, with from about 40 percent to 70 percent of their trips dispatched. The three other companies--Crown, Hess and Friendly--depend on “hail” service, pickups from cab stands and hotels, and pickups from National Airport. Table 1 lists the current fleet of each company, the number of taxis requested and authorized last year (2007) and the number requested and approved by the County Manager this year (2008).

Table 1. Certificate Applications and Determination for Existing Companies

Company	Current Fleet	Percent of Market	Number Requested 2007	Number Authorized 2007	Number Requested 2008	Transportation Commission Recommendation 2008	County Manager's Determination 2008	Authorized Fleet 2008	Percent of Market
Red Top	350	46.5	50	20	25	0	0	350	45.8
Blue Top	156	20.7	30	0	35	0	10	166	21.7
Yellow	100	13.3	20	5	15	0	0	100	13.1
EnviroCAB	50	6.6	100	50	19	0	0	50	6.5
Crown	37	4.9	10	10	0	0	0	37	4.8
Hess	35	4.7	0	0	5	0	0	35	4.6
Friendly	24	3.2	5	1*	6	2*	3**	27	3.5
TOTAL	752	100	215	86	105	2	13	765	100

* Wheelchair-accessible

**Includes two wheelchair-accessible and one hybrid

During this year’s application period, two applications for new certificates were submitted. Mr. Mujahid Ahmad, President of GoGreen Cab, Inc., applied to operate 100 taxicabs. Mr. Habteab Daka, intending to trade as I-Top Cab, applied to operate 40 taxicabs. The Taxicab Ordinance specifies that the County Board hold a hearing and make a determination on new certificate applications. The applicant has the burden of establishing that the public welfare will be enhanced by the award of the requested certificate. The determination is made by the Board after considering various factors, including economic considerations, the impact on private property rights, public need, potential benefits, and the following factors described in Section 25-6(4)(b) of the Taxicab Ordinance:

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 the taxicab service proposed by the applicant.

4. The financial status, character and responsibility of the applicants.
5. The experience of the applicant in taxicab operations.
6. The adequacy of existing transportation service for persons in wheelchairs.

DISCUSSION: It is the role of the Transportation Commission to advise the County Manager on taxicab matters. Each year the Commission holds its annual taxicab meeting to assess the economic state of the taxicab industry. At this year's meeting, on July 10, the Commission heard from applicants for new certificates, from existing certificate holders, and from taxi drivers and other citizens. Both of the applicants for new certificates appeared before the Transportation Commission to speak in support of their applications. Mr. Mujahid Ahmad, President of GoGreen Cab, Inc. (a startup company), asked for a new certificate to authorize the operation of 100 taxis. Mr. Habteab Daka asked for a certificate to operate 40 taxis under the name of I-Top Cab. Both applicants stated that their fleets would all be hybrid vehicles, that they would provide dispatch services, and that their drivers would own the vehicles. Both of the applicants have experience as cab drivers. However, only Mr. Ahmad demonstrated any experience in taxicab management and that was very limited. Both applicants cited their experience in serving Arlington County customers as taxi drivers and what they saw as a need for additional taxicab service in Arlington.

After reviewing the applications and supporting material, and hearing the testimony, the Commission voted 7-0 to recommend that the two applications be denied. The Commission found that taxicab service in the County is currently adequate and noted that the substantial fleet expansion authorized last year was still coming on line. The Commission also expressed the view that neither applicant appeared to have much experience in managing a taxicab company or a fully developed business plan. In a subsequent action, the Transportation Commission on August 28, 2008, voted 7-0 in support of the County Manager's recommendation on the new applications.

Staff agrees with the Commission's recommendation on the new certificate applications. The Hack Inspector stated at the Commission hearing that, based on his conversations with drivers and his observations of taxicab operations, he does not see the need for additional taxicabs in the County at this time. Transportation Division staff had also conducted observations at several cab stands in the County at various times during the day. They found that the stands were mostly full and additional taxis were cruising past or loitering nearby waiting for spaces to open up. The market appears to be still absorbing the large numbers of taxis added within the past year. While Arlington's economy appears to remain strong, growth has slowed in line with national trends and unemployment has risen slightly in recent months. Traffic at National Airport, a major generator of taxi trips, has begun to drop after several years of growth. In the first six months of 2008, passenger counts were down 3.6 percent compared to 2007. Adding a new company with a substantial number of taxis this year would be harmful to the economic livelihood of the current drivers.

In the County Manager's annual taxi report to the County Board this year, a limited number of additional taxicabs was authorized for the existing companies, as shown in Table 1. The changes to the existing certificate holders do not require approval by the County Board. As recommended by the Transportation Commission, Friendly Cab was granted two wheelchair-

accessible taxis to fulfill current contracts for services. While not a recommendation of the Transportation Commission, the County Manager also authorized Blue Top Cab to add 10 hybrid taxis and Friendly to add one hybrid taxi. This is consistent with the Transportation Commission's recommendation from 2007 and it will enable Blue Top and Friendly to join the ranks of the other companies that have added environmentally-friendly hybrid vehicles in the past year. Allowing these companies to gain experience in operating hybrid vehicles is expected to encourage them to consider hybrids in the future as they replace their existing fleets. Adding the 11 hybrid taxicabs would increase the number of taxis in Arlington County by less than 1.5 percent and would not have the unfavorable impacts on existing drivers that the new companies and their large numbers of additional taxicabs would. However, permitting a new company to start up with a small number of taxicabs such as this would not be practical. For a company to operate a viable dispatch business and serve the entire County, it probably would need a minimum of 40 to 50 taxis.

In assessing the new applications, staff considered various factors, including the following:

- Economic considerations – the current economic slowdown would appear to reduce the need for additional taxicab service at this time.
- Private property rights – permitting too many taxicabs could adversely affect current taxicab owners and operators.
- Public need – the need for substantial additional taxicab service has not been demonstrated.
- Potential benefits – any benefits from additional taxicabs would likely be offset by the negative impact on current drivers.
- Adequacy of existing taxicab service – the existing service appears to be adequate in light of the large increase in taxicabs within the last year.
- Probable permanence and quality of service – the new companies are likely to have difficulty in establishing and running a new business without adequate demand for additional service.
- Character of the service proposed – both applicants propose providing dispatch service and operating hybrid vehicles.
- Financial status, character and responsibility of applicant – staff has not found any aspects of these characteristics that would disqualify the applicants.
- Experience of the applicant – neither applicant has demonstrated substantial management experience in the taxicab industry.
- Adequacy of existing service for persons in wheelchairs – neither applicant proposes using wheelchair-accessible vehicles.

CONCLUSION: Staff has not found that the public welfare would be enhanced by the award of a certificate to either applicant and the County Manager recommends that at this time the County Board not issue a certificate of public convenience and necessity to Mr. Mujahid Ahmad, President of GoGreen Cab, Inc., or Mr. Habteab Daka, intending to trade as I-Top Cab, to operate a taxicab business in Arlington.

FISCAL IMPACT: None.