DATE: July 1, 2005

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 amending Subsection 25-14 (1) (j) relating to a maximum one-dollar ($1.00) gasoline surcharge per trip, to become effective upon enactment.

C. M. RECOMMENDATION:

Enact an Ordinance to amend, reenact, and recodify section 25-14 (Rates of Fare), subsection 25-14 (1) (j,) of Chapter 25 (Taxicabs), of the Arlington County Code relating to a fifty-cent ($0.50) gasoline surcharge, to become effective upon enactment.

ISSUES: Should the taxicab industry be authorized to continue to charge a $0.50 gasoline surcharge on each taxi trip?

SUMMARY: It is recommended that the County Board enact an Ordinance to extend the $0.50 gasoline surcharge per taxi trip. The surcharge initially was authorized by an emergency Ordinance enacted on June 18, 2005. Unless the Ordinance is amended on a non-emergency basis, the surcharge would expire under the terms of the emergency Ordinance on August 16, 2005.

BACKGROUND: At last year’s Transportation Commission taxi hearing in July 2004, it was recommended that, if the price of gasoline exceeded $2.00 per gallon for a prolonged period, the County staff and the taxi industry should recommend a gasoline surcharge to the County Board. Currently, gasoline prices in the region average around $2.20 per gallon. On April 7, 2005, Mr. Charles King, Vice-President of the Red Top Cab Company, contacted County staff requesting the County Board authorize the taxi operators to charge a gasoline surcharge for each taxi trip. The taxi industry met with the Transportation Commission at its April 26, 2005 meeting, and the Commission asked staff to present a formal recommendation. With the support of the taxi industry, staff recommended an emergency Ordinance authorizing a $0.50 surcharge and the advertisement of a public hearing to authorize the surcharge, on a non-emergency basis. The Transportation Commission on June 9, 2005, voted to support the staff recommendation.

County Manager: ______________
County Attorney: ______________
Staff: Richard Hartman, DES – Transportation Division
At its June 18, 2005 meeting, the County Board enacted an emergency Ordinance authorizing a $0.50 gasoline surcharge per taxi trip. Because the surcharge would expire after 60 days, the Board also at that time authorized advertisement of an Ordinance to extend the surcharge on a non-emergency basis at a rate not to exceed $1.00 per taxi trip. The proposed surcharge is consistent with the Ordinance advertisement.

DISCUSSION:

At the June 18, 2005 Board meeting, several questions were raised regarding Arlington County’s regulation of taxicabs. Arlington County, like almost all other jurisdictions in the United States, has in place a set of legal Ordinances that regulate the operations of the private taxicab industry within its boundaries. The basis for these regulations is that taxicabs are private providers of transportation services that benefit the general public. The taxicabs are an important component of a multi-modal transportation system. Governments have typically taken on the role of regulation to ensure that the taxicabs are operated in a manner that is safe, fair, and non-discriminatory, while providing convenience for the public and permitting the taxi operators and owners to earn a reasonable income. Over the past few decades several cities, including Phoenix, San Diego and Seattle, have attempted deregulation of their taxi industry. They found that conditions within the taxi industry degraded substantially following deregulation and all have since re-regulated. Deregulation tended to bring in many additional taxicabs, but there was not sufficient business and the quality of service deteriorated. These cities also found that vehicle conditions declined because there was insufficient revenue to pay for the upkeep and replacement of the vehicles. Regulation provides protection for both the driver and the consumer.

Arlington conducts an annual review of the taxi industry. A report is provided from the County Manager to the County Board in August of each year as specified by County Code. In May of each year, data is collected from the taxicab operator manifests to use in preparing the annual taxi report. The Transportation Commission then holds an annual taxicab hearing to receive testimony from the industry, drivers and the public. For 2005, the Transportation Commission will be holding its annual hearing on July 14. Following the annual hearing, the Transportation Commission makes recommendations to the County Manager to be included as part of the Manager’s annual report to the Board. If a rate increase is proposed, the Board can advertise a public hearing at its September meeting and hold the public hearing to consider the increase in October.

Taxicab rates have several components. The current rate in Arlington is $2.75 for the initial ¼ mile (the drop charge), $0.20 per each additional 1/8 mile (or $1.60 per mile), and $0.20 per 35 seconds of wait time (or $20.57 per hour). In addition to the temporary gasoline surcharge, surcharges are added for additional passengers, excess suitcases and pickups at the Reagan National Airport taxi stands.

The Transportation Commission and the County Manager did not recommend a fare increase in 2004. The last taxi fare increase took effect in December 2003 (with a technical adjustment in the wait charge made in March 2004). Since then the price of gasoline has risen by about $0.65 per gallon. The average length of a taxi trip in Arlington is estimated at about 6 miles. Less than
half of the mileage that drivers put on their vehicles represents paid mileage; on average, a taxi would be driven a total of about 15 miles per trip. On that basis, a $0.50 per trip surcharge would cover the increased gasoline cost for a vehicle that gets about 20 miles per gallon.

In 2004, the average revenue per taxi trip was estimated at $12.25. A surcharge of $0.50 per trip represents an increase in the average per-trip cost to passengers of about four percent. For a short trip of three miles, the fare would be about $7.15 (not counting wait time) and the $0.50 surcharge would represent an increase in cost to passengers of about seven percent.

Other jurisdictions in the region have authorized gasoline surcharges. The District of Columbia Taxicab Commission recently enacted a $1.00 per trip surcharge on its taxicab fares. Montgomery County, Maryland, has a gasoline surcharge of $1.00 that was extended in January. The City of Alexandria in May of this year continued a $0.50 surcharge that was enacted over a year ago. Fairfax County recently approved a fare increase that will go into effect in July.

At the June 18 Board meeting, there was discussion as to why a $0.50 surcharge was recommended in lieu of adjusting the rates so that the increase would be distributed over miles traveled. A fuel surcharge was proposed as the easiest and quickest method to provide relief to taxicab drivers from the increase in fuel prices. This surcharge was consistent with what other local jurisdictions have used. The surcharge is seen as a short-term remedy. The best method to more accurately reflect rises in fuel costs would be to adjust the mileage charge component of the taxi fare. With the annual report in preparation and the annual taxi hearing scheduled for July 14, the entire rate package will be reviewed during the summer. An increase in the mileage charge can be proposed at that time.

At the June 18 County Board meeting, there was a request that a notice be placed in taxis to inform passengers about the public hearing on the proposed gasoline surcharge. A notice has been placed in taxis announcing the current $0.50 surcharge and including information about the July 9 public hearing on continuing the surcharge. The Hack Inspector has reported that he has found the notice in taxicabs he has inspected.

The Transportation Commission considered the proposed surcharge on June 30, 2005, and voted 6-0 to recommend to the Manager that the temporary gasoline surcharge be continued until a fare increase can be considered.

**FISCAL IMPACT:** The $0.50 surcharge would apply to all taxicab trips, including those for disabled persons under the Specialized Transportation for Arlington Residents (STAR) program, for which the County contracts with Arlington taxi companies. The STAR service currently uses Red Top Cab for approximately 7,000 trips per month. This surcharge would effectively cost the County an extra $3,500.00 per month ($42,000 per year). This represents 1.7 percent of the FY 2006 STAR budget. The surcharge will also impact the operating budgets of both the Department of Human Service (DHS) and the Department of Parks, Recreation and Cultural Resources (PRCR) with their use of taxicabs for transporting clients. It should be noted that the cost of providing many County services is being affected by the high cost of fuel.
AN ORDINANCE TO AMEND, REENACT, AND RECODIFY SECTION 25-14 (RATES OF FARE) OF CHAPTER 25 (TAXICABS) OF THE ARLINGTON COUNTY CODE BY AMENDING SUBSECTION 25-14 (1) (j) RELATING TO A FIFTY CENT ($0.50) GASOLINE SURCHARGE PER TRIP, TO BECOME EFFECTIVE UPON ENACTMENT.

1. BE IT ORDAINED that Section 25-14, Chapter 25, subsection (1) (j) 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:

* * *

(j) Gasoline Surcharge: Notwithstanding any provision of subsection (1) above, a gasoline surcharge in the amount of fifty cents ($0.50) may be added to the fare of each taxi trip.

* * *

2. Be it further ordained that the above subsection 25-14 (1) (j), as enacted by the County Board on an emergency basis on June 18, 2005, is hereby amended, reenacted and recodified on a non-emergency basis.

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