



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of April 22, 2023

DATE: February 16, 2023

SUBJECT: Request to advertise a Public Hearing by the County Board to consider changes in the rates of fare under Chapter 25.1 (Taxicabs) of the Arlington County Code, Section 25.1-12 to be effective July 1, 2023.

C. M. RECOMMENDATION:

Authorize advertisement of a public hearing by the County Board on May 13, 2023, to consider an increase in the drop charge from \$3 to \$3.50, the 1/6 of a mile charge from \$0.36 to \$0.40, and the wait time charge from \$0.36 to \$0.40 per 56 seconds under Chapter 25.1 (Taxicabs) of the Arlington County Code, Section 25.1-12. Adjustments in Rates of Fare to be effective July 1, 2023.

ISSUES: The taxicab industry requested that staff review taxicab fares as part of the biennial taxicab fare review process. Starting July 1, 2023, staff recommend increasing taxicab fares to adjust for cost-of-living increases since the last rate change occurred in 2016. County Board approval is required for the advertisement of a public hearing for consideration of the proposed changes in rates of fare.

SUMMARY: Since 2016, the taxicab industry's operating expenses have increased while fares have remained the same. The taxicab industry is impacted when rates do not keep up with inflation, making it challenging for the industry to competitively recruit and retain drivers and maintain the level of service that customers expect. The Taxicab Ordinance, Chapter 25.1 of the Arlington County code, sets the rates of fare for the taxicab industry on a biennial basis, with the next fare rate analysis set for this year. These changes are recommended to recalibrate fares and associated revenues to counterbalance today's higher operating costs.

BACKGROUND: The County Board approved the most recent taxicab fare increase in late 2015, which went into effect on January 1, 2016. The current fare structure is \$3.00 for the drop charge, \$2.16 per mile charge, and a wait time charge of \$0.36 per 56 seconds. Last year, the County Board approved a temporary \$1 surcharge from June 1 to November 30, 2022, to help offset a spike in gas prices. County staff and Arlington County Police Department Hack office did not receive complaints from this surcharge and the industry reported that they did not receive any complaints from the temporary \$1 surcharge.

County Manager:

County Attorney:

Staff: Angie de la Barrera & Brian Shelton, DES

DISCUSSION:

Arlington taxicab companies requested that the County consider a fare increase rate for the 2023 biennial taxicab fare review process. The companies intend to compensate drivers for the increased cost of doing business since the last increase occurred in 2016. This report outlines the process staff used and the information analyzed to support this request.

Over the past seven years, the industry did not request an increase in taxicab rates due to competition with Transportation Network Companies (TNCs). However, the increase in costs during that time has significantly impacted drivers. The taxicab companies are requesting a fare increase to alleviate the pressure of inflation on drivers.

The table below provides a breakdown of the methodology used by staff to evaluate taxicab operational costs. Staff considered changes in costs for specific items related to the cost of operating a taxicab from the Consumer Price Index (CPI) published by the Bureau of Labor Statistics (BLS). These metrics include the price of a new vehicle or the price of insurance, as well as more general cost inflation as reflected by the Consumer Price Index (CPI). The tables below illustrate this analysis.

Formula to Determine Changes in cost of operations of the taxicab industry

Taxicab Cost Element	BLS Index	Weight
Consumer goods and services	CPI	0.62
Vehicle Purchase	New Cars	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

Staff calculated the percent change in the operational cost of a taxicab between January 2016 and January 2023, using Bureau of Labor Statistics data in the five categories above. Staff had worked with the Arlington County Taxicab industry to develop a weighting in each category based on overall importance. The analysis determines how inflation impacted the taxicab industry during the seven-year period.

Change in cost of operations of the taxicab industry

BLS Index	Weight	Jan. 2016	Jan. 2023	Weighted
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				Increase or Decrease	Change
CPI	0.62	\$236.92	\$299.17	1.26	0.78
New Cars	0.15	\$147.46	\$177.28	1.20	0.18
Motor Fuel	0.1	\$172.38	\$297.41	1.73	0.17
Insurance	0.08	\$475.46	\$658.51	1.39	0.11
Maintenance & Repair	0.05	\$273.10	\$371.78	1.36	0.07
Sum	1	1,305.30	1,804.15	1.38	1.38

Source: BLS.gov from tables:

- [Table 1. Consumer Price Index for All Urban Consumers \(CPI-U\): U.S. city average, by expenditure category, January 2023. Not seasonally adjusted.](#)
- [Table 1. Consumer Price Index for All Urban Consumers \(CPI-U\): U.S. city average, by expenditure category, January 2016. Not seasonally adjusted.](#)

Based on the analysis of the BLS data, the cost for operators has gone up approximately 38 percent from the last rate increase that went into effect in January 2016. Fuel costs have had the highest increase at 73 percent, followed by the cost of insurance at 39 percent and maintenance and repair costs at 36 percent. The cost of living has increased 26 percent over the past seven years, decreasing the actual real income of drivers.

Staff considered several options for a fare increase that were presented to the industry for input. The industry determined that increasing the drop charge from \$3 to \$3.50 and the 1/6 of a mile charge from \$0.36 to \$0.40 will provide drivers the best balance between covering the cost of living while maintaining a competitive price. The table below shows the effect of the proposed change on current prices.

Arlington County Current and Proposed Fare

Trip Distance (Miles)	Current Fare	Proposed Fare	Difference	Percent Change
5	\$13.80	\$15.50	\$1.70	12.32%
10	\$24.60	\$27.50	\$2.90	11.79%
25	\$57.00	\$63.50	\$6.50	11.40%

On average, taxicab trip costs will increase between 11 to 12 percent for distances between five-, ten- and 25 miles. The actual cost difference will be between \$1.70 to \$6.50 per trip. The increase is lower than the overall rise in inflation, but the taxicab industry feels that keeping prices competitive is very important.

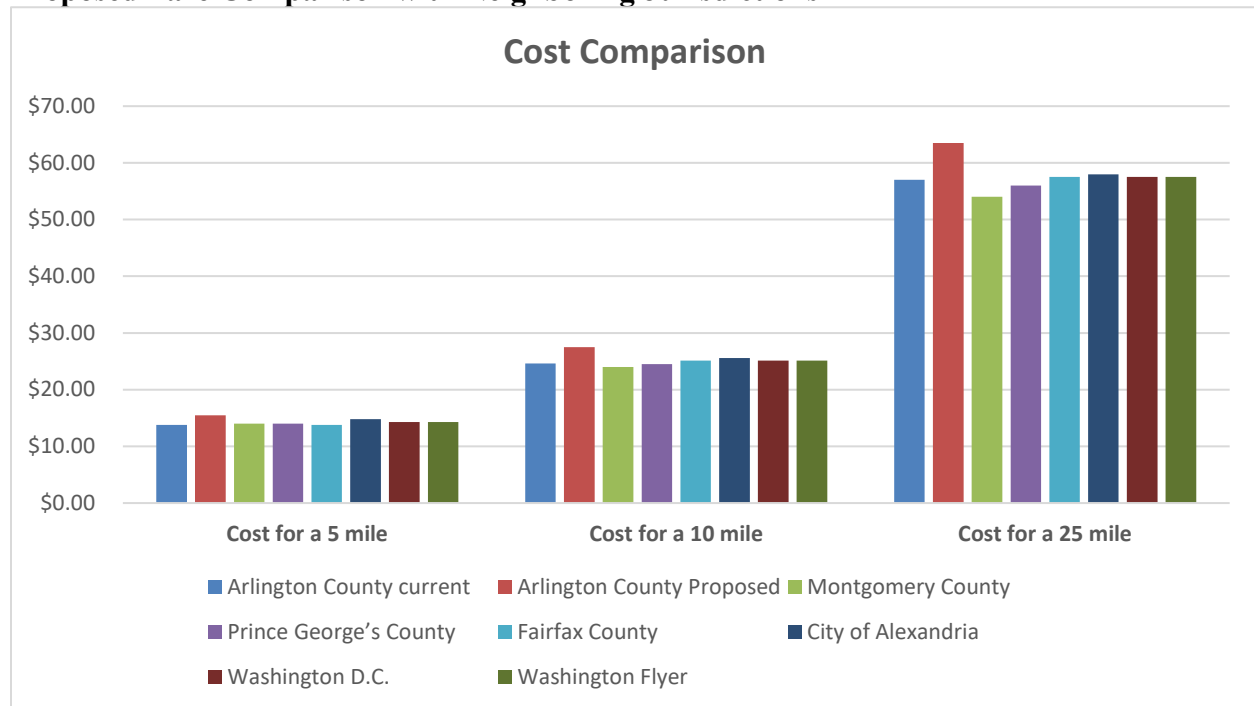
The table below compares Arlington’s current and proposed taxicab fares with those from jurisdictions in the region. Currently, Arlington has the lowest initial drop charge and a comparable mileage charge. The proposed rates will increase Arlington County’s overall rate to the most expensive in the region, particularly due to the higher per mile rate of \$2.40. However, other jurisdictions reported that their rates have not changed in the past seven to ten years. They noted to staff that they will be reviewing and proposing increases in the near future.

Rates Comparison from Neighboring Jurisdictions

Jurisdiction	Initial charge	Cost for distance traveled	Per Mile
Arlington County Current	\$3.00	\$0.36 cents for each additional one-sixth of a mile	\$2.16
Arlington County Proposed	\$3.50	\$0.40 cents for each additional one-sixth of a mile	\$2.40
Montgomery County	\$4.00	\$0.50 cents for each additional quarter mile	\$2.00
Prince George’s County	\$3.50	\$0.30 cents for each additional one-seventh of a mile	\$2.10
Fairfax County	\$3.50	\$0.36 cents for each additional one-sixth of a mile	\$2.16
City of Alexandria	\$4.00	\$0.36 cents for each additional one-sixth of a mile	\$2.16
Washington D.C.	\$3.50	\$2.16 for each additional mile	\$2.16
Washington Flyer	\$3.50	\$0.54 for each additional one-fourth of a mile	\$2.16

The graph below compares the proposed amended Arlington taxi fares with the current fares of neighboring jurisdictions for five-, ten- and 25-mile distance trips. With the proposed increases to the initial drop charge and the per-mile fare, taxi trips in Arlington will be slightly higher than the other area jurisdictions. Staff will monitor rate increases in other jurisdictions and report changes in the 2025 biennial fare rate review process.

Proposed Fare Comparison with Neighboring Jurisdictions



Staff also compared the prices of Arlington taxi fares with Transportation Network Companies (TNC), such as Uber and Lyft. Staff made 912 simulated service requests over three weeks in February 2023, using the Uber and Lyft cellphone application and recorded the observations, noting the service provider; immediate service, 2-hour reservation, 3-hour reservation, or an overnight reservation; the time of the service request; the day of the service request and the trip cost.

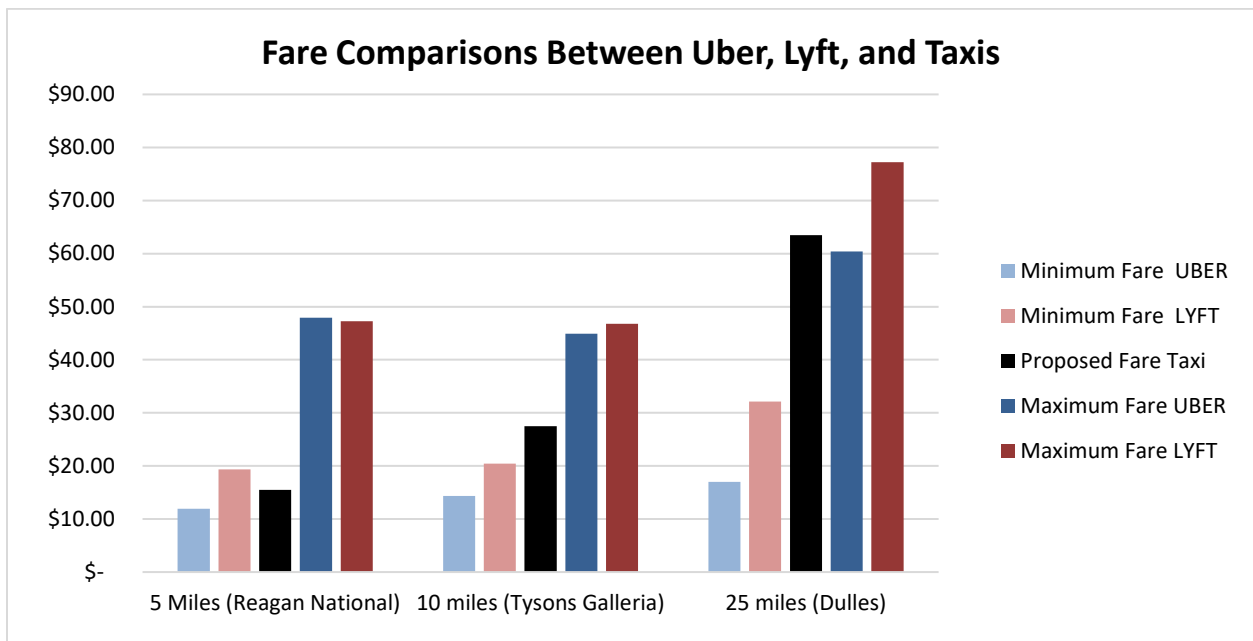
Staff recorded rates originating from 2100 Clarendon Boulevard to three locations: Dulles International Airport Departures (approx. 25 miles), Tysons Galleria (approx. 10 miles), and Ronald Reagan Washington National Airport (approx. 5 miles).

TNCs use a dynamic pricing model, utilizing variable charges instead of fixed charges. Prices are adjusted based on supply and demand and are therefore unpredictable. Because of the dynamic pricing model, there is variability in pricing, producing a wide range in cost for all trips requested immediately and for advanced reservations. Minimum and maximum rates are well defined, however typical rates require the same price to be observed at least twice during the observation period. Some of the trip scenarios did not produce a typical rate as variability in price by \$0.1, which was common, would invalidate the query.

Most maximum rates were offered during peak commute times and weekend evenings. Trip requests made during special events, i.e., the recent Super Bowl on Sunday, February 5, 2023,

produced the most expensive trips over the observation period. Most minimum rates were offered in the late morning and early afternoon time period and on Sunday.

Taxi rates remain consistent regardless of the time the trip request is made because the price is determined by static factors alone. The graph below illustrates the differences in minimum and maximum prices for Uber and Lyft compared with the new proposed fares for Taxicab companies.



As indicated in the graph above, the proposed pricing for taxicab companies operating in Arlington County falls within the observed minimum and maximum ranges TNCs charge for a similar service.

PUBLIC ENGAGEMENT:

The appropriate level of engagement for this matter is Communicate & Consult.

Outreach Methods:

- The Transit Accessibility Subcommittee heard the proposed rate increase at its March 14, 2023 meeting. During the meeting, committee members heard the item and expressed concerns about the increase. Staff noted that Arlington County will cover the increase for the STAR program.
- Staff presented the proposed rates at the Disability Advisory Commission on its March 21, 2023 meeting. Commissioners conveyed to staff the importance of having a reliable wheelchair accessible service in the County.

- At the March 30, 2023, Transportation Commission meeting, the Commission will make a recommendation to the County Board regarding the proposed rates.
- The Disability Advisory Commission will make a recommendation to the County Board at its April 18, 2023, meeting.
- The County Board will advertise the proposed amendment at the April 22, 2023 (or recessed) meeting.
- At the May 13, 2023, meeting, the County Board will consider approval to increases in rates of fare under Chapter 25.1 (Taxicabs) of the Arlington County Code, Section 25.1-12.

Community Feedback:

Taxicab Companies: Crown, Hess, Friendly, Red Top, Arlington Yellow, and Blue Top Cab companies have requested a fare increase.

FISCAL IMPACT:

The Department of Environmental Services (DES) contracts with Red Top Cab to transport disabled persons under the STAR para-transit program. STAR currently uses Red Top for about 44,000 trips per fiscal year with an average trip length of 6 miles. It is estimated that the proposed rate increase would result in an additional \$85,000 in annual expenses for the County. DES expects that the additional costs that result from the proposed rate increase would be covered by improved efficiencies in the provision of STAR services.

The Department of Human Services (DHS) and Department of Parks and Recreation (DPR) recompeted the County's cab voucher program. The program assists clients to meet medical and other non-emergency appointments. The contract was awarded to a Transportation Network Company (TNC). Going forward, these departments do not have any contract with Arlington Taxicab companies after the current contract expires in 2023.

Arlington Public Schools' (APS) Offices of Special Education and Student Services rely on Arlington taxicab companies to provide transportation for students with significant mobility needs, who are experiencing homelessness or who may be in foster care. APS estimates that the proposed taxicab rate would result in an additional cost of approximately \$77,600 for a period of twelve months. APS continues to explore alternative transportation options to support the students.

ATTACHMENT A

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) AND (C) RELATING TO THE INITIAL DROP, PER MILE CHARGES AND WAITING TIME, RESPECTIVELY, EACH TO BECOME EFFECTIVE ON JULY 1, 2023

1. **BE IT ORDAINED** that § 25.1-12, subsections (A), (B) and (C) of the Arlington County Code are amended, reenacted and recodified to read in pertinent part as follows, effective on July 1, 2023:

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

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

- A. For the first one-sixth (1/6) mile (initial drop charge): ~~three dollars (\$3.00)~~ three dollars and fifty cents (\$3.50).

* * *

- B. For each succeeding one-sixth (1/6) mile or fraction thereof (mileage charge): ~~thirty-six cents (\$0.36)~~ forty cents (\$0.40).

- C. For each fifty-six (56) seconds of wait time: ~~thirty-six cents (\$0.36)~~ forty cents (\$0.40).

* * *

4. **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.