



Memorandum

To: Members, Arlington County Board **Date:** July 1, 2022
From: Mark Schwartz, County Manager
Subject: 2022 Taxicab Certificate Determination Report

County Manager's Recommendation

I recommend that no change in the number of taxicabs, including wheelchair-accessible vehicles, be authorized this year. Due to the ongoing pandemic there is still uncertainty in the taxicab industry as to what service demand may look like into the future. The quantitative data currently available reflects information that was collected before and during the pandemic. Based on staff's review of this data, there are sufficient bases to justify maintaining the existing number of taxicabs authorized to operate in the County: 477 vehicles and 39 wheelchair vehicles. This report provides a summary of the data, methodology and rationale that support this recommendation.

Certificate Determination Process

According to Section 25.1-4 of the Taxicab Ordinance (Chapter 25.1 of the County Code) the number of Taxicab Certificates is to be determined by the County Board biennially in even-numbered years. The determination process for the current year begins with this recommendation. This report states the number of taxicabs proposed to be authorized, if any, the rationale for such number and the general methodology used in arriving at a recommendation. A separate certificate-allocation process for deciding whether and to whom certificates (including specific numbers of taxicabs) are granted will begin after September 1, 2022, if applications are received.

New applicants and existing certificate holders can present justification for the request of additional certificates during the certificate-allocation process as outlined below:

Certificate-Allocation Process

- July 1– September 1, 2022: Applications may be submitted by current taxicab certificate holders requesting additional taxicabs as well as by persons who do not at this time hold a certificate. If there is an application for a certificate, the issuance of which would authorize an increase in the number of taxicabs for such applicant or certificate-holder, and the increase would exceed the number of taxicabs determined by the County

Manager, then the application must include a justification for the request to exceed the County Manager's determined maximum. This justification must indicate relevant facts including but not limited to market changes, industry performance, competition, innovation and any other factors and explain how this information yields a determination different from that determined by the County Manager.

- Prior to September 15: Applications received for additional taxicabs will be forwarded to the Transportation Commission.
- Prior to October 15: The County Manager will provide a recommendation to the County Board regarding the number of additional taxicabs, if any, to be authorized by Certificates and allocated to each applicant, including the number of wheelchair-accessible taxicabs.
- Prior to November 15: The Transportation Commission will provide allocation recommendations to the County Board.
- Prior to December 31: The County Board will hold a public hearing and take action on the applications before December 31, 2022.

Methodology for Certificate Determination

According to Section 25.1-4 of the Taxicab Ordinance, in making his determination regarding the number of taxicabs, the County Manager shall consider the following factors for the immediately preceding two (2) years:

- (1) The percentage change in residents, taxicab and paratransit trips, and indicators of business activity, tourism, and public transportation use (jointly "Market Change") within Arlington County;
- (2) Taxicab industry and Certificate-holder performance indicators;
- (3) Competition, including consideration of the number of Taxicabs authorized to be operated by any Certificate-holder in relation to the total number of Taxicabs authorized to be operated under all Certificates; and
- (4) Other factors having, in the reasonable opinion of the County Manager, specific relevance to the provision of taxicab service to the public.

To provide this recommendation, staff utilized a combination of indicators to assess whether there is a need for an alteration to the current number of taxicabs. Best practice in taxi system management recognizes that multiple factors contribute to understanding taxi demand for a jurisdiction. Significant indicators include both quantitative and qualitative measures: population, employment, number of visitors, subway commuters, hotel occupancy, senior and disabled transport programs, airport taxi trips and the number of weather-related days. Staff assembled and evaluated current data in these categories, excepting weather-related days, to provide an initial recommendation regarding the number of taxicabs, then compared the current data to historical information. The historical data considered include the percentage change in the population of Arlington County; change in at-place employment; change in county hotel room occupancy levels; percentage change in airport taxi pick up trips; and change in overall transit passenger trips.

The sections below outline the current taxi certificate distribution and summarize staff's evaluation of indicators of taxi demand in Arlington County that informed the final certificate recommendation described in the conclusion.

(1) Current Certificate Number and Distribution

There are currently a total of 477 taxicabs in Arlington County, which are operated by six (6) certificate holders. The current taxicab fleet includes 39 wheelchair-accessible taxicabs (8% of the entire fleet). The four companies that provide dispatch service total 405 taxicabs (85% of the entire fleet). The remaining taxicabs operate mainly at airports and taxi stands.

The total number of authorized taxicabs has been decreasing from the peak of 847 in 2017 to 477 vehicles in 2022. Authorized wheelchair accessible vehicles have also decreased from 97 in 2017 to 39 in 2022. **Table 1** provides the current taxicab certificates by company.

Table 1: Number of Taxicabs by Company (2022)

	2022	
	Total Vehicles	Wheelchair
Friendly*	39	0
Hess	35	0
Crown	37	0
Red Top*	195	20
Arlington Yellow*	35	0
Blue Top*	136	19
Total	477	39

*Taxicab companies that provide dispatch service
Source: Arlington County Taxicab Certificate Holders

(2) Population Indicators

The growth or decline of Arlington County's population is one indicator of an increase or decrease in the supply of potential taxicab passengers. **Table 2** shows that the population of Arlington County slightly decreased from 238,600 to 235,500 between the years 2020 and 2022 (as of January 1), which is a loss of 3,100 residents (-1.3%).

Table 2: Arlington County Population (2020-2022)

	2020	2021	2022	Difference	% Change
Population	238,600	234,200	235,500	-3,100	-1.3%

Source: Arlington County, CPHD, Planning Division, Urban Design and Research Section. As of January 1 of each year.

(3) Business Activity

Business activity is another indicator that was used to evaluate the state of the taxicab industry. At-place employment (the number of jobs in Arlington County) is a business activity indicator

that provides a measure as to whether there was a change in the number of jobs within Arlington County. Thus, it provides a gauge for commuters entering Arlington County for work-related purposes. **Table 3** shows a decline in at-place employment from 234,800 to 227,200 between the years 2020 and 2022 (as of January 1), which amounts to a decrease of 7,600 jobs (-3.2%) inside Arlington County. It is not clear to what degree the pandemic has had an impact on employment changes during this period.

Table 3: Arlington County At-Place Employment (2020-2022)

	2020	2021	2022	Difference	% Change
At-Place Employment	234,800	231,500	227,200	-7,600	-3.2%

Source: Arlington County, CPHD, Planning Division, Urban Design and Research Section. As of January 1 of each year.

(4) Transportation Indicators

Transportation indicators, including dispatch taxicab trips and transit ridership, provide evidence as to whether there is sufficient demand for an increase to the current number of taxicabs in Arlington County. The COVID-19 pandemic has had a substantial impact on transportation, disrupting previously typical travel patterns as many businesses temporarily closed, or workers shifted to telework, and schools shifted to remote learning. While most indicators show a rebound in trips in 2021, trip numbers are still far lower than they were pre-pandemic in 2019.

Taxicab Trips

Taxicab dispatch trips capture the amount of call-in service provided by dispatch taxicab certificate holders. Currently, dispatch trips are the most labor- and capital-intensive type of trip, requiring substantial call-center operations. **Table 4** provides a comparison between the number of dispatch trips between 2019 and 2021.

Table 4: Dispatch Taxi Trip Comparison (2019-2021)

	2019	2020	2021	Difference	% Change
Blue Top	92,714	5,809	2,245	-90,469	-97.6%
Friendly Cab	300	5	3	-297	-99.0%
Red Top	518,971	201,350	224,621	-294,350	-56.7%
Arlington Yellow	142	13	2	-140	-98.6%
Total	612,127	207,177	226,871	-385,256	-62.9%

Source: Arlington County Dispatch Taxicab Certificate Holders

There was a decrease in the total number of dispatch trips by around 385,000 (-63%) during that time period.

Transit Usage

Providing a range of reliable transportation options is an important component of a healthy multimodal system. Taxis support the use of other modes, such as ridesharing and transit use, by giving people who use those modes a fallback option in emergencies or during off-peak transit service hours. This addresses a common objective to the use of alternative modes by

supplementing transit with an auxiliary transportation service. This also enables people to reduce their car use and ownership.

When taxis are coordinated with transit, they can contribute to relatively large reductions in vehicle travel. Transit usage is a variable that provides an assessment of the number of bus, rail, and paratransit passengers within Arlington County. **Table 5** indicates the overall transit ridership between 2019 to 2021 in Arlington County.

Table 5: Annual Transit Ridership in Arlington County (FY2019-2021)

	FY 2019	FY 2020	FY 2021	Difference	% Change
VRE	845,500	548,000	49,797	-795,703	-94%
Metro Rail	48,207,767	36,791,586	3,885,280	-44,322,487	-92%
Metro Bus	12,603,303	9,656,349	8,501,000	-4,102,303	-33%
ART	2,829,192	2,467,292	1,391,820	-1,437,372	-51%
STAR	74,218	65,137	31,408	-42,810	-58%
MetroAccess	22,611	18,022	12,749	-9,862	-44%
Total	64,582,591	49,546,386	13,872,054	-50,710,537	-79%

Sources: Arlington County Division of Transportation; Transit Bureau

Overall transit ridership within Arlington dropped dramatically (-79% change) due to COVID-19 uncertainties between 2019 and 2021.

(5) Tourism Indicators

Tourism indicators, including airport taxi trips and hotel occupancy, provide additional evidence as to whether there is sufficient demand to change the current number of taxicabs in Arlington County.

Airport Volumes

Airport passenger volumes provide a measure for air travelers using taxicabs to provide an intermodal ground connection for flights. Taxicab airport pickups capture whether there is a change in the demand for taxicab service originating at the IAD (Dulles), DCA (Reagan National), and BWI (Baltimore/Washington International) airports. **Table 6** shows a decrease in airport passengers at DCA, IAD, and BWI of 27.8 million passengers (-58%) between the years 2019 and 2021.

Table 6: Airport Passengers - in Millions (2019-2021)

	2019	2020	2021	Difference	% Change
DCA (Reagan National)	23.9	7.6	14.0	-9.9	-70.7%
IAD (Dulles)	24.8	8.3	15.0	-9.8	-65.3%
BWI	27.0	11.2	18.9	-8.1	-42.9%
Total	75.7	27.1	47.9	-27.8	-58.0%

Source: Metropolitan Washington Airports Authority and BWI Airport.

Airport passenger arrival taxi trips include all surrounding jurisdiction taxicabs, thus providing a strong indication for potential taxicab use by arriving passengers. This does not include pickup of passengers who make their own arrangements to depart from the airport. That volume is captured within the total dispatch trips in Table 4. Trips from IAD are exclusively provided by the Washington Flyer, although trips to the airport can be provided by any cab company. DCA is served by a combination of taxi providers from across the region, including companies based in Arlington County. **Table 7** shows a decrease of almost 1.5 million (-68%) passenger arrival taxi trips at IAD and DCA airports combined between the years 2019 and 2021.

Table 7: Virginia Airport Passenger Arrival Taxi Trips (2019-2021)

	2019	2020	2021	Difference	% Change
DCA (Reagan National)	1,522,475	345,414	487,490	-1,034,985	-68.0%
IAD (Dulles)	660,656	146,835	202,567	-458,089	-69.3%
Total	2,183,131	492,249	690,057	-1,493,074	-68.4%

Source: Metropolitan Washington Airport Authority. These are dispatch by airport officials.

Hotel Occupancy

A review of hotel occupancy indicates whether there was a change in the number of travelers staying within Arlington County. There are a total of thirty-eight (38) hotels providing 9,867 rooms located within Arlington County in 2021. The fluctuation in visitors has an impact on taxicab trips generated from these locations. The vehicle trip generation of a hotel is dependent on various factors. Size, location, and type of hotel all contribute to trip generation. **Table 8** shows a reduction of 1,713 (-14.8%) in the number of rooms available between 2019 and 2021. Also, during this period, the percentage of rooms occupied per day decline by 4,758 (-53.6%) rooms.

Table 8: Hotel Occupancy (2019-2021)

	2019	2020	2021	Difference	% Change
Rate of Occupancy	74.50%	30.40%	41.80%	-32.70%	-43.9%
Number of Rooms	11,580	10,024	9,867	-1,713	-14.8%
Rooms Occupied Daily	8,882	3,047	4,124	-4,758	-53.6%
Rooms Occupied Annually	3,241,879	1,112,263	1,505,408	-1,736,471	-53.6%

Source: Arlington Economic Development

(6) Taxicab Current Conditions

During the COVID-19 pandemic the taxicab industry was deemed an essential business per federal government guidelines, providing critical transportation during this time. Staff has been working closely with the industry through this time and made the following updates since the 2020 report:

1. On February 20, 2021, the County Board adopted an amendment to the County's Continuity of Operations Ordinance to authorize a temporary reduction of the taxicab Annual Certificate Fee as \$0 for wheelchair accessible taxicab vehicles, \$0 for the first 50 standard vehicles under each certificate, and \$50 thereafter per standard vehicles under each certificate. The reduction remains in effect this year.
2. On May 14, 2022, the County Board approved two (2) amendments to the taxicab ordinance. The first amendment allowed a temporary \$1 gas surcharge per trip from June 1, 2022, to November 30, 2022. The second amendment increased the number of years a taxicab is kept into service to a maximum of twelve (12) years for non-wheelchair gasoline-only powered vehicles and up to fifteen (15) to wheelchair and hybrid, plug in hybrid and/or electric vehicles.
3. Staff continues to make sure there is a minimum level of taxicab service to the public, particularly wheelchair service.
4. Staff continues to communicate with regulators in nearby jurisdictions to discuss trends.

For the past few years, the industry has also been facing competition from Transportation Network Companies (TNCs) that operate in Arlington under Virginia's Department of Motor Vehicles authority. TNCs have created a change in market conditions and continue to impact the taxicab industry. There is no data available to quantify the number of providers although it is believed to be significant.

Wheelchair-Accessible Taxicab Determination

A separate wheelchair accessible taxicab determination was developed based on existing capacity and reported dispatch trips.

Arlington has three wheelchair-accessible taxicab service providers: 1) Arlington's STAR program provides service using accessible taxicabs from the twenty (20) operated by Red Top Cab and fourteen (14) vehicles operated by Diamond Transportation; 2) MetroAccess provides service with WMATA-owned vehicles operated by contractors including Diamond Transportation in Virginia while trips not scheduled in MetroAccess vehicles are dispatched to Red Top Cab; and 3) private-pay users can obtain wheelchair-accessible taxi rides through Red Top's twenty (20) and Blue Top Cab's nineteen (19) wheelchair-accessible taxicabs.

Table 9 shows a decrease of approximately 17,000 (-73%) in wheelchair-accessible taxicab trips between 2019 and 2021.

Table 9: Wheelchair-Accessible Taxi Trips (2019-2021)

	2019	2020	2021	Difference	Change %
Blue Top	3,851	2,473	1,101	-2,750	-71.4%
Red Top	19,379	5,935	5,108	-14,271	-73.6%
Total	23,230	8,408	6,209	-17,021	-73.3%

Sources: Blue Top and Red Top Taxicab companies

Conclusion

There has been a significant decline of commercial activity at all levels due to COVID-19 in 2020 and 2021. It is uncertain when and if businesses will return to pre-pandemic trip levels and what the long-term impacts to the taxicab industry may be.

Taxi Fleet Size & Certificate Recommendation

Staff developed a conclusion for the 2022 Certificate Determination Report upon review of quantitative data, as well as considering impacts due to the COVID-19 pandemic. The economic indicators presented in this document do not indicate a need for additional taxicabs at this time.

Taxicabs are an important and reliable mode of transportation for Arlington County including community members who do not have access to a smart phone, such as senior citizens and low-income customers. Unlike TNCs, which are not currently subject to compliance with the American with Disabilities Act (ADA), taxicabs are required to provide wheelchair accessible vehicles to customers that need them.

Staff regularly have discussions with representatives from the taxicab companies, interview drivers during taxicab inspections, observe taxi stand locations, and communicate with other jurisdictions' taxicab regulators. Based on these exchanges and the data collected as outlined above, staff has concluded that the number of available taxicabs seems sufficient to support passenger business within Arlington County at this time.

Based on the information presented in this report, the County Manager recommends that there be no change in the current number of 477 total taxicabs authorized by certificate holders, which includes 39 wheelchair-accessible vehicles.