EXHIBIT NO. 1

20.1
12-13-05

City of Alexandria, Virginia

MEMORANDUM

REVISED

DATE: DECEMBER 12, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: AN ORDINANCE REVISING THE CITY'S TAXI FARES AND PERMITTED ADDITIONAL CHARGES

ISSUE: Consideration of an ordinance revising the City's taxi fare and permitted additional charges to the taxi industry.

RECOMMENDATION: That City Council introduce the ordinance amending the City's taxi regulations to increase the taxi fare and adjust certain additional charges; pass it on first reading and schedule it for public hearing, second reading and final passage on Saturday, December 17. If City Council approves the ordinance the increase in fares and fees would become effective ~~January 1, 2006~~ **at the time of passage (December 17)**.

BACKGROUND: Alexandria's taxi fare and permitted additional charges are set forth in City code section 9-12-132. Code section 9-12-31(g) requires that every second year, starting in 2005, the annual review of the taxi industry include a review of the taxi fare and permitted additional charges. Based on their findings, the Traffic and Parking Board and City Manager forward their recommendations for any revisions to the taxi fare and permitted additional charges to Council for consideration and adoption. The current taxi fare structure and additional charges were reviewed as part of the 2005 annual review process, the findings thereof are now being submitted to Council for consideration.

DISCUSSION: The last comprehensive review of the City's taxi fare and charges was completed in 2001. At that time, the base taxi fare was established as:

$2.25 for the ¼ mile,
$0.40 for each additional ¼ mile ($1.60 per mile), and
$0.40 for each 80 seconds of waiting time ($18.00 per hour).

Since then, the age limit for the permitted additional passenger charge was changed in July 2002, and the initial drop charge (fare for the first ¼ mile) was increased from $2.25 to $2.75 in June 2005 based on increased gasoline prices.

As part of the 2005 annual review, the Traffic and Parking Board was provided an analysis of the City's current taxicab fare and charges, and staff recommendations for changes to both the base fare and additional charges (Attachment 1). Key findings from this analysis were:

1. Changes in the Consumer Price Index (CPI), adjusted to reflect the greater influence of the price of gasoline in the taxicab industry, were used to evaluate the need for increased taxi fare to offset increased costs of operation compared to the baseline 2001 condition. Since 2001, the general CPI has increased 11.9 per cent. Adjusting for the greater influence of fuel prices on operating costs in the taxi industry, the gasoline-adjusted CPI has increased 13.6 per cent during the same period, based on an increase in the cost of gasoline from $1.50 to $2.00 per gallon. (Note: Due to the extreme volatility of current gasoline prices, a conservative estimate of future prices was used for this evaluation. Prices above this level may continue to be offset with authorized fuel surcharges.)
2. Based on 2005 industry review data, full-time taxi drivers affiliated with an active dispatch company earns an estimated net income of $12 to $13 per hour, marginally above the City's current living wage level of $11.80 per hour.
3. Comparing Alexandria's fare rates and charges to those of surrounding jurisdictions, it was determined that the City's fares are generally comparable, but slightly below average for the Washington, DC region. In addition to providing income parity with drivers throughout the region in order to maintain an adequate number of drivers in the city, regionally comparable fares are important for maintaining market demand. If Alexandria's rates and charges differ significantly from those in surrounding jurisdictions, it is possible consumers will choose to obtain taxi services from out-of-jurisdiction companies, either as permitted by the regional taxi compact or otherwise, thereby affecting the demand for service by local companies.
4. Recognizing that Alexandria's base fare rates are somewhat low for the region and do not reflect the estimated 13.6 per cent increase in the cost of providing taxi services since 2001, the Traffic and Parking Board concluded that a rate adjustment is appropriate at this time.

For Board consideration, staff provided an evaluation of several alternative base fare rates that would (1) compensate for the increased cost of providing taxi service; (2) equitably distribute the increased costs over a range of trip lengths; (3) maintain regional competitiveness; and (4) provide a minimum 13.9 percent increase in driver revenue to compensate for the increased cost of providing service. Based on this evaluation, staff recommended the following changes in the base fare structure:

1. Increase the initial drop charge to $2.75 for the first 1/6 mile (22 per cent increase);
2. Increase the mileage rate to $0.30 for each additional 1/6 mile (13 per cent increase); and
3. Increase the waiting time rate to $0.30 for each 48 seconds (22 per cent increase).

In combination, these changes increase the cost of a typical six-mile taxi trip from $12.65 to $14.72, approximately 16 per cent. Assuming any increase in stand dues associated with a rate change will not exceed 25 percent, the staff-recommended base fare changes should provide an 18 to 23 percent increase in driver take-home earnings.

Staff also provided the Board with recommendations for changes in the additional charges permitted for various additional services. In this regard, staff considered extra services that either increased the cost of providing service or went beyond normal customer-service expectations. Finding certain currently permitted charges were not related to the cost of providing taxi service, staff recommended the following additional charges be discontinued:

1. The extra charge of $1.25 for each additional passenger; and
2. The extra charge of $1.00 for pets.

Finding that certain currently permitted charges were for services that are reasonably part of normal customer-service, staff recommended the following additional charges be discontinued or modified:

1. Limit the extra charge of $0.50 for each suitcase or similar piece of travel luggage to that number in excess of two bags.
2. Discontinue the extra charge of $1.00 for handling three or more grocery and/or shopping bags.
3. Modify the $1.00 charge permitted for carrying grocery and/or shopping bags to the front door of a residence or main entrance of a building to include suitcases and similar pieces of travel luggage.
4. Reduce the snow surcharge from $5.00 per trip to $2.50 per trip.

Based on staff's evaluation and considering the testimony received during its November 10, 2005 public hearing, the Board recommended the following changes in City's taxi fare and permitted additional charges:

1. Base taxi fares be increased as follows:
    1. Initial drop charge from $2.75 for the first quarter mile to $2.75 for the first 1/6 mile.
    2. Additional mileage rate from $0.40 per quarter mile ($1.60 per mile) to $0.30 per 1/6 mile ($1.80 per mile).
    3. Waiting time charge from $0.40 per 80 seconds ($18.00 per hour) to $0.30 per 48 seconds ($22.50 per hour).

2. Permitted additional charges be changes as follows:
   1. Limit the extra charge of $0.50 for each suitcase or similar piece of travel luggage to the number of pieces in excess of two.
   2. Modify the extra charge of $1.00 for carrying grocery and/or shopping bags to front door of residence or main entry of building to include suitcases and similar pieces of travel luggage.
   3. Retain the $5.00 per trip snow surcharge, but limit its authorization to only those conditions specified in code section 9-12-132(10), requiring a snow emergency plan is declared to be in effect.

Based on my review of the staff and Board recommendations, and testimony received at the Board's public hearing, I concur with the Board's recommendations and recommend them, with one exception, to Council for adoption.

As included in the accompanying ordinance, I am recommending that authorization of the $5.00 snow surcharge be permitted under certain conditions other than when a declared snow emergency plan is in effect citywide, as is the current standard. In this regard, there are two primary considerations. First, during heavy snow events, it is important to the community that taxi service be available for essential trips than would under normal conditions be made by walking, driving a personal vehicle or other means. Second, the City's taxi fleet, in contrast to most area jurisdictions, consists of primarily driver-owned and insured vehicles, thus increasing reluctance to operate during inclement weather due to the increased likelihood of traffic accidents and higher insurance premiums. Balancing these considerations and recognizing that weather conditions other than those warranting declaration of a snow emergency justify authorization of this surcharge, I recommend to Council that code section 9-12-132(10) be amended to permit authorization of the snow surcharge either during a declared snow emergency or when driving conditions on city streets are determined to be unduly hazardous. The basis for this determination is to be when there exists or it is reasonably expected that there soon will exist a significant accumulation of snow, or roadway icing or slipperiness that cause unduly hazardous driving conditions.

I recommend the accompanying ordinance to revise the city's taxi fare and permitted additional charges to Council for adoption and look forward to answering any questions you may have in this matter.

ATTACHMENTS:

Attachment 1. November 7, 2005 Memorandum to the Traffic and Parking Board
Attachment 2. Proposed Ordinance

STAFF:
Thomas H. Culpepper, P.E., Transportation and Environmental Services
Christopher Spera, Esq., City Attorney's Office

City of Alexandria, Virginia

MEMORANDUM

DATE: November 7, 2005

TO: Chairman and Members of the Alexandria Traffic and Parking Board

FROM: Thomas H. Culpepper, P.E., Deputy Director THC
Department of Transportation and Environmental Services

SUBJECT: Taxicab Fare and Charges

Issue: Review and consideration of changes to Alexandria's taxi fare and charges.

Staff Recommendation: Staff recommends the following changes to Alexandria's current taxi fare and charges:

1. Increase the initial drop charge from $2.75 for the first quarter mile to $2.75 for the first 1/6 mile.
2. Increase the additional mileage rate from $0.40 per quarter mile ($1.60 per mile) to $0.30 per 1/6 mile ($1.80 per mile).
3. Increase the waiting time charge from $0.40 per 80 seconds ($18.00 per hour) to $0.30 per 49 seconds ($22.50 per hour).
4. Discontinue the extra charge of $1.25 for each additional passenger.
5. Limit the extra charge of $0.50 for each suitcase or similar piece of travel luggage to the number in excess of two bags.
6. Discontinue the extra charge of $1.00 for handling three or more grocery and/or shopping bags.
7. Modify the $1.00 charge permitted for carrying grocery and/or shopping bags to the front door of a residence or main entrance of a building to include suitcases and similar pieces of travel luggage.
8. Discontinue the extra charge of $1.00 for pets.
9. Reduce the snow surcharge from $5.00 per trip to $2.50 per trip.

Discussion: Alexandria's taxi fare and permitted extra charges are set forth in city code section 9-12-132 (Attachment 1). Code section 9-12-31(g) (Attachment 2), requires that

every second year, starting in 2005, the annual review of the taxi industry includes a review of the city's taxi fare and permitted extra charges. Based on this review, the Board is to forward its findings and recommendations relative to the taxi fare and permitted extra charges to the City Manager as part of its annual report on conditions within the industry.

The remainder of this discussion summarizes staff observations and findings leading to the above recommended changes in the city's taxi fare and permitted extra charges.

The last general review and adjustment of the city's taxi fare and charges occurred in 2001. Since then, the age limit for the additional passenger charge was changed in July 2002, and the initial drop charge was increased from $2.25 to $2.75 in June 2005. For purposes of this fare review, the 2001 fare schedule was used as the baseline condition for evaluating alternative fare structures.

Changes in the Consumer Price Index (CPI), adjusted to reflect the greater importance of the price of gasoline in the taxicab industry, was used to evaluate the need for increased taxi fare to offset increased costs of operation compared to the 2001 baseline condition. Since 2001, the general CPI has increased 11.9 per cent. Adjusting for the greater influence of fuel prices on operating costs in the taxi industry, the gasoline-adjusted CPI has increased 13.6 per cent during the same period, based on an increase in the cost of gasoline from $1.50 to $2.00 per gallon. (Note: Due to the extreme volatility of current gasoline prices, a conservative estimate of future prices was used for this evaluation. Prices above this level may be offset with authorized fuel surcharges.)

In reviewing Alexandria's taxi fare rates and charges, it is informative to make a general comparison with similar rates and charges in other local jurisdictions. If Alexandria's rates and charges differ significantly, it is possible that consumers will choose to obtain taxi services from out-of-jurisdiction companies, either as permitted by the regional taxi compact or otherwise, thereby affecting the demand for service by our local companies. Attachment 3 provides a summary of current taxi fare rates and charges in several jurisdictions within the Washington metropolitan area. Attachment 4 provides a comparison of fares, exclusive of any additional charges, for trips of varying lengths in these regional jurisdictions. These comparisons were made using Alexandria's 2001 baseline fare rates and show that while Alexandria's fares are generally comparable to those in surrounding jurisdictions, they are below average for the region. Attachment 5 provides comparative taxi fares for a six-mile trip in 23 selected jurisdictions across the country.

Recognizing that Alexandria's baseline fare rates are somewhat low for the region and do not reflect the estimated 13.6 per cent increase in the cost of providing taxi services since 2001, a rate adjustment may be appropriate at this time.

The basic components of the taxi fare rates are (1) the initial drop charge assessed at the onset of a trip, typically covering the first increment of mileage for the trip; (2) the mileage charge assessed for each increment of distance traveled during the trip; and (3) a waiting time charge assessed whenever the taxi is stopped or traveling below a specified speed during the trip. Various combinations of these base fare rates will have differing effects of the overall cost of trips that are of different lengths or made under different traffic conditions (peak traffic periods vs. off-peak periods).

In developing and evaluating alternative base fare rates to compensate for the increased cost of providing taxi services, equitably distribute the increased costs over a range of trip lengths and maintain regional competitiveness, several combinations of changes in the initial drop charge, mileage rate and waiting time rate were considered. The impacts of each of these alternative combinations on the overall taxi fare for typical trips of differing length are summarized in Attachment 6. In all cases, the alternative fare combinations considered provide fare increases that meet or exceed the 13.6 percent increase in the cost of providing service and maintain regionally comparable fares. The staff-recommended changes in the base fare elements are:

1. Increase the initial drop charge to $2.75 for the first 1/6 mile (22 per cent increase);
2. Increase the mileage rate to $0.30 for each additional 1/6 mile (13 per cent increase); and
3. Increase the waiting time rate to $0.30 for each 49 seconds (22 per cent increase).

In combination, these changes will increase the cost of a typical six-mile taxi trip from $12.65 to $14.72, approximately 16 per cent.

An important consideration in any change in the fare structure is the impact on driver income. In revising the city's taxi ordinance, Council specifically identified driver income compared to the city's adopted living wage as a factor to be considered. Effective July 1, 2005, the adopted living wage is $11.80 per hour. The 2005 industry review found that full-time Alexandria drivers affiliated with an active dispatch company earns an estimated net income of $12 to $13 per hour, marginally above the living wage standard. Depending on the specific combination of base rate increases that may be implemented and the size of any corresponding increase in driver stand dues, the potential increase in net driver income will vary. Assuming no more than a 25 per cent increase in stand dues, the staff-recommended changes should provide an 18 to 23 per cent increase in driver take-home earnings.

Permitted additional charges for a various extra services were also reviewed. In this review, staff considered extra services that either increased the cost of providing service or went beyond normal customer-service expectations. Finding that several currently permitted charges are unrelated to the cost of providing taxi service, staff recommends the following charges be discontinued:

1. The extra charge of $1.25 for each additional passenger; and
2. The extra charge of $1.00 for pets.

Finding that several currently permitted charges are for services that are reasonably part of normal customer-service activities and expectations, staff recommends the following charges be discontinued or modified:

1. Limit the extra charge of $0.50 for each suitcase or similar piece of travel luggage to that number in excess of two bags.
2. Discontinue the extra charge of $1.00 for handling three or more grocery and/or shopping bags.
3. Modify the $1.00 charge permitted for carrying grocery and/or shopping bags to the front door of a residence or main entrance of a building to include suitcases and similar pieces of travel luggage.
4. Reduce the snow surcharge from $5.00 per trip to $2.50 per trip.

Attachments (6)

Alexandria City Code Sec. 9-12-132 Amount of fare to be charged.

(a) The rates to be charged to passengers in taxicabs shall be as follows. It shall be unlawful to make any greater or lesser charge:

(1) For the initial meter charge (referred to as the first drop), $2.75.

(2) For the second and for each additional passenger who is five years of age or older, $1.25.

(3) For each one-fourth mile or fraction thereof for one or more passengers, $0.40.

(4) For each one hour of waiting time for one or more passengers, $18. The incremental cost of this charge shall be $0.40 for each 80 seconds. Waiting time shall include time consumed while the taxicab is waiting and available to passengers beginning three minutes after the time of arrival at the place to which it has been called, time consumed while the taxicab is stopped or slowed for traffic to a speed of less than seven miles per hour and time consumed for delays or stopovers enroute at the direction of a passenger. No time shall be allowed for a premature response to a call. There shall be no charge for mileage when time is being charged for a taxicab that is stopped or slowed for traffic to a speed of less than seven miles per hour. Waiting time shall not include time lost on account of the inefficiency of a taxicab.

(5) For each suitcase or similar piece of travel luggage placed in the trunk, $0.50 if handled by the driver.

(6) For each trunk, footlocker, duffel bag or other bulky or heavy item, $2, if handled by the driver, provided that there will be no charge for wheelchairs, walkers, crutches or other items used to assist persons with disabilities.

(7) For three or more grocery and/or shopping bags, $1, if handled by the driver in the immediate vicinity of the taxicab, plus an additional $1, if carried by the driver to the door of a single-family residence, or the main entrance of any building other than a single-family residence. There shall be no charge made for fewer than three grocery and/or shopping bags. The maximum charge for all grocery and/or shopping bags shall be $2.

(8) For each animal, $1; provided, that there shall be no charge for guide dogs or service animals assisting persons with disabilities.

(9) For each trip originating at Ronald Regan Washington National Airport, the fee required to be paid to the airport for the privilege of picking up passengers.

(10) Taximeter fares may be increased by $5 during any period in which a snow emergency plan is in effect in the city, as declared by the city manager or his authorized representative. The transportation division of the department of transportation and environmental services will notify each taxicab company by telephone of the exact time the snow emergency plan is to go into effect and the exact time that the snow plan is terminated.

(11) Taximeter fares may be increased by a surcharge authorized by the city manager, in the event that the city manager determines that a sudden increase in the cost of gasoline requires a surcharge to maintain stability in the provision of taxicab services in the city and to prevent the gas cost increase from having a serious adverse financial impact on the drivers of taxicabs. The surcharge shall continue in effect for such period, not to exceed one year, as the city manager shall determine, but may be terminated sooner if the manager determines that the surcharge is no longer warranted. The determination of the city manager shall be based on information provided by taxicab companies, and from such other sources as the city manager deems appropriate. The transportation division of the department of transportation and environmental services will notify each taxicab company in writing of any such surcharge. Such

notice shall indicate the amount of the surcharge, and the period during which such surcharge shall be permitted. The hack inspector shall furnish to the driver of each taxicab operated under this article a copy of such notice, which shall be displayed within the vehicle in addition to the rate card required under section 9-12-134.

(b) This section shall not apply when any taxicab is operated pursuant to a contract provided for in section 9-12-133 of this chapter.

(c) Nothing contained herein shall prevent a certificate holder from establishing a coupon or reward program for its customers where a discount coupon, customer loyalty certificate or some other marketing device is accepted as part of the allowed fare set forth herein.

Alexandria City Code Sec. 9-12-31 Annual review of taxi industry.

(a) Between September 1 and November 15 of each year, the Board and city manager shall conduct a review of the taxicab industry in Alexandria. The Board shall conduct a public hearing, after giving reasonable notice to all applicants, existing certificate holders and the public. The Board shall receive comment as to the economic condition of the taxicab industry, the adequacy of public service rendered by the industry, and whether any changes to the regulation of the industry are necessary or desirable, including changes to the number of taxicabs authorized for each taxicab company holding a valid certificate.

(b) Performance information required to be submitted by certificate holders pursuant to section 9-12-32 shall be considered by the Board and the city manager as part of the review.

(c) In reviewing applications to renew certificates of public convenience and necessity, the Board and city manager shall consider the certificate holder's record of compliance with section 9-12-32, and shall establish the maximum and minimum number of vehicles that may be affiliated with each certificate holder, as follows:

(1) The minimum number of authorized taxicabs for each certificate holder shall not be fewer than: 1) during the first year after the effective date of this ordinance, 10 % less than the number then authorized; 2) during the second and third years after the effective date of this ordinance, 15 % less than the number then authorized, except by operation of section 9-12-30(a)(2).; and 3) during the fourth year after the effective date of this ordinance and thereafter, 10 % less than the number then authorized, except by operation of section 9-12-30(a)(2).

(2) The maximum number shall provide a sufficient number of taxicab authorizations for each certificate holder to provide a satisfactory level of dispatch service based on current and anticipated number of dispatch trips provided.

(3) In the event that the Board and city manager shall authorize the issuance of one or more new certificates, the minimum number of taxicabs authorized for each existing certificate holder may be further reduced by an additional 5 percent below the current authorization.

(d) The Board and city manager shall set the total number of vehicles to be authorized for each taxicab company holding a valid certificate, giving consideration to such factors as bear on public convenience and necessity, including but not limited to:

(1) The demonstrated need on a company-by-company basis on the number of cabs necessary to provide satisfactory public service, including ensuring adequate availability of taxicabs for dispatch service and taxi stands;

(2) Changes in the number of trips actually served by taxicabs for each existing company;

(3) The ability of current drivers to earn a living wage; and

(4) Such factors listed in section 9-12-25(d) as the Board or city manager deem applicable.

(e) [Reserved – see subsection(i).]

(f) Giving consideration to the comments received at the public hearing, and to any additional information made part of the record before it, the Board shall forward its conclusions as to the status of the industry, and its recommendations as all matters included in the annual review of the industry, to the city manager. The report shall include the findings of fact upon which Board's conclusions and recommendations are based. The report shall be transmitted to the city manager no later than November 15.

(g) Every second year, starting in 2005, the annual review of the taxicab industry shall also include a review of the fares and industry fees, including a review of the base fare, permitted additional charges and all fees charged to and by the certificate holders, owners and drivers. The public hearing before the Board shall include comments on such fares, charges and fees and any recommended changes thereof. The Board shall forward its conclusions, recommendations and findings of fact as to such fares, charges and fees as part of its report pursuant to section (f) of this section. In reviewing such fares, charges and fees, the Board and city manager shall, without limitation, take the following factors into consideration:

(1) Driver income compared to the City of Alexandria adopted living wage;

(2) Cost of industry related regulatory and enforcement expenditures; and

(3) Such factors listed in section 9-12-25(d) as the Board or city manager deem applicable.

(h) Not later than December 15, the city manager shall issue an order stating the manager's findings and conclusions as to the economic condition of the taxicab industry and determinations as to any pending applications or proposals under section 9-12-30. In issuing his order, the city manager shall presume that the factual findings of the Board are prima facie correct. If the manager disagrees with any of the recommendations of the Board the manager shall, with the issuance of the order, enumerate the reasons for not accepting such recommendations. The order of the city manager may be used by him in determining the public convenience and necessity under the provisions of this article.

(i) The city manager may approve taxicab owner applications to transfer affiliation from one certificate holder to another certificate holder. In reviewing transfer applications, preference shall be given based on driver seniority to the extent feasible, and the Board and city manager shall give consideration to such factors as bear on public convenience and necessity including but not limited to:

(1) The individual and cumulative effect of the transfer on the transferee and transferor certificate holders;

(2) The individual and cumulative effect of the transfer on the applicant and other drivers.

(3) The satisfaction of all financial obligations to the existing certificate holder and acceptance by the new certificate holder.

(j) After completion of the transfer review process and and the review of all applications for new or renewed certificates of public convenience and necessity, the city manager may approve additional authorizations for existing companies that have requested same, based upon a finding that such a grant will be in the public convenience and necessity including, without limitation, promoting prompt dispatch and exceptional customer service.

Regional Taxicab Fare Rates and Charges

Jurisdiction	Initial Charge	Additional Mileage	Wait Time	Extras	
Alexandria	$2.75 first 1/4 mile	$0.40 each 1/4 mile ($1.60 per mile)	$0.40 each 80 sec. ($18.00 per hour)	$1.25	Each additional passenger over 4 years
				$0.50	Each suitcase or similar piece of travel luggage
				$2.00	Each trunk, footlocker, duffel or similar item
				$1.00	Three or more grocery or shopping bags
				$1.00	Carry bags to front door or building entrance
				$2.00	Maximum for all grocery and shopping bags
				$1.00	Each pet
				$5.00	Snow surcharge (when authorized)
				As authorized	Fuel surcharge (currently $1.00)
				As charged	Airport dispatch fee (currently $1.75)
Arlington County	$2.75 first 1/6 mile	$0.30 each 1/6 mile ($1.80 per mile)	$0.30 each 48 sec. ($21.00 per hour)	$1.00	Each additional passenger over 6 years
				$2.00	Each trunk, footlocker, duffel or similar item
				$0.50	Each bag over two
Fairfax County	$2.75 first 1/5 mile	$0.35 each 1/5 mile ($1.75 per mile)	$0.35 each 60 sec. ($21.00 per hour)	$1.00	Each additional passenger over 12 years
				$2.00	Each trunk, footlocker, duffel or similar item
				$0.50	Each suitcase or similar piece of travel luggage
				$0.25	Each grocery bag over two
				$4.00	Cleaning (if left unsanitary)
				$1.00	Each pet
				As authorized	Fuel surcharge (currently $1.00)
Montgomery County	$2.50 first 1/4 mile	$0.40 each 1/4 mile ($1.60 per mile) Over 15 miles - $0.30 each 1/4 mile ($1.20 per mile)	$0.40 each 60 sec. ($24.00 per hour)	$1.00	Each additional passenger
				$1.00	Personal service
				$2.00	Pick up and delivery
				$2.50	Snow surcharge (when authorized)
				Varies	Tolls and surcharges as paid or authorized
Prince George's County	$1.50 first 1/7 mile	$0.25 each 1/7 mile ($1.75 per mile)	$0.20 each 60 sec. ($12.00 per hour)	$1.00	Each additional passenger over 5 years
				$1.00	Each trunk, footlocker, duffel or similar item
				$1.00	Use of trunk
				$1.00	Evening service 8 pm to 6 am
				$3.00	Snow surcharge (when authorized)
				As authorized	Fuel surcharge (currently $1.00)
District of Columbia	Zone fare system, rates and charges are not directly comparable				

Regional Rates and Fares

Jurisdiction	Initial Drop	Mileage		Wait Time		Trip Length (miles)				
		Rate	Increment	Rate	Increment	1	3	6	9	12
Current Fares										
Alexandria (2001)	$2.25	$0.40	1/4	$0.40	80	$3.65	$7.25	$12.65	$18.05	$23.45
Arlington County	$2.75	$0.30	1/6	$0.30	48	$4.50	$8.60	$14.75	$20.90	$27.05
Fairfax County	$2.75	$0.35	1/5	$0.35	60	$4.38	$8.35	$14.30	$20.25	$26.20
Montgomery County	$2.50	$0.40	1/4	$0.40	60	$3.97	$7.70	$13.30	$18.90	$24.50
Prince George's County	$1.50	$0.25	1/7	$0.20	60	$3.13	$6.90	$12.55	$18.20	$23.85
Average	$2.35	$0.43	1/4	$0.43	80	$3.93	$7.76	$13.51	$19.26	$25.01

Wait time of 40 seconds per mile included in fare calculations.

National Fares and Trip Costs

City	State	Initial Drop		Mileage			Wait Time		Fare*	
		Charge	Miles	Per Mile	Rate	Inc.	Hour	Min	6 Miles	+4 Minutes
Atlanta	GA	$2.50	1/8	2.00	0.25	1/8	21.00	0.35	$14.25	$15.65
Baltimore	MD	$1.80	1/8	1.60	0.20	1/8	24.00	0.40	$11.20	$12.80
Boston	MA	$1.75	1/8	2.40	0.30	1/8	24.00	0.40	$15.85	$17.45
Chicago	IL	$2.25	1/9	1.80	0.20	1/9	20.00	0.33	$12.85	$14.17
Cleveland	OH	$1.80	1/6	1.60	0.40	1/4	15.00	0.25	$11.13	$12.13
Dallas	TX	$2.00	1/4	1.60	0.40	1/4	16.00	0.27	$11.20	$12.27
Denver	CO	$1.60	1/8	2.00	0.25	1/8	22.50	0.375	$13.35	$14.85
Detroit	MI	$2.50	1/8	1.60	0.20	1/8	16.00	0.27	$11.90	$12.98
Houston	TX	$2.50	1/6	1.80	0.30	1/6	20.00	0.33	$13.00	$14.32
Honolulu	HI	$2.45	1/8	2.80	0.35	1/8	28.00	0.45	$18.90	$20.70
Las Vegas	NV	$3.20	1/8	2.00	0.25	1/8	22.00	0.36	$14.95	$16.39
Los Angeles	CA	$2.20	1/11	2.20	0.20	1/11	24.00	0.40	$15.20	$16.80
Miami	FL	$2.50	1/6	2.40	0.40	1/6	24.00	0.40	$16.50	$18.10
Minneapolis	MN	$2.50	1/5	1.90	0.38	1/5	21.00	0.35	$13.52	$14.92
New Orleans	LA	$2.50	1/8	1.60	0.20	1/8	18.00	0.30	$11.90	$13.10
New York	NY	$2.50	1/5	2.00	0.40	1/5	12.00	0.20	$14.10	$14.90
Orlando	FL	$2.00	1/4	2.00	0.25	1/8	22.50	0.38	$13.50	$15.00
Philadelphia	PA	$2.30	1/7	2.10	0.30	1/7	20.00	0.33	$14.60	$15.93
Phoenix	AZ	$3.80	1/6	1.80	0.30	1/6	20.00	0.40	$14.30	$15.90
San Diego	CA	$2.25	1/10	2.50	0.25	1/10	20.00	0.33	$17.00	$18.33
San Francisco	CA	$2.85	1/5	2.25	0.45	1/5	27.00	0.45	$15.90	$17.70
Seattle	WA	$2.50	1/10	2.00	0.20	1/10	30.00	0.50	$14.30	$16.30
St. Louis	MO	$2.50	1/10	2.00	0.20	1/10	24.00	0.40	$14.30	$15.90

* Fares based on six-mile trip with and without four minutes waiting (delay) time.

Baseline and Alternative Rates and Fares

Jurisdiction	Initial Drop	Mileage		Wait Time		Trip Length (miles)				
		Rate	Increment	Rate	Increment	1	3	6	9	12
Current Fares										
Alexandria (2001)	$2.25	$0.40	1/4	$0.40	80	$3.65	$7.25	$12.65	$18.05	$23.45
Alternative Fares										
Recommended	**$2.75**	**$0.30**	**1/6**	**$0.30**	**49**	**$4.49**	**$8.58**	**$14.72**	**$20.85**	**$26.99**
	22%	13%		22%		23%	18%	16%	16%	15%
Alternative A	**$2.50**	**$0.30**	**1/6**	**$0.30**	**51**	**$4.24**	**$8.31**	**$14.41**	**$20.52**	**$26.62**
	11%	13%		18%		16%	15%	14%	14%	14%
Alternative B	**$2.75**	**$0.25**	**1/8**	**$0.25**	**40**	**$4.75**	**$9.25**	**$16.00**	**$22.75**	**$29.50**
	22%	25%		25%		30%	28%	26%	26%	26%
Alternative C	**$2.25**	**$0.25**	**1/8**	**$0.25**	**50**	**$4.20**	**$8.60**	**$15.20**	**$21.80**	**$28.40**
	0%	25%		0%		15%	19%	20%	21%	21%
Alternative D	**$2.75**	**$0.45**	**1/4**	**$0.35**	**60**	**$4.33**	**$8.40**	**$14.50**	**$20.60**	**$26.70**
	22%	13%		17%		19%	16%	15%	14%	14%

Wait time of 40 seconds per mile included in fare calculations.

City of Alexandria, Virginia

MEMORANDUM

DATE: November 7, 2005

TO: Chairman and Members of the Alexandria Traffic and Parking Board

FROM: Thomas H. Culpepper, P.E., Deputy Director THC
Department of Transportation and Environmental Services

SUBJECT: Taxicab Fees and Regulatory Costs

Issue: Review and consideration of changes to fees paid by the Alexandria taxi industry to offset the cost of regulation.

Staff Recommendation: Staff recommends that fees paid by the Alexandria taxi industry be increased over two years as indicated in Attachment 3 to offset the cost of regulating the industry.

Discussion: Alexandria City Code section 9-12-31(g), requires that every second year, starting in 2005, the annual review of the taxi industry includes a review of fees paid by the industry in light of the city's regulatory expenditures. The intent of this review is to achieve a reasonable balance between revenues from industry fees and regulatory costs. Based on this review, the Board is to forward its findings and recommendations for any proposed changes in industry fees to the City Manager as part of its annual report on conditions within the industry.

The city derives revenues from the taxi industry from three types of taxes and fees: (1) business license taxes; (2) personal property taxes on vehicles; and (3) fees paid by the industry for various regulatory items.

> **Business License Tax:** The city levies a business license tax on all city-licensed businesses. The tax is a fixed fee of $50 for business with gross receipts of less than $2 million in their first year of operation or with gross receipts ranging from $10,000 to $100,000 in the second and subsequent years of operation. For businesses with gross receipts in excess of the flat

fee rate, the business license tax is assessed at $0.35 per $100 of gross receipts.

Personal Property Tax: The city levies a personal property tax at the rate of $4.75 per $100 of assessed value on the owners of all taxi located in the City. Taxis are assessed at the trade-in value in the NADA guide for the particular make and model plus an automatic deduction for high mileage.

Taxi Industry Fees: The city assesses specific fees for various regulatory actions and purposes. There are separate fees for the application for a certificate or drivers permit, issuance of a certificate or permit, renewal of a certificate or permit, issuance of duplicate certificates and permits, fingerprinting drivers, and inspecting taxi vehicles.

Annual Revenues Derived from Taxi Industry Operations

Source	FY 2004	FY 2005
Business License Tax	$16,300	$17,900
Personal Property Tax	$78,600	$41,700
Industry Fees	$47,000	$40,200
Total	$131,900	$99,800

The first two of these revenues are used by the city to help fund the general cost of government, as they are for all other businesses and vehicle owners. Only the industry fees are unique to the taxi industry and specific to offsetting the cost of its regulation.

Alexandria's current taxi industry fees were carried over from the city's previous taxi ordinance and are shown in Attachment 1, along with estimated revenue for a typical year. Available records do not reveal when these fees were adopted or last revised; however, it appears that they have been at their current levels for many years.

Attachment 2 summarizes the city's primary cost elements for regulating the taxi industry both before and after adoption of the revised taxi ordinance in June 2005 (FY 2005 and FY 2006, respectively). Comparing revenues from the industry with the recurring annual costs of regulation clearly indicates that current industry fees offset only a small portion of these regulatory costs, even prior to adoption of the revised ordinance.

The recently adopted taxi ordinance called for increased enforcement of the city's taxi regulations and adjusting industry fees to substantially offset the costs of regulation. In

order to fully enforce the taxi regulations, additional staff was approved for the Hack Inspector's Office for increased enforcement, and additional staff time and resources were allocated to industry regulation activities in the Department of Transportation and Environmental Services. Combined, these additional resources committed to taxi industry enforcement and regulation increased the city's annual operating costs for this activity from approximately $200,000 to $350,000 per year.

Adjusting industry fees to substantially offset the city's cost of regulation will obviously require substantial increases in these fees. In order to recover regulatory operating costs prior to the revised ordinance, a five-fold increase in these fees would be required. To recover estimated costs under the revised ordinance, a nine-fold increase in industry fees would be required.

In developing and evaluating alternative industry fee adjustments, staff was fully cognizant of the substantial increases in these fees that would be necessary to reasonably offset the costs of industry regulation and enforcement. While fee increases of this magnitude are understandably difficult to accept, it may be helpful to consider these in light of the findings of the annual industry review. The Alexandria taxi industry generates an estimated $30.9 million dollars in gross revenue each year. At full implementation, the proposed fees represent approximately one per cent of that revenue. From a different perspective, the proposed industry fees add only 20 cents to the cost of serving each of the estimated 1.7 million trips it serves each year. Also, it is informative to note that in comparisons with practices in surrounding jurisdictions, Alexandria's fees appear to be low[1].

Attachment 3 presents staff's recommended adjustments to industry fees in order to achieve substantial offset of regulatory costs over a two-year period. At current levels, industry fees would offset approximately 11 percent of the city's estimated regulatory costs. Increased fees proposed to become effective January 1, 2006, would provide sufficient revenues to offset approximately 70 per cent of these costs. In January 2007, additional fee increases would bring industry fee revenues substantially in line with the city's project regulatory costs.

Attachments (3)

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[1] For example, the fee for renewing an operating authority (certificate of public convenience and necessity) in Alexandria is $15 plus $10 per vehicle. In Fairfax and Prince George's counties, these fees are $150 and $100 per vehicle, respectively. Similarly, the fee for renewing a driver permit in Alexandria is $15 per year, while in Fairfax and Prince George's counties, this fee ranges from $30 to $125 per year.

Current Taxicab Industry Fees and Revenue

Purpose	Fee	Typical Year	
		Units	Revenue
Certificates of Public Convenience and Necessity			
Application for CPCN	$10	0	
First CPCN issued	$50	0	
Application for additional of vehicle for CPCN	$30	0	
Renewal of a CPCN	$15	35	$525
Renewal for vehicle covered by CPCN	$10	674	6,740
Duplicate CPCN	$5	0	
Transfer of CPCN	$25	50	1,250
Laminating CPCN	$2	680	1,360
Driver permits			
Initial application	$15	100	1,500
Fingerprinting	$5	100	500
Initial permit (2 year)	$15	100	1,500
Renewal permit (2 year)	$25	550	13,750
Duplicate permit	$10	0	
Laminating permit	$5	550	2,750
Miscellaneous			
Fare cards (exterior)	$0.75	645	484
Annual taximeter inspection	$5	645	3,225
Rate card (interior)	$0.50	645	323
Typical Annual Revenue		**$33,906**	

Costs of Industry Regulation

Cost Element	FY 2005 Costs	FY 2006 Costs
Recurring Annual Costs		
Hack inspector's Office		
Salaries and benefits		
Hack Inspectors	$132,000	$198,000
Clerk	0	48,600
Equipment and uniforms	1,000	1,500
Vehicle depreciation and operating expense	3,000	6,000
Office space, supplies and overhead	13,200	19,800
Administration and supervision	25,000	37,500
Subtotal Hack Inspector's Office	$174,200	$311,400
T&ES		
General administration	$15,000	$15,000
Preparation for annual industry review	15,000	20,000
Data acquisition and analysis	15,000	30,000
Subtotal T&ES	$30,000	$50,000
Total Recurring Annual Costs	**$204,200**	**$361,400**
Capital and One-time Costs		
Records automation	$0	$100,000
Personal computer	0	6,000
Hack Inspector equipment (weapon, radio, personal)	0	1,200
Total Capital and One-Time Costs	**$0**	**$107,200**

Taxicab Industry Fees and Annual Revenue

Purpose	Annual Units	January 1, 2006		January 1, 2007	
		Fee	Revenue	Fee	Revenue
Certificates of Public Convenience and Necessity					
Application for or transfer of CPCN	1	$2,500	$2,500	$4,000	$4,000
Issuance and renewal of CPCN					
Certificate	6	2,500	15,000	4,000	24,000
Each authorized vehicle	645	100	64,500	150	96,750
Duplicate CPCN	0	25	0	25	0
Driver Permits					
Application	50	75	3,750	100	5,000
Initial and renewal permit (2 year)					
Permit	500	100	50,000	150	75,000
Manifest books	500	50	25,000	50	25,000
Duplicate permit	50	25	1,250	25	1,250
Vehicle Permits					
Initial inspection and certification	100	75	7,500	100	10,000
Annual renewal	645	100	64,500	150	96,750
Transfer of vehicle permit	100	75	7,500	100	10,000
Miscellaneous					
Annual taximeter inspection	645	10	6,450	20	12,900
Fare cards (interior and exterior)	1,935	1	1,935	1	1,935
Estimated Total Annual Revenue		**$249,885**		**$362,585**	

EXHIBIT NO. 2

Introduction and first reading:	12/13/2005
Public hearing:	12/17/2005
Second reading and enactment:	12/17/2005

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 9-12-132 (AMOUNT OF FARE TO BE CHARGED), of Article A.1(TAXICABS), Chapter 12 (TAXICABS AND OTHER VEHICLES FOR HIRE), Title 9, (LICENSING AND REGULATION) of the Code of the City of Alexandria, Virginia 1981, as amended.

Summary

The proposed ordinance revises the fare structure for taxicabs, to increase the milage charge from $1.60 to $1.80 per mile, to be charged in one-sixth mile increments; to increase the fee for waiting time and time in congested traffic from $18.00 to $22.50 per hour, to be charged in 48 second increments, and to revise and clarify the charges for the handling and portage of suitcases, grocery bags and like parcels by drivers.

Sponsor

Staff

Richard Baier, Director, Transportation and Environmental Services
Christopher Spera, Assistant City Attorney

Authority

§ 2.04(d), Alexandria City Charter

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

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EXHIBIT NO. 3

ORDINANCE NO. _____

AN ORDINANCE to amend and reordain Section 9-12-132 (AMOUNT OF FARE TO BE CHARGED), of Article A.1(TAXICABS), Chapter 12 (TAXICABS AND OTHER VEHICLES FOR HIRE), Title 9, (LICENSING AND REGULATION) of the Code of the City of Alexandria, Virginia 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 9-12-132 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 9-12-132 Amount of fare to be charged.

(a) The rates to be charged to passengers in taxicabs shall be as follows. It shall be unlawful to make any greater or lesser charge:

(1) For the initial meter charge (referred to as the first drop), $2.75.

(2) For the second and for each additional passenger who is five years of age or older, $1.25.

(3) For each ~~one-fourth~~ one-sixth mile or fraction thereof for one or more passengers, ~~$0.40~~ $0.30.

(4) For each one hour of waiting time for one or more passengers, ~~$18~~ $22.50. The incremental cost of this charge shall be ~~$0.40~~ $0.30 for each ~~80~~ 48 seconds. Waiting time shall include time consumed while the taxicab is waiting and available to passengers beginning three minutes after the time of arrival at the place to which it has been called, time consumed while the taxicab is stopped or slowed for traffic to a speed of less than seven miles per hour and time consumed for delays or stopovers en route at the direction of a passenger. No time shall be allowed for a premature response to a call. There shall be no charge for mileage when time is being charged for a taxicab that is stopped or slowed for traffic to a speed of less than seven miles per hour. Waiting time shall not include time lost on account of the inefficiency of a taxicab.

(5) For each suitcase or similar piece of travel luggage in excess of two bags placed in the trunk, $0.50 if handled by the driver, plus an additional $1, if carried by the driver to the door of a single-family residence, or the main entrance of any building other than a single-family residence. There shall be no charge made for fewer than three suitcases or pieces of luggage. The maximum charge for all such items shall be $2.00.

(6) For each trunk, footlocker, duffel bag or other bulky or heavy item, $2, if handled by the driver, provided that there will be no charge for wheelchairs, walkers, crutches or other items used to assist persons with disabilities.

(7) For three or more grocery and/or shopping bags, $1 if handled by the driver in the immediate vicinity of the taxicab, plus an additional $1, if carried by the driver to the door of a single-family residence, or the main entrance of any building other than a single-family residence. There shall be no charge made for fewer than three grocery and/or shopping bags. The maximum charge for all ~~grocery and/or shopping bags~~ such items shall be $2.

(8) For each animal, $1; provided, that there shall be no charge for guide dogs or service animals assisting persons with disabilities.

(9) For each trip originating at Ronald Regan Washington National Airport, the fee required to be paid to the airport for the privilege of picking up passengers.

(10) Taximeter fares ~~may~~ shall be increased by $5 during any period in which a snow emergency plan is in effect in the city, as declared by the city manager or his authorized representative. In addition, taximeter fares shall be increased by $5 in the event that the director of transportation and environmental services determines that driving conditions in the city are, or are reasonably expected to become, unduly hazardous due to the accumulation of snow, sleet or ice on the streets. The transportation division of the department of transportation and environmental services will notify each taxicab company by telephone of the exact time ~~the snow emergency plan~~ any such taximeter fare increase is to go into effect and the exact time that ~~the snow plan~~ such fare increase is terminated.

(11) Taximeter fares may be increased by a surcharge authorized by the city manager, in the event that the city manager determines that a sudden increase in the cost of gasoline requires a surcharge to maintain stability in the provision of taxicab services in the city and to prevent the gas cost increase from having a serious adverse financial impact on the drivers of taxicabs. The surcharge shall continue in effect for such period, not to exceed one year, as the city manager shall determine, but may be terminated sooner if the manager determines that the surcharge is no longer warranted. The determination of the city manager shall be based on information provided by taxicab companies, and from such other sources as the city manager deems appropriate. The transportation division of the department of transportation and environmental services will notify each taxicab company in writing of any such surcharge. Such notice shall indicate the amount of the surcharge, and the period during which such surcharge shall be permitted. The hack inspector shall furnish to the driver of each taxicab operated under this article a copy of such notice, which shall be displayed within the vehicle in addition to the rate card required under section 9-12-134.

(b) This section shall not apply when any taxicab is operated pursuant to a contract provided for in section 9-12-133 of this chapter.

(c) Nothing contained herein shall prevent a certificate holder from establishing a coupon or reward program for its customers where a discount coupon, customer loyalty certificate or some other marketing device is accepted as part of the allowed fare set forth herein.

Section 2. That this ordinance shall become effective at the date and at the time of its final passage.

WILLIAM B. EUILLE
Mayor

Introduction: 12/13/05
First Reading:
Publication:
Public Hearing:
Second Reading:
Final Passage:

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