

# City of Alexandria, Virginia

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## MEMORANDUM

**DATE:** APRIL 3, 2013

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER /s/

**DOCKET TITLE:**

**..TITLE**

Public Hearing and Second Reading of an Ordinance to Establish a Requirement that Taxicabs Accept Credit Card Payments.

**..BODY**

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**ISSUE:** In order to remain competitive and improve customer service and convenience the Alexandria taxicab industry needs to allow customers to pay by credit card. The Traffic and Parking Board recommends requiring that taxicabs accept credit card payment for fares.

**RECOMMENDATION:** That City Council will:

- (1) Pass the proposed ordinance on first reading; and
- (2) Set the ordinance for public hearing on Saturday, April 13, and second reading and final passage on Tuesday, April 23, 2013.

**DISCUSSION:** On January 22, 2013, City Council directed the Traffic and Parking Board to provide recommendations on Section 9-12-32 of the Code of the City of Alexandria and to propose language requiring taxicabs to accept credit cards. The Traffic and Parking Board held a public hearing on February 25, 2013. At this hearing, nine speakers spoke in favor of requiring drivers to accept credit cards and two speakers were opposed. Opposition was focused on the cost to the drivers. Staff research has determined that the cost to acquire card reading equipment is 1.5% of each transaction if the card reader is leased or approximately \$750 if purchased. In addition, there are fees ranging from 2.75% to 7% per transaction depending on the device and vendor used. The Board makes no specific requirement regarding the type of equipment used to process the credit card charge. The Traffic and Parking Board voted five to one in favor of the credit card requirement and makes the following recommendations:

1. Credit card and cash payment be accepted for all trips, with no minimum fare required to use a credit card;

2. Taxicabs accept all major credit cards;
3. No surcharge to the passenger for credit card use;
4. Preauthorization, the practice of placing a temporary hold of a specific amount on the credit card at the beginning of the trip, be allowed. It ensures the customer is able to pay the fare in advance of the trip. Staff recommends a pre-authorization amount of \$30;
5. All credit card devices and systems shall be Payment Card Industry Data Security Standard (PCI DSS) compliant. PCI DSS compliance ensures that the credit card data is used and held securely;

Credit card payment is a widely used method in the Washington metropolitan area. After passage of the ordinance, staff will work with the City's taxicab industry to assist in the transition to the new payment method and to ensure compliance with the revised ordinance. The revised ordinance will become effective July 1, 2013. This will allow the taxicab companies two months to train drivers and make other provisions for credit card acceptance.

**FISCAL IMPACT: NONE**

**ATTACHMENTS:**

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| <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> | <p>Ordinance Cover<br/>Ordinance<br/>Traffic and Parking</p> |
| Board Recommendations  |  |

**STAFF:**

Mark Jinks, Deputy City Manager  
 Richard J. Baier, Director, Transportation and Environmental Services  
 Chris Spera, Deputy City Attorney  
 Sandra Marks, Acting Deputy Director, Transportation and Environmental Services  
 Bob Garbacz, Division Chief, Transportation and Environmental Services  
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