



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 23, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Final Passage of an Ordinance to Establish a Requirement that Taxicabs Accept Credit Card Payments. [ROLL-CALL VOTE]

ISSUE: In order to conform with regional standards 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 pass the ordinance on May 28, 2013 after:

- 1) First reading on April 9, 2013; and
- 2) Public hearing and second reading on Saturday, April 13, 2013; and
- 3) Approved passage of the credit card policy, May 14, 2013.
- 4) Ask staff to turn language into ordinance language and bring to final adoption on May 28. Modified ordinance. approve the passage of the credit card policy.

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 researched the comparable costs of implementing credit card reading equipment in cabs. The typical cost for a backseat credit card swipe device 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 credit card processing fees charged by the credit card processor. 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 September 1, 2013.

At the April 13, 2013 public hearing staff was directed to develop recommendations regarding administrative credit card fees charged by the taxicab companies to the drivers and other fees associated with the acceptance of credit cards. After meeting with several companies and Tenants and Workers United, staff makes the following recommendations:

- 1) If a taxicab company mandates that drivers use a specific credit card processor that company will:
 - a. Charge drivers no more than 5% of the transaction for processing;
 - b. Provide a direct deposit option for drivers;
- 2) Taxicab companies are responsible for uniformity of service and can determine the type of credit card device that is allowable in their fleet;
- 3) Taxicab companies operating in the City provide an annual report to be reviewed by staff in analyzing the effects of the mandatory credit card acceptance policy.
 - a. The report will contain information regarding the number of transactions per driver, the percentage of trips paid for using a credit card, and the transaction fees paid by the driver to the taxicab company to process the credit card payments.
 - b. Companies that do not provide this data to the City will be considered to be out of compliance with the taxicab ordinance;
- 4) The certificate holder will ensure that drivers will issue a paper receipt showing date of transaction, cab number, driver name, and the amount of the transaction for all credit card transactions. The receipt can be hand written;
- 5) All credit card processing equipment shall be PCI DSS compliant; and,
- 6) Taxicabs will be taken out of service if their credit card processing equipment is inoperable.
- 7) Establish September 1, 2013 as a compliance date.

FISCAL IMPACT: None.

ATTACHMENTS:

Attachment 1: Ordinance Cover

Attachment 2: Ordinance

Attachment 3: Traffic and Parking Board Recommendations

STAFF:

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