

RECOMMENDATION: That City Council consider the proposed ordinance (Attachment 2) on first reading and set it for second reading, public hearing, and final passage on Saturday, May 18, 2024.

BACKGROUND: In 2021, the City Council updated the taxicab provisions of the City Code to decrease the City's regulatory authority over the taxicab industry and shift some of the requirements previously set by the City to the taxicab companies. Several requirements were eliminated. However, the City Code still requires regulation of the taxicab industry while authorized pursuant to state law, it is more stringent than what is required by law. While this approach was once deemed appropriate, some aspects of the City's regulation of the taxicab industry are no longer necessary, nor are they consistent with how the City regulates other similar industries.

At the direction of the City Council, staff worked with a sub-committee of the Traffic and Parking Board to evaluate the City Code to further reduce the City's regulation of the taxicab industry. At the February 25, 2023, legislative meeting, the City Council approved an increase to the initial meter charge from \$3 to \$4 and an increase in the vehicle age requirement to 15 years for non-hybrid vehicles, and 17 years for hybrid vehicles. The City Council asked staff to evaluate whether additional changes to the City Code, including but not limited to, the elimination of the vehicle age requirement and modifications to the fare structure would result in less City regulation of the taxicab industry.

In response, a sub-committee comprised of three Traffic and Parking Board members (Lavonda Bonnard, Annie Ebbers, and Chair James Lewis) was established in the fall 2023. The sub-committee held three meetings, all of which were attended by members of the taxicab industry. The sub-committee's recommendations were brought before the Traffic and Parking Board at their March 25 meeting (Attachment 3), at which the Board considered and made recommendations to the City Council. Details of each of the topics considered, the sub-committee recommendations, and the Traffic and Parking Board recommendations are outlined in Attachment 4.

DISCUSSION: The proposed ordinance (Attachment 2) continues efforts to support the taxicab industry by removing unnecessary regulations and allowing for more competitive pricing. Three substantial changes are proposed.

1. **Increase Existing Fares**

The City regulates and prescribes taxicab fares in the City, including the initial meter fare and per mile fares. On February 25, 2023, the City Council approved an increase to the initial charge from \$3 to \$4, however, changes were not made to the per mile rate which has been \$2.16 per mile since 2014. Attachment 5 outlines the fares that are currently charged to customers.

When considering taxicab fare regulation, the sub-committee looked at the fares in neighboring jurisdictions, jurisdictions in Virginia that have changed how they regulate fares, (see Attachment 5) and considered feedback from the taxi industry that they are currently not able to make a living wage under the current fare structure. The sub-committee recommended removing the City from setting taxicab fares entirely, and City staff supported this approach. Eliminating this requirement from the Code and from City responsibility would allow taxi companies to regulate their fares and provide them with more flexibility to change their fares based on market conditions including fuel cost, inflation, insurance costs, and the cost of living.

The taxicab industry provided feedback that they prefer the City to continue to regulate fares. They want the City to raise fares to match Arlington County's current rate or Washington DC's proposed rate of \$2.56 per mile. The Traffic and Parking Board recommended that the City continue to regulate fares

and increase the initial charge from \$4 to \$5 and the per mile charge from \$2.16 to \$2.56, or \$0.32 for each one-eighth of a mile. This proposal brings fares closer in line with Arlington County and the District and sets Alexandria with the highest initial charge in the region.

The Board also asked that City Council direct staff to organize another sub-committee comprised of Board and taxi industry members to continue reviewing fares using data from the industry to determine the actual costs of operating a cab (maintenance, insurance, etc.) while earning a living wage in the industry. Currently, limited data is available to staff related to operating costs for taxis and trip data from taxi manifests is not in a format that can be easily analyzed. Staff had suggested adding a requirement that taxi companies provide trip data using Mobility Data Specifications (MDS), similar to the requirement for scooter companies, but the taxi industry noted concerns with the cost to implement. Staff does not recommend forming another sub-committee to study this issue since several months have already been spent reviewing possible solutions to fares based on other relevant data and it is unlikely there will be sufficient data or time to develop a fare structure that is significantly different to our current structure or that of our neighboring jurisdictions. If the City continues to regulate fares in the future, staff recommends aligning rates with our neighbors. If the Council does want staff to continue working on this issue, other priorities will need to be delayed accommodating for this work.

2. **Eliminate the Maximum Age for Vehicles**

Currently, vehicle permits cannot be issued for standard vehicles older than 15 years or for hybrid or alternative fuel vehicles older than 17 years. This was increased in 2023, from 10 and 12 years, respectively. At that time, staff had also explored eliminating the age requirement to allow the taxi companies to establish age requirements for their own fleets if they chose to, similar to how the Transportation Network Companies (TNCs), such as Uber and Lyft, operate.

City staff, the sub-committee, and the Board recommended eliminating the vehicle age limit requirement for all vehicle types from the City Code. The annual state safety inspection is still required, which ensures a vehicle, regardless of age, meets state safety requirements. Additionally, a vehicle permit is still required by the City. If problems arise, reinstating an age limit can be considered during the biennial review process, or sooner if safety necessitates it.

3. **Eliminate Dispute Resolution Requirements**

The City Code currently requires a taxi company to have a dispute resolution process between the companies and the employees. This requirement was added in 2003 when there were more taxis in the City, TNCs had not begun operating, and there was a desire for more regulation of this industry. A dispute resolution process is not a requirement for other industries that receive City permits, such as dockless mobility companies, food trucks, restaurants, retail, and other businesses. However, this does not prevent a taxi company from establishing a dispute resolution process for their company and employees. City staff, the sub-committee, and the Traffic and Parking Board all recommend removing this section from the Code. Taxicab companies and drivers provided feedback that they prefer the dispute resolution section of the Code remain.

Other Issues and Changes: The sub-committee also discussed changes to the vehicle trade dress requirements, biennial review process, and insurance requirements. The Board recommended keeping those requirements as they are currently written. In reviewing the changes to the Code, staff also suggest minor changes to improve the regulation language.

While the subcommittee was formed with the intent of reducing City regulations of a private industry, the taxi drivers remained adamant that they wanted the City to continue with the status quo, except that

they wanted increased fares. There were public comment periods at two of the three sub-committee meetings and at the Traffic and Parking Board public hearing on this issue. Representatives from the taxi companies that commented largely wanted to keep all city regulations in place, with increases in fares.

FISCAL IMPACT: There is no direct fiscal impact from these amendments on the City. Administration of the taxi requirements continues to be managed by the Hack Office within the Police Department. There is no requirement by this Office to oversee changes to the age of the vehicles or the increased fares. While the increase in fares will have a positive fiscal impact on the taxi companies and drivers, the City does not receive any additional revenue from the fare changes. All permit fees will remain the same. Should another sub-committee be formed on this topic, additional staff time will be attributed to this effort.

ATTACHMENTS:

- Attachment 1: Ordinance Cover Sheet
- Attachment 2: Ordinance
- Attachment 3: Traffic and Parking Board Docket
- Attachment 4: Taxicab Regulations Recommendations Table
- Attachment 5: Fare Regulation Comparison
- Attachment 6: Presentation

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