



proposed changes but delayed the implementation due to the onset of the COVID-19 pandemic and the corresponding disruption of the taxi industry. In June 2020, the City Manager approved emergency fee relief for taxi companies, waiving a portion of their renewal fees and delaying payment for other services.

In November 2020, staff presented the City's biennial review of the taxi industry (Attachment 4) to the Traffic and Parking Board, which recommended large permanent reductions in fees charged to taxis, consistent with the recommendations of the OPA report. The City Manager approved those fee reductions in December 2020. The biennial review also noted that staff would bring forward proposed changes to the Code in the spring of 2021. Staff briefed the Board on these potential changes in January 2021 and held a public hearing to review the proposed Code amendment in February 2021.

**DISCUSSION:** The proposed ordinance (Attachment 2) aims to simplify administration by eliminating outdated requirements and reducing the scope of the administration required for the Hack Office. A summary of the key changes is provided below. Each of these changes are consistent with the recommendations from the OPA Report.

- Require taxi companies to provide third-party background screenings, rather than City-provided background screenings, establish specific background screening requirements, and reduce investigation responsibility on the City (sections 9-12-24, 9-12-42.1, and 9-12-45)
- Use state vehicle safety inspections instead of City-run inspections (section 9-12-72 (a)(5))
- Eliminate the restriction on companies controlling more than 40% of the taxis authorized by the City (section 9-12-29 (3) and 9-12-32 (e))
- Eliminate the requirement for companies to maintain a physical office within the City (section 9-12-32 (d))
- Eliminate driver dress requirements (sections 9-12-57 (m) and 9-12-60 (a)(10))
- Reduce requirements for color scheme of vehicles, insignia or trade name (section 9-12-28)
- Reduce requirements for vehicles (section 9-12-81)
- Appointment of the hack inspector by the City Manager, rather than Chief of Police (section 9-12-3)

The hack inspector function will remain a part of the Police Department. T&ES will continue to administer taxi policy and issue certificates of public convenience and necessity to taxi companies. Police will continue to be responsible for issuing driver permits and vehicle permits but will no longer be required to conduct background investigations or perform vehicle inspections, the two most time-consuming tasks for the Hack Office. In lieu, the City will rely on State vehicle inspections, and company-initiated background investigations.

In addition to these changes resulting from recommendations of the OPA report, an additional requirement for insurance has also been proposed. While preparing this Code amendment, staff evaluated a request from a group of residents and attorneys to add a requirement that taxis carry uninsured and underinsured (UM/UIM) insurance coverage. Taxi companies are not in favor of adding the requirement to carry additional insurance, although the additional cost is small. Neighboring jurisdictions, such as Arlington County and Fairfax County, do not currently require taxis to carry this type of insurance, but they are considering updating their requirements to include UM/UIM coverage. Ride-hail operators (such as Uber and Lyft), regulated at the State level, are required to carry UM/UIM coverage. Therefore, staff has included language that requires this UM/UIM coverage in the insurance requirements (Section 9-12-6 (a)(1)).

The OPA Report also contemplated a reimagining of the taxi industry, including flexibility for companies to set their own fares and fees charged to passengers in order to effectively compete with ride-hail companies operating under a different regulatory structure. The report recommended additional outreach and study of this idea. No changes to fares are proposed at this time and continue to be set by City Code.

Overall, these changes will streamline the current outdated taxi administration and allow the City to regulate taxis more efficiently. These changes, combined with the recent reduction in fees, represent significant reductions in cost and requirements to taxi companies and drivers. While there are still areas where taxis are

regulated differently from ride-hail companies, this amendment takes measurable steps to increase regulatory parity. The Traffic and Parking Board was supportive of these changes and voted unanimously to recommend approval of the amendments. In addition, the taxi industry appears to be supportive of these changes, although has noted some minor concern with the costs they will now bear for the background screenings and UM/UIM coverage.

**FISCAL IMPACT:** The only fiscal impact to the City from these specific ordinance changes to City Code is a reduction of staff time necessary to oversee the permitting process. This reduction in administrative oversight is aligned with the recent reduction in fees collected from the taxi companies and drivers as outlined in the Biennial Review (Attachment 4). The recently reduced fees will generate approximately \$300,000 less in revenue from the previous, pre-pandemic fee structure. By reducing the scope of services performed, staff anticipate the Hack Office's duties can be significantly reduced which would allow existing staff to be assigned to other duties while fulfilling hack inspector responsibilities as needed, consistent with the proposed FY 2022 budget savings of 3 FTEs and \$303,117. Police and T&ES anticipate the remaining City regulatory duties will not require dedicated staff to administer.

This Code amendment does shift some cost burden to taxi companies and drivers. The requirement for a third-party background screening costs approximately \$35 to \$45 for each screening, which is an annual requirement. Adding UM/UIM coverage would increase insurance costs by approximately \$20 per taxi. Taxis are already required to get state vehicle inspections, so this is not a new cost. When combined with the City's recently lowered fees for taxi companies and driver permits, the changes still represent a net savings for drivers and taxi companies.

**ATTACHMENTS:**

Attachment 1: Ordinance Cover Sheet

Attachment 2: Ordinance

Attachment 3: Taxi Regulation Efficiency Analysis Report

Attachment 4: Biennial Review

Attachment 5: Presentation

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