



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 25, 2017

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Public Hearing, Second Reading, and Final Passage of Ordinances Amending Title 9 (Licensing and Regulation), Chapter 12 (Taxicabs and Other Vehicles for Hire) of The Code of the City of Alexandria, Virginia, 1981, as Amended. [ROLL-CALL VOTE]

ISSUE: Market conditions impacting the taxicab industry.

RECOMMENDATION: That City Council approve the proposed ordinances (1) increasing the amount of time a taxicab authorization can be vacant before termination from 90 days to 18 months and (2) increasing the age limit for taxicab vehicles from eight model years to ten model years of age for standard vehicles, and 12 model years for hybrid vehicles on first reading and set them for public hearing, and final passage on January 28, 2016.

BACKGROUND: City Code Section 9-12-31 requires that the Traffic and Parking Board and City Manager conduct a biennial review of the taxicab industry in Alexandria. As part of this review, the Traffic and Parking Board holds a public hearing to receive testimony from industry representatives and the public as to the economic condition of the industry, the adequacy of public service provided and necessary or desirable changes in the regulation of the industry, including the number of taxicabs authorized for each company and a review of the City's taxicab fares.

The Traffic and Parking Board held the Biennial Review on November 14, 2016 and heard testimony from five individuals representing drivers and companies. The main theme of the testimony was the declining taxicab market resulting from Transportation Network Companies ("TNCs" which is the generic term for companies such as Uber and Lyft) and how the loss in business is creating a challenging environment for both companies and drivers. Prior to the Traffic and Parking Board hearing staff had previously evaluated company dispatch records and economic conditions. Staff also met with company representatives and over 100 drivers before

developing recommendations. Taking staff's recommendations (Attachment 4) into consideration, and following a public hearing and deliberation, the Traffic and Parking Board recommends the following actions with items two and three requiring ordinance changes for City Council consideration:

1. Maintain the existing number of cabs;
2. 9-12-34(a) Authorizations not in use: Change the amount of time an authorization can be vacant before termination from 90 days to 18 months;
3. 9-12-81(l) Age Limit for Taxicab Vehicles: Increase the age limit for taxicab vehicles from 8 model years to 10 model years of age for standard vehicles and 12 model years for hybrid vehicles;
4. 9-12-23 Fees: Retain the fees charged by the City to taxicab companies and drivers and direct staff to perform a comprehensive review of the fees and make recommendations to the City Manager in the Spring of 2017; and
5. 9-12-132(a)(10) Amount of fare to be charged: Retain the existing taxicab fares.

DISCUSSION: Staff's review of the taxicab industry shows that there has been substantial growth in the TNC market since TNCs were authorized to operate in Virginia in 2014. There are now 143,000 registered TNC drivers in the Commonwealth of Virginia.

Demand for Taxicab Services

Due to changing conditions in the market, demand for taxi dispatch in Alexandria has decreased by 2.5 percent. In neighboring Arlington County and Fairfax County, the demand for taxicab dispatch service has been decreasing by approximately 15 percent per year over the past two years. This decrease is not equal across the industry with some companies being hit harder than others. The downward trend is expected to continue for the foreseeable future and staff expects that some taxicab companies will downsize or even go out of business. The companies that primarily serve Ronald Reagan Washington National Airport (many of which are located in Alexandria) have not been impacted as much by TNCs, which is one reason why demand for taxi dispatch in Alexandria has not decreased as much as it has in neighboring jurisdictions.

Driver Related Issues

Arlington, Fairfax and Alexandria taxicab companies are all having difficulty attracting and retaining drivers because of the demand created by TNCs. In Fairfax there are 173 vacant cabs and in Arlington the number of vacancies is approximately 58. Alexandria has 30 driver vacancies. Finding drivers willing to operate accessible cabs is extremely difficult. In fact several accessible cabs have been terminated from service for being vacant over 90 days as required by section 9-12-34 of the City Code. The competition for drivers created by TNCs has created a situation where companies may no longer be able to provide reliable ADA service. At the October 19th taxicab company owners meeting, several of the taxicab company owners recommended revising section 9-12-34 to allow cabs to be vacant for 18 months before the authorization is terminated. Over the past year the City has terminated over 10 authorizations for being vacant and this trend is expected to continue and likely increase unless the vacancy period is extended. Both Arlington County and Fairfax County allow cabs to be vacant for 18 months before termination so the proposal to extend Alexandria's vacancy limit would be consistent with surrounding jurisdictions.

At the November 9th taxicab drivers meeting, drivers requested the age limit of taxicab vehicles be extended from eight model years to 10 model years to help the drivers better compete with TNCs. The eight year vehicle age limit was put into place more than a decade ago as a means of addressing a problem with taxicabs being in a state of disrepair. At the time there were no age limits. Arlington County, Fairfax County and Uber all have a 10 year age limit on their vehicles so the proposed age limit change would be consistent with surrounding jurisdictions.

Certificates and Authorizations

Alexandria has issued 15 certificates of public convenience and necessity that authorize the operations of taxicabs in the City of Alexandria. Of these, six are issued to taxicab companies and nine are issued to individuals (grandfathered certificates). In aggregate, these certificates authorize the operation of 752 taxicabs, all of which are required to maintain affiliation with a taxicab company. Individually-held certificates authorize the operation of one taxicab each or nine taxicabs total. Collectively, company-held certificates authorize the operation of 743 taxicabs.

Please see Attachment 1 for Table 1: **Current Authorizations**

Review of Taxicab Fares

Three economic factors were considered to determine if fare changes are needed: 1) the rate of inflation since the last fare review; 2) the change in gasoline prices; and 3) the change in the cost to maintain a vehicle. Based on the low inflation rate and less expensive gasoline prices and vehicle maintenance costs, a rate increase is not being recommended. The change in the economic factors since the last Biennial Review is shown in Table 2, attached:

Please see Attachment 1 for Table 2: **Change in Economic Factors since last Biennial Review**

The last item considered are the fares of surrounding jurisdictions. This provides a benchmark to ensure the reasonableness of Alexandria's taxicab fares. As noted in Table 3, attached, Alexandria's taxicab fares are in line with those of surrounding jurisdictions:

Please see Attachment 1 for Table 3: **Regional Taxicab Fare Rates and Charges**

FISCAL IMPACT: There is no fiscal impact on the City government.

ATTACHMENTS:

Attachment 1: Tables

Attachment 2: Ordinance Cover

Attachment 3: Ordinance 9-12-34

Attachment 4: Ordinance 9-12-81

Attachment 5: Traffic and Parking Board Docket Memo

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