

Memorandum

To: Members of the Arlington County Board **Date:** July 1, 2016
From: Mark Schwartz, County Manager
Subject: 2016 Taxicab Certificate Determination Report

County Manager's Recommendation

I recommend that no additional taxicabs including wheelchair-accessible vehicles be authorized this year. Based on staff's quantitative evaluation there are sufficient bases to justify maintaining the existing number of taxicabs (750 vehicles and 97 wheelchair vehicles) authorized to operate in Arlington. This report provides a summary of the data that support this initial recommendation.

Certificate Determination Process

According to Section 25.1-4 of the Taxicab Ordinance ([Chapter 25.1 of the County Code](#)) the number of Taxicab Certificates is to be determined by the County Board biennially in even-numbered years. The determination process for the current year begins with this recommendation. This report states the number of taxicabs proposed to be authorized, if any, the rationale for such number and the general methodology used in arriving at a recommendation. A separate certificate-allocation process for deciding whether and to whom certificates (including specific numbers of taxicabs) are granted will begin after September 1, 2016, if applications are received.

New applicants and existing certificate holders have the opportunity to present justification for the request of additional certificates during the certificate-allocation process as outlined below:

Certificate-Allocation Process

- July 1– September 1, 2016: Applications may be submitted by current taxicab certificate holders requesting additional taxicabs as well by persons who do not at this time hold a certificate. If an applicant applies for a certificate, the issuance of which would authorize an increase in the number of taxicabs for such applicant or certificate-holder, and which increase would exceed the number of taxicabs determined by the County Manager, then the application must include relevant facts indicating the reasons that the applicant contends that the market change, industry performance, certificate-holder performance, competition, innovation and other specified factors are other than those determined by the County Manager.

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- Prior to September 15th: At the Transportation Commission meeting scheduled on September 4, 2016 all applications for new taxicabs will be presented to the current certificate holders and other taxi industry stakeholders.
 - Prior to October 15th: The County Manager will provide a recommendation to the County Board regarding the number of additional taxicabs, if any, (to be authorized by Certificates) allocated to each applicant, including the number of wheelchair-accessible taxicabs.
 - Prior to November 15: The Transportation Commission will provide allocation recommendations to the County Board.
 - Prior to December 31: The County Board will hold a public hearing and take action on the applications before December 31, 2016.

Certificate Determination

According to Section 25.1-4 of the Taxicab Ordinance, in making his determination regarding the number of taxicabs, the County Manager shall consider for the immediately preceding two (2) years the following factors: (1) the percentage change in residents, taxicab and paratransit trips, and indicators of business activity, tourism, and public transportation use (jointly “Market Change”) within Arlington County; (2) Taxicab industry and Certificate-holder performance indicators; (3) Competition, including consideration of the number of Taxicabs authorized to be operated by any Certificate-holder in relation to the total number of Taxicabs authorized to be operated under all Certificates; and (4) other factors having, in the reasonable opinion of the County Manager, specific relevance to the provision of taxicab service to the public.

In order to provide this recommendation a combination of indicators were utilized by staff to assess whether there is a need for an alteration to the current number of authorized taxicabs (847). Staff assembled and evaluated data from 2014 to the present time to provide an initial recommendation regarding the number of taxicabs. Staff considered it appropriate to begin at year 2014 since that was the last time certificates were awarded. The historical data considered include the percentage change in the population of Arlington County; change in at-place employment; change in county hotel room occupancy levels; percentage change in airport taxi pick up trips; and change in overall transit passenger trips. These factors were evaluated to determine the demand for taxicabs in Arlington County and they are grouped into sections as follows: (1) Current Certificate Distribution, (2) Population Indicators, (3) Business Activity, (4) Transportation Indicators, (5) Tourism Indicators, and (6) Taxicab Competition.

(1) Current Certificate Number and Distribution

There are currently a total of 847 authorized taxicabs in Arlington County, which are operated by eight (8) certificate holders. The current taxicab fleet includes 410 hybrid taxicabs (55% of the total non-wheelchair vehicles) and 97 wheelchair-accessible taxicabs (5% of the entire fleet). The five companies that provide dispatch service total 775 taxicabs (91% of the entire fleet). **Table 1** provides the current distribution of taxicab certificates by company.

Table 1: Current Number of Taxicabs by Company

Company / Certificate Holder	Number of Taxicabs	Hybrid	Wheelchair
Red Top*	355	111	28
Blue Top*	181	100	19
Arlington Yellow Cab*	100	87	-
EnviroCab*	50	50	-
All Access	50	-	50
Friendly Cab*	39	36	-
Crown Cab	37	20	-
Hess Cab	35	6	-
Total	847	410	97

*Taxicab companies that provide dispatch service

In 2014, the County Board authorized 50 additional wheelchair accessible taxicabs to a new company, All Access, and ten additional wheelchair accessible vehicles to Blue Top Cab Company. The total number of approved taxicabs in 2015 changed from 787 to 847 vehicles. This change included an increase of 60 wheelchair accessible vehicles from 37 to 97.

(2) Population Indicators

The growth or decline of Arlington County’s population is one indicator of an increase or decrease in the supply of potential taxicab passengers. **Table 2** shows that the population of Arlington County grew from 215,000 to 220,400 between the years 2014 and 2016, which is an increase of 5,400 residents (+2.5%).

Table 2: Arlington County Population (2014-2016)

	2014	2015	2016	Difference	% Change
Population	215,000	216,700	220,400	5,400	2.5%

Source: Arlington County, CPHD, Planning Division, Urban Design and Research Section

There is currently no standard ratio of taxicabs to population but this measure provides a point of comparison between the County’s taxicab industry growth and population growth.

Table 3 shows the number of taxicabs per 1,000 residents of Arlington County. The County has experienced an increase in residents of 5,400 (+2.5%) between 2014 and 2016. During that timeframe the County taxicab fleet grew from 787 in 2014 to 847 in 2015, resulting in an increase in the ratio of 5% – from 3.660 in 2014 to 3.843 in 2016.

Table 3: Number of Cabs per 1,000 Residents (2014-2016)

Cab/Pop. Indicator	2014	2015	2016	Difference	% Change
Cabs Per 1,000	3.660	3.909	3.843	0.2	5.0%

Appendix A provides a multi-jurisdictional comparison of taxicabs per 1,000 residents which places Arlington County in context with neighboring jurisdictions.

(3) Business Activity

Business activity is another indicator that was used to evaluate the state of the taxicab industry. At-place employment (the number of jobs in Arlington County) is a business activity indicator that provides a measure as to whether there was a change in the number of jobs within Arlington County. Thus, it provides a gauge for commuters entering Arlington County for work-related purposes. **Table 4** shows a decrease in at-place employment from 227,500 to 220,600 between the years 2014 and 2016, which amounts to a decrease of 6,900 jobs (-3%) inside Arlington County. Taxicabs also provide a guaranteed ride home (GRH) to commuters who use alternative modes of transportation. For example, a taxi provides an option if a bus rider must return home in an emergency or a car pooler must stay at work later than expected. This addresses a common objective to the use of alternative modes by supplementing transit with an auxiliary transportation service. The factor used to measure business activity within the county is at-place employment.

Table 4: Arlington County At-Place Employment (2014-2016)

	2014	2015	2016	Difference	% Change
At-Place Employment	227,500	228,700	220,600	-6,900	-3.0%
Taxicabs per 1,000 jobs	3.36	3.34	3.47	0.11	3.1%

Source: Arlington County, CPHD, Planning Division, Urban Design and Research Section. As of January 1 of each year.

As at-employment declined, the ratio of taxicabs per 1,000 employees increased. The ratio of taxicabs to employees has increased from 3.36 to 3.47 taxicabs per 1,000 employees (+3.1%).

According to the taxi model developed by Bruce Schaller (a noted expert on taxi systems in the United States), population and employment are not the only significant factors in determining demand. Additional factors are: number of visitors, subway commuters, hotel occupancy, senior and disabled transport programs, airport taxi trips and the number of weather related days.

(4) Transportation Indicators

Transportation indicators, including dispatch taxicab trips and transit ridership, provide evidence as to whether there is sufficient demand for an increase to the current number of taxicabs in Arlington County.

Taxicab Trips

Taxicab dispatch trips capture the amount of call-in service provided by dispatch taxicab certificate holders. Currently, dispatch trips are the most labor- and capital-intensive type of trip, requiring substantial call-center operations. As a County with a predominance of telephone order (dispatch) trips and fewer hail-based trips, the existing taxicab companies that are authorized to operate a specific number of cabs must be adjusted regularly if demand for dispatch cab service is changing. Dispatch service also captures whether there is a shortfall in service in outlying areas since cabs tend to cluster in active airport, hotel, and transit cab stand / street hail markets. **Table 5** provides a comparison between the number of dispatch trips between 2013 and 2015.

Table 5: Dispatch Taxi Trip Comparison (2013-2015)

	2013	2014	2015	Difference	% Change
Blue Top	519,846	445,223	337,260	-182,586	-35%
EnviroCab*	47,958	43,633	30,238	-17,720	-37%
Friendly Cab	25	80	80	55	220%
Red Top	1,897,508	1,553,091	1,340,992	-556,516	-29%
Arlington Yellow	111,702	61,939	21,630	-90,072	-81%
Total	2,577,039	2,103,886	1,730,200	-846,839	-33%

Source: Arlington County Dispatch Taxicab Certificate Holders

There was a decrease in the total number of dispatch trips by 846,839 (33%) during that time period. One company, Friendly Cab Company, reported an increase due to establishment of a dispatch system starting in 2013.

Transit Usage

Alternative methods of transportation are important to connect multimodal linked trips. Taxis support the use of alternative modes, such as ridesharing and transit use, by giving people who use those modes a fallback option in emergencies or during off-peak transit service hours. This also enables people to reduce their car use and ownership.

When taxis are coordinated with transit modes they can contribute to relatively large reductions in vehicle travel. Transit usage is a variable that provides an assessment of the number of bus, rail, and paratransit passengers within Arlington County. **Table 6** indicates a decrease in overall transit ridership between 2014 to 2016 in Arlington County by 2.8%.

Table 6: Annual Transit Ridership in Arlington County (FY2014-2016)

	FY 2014	FY2015	FY2016*	2014-2016	% Change
VRE	1,095,000	829,137	875,000	-220,000	-20.1%
Metro Rail	58,460,000	56,191,205	56,700,000	-1,760,000	-3.0%
Metro Bus	14,800,000	14,274,548	14,420,000	-380,000	-2.6%
ART	2,830,078	2,823,346	3,021,000	190,922	6.7%
STAR	84,670	85,429	86,326	1,656	2.0%
MetroAccess	17,804	18,634	16,771	-1,033	-5.8%
Total	77,287,552	74,222,299	75,119,097	-2,168,455	-2.8%

Sources: Arlington County Division of Transportation; Washington Metropolitan Area Transit Authority; and Northern Virginia Regional Transportation Authority

*Estimate based on mid-year ridership provided by VRE

Overall there has been a decrease of about 2.2 million trips for transit modes within Arlington (-2.8%) between 2014 and 2016. ART has increased during this period due to taking over a Metrobus route and adding weekend service to several routes. Ridership declines for MetroAccess began in FY 2012 following a fare increase, restructuring and maintenance issues. The STAR program was steady during this time.

(5) Tourism Indicators

Tourism indicators, including airport taxi trips and hotel occupancy, provide additional evidence as to whether there is sufficient demand for an alteration to the current number of taxicabs in Arlington County.

Airport Volumes

Airport passenger volumes provide a measure for air travelers using taxicabs to provide an intermodal ground connection for flights. Taxicab airport pickups capture whether there is a change in the demand for taxicab service originating at the IAD (Dulles), DCA (Reagan National), and BWI (Baltimore/Washington International) airports. **Table 7** shows an overall increase in airport passengers at DCA, IAD, and BWI of 3.7 million passengers more (+5.7%) between the years 2013 and 2015. Due to its location, DCA has the most business for Arlington County taxicabs.

Table 7: Airport Passengers

	2013	2014	2015	Difference	% Change
DCA airport	20,415,085	20,810,387	23,039,429	2,624,344	12.9%
IAD airport	21,947,065	21,572,233	21,650,546	-296,519	-1.4%
BWI	22,448,353	22,312,676	23,823,532	1,375,179	6.1%
Total	64,810,503	64,695,296	68,513,507	3,703,004	5.7%

Source: Metropolitan Washington Airports Authority and BWI Airport

Airport passenger arrival taxi trips include all surrounding jurisdiction taxicabs, thus providing a strong indication for potential taxicab use by arriving passengers. This does not include pickups of passengers who make their own arrangements to be picked up at the airport. That volume is captured within the total dispatch trips in Table 3. Trips from IAD are exclusively provided by the Washington Flyer, although trips to the airport can be provided by any cab company. DCA is served by a combination of taxi providers from across the region, including companies based in Arlington County. **Table 8** shows an overall increase of 282,957 (+10.1%) passenger arrival taxi trips at IAD and DCA airports combined between the years 2013 and 2015.

Table 8: Virginia Airport Passenger Arrival Taxi Trips

	2013	2014	2015	Difference	% Change
DCA airport	1,912,388	2,080,044	2,202,519	290,131	15.2%
IAD airport	879,127	906,569	871,953	-7,174	-0.8%
Total	2,791,515	2,986,613	3,074,472	282,957	10.1%

Source: Metropolitan Washington Airport Authority. These are dispatch by airport.

Hotel Occupancy

A review of hotel occupancy indicates whether there was a change in the number of travelers staying within Arlington County. There are a total of forty-four (44) hotels providing 10,857 rooms located within Arlington County at the beginning of 2016. Currently there are 168 rooms under construction but not yet built. The fluctuation in visitors has an impact on taxicab trips generated from these locations. The vehicle trip generation of a hotel is dependent on various factors. Size, location, and type of hotel all contribute to trip generation. **Table 9** shows a slight decrease in the number of rooms available between 2013 and 2015 due to the conversion of the AKA in Virginia Square to condominiums. Although, during this period, approximately 427 more rooms were filled per day, which equates to 155,864 more rooms occupied over the course of the year.

Table 9: Hotel Occupancy

	2013	2014	2015	Difference	% Change
Rate of Occupancy	72.4%	75.9%	76.9%	0	6.2%
Number of Rooms	10,942	10,857	10,857	-85	-0.8%
Rooms Occupied Daily	7,922	8,240	8,349	427	5.4%
Rooms Occupied Annually	2,891,533	3,007,769	3,047,397	155,864	5.4%

Sources: Arlington Economic Development

The hotel business is dependent on the taxi industry. Hotel occupancy has increased from 2013 to 2015, with a 6.2% increase in visitors to Arlington County during that period.

(6) Taxicab Competition

As background information, competition among certificate holders is a factor within the Arlington County Taxicab Ordinance. Transportation, Inc. t/a Red Top Cab and Arlington Yellow Cab Co, Inc. have common ownership and management. Red Top Cab started in 1964 and has grown to 355 vehicles while operating as a full-service provider, including dispatched and wheelchair-accessible service in addition to traditional hail service. Yellow has been operated by them since 1970 with 100 vehicles. The company is supported by a dispatch service call center which is the largest of all of the dispatch companies with a total of 25 reservation agents (operators) and dispatchers.

Blue Top Cab is the second-largest taxi company within Arlington County, with a total of 181 taxicabs (21.4% of the total fleet). Blue Top Cab was founded in 1984 and is the second-oldest

taxi company in Arlington. Blue Top Cab currently staffs eight (8) phone operators to accommodate the call volumes for its existing fleet.

EnviroCab was founded in 2007 and is the fourth-largest taxi company, with 50 taxicabs (6% of the total fleet) in operation. EnviroCab also has a computerized dispatch and order entry system to provide convenient service to customers and automated dispatch to its drivers. EnviroCab offers a unique hybrid-only fleet.

Friendly Cab (39 taxicabs) recently started to offer dispatch service. They increased their fleet by 12 taxicabs in January 1, 2013 after the County Board awarded them with additional cabs.

Hess Cab (35 taxicabs), and Crown Cab (37 taxicabs) do not currently provide dispatch service. These non-dispatch companies primarily rely on taxicab stands and pre-established customer relationships for their passenger business. Driver availability to their customers is based on the individual driver's preferred work schedule. These companies operate smaller fleets that may not be able to support a dispatch-oriented business model. They have a limited ability to serve the county's workers, residents, and travelers because of their size and business structure.

All Access is the newest company in Arlington County approved to operate in January 1, 2015 after the County Board awarded them with 50 wheelchair accessible vehicles. As of May 2016, they are operating one (1) wheelchair taxicab as discussed in the next section. It is expected that the additional wheelchair vehicles will be operating in the near future.

Staff and Certificate Holder Observations

Staff regularly interviews drivers during annual taxicab inspections, observes taxi stand locations, and attends meetings with other jurisdictions' taxicab regulators. Based on information gathered during these exchanges and the data collected as outlined above, staff has concluded that the amount of available taxicabs seems sufficient to support passenger business within Arlington County in general. The Arlington County Police Department has experienced fewer drivers coming to take the required exam than in previous years.

For the past two years, the industry has been facing the existence of Transportation Network Companies (TNCs) that operate in Arlington under Virginia's Department of Motor Vehicles authority. Currently, there are two companies Lyft and Uber. These companies provide service on demand through a mobile application to individuals.

TNCs are creating a change in market conditions and impacts on the taxicab industry. There is no data available to quantify the number of providers although it is believe to be significant. One thing the industry has brought up numerous times is the shortage of available drivers. This is impacting the industry which has dropped significantly the stand dues in order to attract drivers from other companies. The recent 60 wheelchair certificates that were awarded to Blue Top and All Access in 2014, most of these have not been filled with drivers. Other companies are reporting additional vacancies at the moment. The Arlington County Code provide steps in order to address this issue that will take into consideration during the Allocation Certificate Report due this fall.

Wheelchair-Accessible Taxicab Determination

A separate wheelchair accessible taxicab determination was developed based on existing capacity and reported dispatch trips. In 2015, 60 additional wheelchair accessible vehicles were authorized to Blue Top Company with ten (10) vehicles and a new company, All Access, awarded with 50. Both companies have reported that they are having great difficulty finding drivers willing to purchase or operate wheelchair-accessible vehicles. Therefore, they have only been able to put a few of their new certificates into service. As a result of these conditions, staff recommends that no additional wheelchair accessible vehicles be awarded in 2016.

Arlington has three wheelchair-accessible transport providers: 1) MetroAccess provides service through WMATA-owned vehicles operated by MV Transportation and Diamond Transportation as well as occasional trips dispatched to Red Top Cab. Neither MV Transportation nor Diamond Transportation are Arlington taxicab companies; 2) Arlington’s STAR program provides service using nine (9) vehicles operated by Diamond Transportation, three (3) vehicles without taxi meters that are operated by Red Top Cab, and an additional 28 accessible vehicles with taxi meters that operate under Red Top’s certificate; and 3) private-pay users can obtain wheelchair-accessible taxi rides through Red Top’s twenty-eight (28) taxicabs, Blue Top’s nine (9) wheelchair-accessible taxicabs, and with All Access’s authorized fifty (50) accessible taxicabs.

Table 10 shows overall a decrease of 8% in wheelchair-accessible taxicab trips between 2013 and 2015 although Blue Top Cab company experience an almost 13% increase due to expansion of current contracts.

Table 10: Wheelchair-Accessible Taxi Trips (2013-2015)

	2013	2014	2015	Difference	Change %
All Access	-	0	10	-	-
Blue Top	3,378	3,475	3,812	434	12.8%
Red Top	26,025	23,939	23,240	-2,785	-10.7%
Total	29,403	27,414	27,062	-2,341	-8.0%

Sources: Red Top, Blue Top and All Access Cab companies

Conclusion

Upon completion and review of quantitative data, staff reached a conclusion for the 2016 Certificate Determination Report.

Taxi Fleet Size & Certificate Recommendation

The taxi demand indicators, community input contributions and County staff observations provide evidence to support the recommendation to maintain the number of taxicabs at 847 total vehicles which includes 97 authorized wheelchair-accessible vehicles.

During the period between 2014 to present the small increase in population and the reduction in at-place employment does not provide sufficient demand for additional taxicabs. Although airport passengers and hotel occupancy have both experienced increases during this period, staff does not feel there is a need for additional taxicabs given that dispatch has dropped significantly during this time frame.

Most of the 2014 approved wheelchair accessible certificates have not been put into service as of the time this report was concluded. The Taxicab Ordinance provides specifications as to when new certificates must be used and how unused authorized certificates may be revoked. This specifications will be addressed in the Allocation Determination Report coming in the fall.

Based on all the information presented in this report, I recommend that there be no increase in the current number of taxicabs authorized by certificates. If an applicant applies for a certificate, the issuance of which would authorize an increase in the number of taxicabs for such applicant or certificate-holder, and which increase would exceed the number of taxicabs determined by the County Manager, then the application must include relevant facts indicating the reasons that the applicant contends that the market change, industry performance, certificate-holder performance, competition, innovation and other specified factors other than those determined by the County Manager.

Appendix A

Multi-Jurisdictional Comparison of Taxicabs per 1,000 residents

Jurisdiction	# of Cabs Authorized	Population (2014)	# Taxicabs per 1,000 population	Density (pop/sq. mi.)
Arlington County	847	216,700	3.91	8,399
City of Alexandria	757	150,575	5.03	10,020
District of Columbia	7,409	672,228	11.02	11,011
Fairfax County	654	1,129,330	0.58	2,802
Montgomery County	798	1,040,116	0.77	1,978
Prince George's County	775	904,430	0.86	1,789

Sources: U.S. Census American Community Survey, CPHD and local jurisdictions