

# Memorandum

**To:** The Arlington County Board **Date:** June 29, 2018  
**From:** Mark Schwartz, County Manager  
**Subject:** 2018 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 (640 vehicles and 39 wheelchair vehicles) authorized to operate in the County. This report provides a summary of the data that support this 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, 2018, 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, 2018: 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.
- Prior to September 15<sup>th</sup>: At the Transportation Commission meeting scheduled on September 4, 2018 all applications for new taxicabs will be presented to the current certificate holders and other taxi industry stakeholders.

- Prior to October 15<sup>th</sup>: 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, 2018.

## 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 taxicabs (679). Staff assembled and evaluated current data to provide an initial recommendation regarding the number of taxicabs. Staff considered it appropriate to begin at year 2016 since that was the last time certificates were awarded. *Latest available data was obtained from different sources with varying reporting schedules and timeframes such as calendar and fiscal years.* Staff compared current results to results recorded in the past as a factor in making our decisions. 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 679 taxicabs in Arlington County, which are operated by six (6) certificate holders. The current taxicab fleet includes 39 wheelchair-accessible taxicabs (6% of the entire fleet). The five companies that provide dispatch service total 607 taxicabs (90% of the entire fleet).

The total number of taxicabs has changed from 2017 to 2018 from 847 to 679 vehicles. Two companies have ceased operations this year: All Access and enviroCab companies. Two additional companies reduced the number of vehicles available to operate: Red Top reduced the number of vehicles from 355 to 300 and Arlington Yellow from 100 to 87. **Table 1** provides the current and past distribution of taxicab certificates by company.

**Table 1: Number of Taxicabs by Company (2017-2018)**

	2017		2018	
	Total Vehicles	Wheelchair	Total Vehicles	Wheelchair
All Access	50	50	-	-
Friendly*	39		39	
Hess	35		35	
Crown	37		37	
Red Top*	355	28	300	20
Arlington Yellow*	100		87	
Blue Top*	181	19	181	19
enviroCab	50		-	
<b>Total</b>	<b>847</b>	<b>97</b>	<b>679</b>	<b>39</b>

\*Taxicab companies that provide dispatch service

**(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 220,400 to 225,200 between the years 2016 and 2018, which is an increase of 4,800 residents (+2.2%).

**Table 2: Arlington County Population (2016-2018)**

	2016	2017	2018	Difference	% Change
<b>Population</b>	220,400	222,800	225,200	4,800	2.2%

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

**(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 3** shows an increase in at-place employment from 211,000 to 224,200 between the years 2016 and 2018, which amounts to an increase of 13,200 jobs (6.3%) inside Arlington County. Taxicabs also provide a guaranteed ride home 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 3: Arlington County At-Place Employment (2016-2018)**

	2016	2017	2018	Difference	% Change
<b>At-Place Employment</b>	211,000	222,300	224,200	13,200	6.3%

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

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. Table 4 provides a comparison between the number of dispatch trips between 2015 and 2017.

**Table 4: Dispatch Taxi Trip Comparison (2015-2017)**

	2015	2016	2017	Difference	% Change
<b>Blue Top</b>	337,260	249,174	199,425	-137,835	-41%
<b>Friendly Cab</b>	80	73	96	16	20%
<b>Red Top</b>	1,340,992	1,091,379	987,698	-353,294	-26%
<b>Arlington Yellow</b>	21,630	0	0	-21,630	-100%
<b>Total</b>	<b>1,699,962</b>	<b>1,340,626</b>	<b>1,187,219</b>	<b>-512,743</b>	<b>-30%</b>

Source: Arlington County Dispatch Taxicab Certificate Holders

There was a decrease in the total number of dispatch trips by 512,743 (-30%) during that time period.

*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 5** indicates a decrease in overall transit ridership between 2015 to 2017 in Arlington County.

**Table 5: Annual Transit Ridership in Arlington County (FY2015-2017)**

	FY2015	FY2016	FY2017	Difference	% Change
VRE	829,137	821,016	868,097	38,960	4.70%
Metro Rail	56,191,205	51,136,200	47,376,700	-8,814,505	-15.69%
Metro Bus	14,274,548	13,431,125	12,125,361	-2,149,187	-15.06%
ART	2,823,346	3,111,575	3,403,439	580,093	20.55%
STAR	85,429	86,417	86,455	1,026	1.20%
MetroAccess	18,634	17,076	18,630	-4	-0.02%
<b>Total</b>	<b>74,222,299</b>	<b>68,603,409</b>	<b>63,878,682</b>	<b>-10,343,617</b>	<b>-13.94%</b>

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

Overall there has been a decrease of over 10.3 million trips for transit modes within Arlington (-13.9%) between 2015 and 2017. Some of the reduction can be attributed to service changes related to Metrorail’s SafeTrack rail improvement program and reduction of federal spending. ART has increased during this period due to new routes implemented and route schedule adjustments to improve on-time performance.

**(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 6** shows an increase in airport passengers at DCA, IAD, and BWI of 516,000 passengers more (11.3%) between the years 2016 and 2018.

**Table 6: Airport Passengers (2016-2018)**

	2016	2017	2018	Difference	% Change
<b>DCA (Reagan National)</b>	1,556,000	1,782,000	1,621,000	65,000	4.18%
<b>IAD (Dulles)</b>	1,407,000	1,587,000	1,586,000	179,000	12.72%
<b>BWI</b>	1,619,000	1,821,000	1,891,000	272,000	16.80%
<b>Total</b>	<b>4,582,000</b>	<b>5,190,000</b>	<b>5,098,000</b>	<b>516,000</b>	<b>11.26%</b>

Source: Metropolitan Washington Airports Authority and BWI Airport. As of January 1 of each year.

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 7** shows a decrease of 394,693 (-12.84%) passenger arrival taxi trips at IAD and DCA airports combined between the years 2015 and 2017.

**Table 7: Virginia Airport Passenger Arrival Taxi Trips (2015-2017)**

	2015	2016	2017	Difference	% Change
<b>DCA (Reagan National)</b>	2,202,519	2,144,659	1,919,125	-283,394	-12.87%
<b>IAD (Dulles)</b>	871,953	813,838	760,654	-111,299	-12.76%
<b>Total</b>	<b>3,074,472</b>	<b>2,958,497</b>	<b>2,679,779</b>	<b>-394,693</b>	<b>-12.84%</b>

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

*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 11,193 rooms located within Arlington County at the beginning of 2018. 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 8** shows an increase in the number of rooms available between 2015 and 2017. Also, during this period, approximately 236 more rooms were filled per day, which equates to 86,139 more rooms occupied over the course of the year.

**Table 8: Hotel Occupancy (2015-2017)**

	2015	2016	2017	Difference	% Change
<b>Rate of Occupancy</b>	76.90%	77.20%	76.70%	-0.20%	-0.3%
<b>Number of Rooms</b>	10,857	11,025	11,193	336	3.1%
<b>Rooms Occupied Daily</b>	8,349	8,511	8,585	236	2.8%
<b>Rooms Occupied Annually</b>	3,047,397	3,106,625	3,133,536	86,139	2.8%

Sources: Arlington Economic Development

## **(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 300 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 and now has 87 vehicles. The company is supported by a dispatch service call center

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 seven (7) phone operators to accommodate the call volumes for its existing fleet.

Friendly Cab (39 taxicabs) started to offer dispatch service in 2014. 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.

### *Staff Observations*

Staff regularly meets with representatives from the taxicab companies, interviews drivers during 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.

For the past few 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 an application to individuals.

TNCs are creating a change in market conditions and continue to impact the taxicab industry. There is no data available to quantify the number of providers although it is believed to be significant.

### *Existing Taxicab Certificate Holder Observations*

During meetings with existing certificate holders and various communications with drivers all have expressed their concerns about new transportation providers (Uber, Lyft and others) taking business away. These providers continue to change market conditions in the industry and are impacting the drivers and the companies.

*Wheelchair-Accessible Taxicab Determination*

A separate wheelchair accessible taxicab determination was developed based on existing capacity and reported dispatch trips.

Arlington has three wheelchair-accessible taxicab service providers: 1) Arlington’s STAR program provides service using accessible taxicabs from the twenty (20) operated by Red Top Cab and fourteen (14) vehicles operated by Diamond Transportation; 2) MetroAccess provides service with WMATA-owned vehicles operated by contractors including Diamond Transportation in Virginia while trips not scheduled in MetroAccess vehicles are dispatched to Red Top Cab; and 3) private-pay users can obtain wheelchair-accessible taxi rides through Red Top’s twenty (20) and Blue Top Cab’s nine (9) wheelchair-accessible taxicabs.

**Table 9** shows an overall increase of 15.3% in wheelchair-accessible taxicab trips between 2015 and 2017.

**Table 9: Wheelchair-Accessible Taxi Trips (2015-2017)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Difference</b>	<b>Change %</b>
<b>Blue Top</b>	3,812	3,899	3,948	136	3.6%
<b>Red Top</b>	23,240	28,284	27,241	4,001	17.2%
<b>Total</b>	<b>27,052</b>	<b>32,183</b>	<b>31,189</b>	<b>4,137</b>	<b>15.3%</b>

Sources: Blue Top and Red Top companies

**Conclusion**

Upon completion and review of quantitative data, staff reached a conclusion for the 2018 Certificate Determination Report.

*Taxi Fleet Size & Certificate Recommendation*

The taxi industry is still adjusting to Transportation Network Companies (TNCs). During the period between 2015 to present the economic indicators presented in this document do not provide support for additional taxicabs given that TNCs exist and there is no data to quantify their use.

It is important to note that taxicabs are an important and reliable mode of transportation for Arlington County, and served the community that do not have or rely on a smart phone, specifically senior citizens and low income customers. Also important to note that, TNCs are not subject to the American with Disabilities Act (ADA) compliance and, at the moment, only taxicabs are required to provide wheelchair accessible vehicles to customers that need them.

The number of existing authorized taxicab vehicles has changed from 847 to 679 (including 97 to 39 wheelchair vehicles) from 2017 to 2018 reflecting a decrease of about 20 percent of total available vehicles (60 percent decrease for wheelchair vehicles). This business adjustment was made by two of the companies impacted by the drop of dispatch trips. Therefore, the recommendation is to maintain the number of taxicabs at 679 total vehicles which includes 39 wheelchair-accessible vehicles.

**Based on all the information presented in this report, the County Manager recommends 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.**