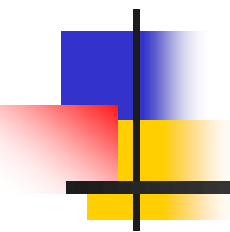


Transportation Advisory Commission 2014 Taxicab Rate Review



Susan Hafeli
Department of Cable and Consumer Services
Public Utilities Branch
June 17, 2014



Background

- Taxicab industry in Fairfax County
 - Five authorized companies / 654 taxicabs
 - 45 wheelchair-accessible cabs – a 96% increase over current number (6.9% of fleet)
 - 832 licensed drivers in FY2013
- Taxicab rates
 - Governed by County Code § 84.1-6-2(d)
 - Change in taxicab industry price index (FCTIPI) \pm 2%
 - Annual rate reviews
 - Rate increases in 2008 (15%) and 2012 (4.7%)



Fairfax County Code § 84.1-6-2(d)

Changes to rules, regulations, rates, fares, and charges; procedures.

(d) . . . The Director will use the following standard in consideration of whether the request [to change rates] is justified: ***The change in the Fairfax County Taxicab Industry Price Index since the last adoption of rates (plus or minus two percent).***



Evaluation Factors

- County Code: change in FCTIPI \pm 2%
 - $3.1\% \pm 2\% =$ range of 1.1% to 5.1%
- Other economic factors, including
 - Trends in gasoline prices
 - Regional taxicab rate comparison
- Driver retention and stability
- *But* - impact of illegal cabs on demand for county-approved taxicabs
 - UberX rates typically 2/3rds cost of county-set rates



Illegal Taxicabs

- Concerns include public safety and wheelchair accessibility
- Board has asked staff to address
- DCCS has confirmed encroachment in county
 - Other jurisdictions' cabs in eastern/western areas
 - Presence of Uber et al.
- FCPD has enforcement responsibility
 - Changes needed in County Code to issue citations, per County Attorney opinion



Fairfax County Taxicab Industry Price Index (FCTIPI)

Cost Element	BLS Index	Weight
Salaries, wages and profits	Consumer Price Index	0.62
Vehicle purchase	New cars	0.14
Fuel	Motor fuel	0.11
Insurance and other	Other private transportation services	0.08
Maintenance, parts and equipment	Private transportation maintenance and repairs	0.05
TOTAL COMPOSITE INDEX		1.00



FCTIPI Weighted Change

June 2012 – April 2014

Criteria	% Change	x	Weight	=	Weighted Change
Consumer Price Index	3.3%	x	0.62	=	2.0%
New cars	1.6%	x	0.14	=	0.2%
Motor fuel	4.0%	x	0.11	=	0.4%
Other private transportation services	2.6%		0.08	=	0.2%
Private transportation maintenance and repairs	2.7%	x	0.05	=	0.1%
TOTAL PRICE INDEX CHANGE					3.1%

2012-2014 Gasoline Price Trends

Compared to June 2012 Analysis

Metropolitan Washington Area Average Fuel Prices
June 2012 (\$3.44) - May 2014 (\$3.64)



2012-2014 Gasoline Price Trends

Compared to October 2012 Board Adoption

Metropolitan Washington Area Average Fuel Prices
October 2012 (\$3.66) - May 2014 (\$3.64)





Rates: Current and Proposed

- Current taxi rates
 - Initial charge (drop fee): \$3.25
 - Per-mile charge: \$2.10
- FCTIPI analysis: 3.1% \pm 2%
 - Results support increase in range of 1.1% to 5.1%
- Two-part preliminary staff recommendation
 - Increase drop charge from 3.25 to \$3.50 and increase per-mile charge from \$2.10 to \$2.16
 - Yields 3.5% increase for average 7-mile trip



Rate Design Considerations

- Remain within parameters of FCTIPI results, plus/minus 2%
- Ensure that all customers share in increase
 - Increasing just the drop charge imposes more costs on customers taking short trips
- Be alert to rate changes that could distort driver behavior
- Maintain taxi rates that are comparable to those charged in the region

Staff Considered Various Proposals

	Drop Charge	Rate per Mile	Billing Unit	1 st Mile			Average 7-Mile Trip		
				Cost	Amount Increase	Percent Increase	Cost	Amount Increase	Percent Increase
Current Fare	\$3.25	\$2.10	1/7 th	\$5.05	--	--	\$17.65	--	--
Increase drop charge – two options									
Increase drop charge by \$0.25	\$3.50	\$2.10	1/7 th	\$5.30	\$0.25	5.0%	\$17.90	\$0.25	1.4%
Increase drop charge by \$0.50	\$3.75	\$2.10	1/7 th	\$5.55	\$0.50	9.9%	\$18.15	\$0.50	2.8%
Increase per-mile rate from \$2.10 to \$2.17 – two options									
Increase per-mile rate to \$2.17	\$3.25	\$2.17	1/7 th	\$5.11	\$0.06	1.2%	\$18.13	\$0.48	2.7%
Increase drop charge by \$0.25 and increase per mile rate to \$2.17	\$3.50	\$2.17	1/7 th	\$5.36	\$0.31	6.1%	\$18.38	\$0.73	4.1%
Revise billing increment to 1/6th mile – two options									
Revise billing increment and rate	\$3.25	\$2.16	1/6 th	\$5.05	--	--	\$18.01	\$0.36	2.0%
Revise billing increment and rate and increase drop charge by \$0.25	\$3.50	\$2.16	1/6 th	\$5.30	\$0.25	5.0%	\$18.26	\$0.61	3.5%

Sample Billing Analysis

Increase drop charge

Increase Drop Charge \$0.25

Trip Length (Miles)	Trip Cost		% Increase Over Current Trip Cost
	Current	Proposed	
1	\$5.05	\$5.30	5.0%
2	\$7.15	\$7.40	3.5%
3	\$9.25	\$9.50	2.7%
4	\$11.35	\$11.60	2.2%
5	\$13.45	\$13.70	1.9%
6	\$15.55	\$15.80	1.6%
7	\$17.65	\$17.90	1.4%
8	\$19.75	\$20.00	1.3%
9	\$21.85	\$22.10	1.1%
10	\$23.95	\$24.20	1.0%
15	\$34.45	\$34.70	0.7%
20	\$44.95	\$45.20	0.6%

Increase Drop Charge \$0.50

Trip Length (Miles)	Trip Cost		% Increase Over Current Trip Cost
	Current	Proposed	
1	\$5.05	\$5.55	9.9%
2	\$7.15	\$7.65	7.0%
3	\$9.25	\$9.75	5.4%
4	\$11.35	\$11.85	4.4%
5	\$13.45	\$13.95	3.7%
6	\$15.55	\$16.05	3.2%
7	\$17.65	\$18.15	2.8%
8	\$19.75	\$20.25	2.5%
9	\$21.85	\$22.35	2.3%
10	\$23.95	\$24.45	2.1%
15	\$34.45	\$34.95	1.5%
20	\$44.95	\$45.45	1.1%

Note: Average trip length is approximately seven miles.

Sample Billing Analysis

Increase per-mile rate to \$2.17

\$3.25 drop fee and \$0.31 per 1/7th mile

Trip Length (Miles)	Trip Cost		% Increase Over Current Trip Cost
	Current	Proposed	
1	\$5.05	\$5.11	1.2%
2	\$7.15	\$7.28	1.8%
3	\$9.25	\$9.45	2.2%
4	\$11.35	\$11.62	2.4%
5	\$13.45	\$13.79	2.5%
6	\$15.55	\$15.96	2.6%
7	\$17.65	\$18.13	2.7%
8	\$19.75	\$20.30	2.8%
9	\$21.85	\$22.47	2.8%
10	\$23.95	\$24.64	2.9%
15	\$34.45	\$35.49	3.0%
20	\$44.95	\$46.34	3.1%

\$3.50 drop fee and \$0.31 per 1/7th mile

Trip Length (Miles)	Trip Cost		% Increase Over Current Trip Cost
	Current	Proposed	
1	\$5.05	\$5.36	6.1%
2	\$7.15	\$7.53	5.3%
3	\$9.25	\$9.70	4.9%
4	\$11.35	\$11.87	4.6%
5	\$13.45	\$14.04	4.4%
6	\$15.55	\$16.21	4.2%
7	\$17.65	\$18.38	4.1%
8	\$19.75	\$20.55	4.1%
9	\$21.85	\$22.72	4.0%
10	\$23.95	\$24.89	3.9%
15	\$34.45	\$35.74	3.7%
20	\$44.95	\$46.59	3.6%

Note: Average trip length is approximately seven miles.

Sample Billing Analysis

Change billing increment to 1/6th mile

\$3.25 drop fee + \$0.36 per 1/6th mile

Trip Length (Miles)	Trip Cost		% Increase Over Current Trip Cost
	Current	Proposed	
1	\$5.05	\$5.05	0.0%
2	\$7.15	\$7.21	0.8%
3	\$9.25	\$9.37	1.3%
4	\$11.35	\$11.53	1.6%
5	\$13.45	\$13.69	1.8%
6	\$15.55	\$15.85	1.9%
7	\$17.65	\$18.01	2.0%
8	\$19.75	\$20.17	2.1%
9	\$21.85	\$22.33	2.2%
10	\$23.95	\$24.49	2.3%
15	\$34.45	\$35.29	2.4%
20	\$44.95	\$46.09	2.5%

\$3.50 drop fee + 0.36 per 1/6th mile

Trip Length (Miles)	Trip Cost		% Increase Over Current Trip Cost
	Current	Proposed	
1	\$5.05	\$5.30	5.0%
2	\$7.15	\$7.46	4.3%
3	\$9.25	\$9.62	4.0%
4	\$11.35	\$11.78	3.8%
5	\$13.45	\$13.94	3.6%
6	\$15.55	\$16.10	3.5%
7	\$17.65	\$18.26	3.5%
8	\$19.75	\$20.42	3.4%
9	\$21.85	\$22.58	3.3%
10	\$23.95	\$24.74	3.3%
15	\$34.45	\$35.54	3.2%
20	\$44.95	\$46.34	3.1%

Note: Average trip length is approximately seven miles.

Regional Taxi Rate Comparison

\$3.50 Drop and Per-Mile Increase

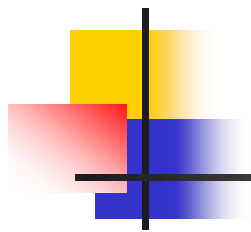
	D.C	Pr.George's County	Montgomery County	Alexandria	Arlington County	Wash. Flyer (Dulles)	Fairfax County		
							Current	1/7 th Mile	1/6 th Mile
Drop Charge	\$3.50	\$3.00	\$4.00	\$3.36	\$2.75	\$3.50	\$3.25	\$3.50	\$3.50
1st Mile	\$5.39	\$4.50	\$5.50	\$5.16	\$4.50	\$5.12	\$5.05	\$5.11	\$5.05
Each Add'tl Mile	\$2.16	\$1.75	\$2.00	\$2.16	\$2.10	\$2.16	\$2.10	\$2.17	\$2.16
Average 7-Mile Fare	\$18.35	\$15.00	\$17.50	\$18.12	\$17.10	\$18.08	\$17.65	\$18.38 (4.1%↑)	\$18.26 (3.5%↑)

Washington Flyer rates effective June 19, 2014.



Staff Preliminary Recommendation

- Two-part rate increase
 - Increase drop charge from \$3.25 to \$3.50 and per-mile charge from \$2.10 to \$2.16
 - Comports with FCTIPI results of 3.1% \pm 2%
- Balances interests of drivers and riding public
- With increase, rates will be at the high end, compared to other area jurisdictions
 - Per-mile rate of \$2.16 would be shared with D.C., Alexandria, and Washington Flyer (Dulles)



Questions?