



Alexandria Taxi Regulation Efficiency Analysis

June 7, 2019

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Acknowledgements

The report below was produced through a collaborative process involving the Office of Performance and Accountability (OPA), the Alexandria Police Department (APD), the Department of Transportation and Environmental Services (T&ES), the Office of the City Attorney, and the Department of Finance.

OPA would like to thank our partner departments and offices, whose patience and effort made this report possible.

Executive Summary

The introduction of rideshare services has impacted the taxi industry in Alexandria. Since rideshare companies entered the local transportation market in 2015 the number of taxi dispatch calls have fallen,¹ taxi companies have faced challenges finding drivers,² and the City's collection rate on taxi fees has decreased from 90% in 2015 to 76% in 2018.³

Because of these difficulties, local taxi company representatives requested that City fees be lowered.⁴ In response, T&ES proposed a fee reduction worth \$181,000 to the City Manager.⁵ This led the City Manager to ask OPA to review the City's regulatory role in the taxi industry. Specifically, OPA was asked to examine how the City could regulate taxis more efficiently, in order to reduce the costs it imposes on taxi companies and drivers, and to increase regulatory parity with rideshare services.

Findings:

Cost recovered activities – City Code requires the City administer taxi safety oversight activities, including City administered vehicle inspections, permitting, and driver background checks. This report found that current City safety oversight could be operated more efficiently and at a lower cost to the taxi industry.

Administrative and operational requirements - City Code also regulates the taxi industry in ways which may impose additional indirect cost. Such regulations include restrictions on office location, company size, fares and fees, and vehicle and driver aesthetics. These regulations are not required by Virginia Code, and are not required of rideshare companies.

Recommendations:

1. Continue City taxi safety oversight but align requirements with rideshare companies; reduce City fees and improve efficiency

This recommendation would increase the efficiency and reduce the costs of City oversight, allowing the City to reduce its fees on the taxi industry from about \$278,000 a year in FY 2020 to around \$5,500. Additionally, it is estimated that taxis would be required to pay about \$15,000 a year in background checks.⁶ This would be achieved by improving the efficiency of City taxi safety oversight services, specifically:

- ***Discontinue City led vehicle inspections*** – discontinue City administered vehicle inspections. Every taxi will still be required to undergo a Virginia vehicle safety inspections.

¹ The total number of dispatch calls reported by two companies has declined from around 250,000 in 2015 to around 125,000 in 2018. Source: T&ES' *Biennial Taxicab Review 2019*, pg 3.

² The number of City permits peaked in 2015 at 767, and has fallen in to 657. See Appendix A for more details.

³ See Appendix B for the full breakdown of recovery rates.

⁴ T&ES, *Memo to the City Council on the 2018 Biennial Review of the Taxicab Industry*, 03/05/2019, pg. 1.

⁵ *Ibid.*

⁶ See Figure 11.

- *Require private sector background checks; discontinue City background checks* – discontinue City administered background checks. Require that taxi companies conduct private sector background checks, based on existing Virginia Code which imposes similar requirements on rideshare companies. After these private sector checks are completed, they will be reviewed by APD.
- *Revise and streamline the taxi permit process; and recover only these City costs* – continue to issue City taxi permits but revise the process to improve its efficiency and reduce its cost. Moving forward, permit issuance will be the only City cost charged to taxis, and a standardized process for assessing fees based on costs should be established.
- *Revise City investigation and manifests; discontinue crash reporting* – utilize the new 311 system and process for complaints and investigations; focus on investigating areas of City responsibility and discontinue investigating areas to be delegated to taxi companies. The continued use of manifests should be discussed by APD, T&ES, and the taxi industry as the details of the new 311 process are finalized. Discontinue crash reporting which was necessary for vehicle inspections.

2. Reduce and further examine City Code which impose indirect costs on the taxi industry

In addition to the items detailed above, OPA proposes that the City discontinue or further examine regulations that may impose indirect costs on the taxi industry that are not imposed on rideshare companies. These include:

- *Discontinue aesthetic regulations* – remove City regulations on driver and vehicle appearance and delegate those decisions to the taxi industry.
- *Discontinue regulations on the location of taxi company office* – no longer require taxi company offices to be located within the City.
- *Further examine regulations surrounding fares and fees* – further examine the City's restrictions on permissible fares and fees, with the goal of advancing greater regulatory efficiency and parity between the taxi and rideshare industries.
- *Further examine regulations surrounding company size* – further examine the City's restrictions on taxi company size, with the goal of advancing greater regulatory efficiency and parity between the taxi and rideshare industries.

Figure 1: Summary of Recommended Changes

 City
  Taxi companies
  Further examination required

Activity	Current	Proposed
Vehicle inspections		
Background checks		
Investigate resident complaints and issue taxi permits		
Taxi aesthetics and company location		
Fares, fees, and company size		
Paratransit and Senior Taxi programs*		
Cost to the taxi industry	\$278,000	\$20,000
City regulatory costs	\$278,000	\$5,500

*Pre-existing partnerships and programs between the City and the taxi industry, such as the Paratransit program or the Senior Taxi Yellow Card program, are not expected to be affected by the changes proposed in this report.

These recommendations should be discussed with taxi companies, taxi drivers, and the public before they are implemented. Gathering stakeholder feedback and refining this analysis will be a critical step in ensuring that a new taxi regulatory structure is efficient, effective, and equitable.

Introduction

Alexandria City Code contains hundreds of ordinances that regulate taxi companies and taxi drivers. These ordinances are divided into sections which include: driver permits, vehicle permits, taxicab stands, fares, dispute resolution, general regulation, and certificates of public convince and necessity (company operating permits).⁷ In comparison, rideshare companies are not regulated by the City, although they are subject to Virginia regulation.⁸

The City's taxi regulatory structure is managed by four entities: APD, the Finance Department, T&ES, and the Traffic and Parking Board. APD is responsible for conducting vehicle inspections, background inspections, and issuing permits. These responsibilities are handled by the Hack Office, a three-person unit located in the Alexandria Detention Center. It has been the City's policy that the cost of providing these services are to be charged to taxi drivers and companies through fees.⁹ The Finance Department collects these fees.

T&ES and the Traffic and Parking Board are responsible for making recommendations to the City Manager and City Council regarding the rules which regulate the taxi industry. This includes recommending fares and monitoring the number of driver permits each company is allowed to maintain.

For the purposes of this report, there are two groups of regulation:

1. City services that impose direct costs on the industry and are cost recovered
2. Administrative and operational requirements that may result in indirect costs

⁷ Alexandria City Code, 12-A.

⁸ The text of City Code referenced in this report is available in Appendix C, and the text of referenced Virginia Code is available in Appendix D.

⁹ Mark B. Jinks, City Manager, 1/23/2019, conversation with Greg Useem, Chief Performance Officer.

Cost Recovered City Activities

The City conducts four activities on a cost recovery basis:

1. Vehicle inspections
2. Background checks
3. Permitting
4. Reporting and monitoring

All of these activities are conducted through APD's Hack Office. Special fees on taxi drivers and companies are designed to generate enough revenue to fund the Hack Office's operational costs. Rideshare companies are not subject to any of these City activities and do not pay these fees.

Figure 2 below highlights the City Code that regulates these activities and compares it against any similar Virginia regulations on rideshare companies.

Figure 2: Comparison of City and Virginia Code Governing Cost Recovered Services

	Regulator	Regulation	Taxis	Rideshare
1. Vehicle Inspections	Alexandria	<i>City Vehicle Inspections</i> (9-12-74) - taxi drivers are required to submit their vehicles to an annual vehicle inspection conducted by APD's Hack Office. This includes a safety inspection, and an inspection of the taximeter, which calculates fares.	✓	
	Virginia	<i>VA Vehicle Inspections</i> (§ 46.2-2099.50) - All vehicles in Virginia, including taxis and rideshare vehicles, are subject to a separate annual inspection, which checks for major safety issues, such as functional breaks, lights, and tires.	✓	✓
2. Background Checks	Alexandria	<i>City Background Checks</i> (9-12-45) - Taxi drivers are subject to an APD background check when entering the industry, and a subsequent background check every two years in order to renew their permit. Taxi drivers must be older than 18.	✓	
	Virginia	<i>Private Background Checks</i> (§46.2-2099.49) - Rideshare companies are required to conduct private sector background checks on their drivers. These background checks must encompass a number of enumerated elements. When entering the industry, drivers undergo a criminal and driving history check. Afterwards, driving history checks are conducted every year, and criminal checks are conducted every two years. Rideshare drivers must be older than 21.		✓

	Regulator	Regulation	Taxis	Rideshare
3. Permitting	Virginia	<i>Permitting</i> (§ 46.2-2059) – Each taxi driver operating in Virginia must have a permit from a local government.	✓	
4. Reporting & Monitoring	Alexandria	<i>Crash Reporting</i> (9-12-56-A) - Taxi drivers must report all crashes they are involved in to APD's Hack Office.	✓	
	Alexandria	<i>Manifests</i> (9-12-56-B) - Taxi drivers must record the route, time, date, and fare of each trip in a manifest. These manifests must be presented to the Hack Office on request.	✓	

1. Vehicle Inspections

Annual City vehicle inspections are written into City Code and are required of taxi drivers but not rideshare drivers.¹⁰ Taxi drivers are required to bring their vehicle to the Hack Office (located in the Alexandria Detention Center) for an in-person inspection and test drive by Hack Inspectors. Hack Inspectors examine a number of factors regarding vehicle safety, passenger comfort, and taximeter accuracy. The position of Hack Inspector is not a sworn law enforcement officer. However, both of the City's current Hack Inspectors were previously sworn APD officers.

Vehicle Safety

Hack Inspectors use their knowledge and expertise to check for a range of vehicle safety issues. The specific items inspected are not currently documented.¹¹ Taxis often fail for bald tires, broken headlights, or poor body repair work.¹² The number of failures is not known, as the Hack Office currently does not maintain digitized records.¹³ Rideshare companies are not subject to the City vehicle inspections.

These City inspections are separate from, and in addition to, the annual safety inspection mandated by the Commonwealth of Virginia, which is required of both taxis and rideshare companies. Virginia's vehicle safety inspections include checks of brakes, lights, safety belts,

¹⁰Alexandria City Code 9-12-74 and 9-12-76.

¹¹ David Robinson, Hack Inspector, APD. Email, 02/06/2019.

¹² David Robinson, Hack Inspector, APD. OPA interview, 01/10/2019.

¹³ David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

tires, and other issues.¹⁴ Although separate, there is overlap between the safety component of Alexandria and Virginia vehicle inspections.

Passenger Comfort

In addition to safety, Hack inspectors conduct a review of a taxi's cabin to ensure passenger comfort. This includes elements such as if the air conditioner is operational and if the driver is smoking the vehicle.¹⁵ Hack Inspectors report that they fail many taxis for habitability concerns.¹⁶ However, this is anecdotal as the Hack Office currently does not maintain digitized records.¹⁷ Rideshare companies are not subject to this type of inspection by the City or State.

Taximeter Accuracy

As part of the City taxi vehicle inspection, inspectors check for the accuracy of meters.¹⁸ This is accomplished by Hack Inspectors driving the taxi for a known distance and checking the taximeter readings. Rideshare companies are not subject to this type of inspection by the City or State.

2. Background Checks

City Code requires APD to perform an initial background check on new taxi drivers and a subsequent background update every two years. Initial background checks include a fingerprint screening referenced against an FBI database. Based on the number of permits the City issues to drivers, in 2019 the Hack Office is projected to be responsible for around 369 background checks.¹⁹ Historical data on the number of checks, failure rates, and other data are unavailable as the Hack Office does not maintain digitized records.²⁰

Rideshare companies are governed by Virginia Code regarding background checks. Companies are required to conduct checks of both criminal history and driving history for all new drivers. Subsequently, criminal checks must be completed every two years and driving history checks must be completed annually.²¹

City and private sector background checks have similar elements, including checking public documents for driving history and criminal offenses. APD Police Chief Michael L. Brown does not believe that the Hack Office's background inspections, including the FBI fingerprint

¹⁴ Virginia State Police, *Motor Vehicle Safety Inspection Manual*, October 2018.
[http://www.vsp.virginia.gov/downloads/Motor%20Vehicle%20Safety%20Inspection%20Manual%20-%20\(October%204%202018\).pdf](http://www.vsp.virginia.gov/downloads/Motor%20Vehicle%20Safety%20Inspection%20Manual%20-%20(October%204%202018).pdf).

¹⁵ David Robinson, Hack Inspector, APD. OPA interview, 01/10/2019.

¹⁶ David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

¹⁷ David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

¹⁸ Alexandria City Code, 9-12-131.

¹⁹ This figure adds half of the current 577 taxi drivers (accounting for the current biennial permit renew cycle), plus an additional 80 new drivers per year, per Hack Office estimates.

²⁰ David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

²¹ VA Code: § 46.2-2099.49.

reference, provide significantly more information than background investigations conducted by private companies.²²

Research by OPA indicates that background checks conducted by private companies are less expensive than the fees charged for a City background check and are processed more quickly. The current APD fee for a permit and initial background check is \$150. The process is divided into three steps: first, fingerprinting at APD headquarters, which takes approximately 30 days and is only conducted between Tuesdays and Thursdays.²³ After fingerprint results are verified, drivers must go to the Hack Office to retrieve their initial permit. Subsequent biennial permits and background checks cost \$150. These biennial permits can usually be conducted within 30 minutes and must be verified in-person at the Hack Office.²⁴ Subsequent background checks are required biennially and can usually be conducted in one day at the Hack Office.²⁵

The company that processes Uber and Lyft background applications, Checkr, charges an estimated \$35 for a background check²⁶ and estimates a turnaround time of 3-5 days.²⁷ A similar service, VICTIG, estimates a cost of \$35-\$45 for a background check and a turnaround time of 1-3 days.²⁸ These services are conducted entirely online, and both services meet the legal requirements in Virginia Code for rideshare background screenings.

Figure 3: Comparison of Private and City Background Checks

	Alexandria	Private Sector
Initial Background Check		
Cost	\$150	\$35-\$45
Process Time (days)	30	1-5
Subsequent Background Checks		
Cost	\$150	\$35-\$45
Process Time (days)	1	1-5

Oral Exam Test

A subcomponent of the initial background check is an oral exam test for taxi drivers, administered by the Hack Office. This oral exam is intended to ensure that drivers can communicate with passengers about their destination.²⁹ Data on the number of tests administered and failed are unavailable.³⁰ The City does not administer oral exams for rideshare drivers.

²² Michael L. Brown, Chief of Police, APD. OPA interview, 01/24/2019.

²³ Roy Bliss, Records Supervisor, APD. Email, 03/19/2019.

²⁴ *Ibid.*

²⁵ *Ibid.*

²⁶ Workable, *How much do background checks cost through Checkr*, <https://help.workable.com/hc/en-us/articles/115013116807-How-much-do-background-checks-cost-through-Checkr->. Accessed 03/18/2019.

²⁷ Checkr, *How Long do most background checks take*, <https://help.checkr.com/hc/en-us/articles/217084047-How-long-do-most-background-checks-take->. Accessed 03/18/2019.

²⁸ Victig, *FAQs*, <https://www.victig.com/faqs/>. Accessed 03/18/2019.

²⁹ David Robinson, Hack Inspector, APD. OPA interview, 01/10/2019.

³⁰ David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

3. Permitting

The City must issue taxi permits per Virginia law³¹ and in order to operate at the Reagan National Airport.³² Virginia law does not specify what a permit must consist of. Currently, taxi drivers travel to City Hall to pay for their permit at the Finance Department, then travel to the Hack Office to retrieve it.³³ Given this, there are opportunities to be more efficient, for example, the Finance Department indicates that best practice would be to have taxi drivers pay for their permit online and receive it by mail, eliminating travel by taxi drivers.³⁴

An important component of permitting is the requirement for ADA accessible vehicles. City Code requires that taxi companies maintain permits for at least one handicap accessible vehicle, or one percent of a company's taxi fleet, whichever is greater.³⁵

4. Reporting and Monitoring

Taxis are required by City Code to report crashes and maintain manifests of trips. Rideshare companies do not have a similar requirement from the City or State.

Crashes

City Code requires that information about crashes be self-reported by taxi drivers to the Hack Office. This is primarily used by Hack Inspectors to ensure that taxi drivers perform repair work on the vehicles properly and to inform vehicle safety inspections.³⁶ The City does not have a systemic method to ensure that taxi drivers self-report crashes.³⁷

Manifests

City Code requires that taxi drivers record the length, pick-up point, drop-off point, and fare for every ride conducted in a manifest.³⁸ These manifests are subject to review by Hack Inspectors at any time and manifests are primarily used after a customer reports a dispute.³⁹

Alexandria Code does not contain any provisions requiring the City to investigate customer complaints against taxi drivers or taxi companies. However, Hack Inspectors and T&ES staff report that they investigate complaints, which usually are lodged through Call.Click.Connect, but are occasionally sent directly to APD or T&ES. These complaints are the responsibility of the

³¹Code of Virginia § 46.2-2059: "It shall be unlawful for any taxicab or other motor vehicle performing a taxicab service to operate on an intrastate basis on any public highway in the Commonwealth outside the corporate limits of incorporated cities or towns without first obtaining from the Department a permit in accordance with the provisions of this chapter."

³² Only taxis from D.C., Alexandria, Fairfax, Arlington, Montgomery, or Prince George's County are allowed to operate out of the Reagan National Airport. Fly Regan, *Taxi Rates*, https://www.flyreagan.com/sites/default/files/taxi_rate_dca.pdf. Accessed 03/15/2019.

³³ Tatianna Bentley, Administrative Support, APD. Phone call, 03/19/2019.

³⁴ Kevin Greenlief, Assistant Director, Department of Finance. OPA interview, 03/19/2019.

³⁵ Alexandria City Code, 9-12-32-F.

³⁶ David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

³⁷*Ibid.*

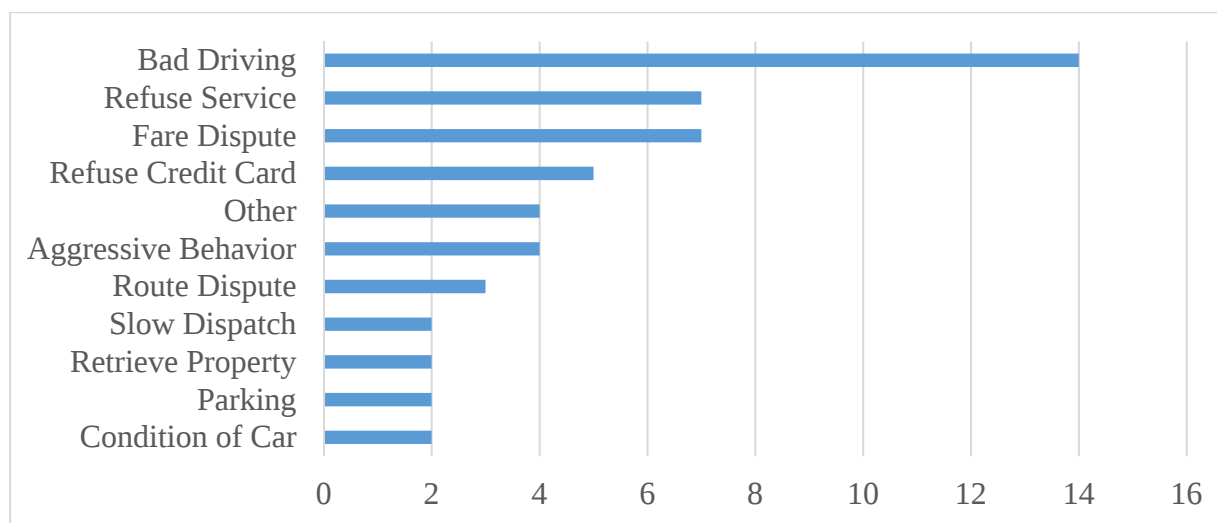
³⁸ City Code 9-12-1.

³⁹David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

Hack Office, but T&ES does conduct a limited number of investigations based on how the complaints are directed. The number of investigations conducted outside of the Call.Click.Connect system is not known.^{40 41} The City does not investigate disputes against rideshare companies.

OPA analyzed available Call.Click.Connect taxi service request data. Between 2015-2018, the system recorded 52 taxi related complaints, or around 13 complaints a year.⁴² Of note, in some cases there are singular events which receive multiple complaints (for example, one instance in which a driver refused service to drive a blind woman received three complaints). Figure 4 below provides an illustration of the types of complaints submitted to the City about taxis.

Figure 4: Breakdown of Call.Click.Connect Taxi Complaints by Category (2015-2018)



Cost Recovery

All four of the activities above are intended to be conducted on a cost recovery basis within the General Fund.⁴³ Of note, Arlington and Fairfax Counties do not use a cost recovery model to operate their taxi regulatory activities, although they conduct annual vehicle inspections and background investigations (including fingerprinting).^{44 45}

For the City to accomplish cost recovery, taxi companies and drivers are required to pay special annual fees in addition to normal business taxes. Drivers pay one-time fees of \$350 to become a permitted taxi driver (which includes an application, background check, permit, and initial vehicle inspection) and \$225 a year in subsequent fees (which includes biennial background

⁴⁰ T&ES estimates that they receive around three direct calls from the public a year regarding taxis. Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 03/19/2019.

⁴¹ David Robinson, Hack Inspector, APD. OPA interview, 02/13/2019.

⁴² 64 total complaints were filed under the “Taxi” subcategory. 12 complaints were omitted for being misfiled or irrelevant to City investigations (e.g. complaining about being required to pay Alexandria fare when being a resident of Arlington, complaining about rideshare fees, taxi drivers complaining about Hack Office hours).

⁴³ Mark B. Jinks, City Manager, 1/23/2019, conversation with Greg Useem, Chief Performance Officer.

⁴⁴ Angie De La Barrera, Transportation Planning Bureau, Arlington County. Email, 03/18/2019.

⁴⁵ The Fairfax Hack Office is part of a larger regulations and licensing office, and is not operated on a cost recovery basis. Carl Newcomb, Regulations and Licensing, County of Fairfax. Email, 03/26/2019.

check and permit, annual vehicle inspection). Companies pay a one-time entry fee of \$4,000, an annual fee of \$4,000, and an annual fee of \$150 per taxi in their fleet.⁴⁶ As noted in the T&ES 2019 Taxicab Review, these fees are higher than those of neighboring Fairfax and Arlington Counties. Since 2016, actual revenues collected have been about \$241,000 - \$302,000.

Cost recovered services include the APD's Hack Office led background checks, vehicle inspections, permit issuance, Department of Finance revenue processing, and Detention Center space use. Costs are estimated by OPA as detailed in Appendix E. It is important to note that calculating the exact costs is not currently possible because of data complications. Before July of 2018, the Hack Office was budgeted as part of a larger APD organizational code.⁴⁷ As a result, Hack Office non-personnel costs cannot be accurately disaggregated from this larger organization code.⁴⁸ Hack Office personnel costs can be accurately retrieved. Revenue processing, APD fingerprinting, and Detention Center space use are also not clearly tracked and therefore are estimated. Based on our estimates, it costs roughly \$247,000 - \$268,000 to operate these services annually.

Additionally, it is important to note that taxi fees are assessed and paid on a calendar year and expenditures are on a fiscal year. For the purposes of this report, the fiscal year will serve as the costs compared against the calendar year revenue of taxi fees. Delinquent collections from previous years are included in the revenue numbers of the fiscal year in which they are collected (and cannot be separated).⁴⁹ This likely impacts the revenue collected in the 2018 fiscal year most significantly, as recovery rates were lowest in the 2017 calendar year.

Our estimates indicate that cost recovered services have generated surpluses and deficits of between -\$25,000 and \$55,000 since FY 2016. There is a trend towards a lower surplus as revenues generated by fees fluctuate and costs increase. Figure 5 details these estimates.

Figure 5: Estimated Cost Recovery

	2016 Actual	2017 Actual	2018 Actual	2019 Estimate
Revenue				
Total taxi industry fees paid	\$301,623	\$284,045	\$240,532	\$262,556 ⁵⁰
Costs				
Estimated total Hack Office cost	\$(246,534)	\$(261,015)	\$(265,251)	\$(268,195)
Surplus (Deficit)				
	\$55,089	\$23,030	\$(24,719)	\$(5,639)

⁴⁶ Alexandria City Code 9-12-23; 9-12-43; 9-12-73.

⁴⁷The Org code for the previous unit, the Hack and Parking Office, is 11550446. Brenda D'Sylva, Fiscal Officer, Alexandria Police Department. Email, 03/18/2019.

⁴⁸ The Hack Office budget was separated from the larger unit as part of a larger APD reorganization, not over specific budgetary concerns. Brenda D'Sylva, Fiscal Officer, Alexandria Police Department. Phone, 03/18/2019.

⁴⁹ Shanta Washington, Revenue Analyst, Department of Finance. Email, March 25 2019.

⁵⁰ As of May 2019, revenue was \$212,392. See Appendix F for 2019 revenue estimates.

The decline in revenues stems from taxi companies retaining fewer drivers (which reduces permit revenue) and reduced collection rates. From 2010-2016, collection rates for City taxi fees never fell below 90%.⁵¹ In 2017, recovery rates fell to 68%, and were 76% in 2018.⁵² This was a major driver for why the actual fee recovery in 2018 fell more rapidly than year-on-year trends would project—most of this decline was realized in 2018. T&ES is aware of this trend and is monitoring repayment rates.⁵³

Future Cost Recovery

In order to estimate 2019 and 2020 cost recovery, OPA assumed that 2019 and 2020 revenues would remain constant while expenditures would increase. These revenue projections assume that the collection rate will stabilize, and that the number of taxi permits will remain constant. Expenditures are estimated to increase using a straight-line projection. We do not know if conditions will remain constant, and the results should be used as an indicator of what may happen, not as a robust prediction. These results are displayed in Figure 6 and Figure 7 below.

Figure 6: Revenues, Costs, and Surplus/Deficit Projection

Year	Fee Revenues⁵⁴	City Costs⁵⁵	Surplus (Deficit)
2016	\$301,623	\$246,534	\$55,089
2017	\$284,045	\$261,015	\$23,030
2018	\$240,532	\$265,251	\$(24,719)
2019 (projection)	\$262,556	\$268,195	\$(5,639)
2020 (projection)	\$262,556	\$277,554	\$(14,998)

⁵¹ See Appendix B for a full breakdown of recovery rates.

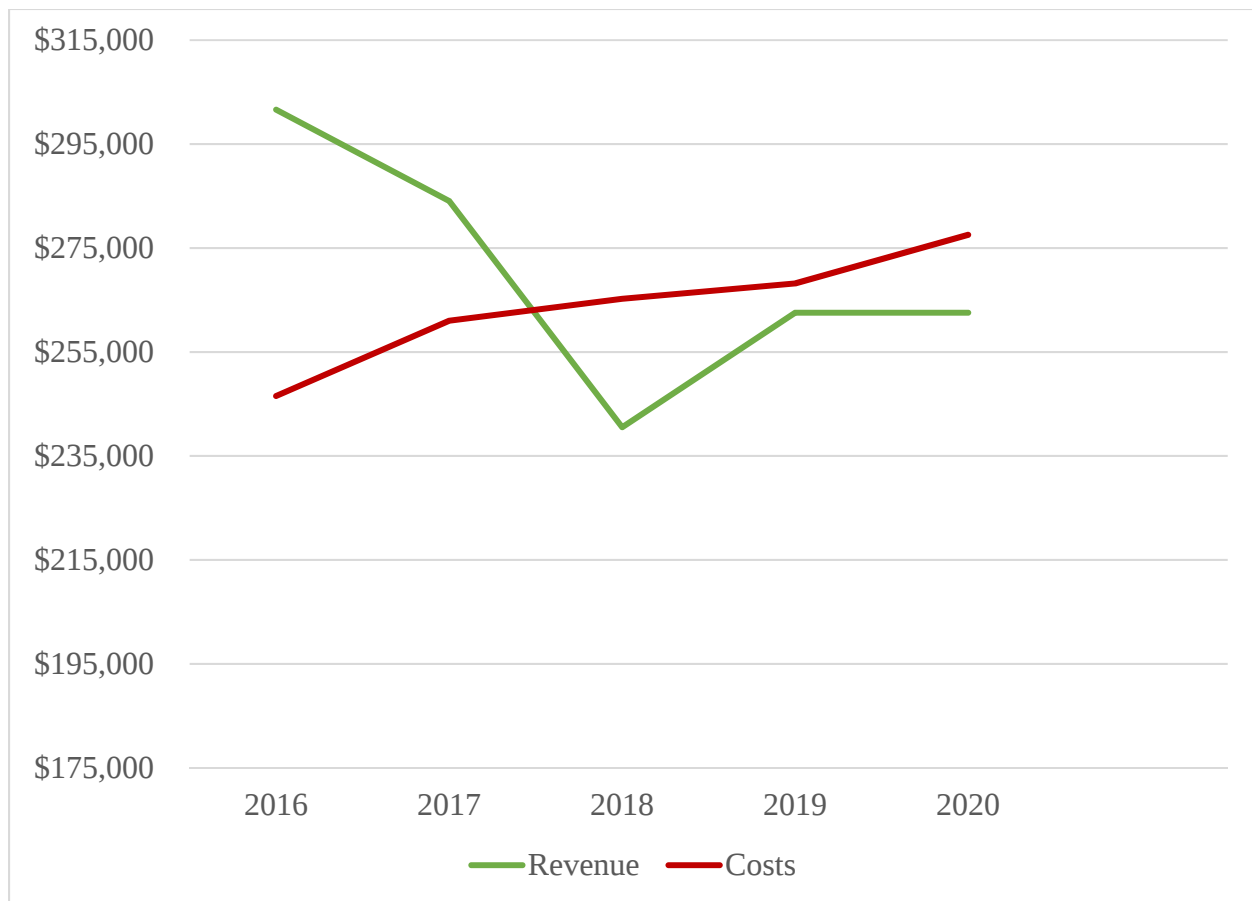
⁵² *Ibid*

⁵³ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. Email, 02/15/2019.

⁵⁴ See Appendix F for more information about revenue and revenue projections.

⁵⁵ See Appendix G for more information about costs and cost projections

Figure 7: Revenues and Costs Projection (Graph)



This projection indicates that if trends remain constant, the current structure may not recover its costs after 2019.

Recommendation 1: Continue City taxi safety oversight but align requirements with rideshare companies; reduce City fees and improve efficiency

This report recommends that the City revise the cost-recovered elements of its taxi regulatory structure. The goals of this revision are to increase the efficiency and reduce the cost of City oversight, while maintaining important safety inspections and reducing the regulatory inequality between the taxi and rideshare industries.

Recommended changes:

Discontinue City led vehicle inspections

Discontinuing vehicle inspections would allow the City to reduce its fees and increase regulatory equity between the rideshare and taxi industries. All taxis would still be subject to annual Virginia vehicle inspections and City Code would still require companies and drivers to maintain accurate taximeters. City Council would have to revise City Code to accomplish this, by removing sections which mandate annual City vehicle inspections.

Require private sector background checks; discontinue City background checks

Discontinuing APD background checks and mandating that taxi companies conduct biennial private sector background checks would allow the City to reduce its fees and increase regulatory equity between the rideshare and taxi industries. This new structure could be modeled after existing Virginia Code, which imposes the same requirement for private sector background checks on rideshare companies. These private sector background checks could be reviewed by APD staff before the City would issue a taxi permit.⁵⁶ City Council would have to revise City Code to accomplish this.

Discontinuing vehicle inspections and background checks would result in the closure of the Hack Office. Chief Brown has indicated that he would transfer Hack Office staff to vacant APD positions.⁵⁷

Revise the taxi permit process; and recover only these City costs

Retaining a biennial permit process is important for the operation of Alexandrian taxis at the Ronald Regan International Airport and is required by Virginia Code.⁵⁸ However, OPA recommends that the process be updated and streamlined, possibly to include online payment and permits issued by mail. Which City department will assume these responsibilities is to be determined by future conversations between APD, T&ES, and the Department of Finance.

⁵⁶ Alexandria City Code, 9-12-131.

⁵⁷ Michael Brown, Chief of Police, APD. OPA interview, 04/02/2019. APD has identified preexisting staffing needs in three areas: investigate services, analytics, automated enforcement, and planning. OMB has confirmed that APD has funded vacant positions in these areas, including: two administrative support positions, one police services clerk position, and two special police officer positions (Lisa Henty, Assistant Director, Office of Management and Budget. Email, 05/01/2019).

⁵⁸ Code of Virginia, § 46.2-2067.

OPA estimates that cost recovered fee for a streamlined permit process would be less than \$15 per permit. Figure 10 below details the methodology used to estimate this cost.

Figure 10: Permit Cost Estimate

	Activity	Amount*
<i>Permit Time Estimate</i>		
1	Number of permits issued per year (80 new drivers + half of the 577 existing drivers)	369
2	Estimated time to complete the permit ⁵⁹	30 minutes
3	Estimated number of hours to complete the permit (line 1 x line 2)	184 hours
<i>Labor Time Estimate</i>		
4	Full time equivalent hours	2,080
5	Percent of a FTE's time permits would take (line 3 divided by line 4)	9%
<i>Cost Estimate</i>		
6	Salary and benefits of APD Administrative Assistant II	\$61,439
7	Value of labor used to conduct permitting (line 6 x line 5)	\$5,530
<i>Permit Cost Calculation</i>		
8	Cost per permit (Row 7 / Row 1)	\$15

*Values are rounded-up to the nearest whole number

This report assumes that the City will continue the cost recover policy for taxis. As such, it is recommended that the City's budgetary structures be updated to review fees annually, and to set rates based on City costs. To do so, the Department of Finance should assess taxi fees on a fiscal year schedule, based on the costs generated by the new permitting processes. In the new regulatory structure, the permitting process will be the only substantial, concentrated, and consistent source of City cost. As such, it should be the only cost-recovered activity.

Revise City Investigations and Crash Reporting

This report recommends that the City's complaint monitoring and investigation processes be revised to utilize the new 311 system and process and focus only on areas of City responsibility. Specifically, complaints about dangerous taxi driver behavior should be directed toward APD, complaints about discriminatory taxi service should be directed towards the Office of Human Rights, and questions about City taxi policy should be directed to T&ES. Further discussion between these departments is required to determine if manifest reporting should be maintained or discontinued as part of the new investigation process.

Concurrently, it is recommended that the City discontinue its requirement that taxi drivers self-report crashes involving their vehicles to APD. Currently, this is primarily used by the Hack

⁵⁹ This estimate is based off of a time approximation from Code Department's Permit Center for a similar process. The Permit Center composes and mails hundreds of Fire Prevention Permits (FPPs) each year. These are simple permits with adjustable fields, similar to a simplified taxi permit. Permit Center staff estimates that 17 permits take around 90 minutes to complete, or 5.3 minutes per permit. Our estimate uses this as baseline, but adds significant additional time (around 25 minutes) per permit, in order to incorporate uncertainty around a new process, and because taxi permits require photos, which FPPs do not. Estimate provided by Tara Currie, Permit Center Technician, Code Administration. Phone, 04/08/2019.

Office to inform annual vehicle inspections. Because it is recommended that vehicle inspections be discontinued, self-reporting would no longer be required. However, if the City is interested in recording more accurate information on the safety differences between taxi and rideshare services, APD may wish to consider delineating between the two industries in their current crash reporting system.

Impact

The net result of these changes would be financial savings for both companies and drivers. For drivers, the total cost of a City permit fee (\$15) and a private sector background check (\$40 average price from Figure 3) would be \$55. This would reduce the cost imposed on new drivers from \$350 in City fees to \$55. The cost of a biennial permit for existing drivers would be reduced from \$150 to \$55. The annual cost of a vehicle inspections for drivers would be reduced from \$150 to \$0. Company operational fees would be reduced from \$4,000 a year to \$0 and annual permit fees would be reduced from \$150 per car to \$0. This approach would reduce fares and the regulatory disparity between taxi and rideshare services. By discontinuing these regulatory activities as outline above, the City could reduce the cumulative impact of these fees on the industry by \$256,107. See Figure 11 below for details.

Figure 11: Estimated Financial Impact of Discontinuing Inspections (Current Fee Schedule)

		1	2	3	4	5	6
	Action	Number Affected Per Year⁶⁰	Current City Fee	Current Total (Column 1 x 2)	New Fees	Sum of New Fees (Columns 4 x 1)	Cumulative (Cost) / Saving (Column 3 – 5)
1	<i>New Taxi Driver Costs</i>						
2	Initial application	80	\$100	\$8,000	\$0	\$0	
3	Background check and permit						
4	<i>Current City</i>	80	\$150	\$12,000	\$0	\$0	
5	<i>Proposed City permit</i>	80			\$15	\$1,200	
6	<i>Proposed private background</i>	80			\$40	\$3,200	
7	Initial vehicle inspection	80	\$100	\$8,000	\$0	\$0	
8	Subtotal		\$350	\$28,000	\$55	\$4,400	\$23,600
9	<i>Existing Taxi Driver Costs</i>						
10	Biennial background checks and permit						
11	<i>Current City</i>	577	\$75 ⁶¹	\$43,275	\$0	\$0	
12	<i>Proposed City permit</i>	577			\$7.50 ⁶²	\$4,328	
13	<i>Proposed private background</i>	577			\$20 ⁶³	\$11,540	
14	Annual vehicle inspections	577	\$150	\$86,550	\$0	\$0	
15	Subtotal		\$225	\$129,825	\$27.50	\$15,868	\$113,958
16	<i>Company Costs</i>						
17	Annual permit fee (per car)	657	\$150	\$98,550	\$0	\$0	
18	Annual operating fee	5	\$4,000	\$20,000	\$0	\$0	
19	Subtotal			\$118,550	\$0	\$0	\$118,550
20	<i>Sum of All Costs</i>						
21	Total			\$276,375⁶⁴		\$20,268	\$256,107
22	Subtotal, City revenues (lines 5 and 12)					\$5,528	
23	Subtotal, additional taxi costs (lines 6 and 13)					\$14,740	

⁶⁰ This number assumes that the total number of taxi permits (both new and existing drivers) is maintained at 657.

⁶¹ This number is half of the \$150 fee, to represent that it is assessed biennially.

⁶² This number is half of the \$15 fee, to represent that it is assessed biennially.

⁶³ This number is half of the \$40 fee, to represent that it is assessed biennially.

⁶⁴ When the estimated collection rate of 95% is applied, this amount is \$262,556, see Appendix F.

Administrative and Operational Requirements

In addition to the cost recovered activities discussed above, the City maintains a variety of additional requirements on the taxi industry. Some of these requirements may result in additional costs that are not imposed on rideshare companies. This report highlights seven of these regulations for consideration, which are summarized in Figure 12 below.

Figure 12: Indirect-Cost Regulation Comparison Between Taxi and Rideshare Services

	Regulator	Regulation	Taxi	Rideshare
1. Aesthetics	Alexandria	<i>Vehicle Color Scheme</i> (9-12-56-A) - Companies must propose a color scheme for approval by the Traffic and Parking Board, and all cars must be painted in that color scheme.	✓	
	Virginia	<i>Rideshare Lights</i> (§ 46.2-2099.50) - Rideshare companies are required to display a light on the interior of the car to help customers identify an on-duty vehicle.		
	Alexandria	<i>Taxi Lights</i> (9-12-81-J) - Taxis are required to permanently affix an external light at the top of a vehicle for the same purpose.	✓	✓
	Alexandria	<i>Driver appearance</i> (9-12-57) -Drivers must be in clean, neat clothing.	✓	
	Alexandria	<i>Cabin condition</i> (9-12-81) - taxicabs must be kept clean and sanitary to the satisfaction of a hack inspector.	✓	
2. Location	Alexandria	<i>Office Location</i> (9-12-32-D) - Companies must maintain an office and store records within the boundaries of Alexandria.	✓	

	Regulator	Regulation	Taxi	Rideshare
3. Company Size	Alexandria	<i>Minimum Size (9-12-32-E)-</i> Companies cannot operate with fewer than 40 vehicles.	✓	
4. Fares & Fees	Alexandria	<i>Regulated Fares and Fees (9-12-132) -</i> City Council sets fares and fees through City Code, with recommendations from T&ES and the Traffic and Parking Board.	✓	

1. Aesthetics

Vehicle Color Schemes

The City requires that each taxi company submit a color scheme and insignia when applying for an operational permit. Both this color scheme and insignia must be painted on every taxi in the company's fleet,⁶⁵ in addition to lettering of a certain height with "taxicab" or "cab."⁶⁶ Rideshare vehicles have no color or lettering restrictions.

These requirements impact taxi drivers in two ways. First, because no company in Alexandria is thought to purchase and paint their own taxis (besides ADA-complaint vehicles),⁶⁷ the majority of drivers are thought to pay to paint their cars.⁶⁸ Price varies, but in 2015 taxi regulators in D.C. estimated that the average cost for a full-body painting was around \$500.⁶⁹ T&ES also reports that some residential buildings in Alexandria prohibit parking commercial vehicles in their parking lots, which means that some taxi drivers cannot park where they live because of the required paint jobs.⁷⁰

⁶⁵ Alexandria City Code, 9-12-28.

⁶⁶ Alexandria City Code, 9-12-81-H-1.

⁶⁷ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. Email, 03/05/2019.

⁶⁸ *Ibid.*

⁶⁹ In 2015, DC's Department of for Hire Vehicles estimated that the cost of a full body paint job ranges between \$400 and \$600. DCist, *Cab Commission Offering \$200 Vouchers For Taxi Paint Jobs*, <https://dcist.com/story/14/01/15/cab-commission-offering-200-voucher/>.

⁷⁰ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 02/06/2019.

Display Lights

Both taxi and rideshare vehicles are required to display a light to indicate when the vehicle is service.^{71 72} The main difference between taxi and rideshare regulations are the lights on taxis are required to be permanently affixed to the exterior of the vehicle, while rideshare lights are removable and displayed from the interior of the car. Allowing taxis to utilize removable lights could afford them greater flexibility and may help address the parking issue described above.⁷³

Driver Appearance

City Code requires that drivers be “dressed in neat, clean clothing.”⁷⁴ The City does not currently maintain any systematic enforcement of this code, nor does it regulate the clothing of rideshare companies.⁷⁵

Cabin Condition

City Code requires that taxis be clean and sanitary “to the satisfaction of a Hack Inspector.”⁷⁶ The sanitary condition of taxi vehicles is an aspect of the Hack Office’s annual vehicle inspection.⁷⁷ The City does not regulate the sanitary condition of rideshare vehicles.⁷⁸

2. Location

City Code requires that taxi companies “maintain a business office and required records within the boundaries of the city.”⁷⁹ Rideshare companies do not have this requirement. The City is not regularly monitoring the location of taxi companies.⁸⁰

Maintaining an office in Alexandria may require taxi companies to incur extra costs, particularly if companies also have an office in a neighboring locality. Loosening the requirements to be near, but not inside the City may allow some companies greater flexibility.

3. Company Size

The City requires that each taxi company must “have affiliated a minimum of 40 taxicabs under its color scheme.”⁸¹ T&ES reports that this number was selected to ensure companies collect sufficient dues from drivers to operate a dispatch service.⁸² It is unclear if this regulation helps or hinders dispatch services.⁸³ However, it does prohibit smaller companies from forming.

⁷¹ Virginia Code, §46.2-2099.50.

⁷² Alexandria City Code, 9-12-81-J.

⁷³ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 03/19/2019.

⁷⁴ Alexandria City Code, 9-12-57.

⁷⁵ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 03/19/2019.

⁷⁶ Alexandria City Code, 9-12-81.

⁷⁷ David Robinson, Hack Inspector, APD. OPA interview, 01/10/2019.

⁷⁸ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 03/19/2019.

⁷⁹ Alexandria City Code, 9-12-32-D.

⁸⁰ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 03/19/2019.

⁸¹ Alexandria City Code Section 9-12-32-E.

⁸² Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 02/06/2019.

⁸³ *Ibid.*

4. Fares and Fees

City Code regulates the fare taxi drivers are allowed to charge. The current rate is 36 cents per sixth of a mile.⁸⁴ Additionally, City Code prescribes fees for: initial meter charges, additional passengers, luggage handling, transportation of animals, and wait time fee which “shall be \$0.36 for each 52 seconds.”⁸⁵

Regulated fares do not allow companies the flexibility of determining their own fares. It also prevents “pool” service, a rideshare innovation in which two or more passengers with different destinations travel in the same car simultaneously for a reduced fee. City Code requires that the taximeter be restarted when a passenger exits the vehicle.⁸⁶

T&ES reports that the City regulates fares and fees because taxi passengers are perceived to be vulnerable to price-gouging.⁸⁷ There are no similar fare requirements on rideshare companies, which set prices dynamically through the use of algorithms in order to maximize profits.⁸⁸ Fairfax County, Virginia, recently conducted a similar review of taxi industry regulation, and dropped its minimum fare requirement without major disruption.⁸⁹

One important parallel factor for a discussion around a maximum fare is that Alexandria operates a subsidized paratransit service for residents with disabilities. Residents pay a flat fare to use the service, and the City pays taxi companies the remainder of the fare.⁹⁰ As a result, an increase to the maximum fare could raise the cost of paratransit subsidies.

⁸⁴ Alexandria City Code Section 9-12-132-A.

⁸⁵ Alexandria City Code Section 9-12-132-A.

⁸⁶ City Code, 9-12-138: “If two or more passengers, bound for different destinations, agree to engage a taxicab for taxicab services, the fare shall be allocated as follows: whenever a passenger gets out and pays the fare, the meter shall be reset upon that passenger's departure, but when the departing passenger does not pay the fare, the meter shall not be reset and the full fare shall be paid by the last passenger delivered.”

⁸⁷ Bob Garbacz, Division Chief of Traffic Engineering, T&ES. OPA interview, 02/06/2019.

⁸⁸ Federal Trade Commission, *Peeking Beneath the Hood of Uber*, https://www.ftc.gov/system/files/documents/public_comments/2015/09/00011-97592.pdf. Accessed 11 March, 2019.

⁸⁹ Carl Newcomb, Hack Inspector, Regulations and Licensing, County of Fairfax. OPA interview 02/09/2019.

⁹⁰ T&ES Paratransit data from Geralyn Taylor, Transit Specialist, T&ES. Email, 02/13/2019.

Recommendation 2: Reduce and further examine City Code which impose indirect costs on the taxi industry

Discontinue Indirect Cost Regulations

This report recommends that five of the seven indirect cost regulations identified in this report be discontinued. They are: mandatory color schemes, permanent taxi lights, regulations on driver clothing, regulations on the cleanliness of taxis, and the requirement that taxi companies need to be located in Alexandria.

Further Examine other Indirect Cost Regulations

As the City establishes the new regulatory framework, T&ES should evaluate the possibility of adjusting two other regulations highlighted in this report: restrictions on company size and regulated fares and fees. The goals of regulatory efficiency and parity between the taxi and rideshare industries suggest that these regulations should be discontinued, particularly in the case of minimum company size and minimum fares and fees. However, altering these regulations could have significant and unknown effects on the City's taxi industry. As such, it is recommended that T&ES further examine the issues.

Methodology

This report could not have been compiled without collaboration and support from employees across the City, especially in APD, T&ES, the Finance Department, the Office of Management and Budget, and the Office of the City Attorney.

Financial information provided by the Finance Department and the Office of Management and Budget allowed insight into the revenue produced by the City's regulatory structure, and the costs associated with it. Call.Click.Connect data provided by the Department of Emergency Communications allowed insight into complaints registered by City residents. Alexandria and Virginia Code, interpreted by the City's attorneys, helped OPA understand how our regulatory structure is organized.

Our understanding of day-to-day regulatory processes was provided through dozens of interviews with department leadership and staff. The members of the Hack Office were essential in explaining APD's enforcement processes. T&ES staff interviews were crucial for understanding how regulations are modified and supervised, and how taxi regulation interacts with paratransit. Staff interviews with the Department of Finance allowed us to understand how revenue is collected.

The City's regulatory structure is complex. This report represents OPA's best effort to portray that complexity accurately. Please contact us in regard to any perceived errors or omissions.

Appendices

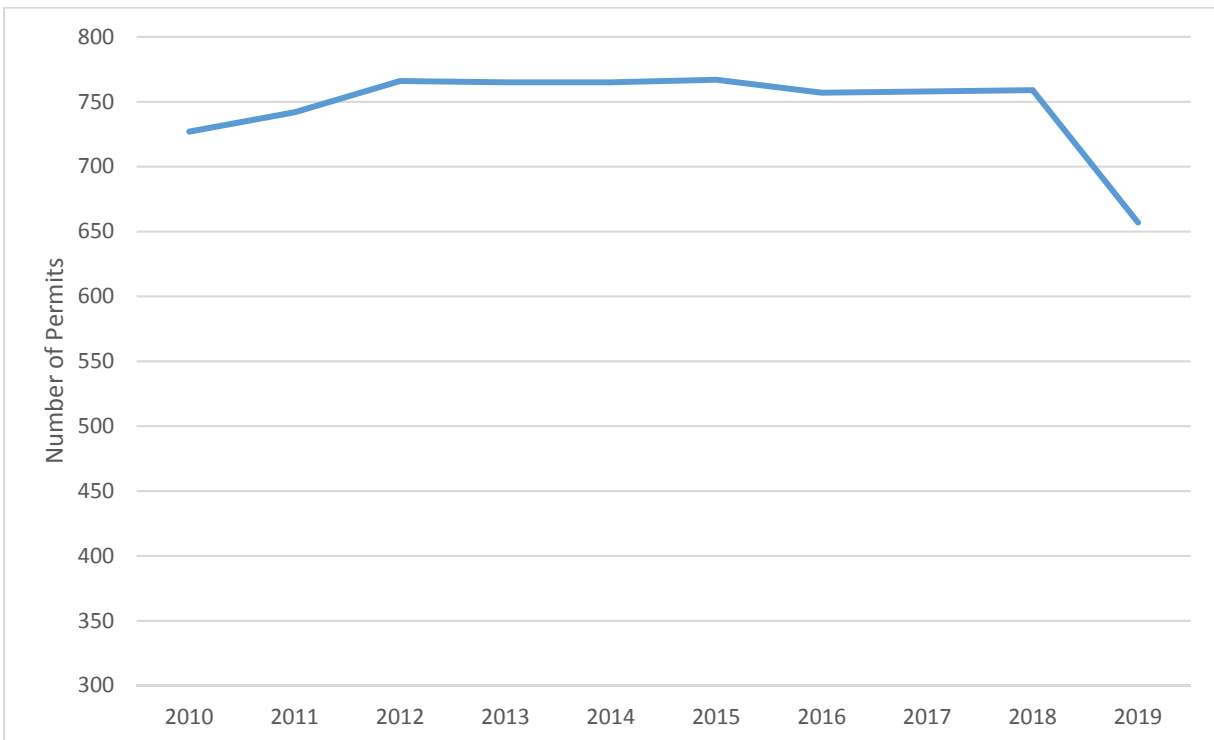
Appendix A: Number of Driver Permits Issued by the City to Taxi Companies

Since 2010, the highest number of taxi permits issued by the City was 767 in 2015, the same year rideshare services were introduced into the City. In 2019, taxi companies petitioned for a reduction of permits in response to difficulties filling vacant driver positions. These figures were provided by the Hack Office.

Figure 13: Total Number of Permits Issued by the City to Taxi Companies

Year	Number of Permits	Annual Change
2010	727	-
2011	742	2.1%
2012	766	3.2%
2013	765	-0.1%
2014	765	0.0%
2015	767	0.3%
2016	757	-1.3%
2017	758	0.1%
2018	759	0.1%
2019	657	-13.4%

Figure 14: Graph - Total Number of Permits Issued by the City to Taxi Companies



Appendix B: Taxi Fee Recovery

Recovery rates for taxi fees have fallen in recent years. This may be related to the entrance of rideshare services into the city in 2015. Figure 15 below contains the total amount of fees each taxi company owed to the City at the end of each calendar year, from 2010-2018. This amount is cumulative, and accounts for unpaid fees from previous years. Fees are assessed on each company in January. Figures 16 and 17 shows the total collection rate for the City.

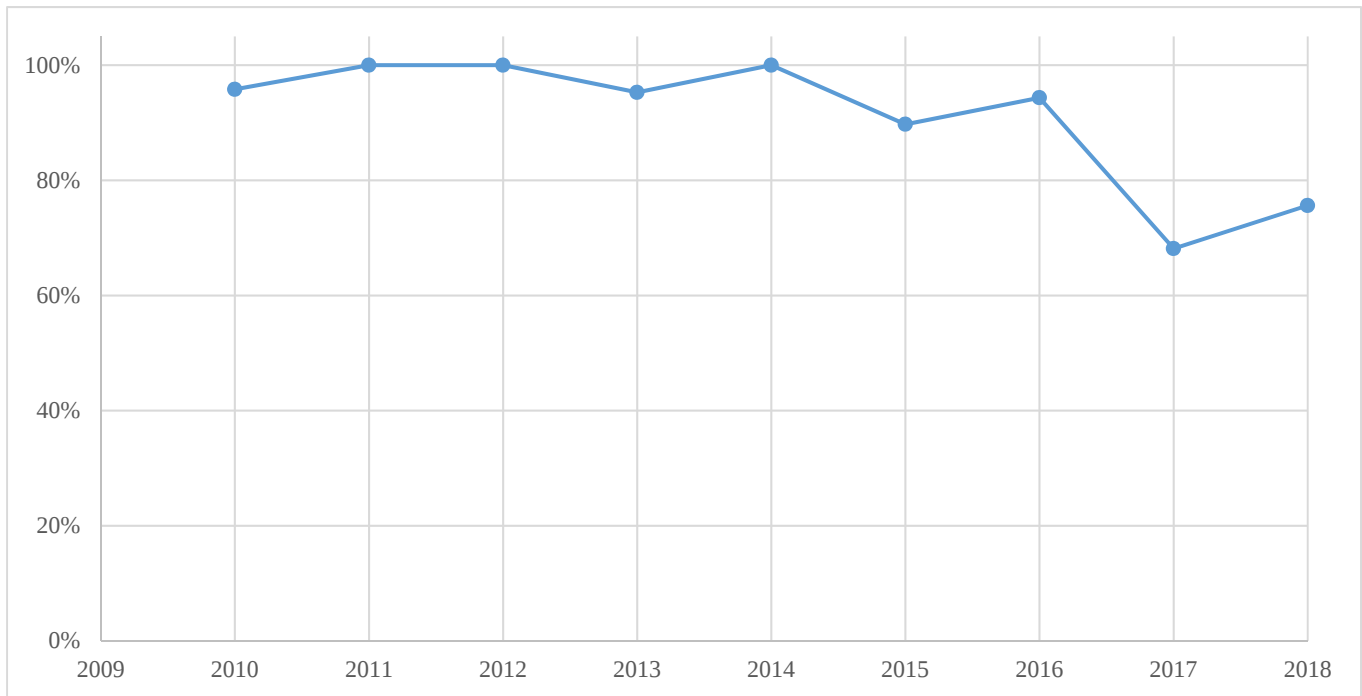
Figure 15: Total Annual Balance Due Owed by Each Taxi Company (anonymized)

Balance	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6
December, 2010	-	-	\$5,300.00	-	-	-
December, 2011	-	-	\$2,300.00	-	-	-
December, 2012	-	-	-	-	-	-
December, 2013	-	-	-	-	-	-
December, 2014	-	-	-	-	-	-
December, 2015	\$10,450.00	-	\$3,600.00	-	-	-
December, 2016	\$15,150.00	\$5,000.00	\$1,600.00	-	-	-
December, 2017	\$37,850.00	\$11,550.00	\$13,150.00	\$16,050.00	-	-
December, 2018	\$79,700.00	\$18,250.00		-	-	-

Figure 16: Taxi Cab Fee Collection Rates, 2010-2018 (Discrete by year, not gross)

Year	Collection Rate
2010	96%
2011	100%
2012	100%
2013	95%
2014	100%
2015	90%
2016	94%
2017	68%
2018	76%

Figure 17: Taxi Fee Collection Rates, 2010-2018



Appendix C: Potentially Affected City Code

Figure 18 below contains the text associated with the City Code examined in this report. It is arranged by order of appearance in the City Code.

Figure 18: Referenced City Code

Regulation	Relevant City Code	Text
<i>Market Entry</i>	9-12-25-A	“The applicant shall have the burden of demonstrating that the public convenience and necessity require the operation of a new taxicab company and the authorization of any additional taxicabs that may be requested.”
<i>Color Scheme and Insignia</i>	9-12-28 9-12-81-H-1	“Each applicant for a certificate shall adopt a unique, identifying color scheme, insignia and trade name, different from the appearance of ordinary vehicles, which shall be submitted for approval with the application for the certificate. Upon the granting of the certificate and approval of the color scheme, insignia and trade name, the certificate holder shall cause all vehicles operated under the certificate to conform to such color scheme and bear such insignia and trade name.” “Every taxicab shall bear on the rear thereof and on each side thereof in lettering at least three inches high the word "taxicab" or "cab."
<i>Office Location</i>	9-12-32-D	“Each certificate holder shall: maintain a business office and required records within the boundaries of the city.”
<i>Minimum Number of Vehicle Permits</i>	9-12-32-E	“Each certificate holder shall have affiliated a minimum of 40 taxicabs under its color scheme.”
<i>Background Inspections</i>	9-12-42	“An application for a driver's permit under this division shall be made in writing under oath on forms provided for by the city manager, shall be filed with the hack inspector and shall provide the following: (1) pertinent personal data; (2) physical condition of the applicant; (3) traffic record for five years previous to the date of the application including what driver's licenses have previously been issued to the applicant, and whether such license has ever been revoked or suspended; (4) criminal record including state and local records; (5) prior driving experience; (6) whether or not the applicant has ever been convicted, forfeited or entered a plea of nolo contendere on any traffic or criminal charge of any kind; and if so, the details thereof; and (7) a written certification from a company certificate holder that the applicant has taken and passed a written examination pursuant to section 9-12-46 herein, in a form reviewed and approved by the hack inspector. (b) Each applicant shall apply for the permit in person and have his or her fingerprints taken, which fingerprints shall constitute a part of the application.”
<i>ADA Accessibility</i>	9-12-32-F	Each certificate holder shall: provide a minimum of one vehicle, or one percent of the vehicles authorized under the certificate, whichever is greater, for ADA compliant handicap accessible transportation, and every vehicle permit issued for a handicap accessible vehicle shall state on the permit that it is to be used for a handicap accessible vehicle only. Each certificate holder has an affirmative obligation to make such ADA complaint vehicles

Regulation	Relevant City Code	Text
		available during the hours in which it provides dispatch service for dispatch to a qualified handicapped passenger in the event not less than two hours notice is provided by the passenger
<i>Accident Reports</i>	9-12-56-A	“Accident reports. The driver of every taxicab shall report within 24 hours, to the hack inspector, every accident, however slight, in which a taxicab or any other vehicle operated by such driver is involved.”
<i>Manifests</i>	9-12-56-B	“Every taxicab driver shall keep, on a form prescribed by the city manager, a manifest, which shall, at minimum, record the place, date and time the transportation of each paying passenger commenced and terminated, and the amount of the fare, all of which shall be recorded immediately upon the termination of each trip. All manifests shall be subject at all times to examination or inspection by any duly authorized city official, the hack inspector or any police officer. Every manifest shall be kept and preserved for 12 months, and shall be submitted to the city manager or the manager's designee as required by regulation.”
<i>Driver's Clothes and Appearance</i>	9-12-57	“Drivers of taxicabs shall be clean and dressed in neat, clean clothing at all times when serving the public.”
<i>Vehicle Inspections</i>	9-12-74, 9-12-76	“Upon receipt of an application for a vehicle permit, the hack inspector shall make or cause to be made an inspection of the vehicle. If the vehicle complies with the provisions of this division and with the regulations promulgated pursuant to this article, the hack inspector shall issue a vehicle permit for such vehicle... A vehicle permit may be renewed, provided the applicant follows the procedure set forth for original applications. The renewed permit shall expire one year from the date of issuance.”
<i>Clean vehicles</i>	9-12-81-A	“All taxicabs shall at all times be kept clean and sanitary to the satisfaction of the hack inspector.”
<i>Display Lights</i>	9-12-81-J	“Every taxicab shall be equipped with a plainly visible light signal permanently affixed on the exterior of the cab of a design approved by the hack inspector, which signal shall be turned on and exhibited at all times when the taxicab is on duty and available for hire.”
<i>Taximeters</i>	9-12-131-A	“All taxicabs shall be equipped with taximeters fastened in front of the passengers, visible to them at all times day and night; and, after sundown, the face of the taximeter shall be illuminated. Such taximeter shall be approved in advance by the hack inspector, operated mechanically or electronically and accurately track the movement of the vehicle via GPS or other commercially reliable means, as approved by the hack inspector in consultation with the director of T&ES. It shall be inspected and certified by the hack inspector at an annual cost determined by regulation for each meter, at all points and connections which, if manipulated, would affect its correct reading and recording. Each taximeter shall be equipped with a mechanism or display which indicates when the vehicle is engaged and when it is not engaged. Any taximeter shall be subject to inspection upon demand by the hack inspector, or any police officer, and if the taximeter is determined to be inoperative or

Regulation	Relevant City Code	Text
		inaccurate, the taxicab shall cease to be operated until the taximeter is repaired, inspected and certified by the hack inspector.”
<i>Minimum and Maximum Fares</i>	9-12-132	“The rates to be charged to passengers in taxicabs shall be as follows. It shall be unlawful to make any greater or lesser charge: (1) For the initial meter charge, \$3. (2) For the second and for each additional passenger who is five years of age or older, \$1.25. (3) For the first one-sixth of a mile traveled and each one-sixth mile or fraction thereof thereafter traveled for one or more passengers, \$0.36. (4) For each one hour of waiting time for one or more passengers, \$25. The incremental cost of this charge shall be \$0.36 for each 52 seconds. Waiting time shall include time consumed while the taxicab is waiting and available to passengers beginning three minutes after the scheduled time of arrival at the place to which it has been called, time consumed while the taxicab is stopped or slowed for traffic to a speed of less than seven miles per hour and time consumed for delays or stopovers en route at the direction of a passenger. There shall be no charge for mileage when time is being charged for a taxicab that is stopped or slowed for traffic to a speed of less than seven miles per hour. Waiting time shall not include time lost on account of the inefficiency of a taxicab. (5) For any item placed in the cab trunk or rear of the vehicle, \$0.50 if handled by the driver. The maximum charge for all such items shall be \$7. (8) For each animal, \$2. There shall be no charge for guide dogs or service animals assisting persons with disabilities. (9) For each trip originating at Ronald Reagan Washington National Airport, the airport fee shall be added to the fare for the trip.”

Appendix D: Relevant Virginia Code Governing Rideshare Services

Figure 19 below contains the text associated with Virginia Code examined in this report. It is arranged by order of appearance in the Virginia Code. Virginia Code refers to rideshare companies as Transportation Network Companies (TNCs).

Figure 19: Virginia TNC Code

Regulation	Relevant VA Code	Text
<i>Background checks</i>	§ 46.2-2099.49	1. Before authorizing an individual to act as a TNC partner, and at least once every two years after authorizing an individual to act as a TNC partner, a transportation network company shall obtain a national criminal history records check of that person. The background check shall include (i) a Multi-State/Multi-Jurisdiction Criminal Records Database Search or a search of a similar nationwide database with validation (primary source search) and (ii) a search of the Sex Offender and Crimes Against Minors Registry and the U.S. Department of Justice's National Sex Offender Public Website. The person conducting the background check shall be accredited by the National Association of Professional Background Screeners or a comparable entity approved by the Department. 2. Before authorizing an individual to act as a TNC partner, and at least once annually after authorizing an individual to act as a TNC partner, a transportation network company shall obtain and review a driving history research report on that person from the individual's state of licensure. 3. Before authorizing an individual to act as a TNC partner, and at least once every two years after authorizing a person to act as a TNC partner, a transportation network company shall verify that the person is not listed on the Sex Offender and Crimes Against Minors Registry or on the U.S. Department of Justice's National Sex Offender Public Website.
<i>Vehicle inspections</i>	§ 46.2-2099.50	5. Have a valid Virginia safety inspection or an annual inspection conducted in another state for which the Department of State Police has determined that such motor vehicle safety inspection standards adequately ensure public safety and carry proof of that inspection on or in the vehicle;
<i>Trade Dress (Lights)</i>	§ 46.2-2099.50	For each TNC partner vehicle it authorizes, a transportation network company shall issue trade dress to the TNC partner associated with that vehicle. The trade dress shall be sufficient to identify the transportation network company or digital platform with which the vehicle is affiliated and shall be displayed in a manner that complies with Virginia law. The trade dress shall be of such size, shape, and color as to be readily identifiable during daylight hours from a distance of 50 feet while the vehicle is not in motion and shall be reflective, illuminated, or otherwise patently visible in darkness. The trade dress may take the form of a removable device that meets the identification and visibility requirements of this subsection. Notwithstanding any other provision of this title, a TNC partner vehicle may be equipped with no more than two removable, illuminated, interior, TNC-issued, trade dress devices that assist passengers in identifying and communicating with

Regulation	Relevant VA Code	Text
		TNC partners. Such devices may use a single steady-burning color while the TNC partner is logged in to a transportation network company's associated digital platform and may change to a different steady-burning color once the TNC partner accepts a request to transport a passenger and is within 0.4 miles of such passenger. The illuminated display on each such device shall not (i) exceed five candlepower; (ii) exceed 20 square inches; (iii) utilize red, blue, or amber lights; (iv) project a glaring or dazzling light; or (v) attach to the windshield. A TNC partner shall keep the trade dress issued under this subsection visible at all times while the vehicle is being operated as a TNC partner vehicle.

Appendix E: Costs

Calculating the exact cost of the Hack Office is not currently possible because of data complications. Before July of 2018, the Hack Office was budgeted as part of a larger APD Organization (Org) Code, 11550446, the Parking and Hack Office.⁹¹ In the FY 2019 budget the Hack Office has its own Organization Code 11552781(Hack Unit). Despite this, the Hack Unit continues to share its non-personnel costs with its previous organization code.⁹²

OPA can estimate Hack Office non-personnel costs by assuming that the Hack Office used a percentage of the total non-personnel operating costs in their previous unit equal to their percentage of the personnel costs. This is an approximation.

OPA was able to retrieve accurate personnel costs for current staff, and APD has not added or removed positions from the Hack Office since June of FY16-19.⁹³ The Hack Office currently employs two Hack Inspectors and one Administrative Assistant. The Office is technically under the supervision of an APD Sergeant, but that Sergeant has a full workload of other duties. As such APD considers the Office to be largely self-supervising.⁹⁴ Because of this the Sergeant's cost are not include in our estimates.

Other sources of cost include:

1. APD labor outside the Hack Office used to conduct the physical fingerprinting of new taxi drivers. This is performed by APD's Records Office.
2. Department of Finance labor used to collect fees from taxi drivers and companies.
3. The Hack Office's physical space inside the Detention Center is maintained by the Alexandria Sherriff's Department.

⁹¹The Hack Office budget was separated from the large unit as part of a larger APD reorganization, not over specific budgetary concerns. Brenda D'Sylva, Fiscal Officer, Alexandria Police Department. Email, 03/18/2019.

⁹² Brenda D'Sylva, Fiscal Officer, Alexandria Police Department. Email, 03/18/2019.

⁹³ Brenda D'Sylva, Fiscal Officer, Alexandria Police Department. Email, 03/18/2019.

⁹⁴ Chris Wemple, Captain, Alexandria Police Department. Email, 04/25/2019.

Figure 20 below details OPA’s estimates of the costs of the City’s regulatory activities.

Figure 20: Cost Estimates, FY16-FY19

		FY 2016	FY 2017	FY 2018	FY 2019 Estimate
	Hack Office Personnel Costs (Salary and Benefits)⁹⁵				
1.	Total ⁹⁶	\$204,422	\$222,354	\$225,930	\$242,165
	Hack Office Size Estimate				
2.	Parking and Hack Office Total Personnel Cost (Salary and Benefits) ⁹⁷	\$2,780,047	\$2,782,736	\$2,872,765	\$2,881,389
3.	Hack Office Proportion of Total Office Estimate (Row 1/ Row 2, Rounded)	7.35%	7.99%	7.86%	8.40%
	Hack Office Operating Cost Estimate				
4.	Parking and Hack Office Operating Costs Total ⁹⁸	\$242,307	\$157,254	\$198,347	\$22,598
5.	Estimate Hack Office Operating Cost (Line 3 x Line 4)⁹⁹	\$17,817	\$12,565	\$15,599	\$1,899
	Estimated Value of other Services				
6.	APD Fingerprinting ¹⁰⁰	\$186	\$191	\$190	\$197
7.	Revenue Processing ¹⁰¹	\$659	\$660	\$661	\$572
8.	Detention Center Office Space ¹⁰²	\$23,450	\$25,245	\$22,871	\$23,362
9.	Subtotal	\$24,295	\$26,096	\$23,722	\$24,131
	Total Hack Office Estimated Cost				
10.	Total Personnel Cost + Total Estimated Operating (lines 1 + 5 + 9)	\$246,534	\$261,015	\$265,251	\$268,195

⁹⁵ Personnel Cost figures provided by the Department of Finance and the Office of Management and Budget. These figures include the salary and benefits of two Hack Inspectors and one Administrative Support position.

⁹⁶ This figure excludes the salary of one staff member who retired in June and was using FMLA.

⁹⁷ Calculated from Munis data, Org # 11550446, record numbers 1 – 17.

⁹⁸ Munis data, ORG# 11550446.

⁹⁹ Note that these figures are calculated using the full percentage of line 6, not the rounded percentage displayed.

¹⁰⁰ APD’s records office estimates that the fingerprinting process requires five minutes of staff labor. (Roy Bliss, Records Supervisor, APD. Email, April 5). The figure in this table was calculated by multiplying the number of estimated new driver applications a year (80), by five minutes, to project a labor estimate of 6.7 hours per year. This is equal to .32% of an FTE (6.7/2,080 hours). This percentage was multiplied by the total salary and benefits of the Hack Office’s APD Administrative Support II for the corresponding fiscal year.

¹⁰¹ The Finance Department estimates that processing a taxi driver’s fees requires five minutes of labor. (Rehab Salem, Deputy Treasurer, Department of Finance. Email, 04/04/2019). The figures in this table were calculated by multiplying the total number of permits per year (see Figure 13) by five minutes and divided by 60 to produce the total number of hours required. That total number of hours was divided by an FTE of 2080 hours to produce a percentage. That percentage was multiplied by the average hourly pay of a Finance Department Account Clerk II between FY 2016 and FY 2018, which was \$10.45.

¹⁰² See Figure 21 below for the detail of these estimates.

Line 11 in Figure 20 was calculated by taking the number of Hack Office staff, as a percentage of the total number of staff who work in the Detention Center in a given Fiscal Year,¹⁰³ and multiplying it by the total depreciation costs associated with the building. This process is detailed in Figure 21 below.

Figure 21: Depreciation Estimates

	1	2	3	4	5
Fiscal Year	Full-Time Detention Center Employees¹⁰⁴	Full Time Hack Office Employees	Percentage of Employees (Column 2/1)	Total Detention Center Depreciation¹⁰⁵	Total Hack Office Depreciation Costs (Column 3 x Column 4)
2016	158	3	1.90%	\$1,235,047	\$23,450
2017	159	3	1.89%	\$1,337,967	\$25,245
2018	162	3	1.85%	\$1,235,047	\$22,871
2019	163	3	1.84%	\$1,269,354 ¹⁰⁶	\$23,362

Figure 22 below builds on Figure 20's estimate for 2019 costs. Using a straight-line cost projection, it details a 2020 estimate. As noted in this report, a straight-line projection assumes that the average cost trend between 2016 and 2019 will remain constant. We do not know if that average will remain constant, and these projections should be used as indicators, not as a robust prediction.

Figure 22: Cost Projection

Year	Cost
2016 Estimate	\$246,534
2017 Estimate	\$261,015
2018 Estimate	\$265,251
2019 Estimate (See Figure 20)	\$268,195
2020 Estimate (Straight Line Projection)	\$277,554

¹⁰³ As determined by payroll data.

¹⁰⁴ Total number of Detention Center staff calculated by fiscal year through payroll data.

¹⁰⁵ Giovana Jenkins, Accountant, Finance Department. Email, 04/09/2019.

¹⁰⁶ Projected through simple straight line projection based on FY 2016-2018 depreciation actuals.

Appendix F: Revenues

Figure 23 below details the total revenue generated by taxi fees, as listed under Organizational Code 11950737-47007 in the City's Munis database. The Finance Department does not currently track revenue from drivers or companies at the individual fee level.¹⁰⁷

Figure 23: Actual Taxi Fee Revenue

	2016 Actual	2017 Actual	2018 Actual
Total taxi industry fees paid	\$301,623	\$284,045	\$240,532

Figure 24 details the current schedule of fees and estimates revenue. This report assumes that the 2019 and 2020 revenue will be the same with a rebound to historical collection rates and a stabilized taxi number, based on the current number of companies, drivers and new applicants, which are:

- Number of companies: 5
- Number of drivers: 577
- Number of new applicants per year: 80¹⁰⁸

Figure 24: Projected Revenue for Current Fee Schedule

Annual Fees	Current Fee	Number Affected Per Year	Possible Revenue	Estimated Collection Rate ¹⁰⁹	Projected Revenue*
<i>Company Fees</i>					
Company renewal	\$4,000	5	\$20,000	95%	\$19,000
Each car renewal (company)	\$150	657	\$98,550	95%	\$93,623
<i>Existing Driver Fees</i>					
Driver permit	\$75 ¹¹⁰	577	\$43,275	95%	\$41,111
Vehicle inspection	\$150	577	\$86,550	95%	\$82,223
<i>New Driver Fees</i>					
Initial driver application and permit	\$250	80	\$20,000	95%	\$19,000
Initial vehicle inspection	\$100	80	\$8,000	95%	\$7,600
<i>Sum of Fees</i>					
Total			\$276,375		\$262,556

*FY 2020 is budgeted at \$300,000

¹⁰⁷ Carmen Fraser, General Accounting Manager, Department of Finance. Email, 04/03/2019.

¹⁰⁸ Based on a rough estimate from the Hack Office.

¹⁰⁹ This figure is the average of the collection rate between 2015 and 2018, excluding one large delinquent company whose payments are being monitored.

Appendix G: Fairfax County

After the introduction of rideshare companies in Fairfax County, the local government reexamined their taxi regulatory structure. The County was concerned with parity with rideshare companies.

The County changed its code without issue.¹¹¹ Their main reforms were to:

- Increase the acceptable age and mileage of taxi vehicles
- Make the application test easier
- Establish that the fare rates were a maximum, not a minimum
- Reduce the frequency of vehicle inspections (from 6 months to 1 year, for taxis less than 6 years old)

These changes were appreciated by drivers and the industry. They did not produce a dramatic change in the industry's economic condition, and taxi companies continue to shrink in size in Fairfax County.

¹¹¹ Carl Newcomb, Hack Inspector, Regulations and Licensing, County of Fairfax. OPA interview 02/09/2019.