

Taxicab Rates of Fare Increase Proposal



Transportation and
Environment Committee

Prepared by

Public Works and Transportation
Transportation Programs – Regulation

September 26, 2005



Purpose

- Brief the TEC on a staff recommended general fare increase for taxicabs and a new per trip fuel surcharge
- Request a recommendation from the TEC endorsing the fare increases and directing staff to schedule a public hearing on the fare request



Background

- City Code requires that taxicab rates of fare be approved by the City Council – rates for other regulated vehicles such as shuttles and limousines are established by the permit holder and filed with the City
- Chapter 45 provides that the director shall periodically review the taxicab rates of fare, and after receiving input from taxicab holders and drivers, recommend any change to the City Council.



Background

- The City Council shall hold a public hearing to consider the proposed change in rates of fares – after the hearing, the Council may approve, disapprove, or modify the proposed change
- Request was proposed by Association of United Taxi Operators (AUTO) in December 2004
- AUTO amended their request June 2005
- Rates were last increased in July 2000

Current Dallas Fares

Fare Type	Current Fare
Initial meter drop	\$2.00
Each additional ¼ mile	\$0.40
Effective rate per mile	\$1.60
Traffic delay/wait time per 1-1/2 minutes	\$0.40
Each extra passenger	\$2.00
Love Field¹	
Flat rate to/from CBD	\$18.00
Flat rate to/from Market Center area	\$14.00
Minimum charge for trip departing airport	\$8.00
DFW Airport²	
Flat rate to/from CBD	\$38.00
Flat rate to/from Market Center area	\$30.00
Minimum charge for terminal transfer	\$7.00
Minimum charge for trips outside plaza, but on airport property	\$13.50
Minimum charge for trips outside plaza and off airport property	\$16.00
¹Plus \$0.50 Love Field exit fee ²Plus \$3.60 DFW airport exit fee and \$0.52 drop off fee	

Fares Proposed by AUTO

Fare Type	AUTO Proposal	Change
Initial meter drop	\$2.00	No change
Each additional ¼ mile (change to 1/8 mile)	\$0.50	+\$0.10
Effective rate per mile	\$2.00	+\$0.40
Traffic delay/wait time per 1-1/2 minutes	\$0.50	+\$0.10
Each extra passenger	\$3.00	+\$1.00
Love Field¹		
Flat rate to/from CBD	\$20.00	+\$2.00
Flat rate to/from Market Center area	\$20.00	+\$6.00
Minimum charge for trip departing airport	\$20.00	+\$12.00
DFW Airport²		
Flat rate to/from CBD	\$40.00	+\$2.00
Flat rate to/from Market Center area	\$32.00	+\$2.00
Minimum charge for terminal transfer	\$7.00	No change
Minimum charge for trips outside plaza, but on airport property	\$16.50	+\$2.50
Minimum charge for trips outside plaza and off airport property	\$21.40	+\$5.40
¹ Plus \$0.50 Love Field exit fee ² Plus \$3.60 DFW airport exit fee and \$0.52 drop off fee		

Comparison of Current Dallas Fares with Other Cities

City	U.S. Average Trip
Honolulu	\$15.95
San Francisco	\$15.90
Boston	\$15.45
Las Vegas (2005)	\$14.78
Miami	\$14.25
Philadelphia (2005)	\$14.17
Los Angeles	\$13.68
New York City	\$13.10
Chicago (2005)	\$12.72
Houston	\$12.70
Atlanta	\$12.00
New Orleans	\$11.80
Detroit	\$11.63
Dallas	\$11.33

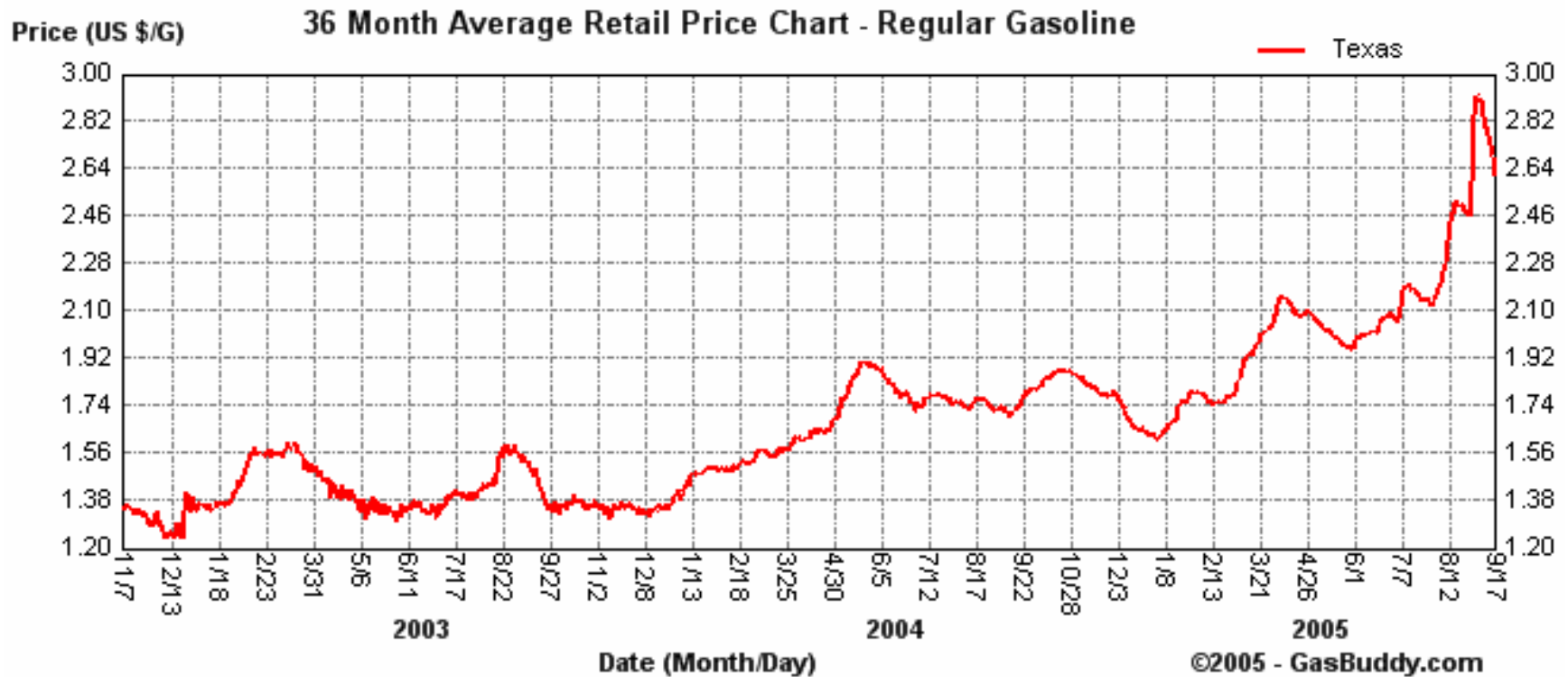
U.S. average trip is estimated at 5 miles with 5 minutes of waiting time – developed by Schaller Consulting, 5/2005 – table includes all U.S. cities with 1300 or more taxicabs



Consumer Price Index (CPI)

- CPI changes between March/April 2000 and March/April 2005:
 - CPI for “all items”
 - US average was +13.6%
 - Dallas-Fort Worth average was +11.2%
 - CPI for “transportation”
 - US average was +13.3%
 - Dallas-Fort Worth average was +12.4%

Fuel Prices Changes



Drop Charge Comparison

Staff Analysis

City	Drop Charge
Las Vegas (2005)	\$3.20
San Francisco	\$2.85
Houston	\$2.50
New York City	\$2.50
Detroit	\$2.50
New Orleans	\$2.50
Philadelphia (2005)	\$2.30
Chicago (2005)	\$2.25
Honolulu	\$2.25
Atlanta	\$2.00
Dallas	\$2.00
Los Angeles	\$2.00
Boston	\$1.75
Miami	\$1.70
Average	\$2.31

Charge per Mile Comparison

Staff Analysis

City	Charge per Mile
Boston	\$2.40
Honolulu	\$2.40
San Francisco	\$2.25
Miami	\$2.20
Philadelphia (2005)	\$2.10
New York City	\$2.00
Las Vegas (2005)	\$2.00
Los Angeles	\$2.00
Chicago (2005)	\$1.80
Houston	\$1.80
Atlanta	\$1.75
Dallas	\$1.60
Detroit	\$1.60
New Orleans	\$1.40
Average	\$1.95

Traffic Delay Charge Comparison

Staff Analysis

City	Delay Charge per Minute
San Francisco	\$0.45
Boston	\$0.40
Los Angeles	\$0.38
Las Vegas (2005)	\$0.37
Miami	\$0.35
Honolulu	\$0.33
Chicago (2005)	\$0.33
Philadelphia (2005)	\$0.33
Houston	\$0.30
New Orleans	\$0.30
Atlanta	\$0.30
Detroit	\$0.27
Dallas	\$0.27
New York City	\$0.20
Average	\$0.33



Summary of Dallas Rank

- Among 14 cities with greater than 1300 taxicabs:
 - Drop charge – 11th lowest
 - Charge per mile – 12th lowest
 - Traffic delay charge – 13th lowest
 - Overall trip charge – 14th lowest



Basis for Staff Proposal

- Modest increase is warranted to:
 - Move Dallas toward the median price among comparison cities
 - Adjust for the five year change in the CPI
 - Allow taxicabs to remain competitive in the local transportation market
- Focus on “basic” fares – initial drop, distance and traffic delay charges
- Waiting longer than 5 years sets up a larger increase in the future to “catch up”



Staff Recommendation for Basic Fare Charges

Fare Type	Staff Proposal	Change
Initial meter drop	\$2.25	+\$0.25
Each additional ¼ mile (change to 1/9 mile)	\$0.45	+\$0.05
Effective rate per mile	\$1.80	+\$0.20
Traffic delay/wait time per 1-1/2 minutes	\$0.45	+\$0.05
Each extra passenger	\$2.00	No change

Staff proposed fares would increase an average trip 12.5% from \$11.33 to \$12.75

Comparison of Staff Recommended Fares with Other Cities

City	U.S. Average Trip
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San Francisco	\$15.90
Boston	\$15.45
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Miami	\$14.25
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Airport Flat Fare Charges

Staff Analysis

- Flat fares between the airports and the CBD/Market Center areas inform travelers of the exact fare
- Flat fares reduce the temptation for drivers to use circuitous routes to pad a fare
- Flat fares were evaluated using the calculated charge based on the application of current drop, distance and delay rates to the shortest distance from the center of the airport to the center of a destination area

Airport Flat Fare Charges

Staff Analysis

Trip Ends	Shortest Distance	Current Flat Fare	Calculated w/Current Fares	Calculated w/Staff Increase	AUTO Proposal	Staff Proposal
DFW Airport – CBD	22.0 miles	\$38.00	\$38.50	\$43.18	\$40.00	\$40.00
DFW Airport – Market Center	18.9 miles	\$30.00	\$33.57	\$37.60	\$32.00	\$32.00
Love Field – CBD	6.0 miles	\$18.00	\$12.93	\$14.38	\$20.00	\$18.00
Love Field – Market Center	6.0 miles	\$14.00	\$12.93	\$14.38	\$20.00	\$15.00

¹Plus \$0.50 Love Field exit fee ²Plus \$3.60 DFW Airport exit fee and \$0.52 drop off fee



Airport Minimum Charges

Staff Analysis

- Minimum charges at airports are an acknowledgment that drivers wait a significant amount of time for a fare
- Establishment of minimum fares eliminated the “front of line” privileges for short trips
- Setting the minimum charge too high encourages drivers to wait in line at the airports
- Current minimum charges are set at about 42% to 44% of the flat fare to the CBD – staff recommends maintaining this ratio
- The minimum charges leaving DFW Airport are recommended for a \$1.00 increase; no change is recommended for Love Field

Staff Proposal

Summary of Staff Proposed Fare Changes

Fare Type	Staff Proposal	Change
Initial meter drop	\$2.25	+\$0.25
Each additional ¼ mile (change to 1/9 mile)	\$0.45	+\$0.05
Effective rate per mile	\$1.80	+\$0.20
Traffic delay/wait time per 1-1/2 minutes	\$0.45	+\$0.05
Each extra passenger	\$2.00	No change
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Minimum charge for trip departing airport	\$8.00	No change
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Staff Proposal

Fuel Surcharge

- Fuel surcharge would only apply when prices exceed \$2.00 per gallon – gasoline prices below \$2.00 are presumed to have been included in the basic rate adjustments
- Average regular gasoline price would be monitored quarterly and the surcharge adjusted based on the current price
- Adjustable per trip fuel surcharge of \$0.50 would be authorized for each \$0.50 that the average price of regular gasoline exceeds \$2.00

Staff Proposal

Fuel Surcharge Example Application

Average Regular Gasoline Price ¹	Per Trip Fuel Surcharge
Less than \$2.00/gallon	None
\$2.01 to \$2.50/gallon	\$0.50
\$2.51 to \$3.00/gallon	\$1.00
\$3.01 to \$3.50/gallon	\$1.50

¹As determined by the Department of Energy for the State of Texas



Taxicab Advisory Committee

- The Taxicab Advisory Committee has seven members: taxicab companies (2), taxicab driver, Dallas Convention & Visitor Bureau, Greater Dallas Hotel Association, DFW Airport staff and City of Dallas staff
- The Committee discussed taxicab rate increases at two meetings this year
- At the 9/20/05 meeting, the Committee endorsed the staff recommendation to increase rates and add a fuel surcharge



Summary

- The staff proposed rates result in a 12.5% price increase in an average trip which is consistent with changes in the CPI and fares in comparison cities
- A fuel surcharge is recommended to provide a quick response to rapidly changing fuel prices that directly affect drivers
- The Taxicab Advisory Committee endorsed the staff proposal on 9/20/05
- Staff requests TEC endorsement of the fare increases and scheduling of public hearing



Next Steps

9/26/05	Brief Transportation and Environment Committee
10/26/05	Council action to call a Public Hearing to consider the fare increase proposal
11/9/05	Public Hearing to consider the fare increase proposal
Possibly 11/9/05	Council action to approve, disapprove or deny the fare increase