

**PETITION**  
**TO**  
**THE DISTRICT OF COLUMBIA TAXICAB COMMISSION**  
**FOR CONSIDERATION/ACTION**

Re: MODIFICATION OF THE TAXICAB METERED RATE STRUCTURE

**Comes now**, Nicholas A. Maxwell, Independent Owner Operator of Taxicab 2069.

**And Pleads To Wit:**

- I. This petition is a request for modification of the present time and distance metered rate structure so that the income of the driver would be adequate compensation for services rendered within the present scope and context of cost of living standards for the Washington, DC area while at the same time keeping any such adjustment in taxicab fares within the affordable range of the vast majority of the riding public.
- II. This petition also seeks to simplify the metered reading for passengers by terminating, either entirely or in part, what has been the common practice of attaching a surcharge to the primary fare, and in lieu of such surcharges, those costs could be prorated on a time and distance basis. This petition for a revocation of surcharges does not pertain to the airport surcharge or any other charges specifically warranted by the Commission.
- III. This petition also seeks to readjust the disparity between the drop rate and rate per mile charges so that, in the aggregate, the burden of “down time” would be more equitably balanced between localized fares and longer distance fares which significantly remove the operator from the center or hub of business activity.
- IV. This petition also seeks to revoke the option of hiring a taxicab driver on an hourly basis as set forth in Title 31, chapter 8, section 801.6, subsection (k).
- V. This petition also seeks to modify the standard practice (prescribed in Title 31, chapter 8, section 801.7) of resetting the meter in instances of group riding, whereby the passengers exit the taxicab at different destinations.

**I Petition the Commission to amend the regulations specifically as follows:**

- 1) Title 31, Chapter 8, Section 801.2: Annulment**
- 2) Title 31, Chapter 8, Section 801.3: To be modified as follows: For trips within the District of Columbia the regular metered rate of fare is as follows: (a) Two dollars and seventy-five cents (\$2.75) upon entry and the first 1/11 of a mile. (b) Twenty-five cents (\$0.25) for each one eleventh of a mile after the first 1/11; and (c) The wait rate is Twenty-Five dollars (\$25.00) per hour**
- 3) Title 31, Chapter 8, Section 801.4: To be modified as follows: Wait time begins Five (5) minutes after the time of arrival at the place where the taxicab was called. No time shall be charged for a premature response to a call. Waiting time shall be charged for time consumed while the taxicab is stopped or slowed to a speed of less than ten miles per hour for longer than thirty-six (36) seconds and for time consumed for delays or stopovers en route at the direction of the passenger. Wait time shall be calculated in thirty-six (36) second increments. Wait time does not include time that is lost due to taxicab or driver inefficiency.**
- 4) Title 31, Chapter 8, Section 801.6, part (a): Annulment**
- 5) Title 31, Chapter 8, Section 801.6, part (b): Annulment**
- 6) Title 31, Chapter 8, Section 801.6, part (c): Annulment**
- 7) Title 31, Chapter 8, Section 801.6, part (d): Annulment**
- 8) Title 31, Chapter 8, Section 801.6, part (e): Modified as follows: Personal service shall be charged at the waiting time rate of Twenty-Five cents (\$0.25) per thirty-six (36) seconds. "Personal service" is any service requested by a passenger which requires the taxicab driver to leave the vicinity of the taxicab. No such charge shall be made for persons who are blind, handicapped or disabled.**
- 9) Title 31, Chapter 8, Section 801.6, subsection (f): Delivery service (messenger service and parcel pick-up and delivery) shall be at the same rate as the default rate unless the vehicle is hired by the hour.**
- 10) Title 31, Chapter 8, Section 801.6, subsection (g), part one (1): Annulment**
- 11) Title 31, Chapter 8, Section 801.6, subsection (k): Annulment**
- 12) Title 31, Chapter 8, Section 801.6, subsection (L): Annulment**
- 13) Title 31, Chapter 8, Section 801.6, subsection (m): Annulment**
- 14) Title 31, Chapter 8, Section 801.7: Modified as follows: In cases where more than one passenger enters a taxicab at the same time on a pre-arranged basis (group riding) bound for different destinations, in addition to the applicable charges set out in this section, the fares shall be as follows: The person or party who exits the cab at the final destination shall be responsible for payment of the entire fare without resetting of the meter after each intermediate stop or drop off unless the passenger(s) specifically request that the meter be reset and that they be charged separately.**

**In Support of each of my Petitions, I present the following explanations:**

- I. In order to assess what the hourly income of a D.C. cab driver should be, let me start by borrowing a figure from the 2010 U.S. Labor Department's "Occupational Employment Statistics" database which states that the national mean income of a taxicab driver for that year was \$13.01 per hour. Now with this information, we can calculate what the hourly income should be for a DC taxicab operator by factoring into the equation our city's cost of living index in relation to the national average and keeping such income in proportion to any such respective index. But first we have to adjust the \$13.01 figure of 2010 to the year 2012 since the purpose and scope of this petition is to modify the rate structure which, if such a proposal is enacted, would likely occur circa 2012.**

**There really is no set rule for applying a cost of living adjustment, but for the purposes of this petition, I have used the Social Security Administration's COLA (Cost of Living Adjustment) as a proxy. Their most recent adjustment was a 3.6% increase over the 2008 scale of Social Security benefits some three years ago. What this suggests is that the recent trend indicates an average increase in the cost of living of 1.2% each year. So in our case we could apply a two year adjustment of (2 x 1.2%) 2.4% to the 2010 figure since we're going from 2010 to 2012: ( $\$13.01 \times 1.024$ ) = \$13.32. This is approximately what the national average income will be for a taxicab driver in the year 2012. Now we can factor in the cost of living index for our own city with respect to the national average.**

**According to Kiplinger's July 2011 report, our city has a cost of living index of 141 ([www.kiplinger.com/tools/bestcities\\_sort/](http://www.kiplinger.com/tools/bestcities_sort/)). This index is based on 100 being the national average. So it stands to reason that Washington, DC's cost of living is 41% higher than the norm. Studies have shown that the primary factor affecting taxicab rates is the cost of living for a particular city. So if we increase the national hourly rate of \$13.32 by 41% ( $\$13.32 \times 1.41$ ), then we can arrive at \$18.78, a figure which would be a suitable hourly income for a DC cab driver that it is on scale and in accordance with this index.**

**The gross income is simply the sum of the business expenses and the suggested net income of the operator. So when we add the hourly expenses of \$7.17 to the suggested hourly net income of \$18.78 we have a recommended gross income of \$25.95. For an explanation of how the hourly expenses were calculated as well as the some of the other figures that are used throughout this document, please refer to "The Experiment" that is attached to this petition.**

**My study has shown that there are 2.33 trips per hour (frequency of the fare) on average. This number is integral if we are to deduce what the average price of a fare**

(target price) should be. In other words, the recommended hourly gross income (\$25.95) divided by the frequency of the fare (2.33) gives us a target price of \$11.14 per trip.

Now with this figure in mind, let us approximate a new rate structure while assuming for the moment that we are going to keep our existing framework of a \$3.00 flag drop and \$1.50 for each additional passenger. This leaves us with the task of determining the hourly waiting time and more importantly, the rate per mile.

According to the results of the most recent experiment, the extra passenger charge occurs at about a 51.9% ratio. So at \$1.50 per extra passenger, that comes to \$0.78 per trip. Thus when we add the average extra passenger surcharge to the drop rate we get \$3.78. This is typically what the driver gets right off the top before even factoring in the movement of the vehicle. And there are some other negligible surcharges as well. So we might add in another 9 cents for the sake of the occasional extra bag or radio call, etc. and round the “up front” charges to \$3.87. Now if the target price is \$11.14 per trip, and we start out with \$3.87, that leaves \$7.27 that the driver must acquire over the ensuing 2.61 miles (the average distance) of the trip. This comes to a total of \$2.79 in per mile charges.

But these “per mile charges” are actually a combination of the mileage rate and the waiting time rate. The present rate of \$15.00 per hour waiting time indirectly correlates to about \$0.29 on a per mile basis (see the attached “experiment”). Yet, if we brought our waiting time in line with industry standards of, say \$25.00 per hour, then perhaps we could estimate that the waiting time would be increased by 66.7% since \$25.00 is 5/3 greater than \$15.00. Thus the newly projected waiting time rate would likely equate to about ( $\$0.29 \times 1.667$ ) \$0.48 on a per mile basis. And by subtracting the projected waiting time rate per mile from the suggested charges per mile, we are left with the mileage rate of ( $\$2.79 - \$0.48$ ) \$2.31. So putting this together, we come to a more feasible rate structure:

- 1) \$3.00 drop
  - 2) \$2.31 per mile
  - 3) \$25.00 per hour waiting time
  - 4) Leaving all surcharges “as is”
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II. Now that we have arrived at a suggestion for a rate structure that is suitable for meeting the needs of the cab driver, I would also like to petition the Taxicab

**Commission to consider a substitution for the standard practice of adding surcharges to the primary rate. I am suggesting that the income derived from those surcharges be “rolled over” into their mathematical equivalent on a rate per mile basis for the following reasons:**

- 1) Many passengers are already complaining about the surcharges. There have been several occasions where tourists have literally cursed drivers out. In our current arrangement, if 4 people get into a cab, the price is already at \$8.50 (with the fuel surcharge) before the cab even moves. It’s too high in the front.**
- 2) On the other hand, the mileage rate is so low that the cab driver can take a single passenger all the way from Dupont Circle to Silver Spring, MD for only \$12.50. And there is almost never a return trip coming back. So that’s like going to Silver Spring each way for \$6.25. It’s too low in the back.**
- 3) A disproportionate number of single-person fares are business travelers during daylight hours, Monday through Friday. They’re the ones getting the bargain. They usually expense their trip to get a tax write off. But the group travelers are usually locals who go out to clubs or party with their friends. So when we charge for extra passengers, while keeping the mileage rate so low, it’s the locals and the cab drivers who suffer the most while the business travelers get super low bargains. The Virginia and Maryland passengers also get to ride out to their rosy suburbs at rock bottom prices.**
- 4) Oftentimes, people think that they’re giving a tip to the driver but they’re only looking at the first number of the meter and fail to add in the extras. By eliminating the surcharges in exchange for a higher mileage rate, we’d only have one number to deal with.**
- 5) Many cab drivers are known to drive right past the single passenger in order to pick up a group because they know they’ll get the extra passenger surcharge.**
- 6) The ability to charge for extra passengers affects the car buying decisions of some owner/operators. Hence they’re more inclined to buy larger, gas guzzling types of cars rather than the smaller, fuel efficient types.**
- 7) Some cab drivers have been known to go ballistic in jacking up the surcharges when, for example, they see a lady with 5 bags of groceries. And after the customer**

feels slighted, the cab driver starts ranting about verses from Title 31 in order to justify his actions without any regard for damaged customer relations.

- 8) From a customer service perspective, just watching a driver hit that surcharge button leads to the perception that the she is greedy. People think of surcharges as something that the cab driver arbitrarily adds to the fare depending on her own temperament, but they view the mileage rate as something that was hammered out through a more deliberative process. Hence, they trust mileage rates, but they don't necessarily trust the driver.
  - 9) Washington, DC is a city of national and international significance. So it makes more sense to adopt a rate structure that is simple and mainstream as well as user friendly. Please see the attached charts with regard to rates in other cities. You will find that most other cities do not charge for extra passengers.
  - 10) If we were to eliminate the extra passenger surcharge, there would be no need to count heads within the cab or to be concerned about whether or not a child is over or under the age of five.
  - 11) A higher mileage rate would be a greater incentive for drivers to accept radio dispatched calls, even with the loss of the \$2.00 surcharge because dispatched calls are generally for longer trips than the average street hail.
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It should be noted that adjustments made to the mileage rate are 2.61 times more effective in altering the target price than adjustments made in the drop rate because the average distance per trip is 2.61 miles and the drop rate is not a reoccurring value. And mileage rate adjustments are 4.42 times more effective than adjustments made in the extra passenger surcharge, since an extra passenger only rides 51.9% of the time and the surcharge is a not a reoccurring value. So it is here suggested that the extra passenger surcharge be replaced with its mathematical equivalent in the rate per mile column of (\$1.50 divided by 4.42) \$0.34 per mile. And it is also recommended that the other negligible surcharges of what were previously estimated to be about \$0.09 per trip be also rolled over into a per mile basis of (\$0.09 divided by 2.61) \$.03. So we could preferably wipe out all surcharges by adding just \$0.37 to the recommend per mile rate of \$2.31 for a combined mileage rate of \$2.68. Thus we have a newly suggested rate of:

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- 1) **\$3.00 drop**
  - 2) **\$2.68 per mile**
  - 3) **\$25.00 per hour waiting time**
  - 4) **No surcharges (with the exception of the airport surcharge and certain other specific charges warranted by the Commission).**
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**III. I also petition the Commission to further adjust the disparity between the drop rate and the rate per mile charges so that they are each on par with the other for the following reasons:**

- 1) **In most jurisdictions across the country, taxicabs are licensed by the county. But Washington, DC is both a city and a county and therefore has a smaller land mass. It therefore becomes more probable that the cab driver could receive an interstate fare. Furthermore, the vast majority of fares are generated within the geometrically contiguous region comprised of wards 1, 2, 3, and 6. So in placing more of the cost burden on a mileage basis we would more equitably compensate the driver for those times when she is taken out of the loop (down time, type ii).**
- 2) **In most jurisdictions, the cost of a high drop charge is meant to compensate the driver for the down time when the operator is in search of the next fare (down time, type i). But in Washington, DC a different logic prevails. The problem of secondary down time takes a slight precedence over the problem of primary down time. So by lowering the drop and increasing the mileage rate, we can help to readjust this imbalance.**

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**If we were to lower the drop rate to the next closest 25 cent increment of \$2.75, that slight adjustment would neutralize some of the disparity between the two types of down time that exist. We stated earlier that the target price is \$11.14. So after subtracting the drop of \$2.75 (\$11.14 - \$2.75), we have \$8.39 to be acquired over the ensuing 2.61 miles of the trip. That comes to (\$8.39**

divided by 2.61 mi.) \$3.21 in charges per mile. When we deduct the projected waiting time charge per mile from the net charges per mile (\$3.21 - \$0.48) we are left with a mileage rate of \$2.73, which we could then round up to \$2.75 per mile. Now we have the newly suggest rate:

- 1) \$2.75 drop
  - 2) \$2.75 per mile
  - 3) \$25.00 per hour waiting time
  - 4) Once again, no surcharges (except for the airport surcharge and other charges specifically warranted by the Commission)
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**IV. I also petition the Commission to eliminate rate number 4 on the time and distance meter which charges a person or a group of passengers at a rate of \$25.00 per hour when hired on an hourly basis as warranted by the provision set forth in Title 31, chapter 8, section 801.6, subsection (k) for the following reasons:**

- 1) The rate of \$25.00 is slightly below the suggested, targeted gross income of \$25.95 (\$11.14 per trip x 2.33 trips per hour).
  - 2) It is an unnecessary complication to add such a rate to the metered system when it would suffice to simplify matters and charge the passenger(s) in accordance with the default rate.
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**V. I also petition the commission to alter the practices prescribed in Title 31, chapter 8, section 801.7 of resetting the meter with respect to group riding whereby there are multiple destinations during the course of one trip and the meter is reset after the conclusion of each intermediate stop for the following reasons:**

- 1) This policy has resulted in confusion on behalf of many customers who have become accustomed to the standard practices of other jurisdictions whereby



**the final total of the fare is paid by the last person who exits the taxicab without ever resetting the meter prior to the arrival at the final stop.**

- 2) When the meter is reset, it causes the group to be charged the flag drop for each "additional" trip and once again contributes to the perception that the cab driver is greedy.**
  - 3) Instead, it is recommended that we assign responsibility for payment of the fare to the person(s) who exits at the final destination, in instances of "group riding" as defined according to Title 31 whereby there are multiple drop off points throughout the course of a single trip, unless the passenger(s) specifically requests that the meter be reset and each fare be calculated separately.**
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I present as an exhibit, the table titled "Taxicab Rates in Other Cities" and the table titled "Local Rates". Both tables are attached for viewing purposes as a part of this petition.

I also present as an exhibit, the webpage from the U.S. Labor Department's "Occupational Employment Statistics" database.

I also present as an exhibit, Kiplinger's listing of "Best Value Cities."

I also present as an exhibit, "THE EXPERIMENT."

I also present as an exhibit, the copies of all receipts which pertain to the experiment.

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Signed: 

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Signed: 

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