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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

RELEASED

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MAR 8 1972

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Dear Mr. Broyhill:

On October 26, 1971, you forwarded for review by the General Accounting Office a letter you received from Mr. Robert G. Hailey concerning the taxi fares to and from Washington National Airport. Mr. Hailey believed that the fares charged by the taxi concessionaire were unreasonably high compared with the fares charged by regular taxi operators.

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You asked that we investigate the statements made by Mr. Hailey and that we furnish you with the information necessary to enable you to reply to him.

OVERCHARGE BY CONCESSIONAIRE  
HAS BEEN REFUNDED

In his letter Mr. Hailey stated that he took a taxi from his home in Falls Church, Virginia, to National on October 8, 1971, and was charged \$6.20. On his return to Washington, he took a taxi operated by a concessionaire--Greyhound Airport Service, Inc.--from National to his home; the fare was \$11.60.

After receiving a complaint from Mr. Hailey, the concessionaire investigated and found that the high fare apparently had been caused by the circuitous route taken from the airport to Mr. Hailey's home. Greyhound estimated that the fare would have been only \$8.20 if the most direct route had been taken, and it has refunded to Mr. Hailey the difference between \$11.60 and \$8.20.

CONCESSION-TYPE OPERATION  
CONSIDERED NECESSARY  
TO ENSURE ADEQUATE SERVICE

Greyhound has a contract with the Bureau of National Capital Airports, Federal Aviation Administration, to provide specialized motor vehicle transportation service between Washington National and Dulles International Airports and from the two airports to points within the Washington metropolitan area. The bulk of its taxi business is in one direction--from the

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airports. The return trip to the airport is usually nonrevenue (without passengers), since Greyhound only infrequently is called to transport passengers to the airports. We were advised that about 50 percent of Greyhound's mileage was non-revenue for this reason.

The current contract period is from January 1, 1969, to December 31, 1973. Greyhound pays National Capital Airports 10 percent of its gross operating revenues for this concession. For the first year of the contract, this payment was approximately \$500,000.

The concession gives Greyhound taxis exclusive pickup privileges at the airports. There are, however, exceptions to this. Regular taxis may not cruise the airports for passengers or park at airport taxi stands, but they may pick up passengers if they are hailed while discharging passengers at the airports. Also they may respond to phone calls from the airports. We noted that the Greyhound taxi dispatcher occasionally requested the services of regular taxis to service passengers when no airport taxis were available.

National Capital Airport officials told us that they considered it necessary to operate taxi service on a concession basis to ensure adequate service at National and Dulles airports at all times. They believed that, if taxis were not operated on this basis, there would be a flood of taxis at the airports during peak daylight and evening hours, which would cause traffic congestion, and that taxis would not be available to service passengers during the slack periods.

RATES OF GREYHOUND TAXIS HIGHER  
THAN THOSE OF REGULAR TAXIS

Rates of Greyhound taxis are under the jurisdiction of the Washington Metropolitan Area Transit Commission and are higher than those of regular taxis. The following table is a comparison of the present rates of Washington area taxis, including those of the concessionaire.

	<u>First mile</u>	<u>Each addi- tional mile</u>
Greyhound taxis	\$1.00	\$0.60
District of Columbia taxis	.60	.50
Northern Virginia taxis	.70	.50
Montgomery and Prince Georges Counties, Maryland, taxis	.60	.50

For additional passengers Greyhound charges \$0.60 each, whereas regular taxi operators charge \$0.20 and \$0.25 for each additional passenger. The effect of the varying rate structures on trips of different mileage intervals is shown in the enclosure.

The Commission approved an increase in Greyhound taxi rates effective November 22, 1970, after hearing substantial testimony that Greyhound had been operating at a loss after the beginning of the contract period, January 1, 1969. The Commission stated that the new rates would produce revenues which would enable the company to cover expenses and realize an adequate profit.

When National Capital Airports made the contract in January 1969 and until the Commission's action in November 1970, the fares charged by Greyhound taxis were about the same as those charged by regular taxis. In revising the rate structure for Greyhound, the Commission considered the overall services provided by Greyhound--namely taxi, limousine, and motor coach services--and the total operating losses experienced.

In checking the taxi fares at other airports, we found that it was not unusual for the airport taxis to charge higher fares. For instance, the airline taxi company serving Friendship Airport at Baltimore, Maryland, charges \$0.60 for the first mile and \$0.50 for each mile thereafter. The regular taxis charge \$0.70 for the first mile and \$0.30 for each additional mile. The 10-mile trip into Baltimore would cost \$5.10 by airport taxi and \$3.40 by regular taxi.

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CONCLUSION

We believe that Greyhound requires higher fares than other taxi operators in this area because (1) it is limited to transporting passengers to and from the airports, (2) a large percentage of Greyhound's mileage is nonrevenue because it infrequently is called to bring passengers to the airports, and (3) it is required to ensure adequate service at all times of day and night.

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We trust that this information will enable you to reply to Mr. Hailey. As requested, the correspondence submitted with your inquiry is enclosed for your records.

Sincerely yours,

  
Deputy Comptroller General  
of the United States

Enclosures

The Honorable Joel T. Broyhill  
House of Representatives

COMPARISON OF RATES  
OF GREYHOUND AIRPORT SERVICE, INC.,  
WITH THOSE OF REGULAR TAXI OPERATORS  
SERVING WASHINGTON, D.C., AREA

	<u>5 miles</u>	<u>10 miles</u>	<u>15 miles</u>	<u>20 miles</u>	<u>25 miles</u>	<u>30 miles</u>
Greyhound taxis (Rates: \$1 for first mile \$0.60 for each mile thereafter)	\$3.40	\$6.40	\$9.40	\$12.40	\$15.40	\$18.40
District of Columbia taxis (Rates: \$0.60 for first mile \$0.50 for each mile thereafter)	2.60	5.10	7.60	10.10	12.60	15.10
Northern Virginia taxis (Rates: \$0.70 for first mile \$0.50 for each mile thereafter)	2.70	5.20	7.70	10.20	12.70	15.20
Maryland taxis (Rates: \$0.60 for first mile \$0.50 for each mile thereafter)	2.60	5.10	7.60	10.10	12.60	15.10

ENCLOSURE