

Presentation to the Board of Directors

Embarking on Taxi Reform



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DRAFT

Outreach to San Francisco Taxi Industry

- Since March 2009, staff conducted over 175 hours of Taxi Town Hall Meetings in the One South Van Ness Atrium, with variable (eight to 35 people) but consistent attendance by company owners, medallion holders and a few drivers on and off the Waiting List.
- Since December, 20 hours of site visits were made to 10 different company locations to talk to drivers during the morning and evening shift changes for two to four hours per session.

Goals Identified during Outreach

- **Public service and public safety**
- **Driver quality of life**
- **City revenue**
- **Business stability**
- **Entry Strategy:** Develop career advancement opportunities for drivers to keep them in the industry, such as the opportunity to acquire a medallion.
- **Exit strategy:** Provide retirement for medallion holders and non-medallion holders who make their careers as San Francisco taxi drivers.

Taxi Reform Proposal

- **Transitional:** Addresses legacy populations on Waiting List and among elderly medallion holders.
- **Hybrid:** Incorporates elements of both seniority and transferability.
- **Experimental:** Provides a short-term, one-time contained program from which we can collect information and learn from experience.

Why a Short-term, Contained Reform Program?

- Provides opportunity to transition out of the industry those legacy populations that have built up under Prop K:
 - Senior career drivers and those who have spent many years on the medallion Waiting List.
- Provides opportunity to test assumptions and to identify unintended consequences:
 - If medallions are transferable, should the price be market based or fixed? If fixed, how should price be determined?
 - Can the seniority-based Waiting List be made to work better than it does now?
 - What is the effect of this change on the taxi companies' business models?
 - Medallions rented as long- term-lease vs. gas and gates
 - Drivers as employees vs. independent contractors
- It would be a short-term, one-time program that will not preclude any options for future policy decisions.

Learning from the Experience

- **Appoint industry advisory group to provide oversight to process and develop recommendations for longer term solution.**
- **Set a deadline of December 31, 2010 for this group to develop recommendations for the SFMTA Board of Directors.**

The Offer to Qualifying Medallion Holders

- In this first phase, the offer would be limited to Pre-K and Post-K medallions held by individuals who are 70 years or older. Those individuals would be given three choices:
 - Sell the medallion to the next person on the Waiting List who elects to buy one, at a fixed price that the SFMTA would establish
 - Surrender the medallion to the SFMTA in consideration for a monthly payment for life
 - Continue holding the medallion subject to all of the existing regulations, including full-time driving

Proposal for Medallion Sales

- **Limited to Pre-K and Post-K medallions held by individuals who are 70 years or older.**
- **Purchased Post-K medallions would continue to be subject to the full-time driving requirement and other regulations.**
- **Sales would be subject to a transfer fee that would be split between the City (15 percent) and a Driver Fund (five percent). Uses of Driver Fund would be determined in consultation with the taxi industry and established by regulation.**

Who Could Sell a Medallion?

- **The SFMTA would sell some medallions directly to buyers to realize FY2009-2010 revenue.**
- **For each direct sale by the SFMTA, the SFMTA would issue one to the Waiting List so that medallion sales do not slow down the List.**
- **All Pre-K and Post-K medallion holders who meet the age qualification would be eligible to sell their medallions.**
- **Any medallion holder with a permanent disability who cannot drive would be eligible to sell the medallion.**

Who Could Acquire a Medallion and How?

- **By purchase:** Provide right of first refusal to those on the Waiting List in order of seniority. Staff is in the process of identifying potential lenders and available loan terms.
- **By waiting:** Applicants remain on the Waiting List just as is done today.

Ramp Medallions

- **There are 95 Ramp medallions that are held by qualifying individuals.**
- **Ramp medallions should not be part of an experimental program.**
- **Eligible Ramp medallions should be switched for Sedan medallions if owner chooses to sell.**

Proposal for the Waiting List/Seniority System

- **The Waiting List would be maintained exactly as it is now, and applicants would continue to receive medallions through the Prop K system.**
- **The SFMTA would act aggressively to reduce the Waiting List through distribution of medallions and by administratively cleaning up the List.**
- **If a seniority system is maintained in the long term, it should be based on A-Card seniority, not a Waiting List.**
- **The Waiting List was closed to new applicants in December pending further policy guidance from the Board.**

How Can We Get the List Moving?

Mailing: Regulations allow at least two mailings 30 days apart. If there is no response the applicant's name comes off the list. If the applicant re-appears within six months he/she can get back on the List if he/she otherwise meets the qualifications.

Remove unqualified people from the list: People under 21 who do not have A-Cards and who physically cannot drive, etc.

Right of first refusal to purchase a medallion: Some people will choose to buy a medallion and get off the Waiting List.

Increase the pace of issuance of medallions: Extend to people on the Waiting List from those returned to the SFMTA.

Enforcement: Revoke Post-K medallion holders who are not driving.

Monthly Payment Option

- An eligible medallion holder could also elect to surrender the medallion in consideration for a monthly payment for life from the revenue generated by the medallion.
- The surrendered medallion would be leased by the SFMTA directly to a driver or a company. Staff is analyzing the optimum distribution of medallion revenues and payments to and from the various parties under this option.

Driver Fund

- **Potential Driver Fund Funding Sources:**
 - Share of medallion transfer fee
 - Meter add-on
 - Branding/merchandising (SF *taxi* T-shirts, caps, cups, etc.)
 - Permit fee surcharge on drivers during first years of service to subsidize those who remain in industry many years
 - Contributions from medallion holder income
 - Advertising revenues
- **Potential Uses of Driver Fund Established by Regulation:**
 - Should be primarily focused on drivers who do not have medallions.
 - Industry would be consulted through outreach

Revenue Projections

Potential Direct Sale Revenue for 60 Medallions:

- At \$250,000 each = **\$15 million**

Potential Transfer Fee Revenue @ 15%:

- At \$250,000 price = \$37,500 per medallion
= **\$3.75 million** for each 100 medallions sold

Next Steps

Continue public outreach to develop “taxi culture” in SF.

Explore integrated (overlaid) dispatch.

Address peak time service issues through public convenience and necessity study and exploration of peak time service options (e.g., use of spare vehicles as peak time cabs, single operator permits, etc.)

Glossary

- **Full-time Driving Requirement:** The permit condition attached to a taxi medallion that requires the owner to drive at least 800 hours, or 156 shifts of at least four hours per calendar year in order to keep the medallion.
- **Integrated Dispatch:** Instead of replacing existing company dispatch systems with a single dispatch for all taxi companies, overlaying the existing system with a technological solution such as mobile phone applications that would connect customers directly to available drivers who are nearby.
- **Peak Time:** The times when the demand for taxi service far exceeds the supply of taxis, especially Friday and Saturday nights.
- **Post-K Medallion:** A medallion issued after Prop K was passed by the voters and which has a “Full-time Driving” requirement as a permit condition.
- **Pre-K Medallion:** A medallion that was acquired before Proposition K was passed by the voters and which does not have the Full-time Driving requirement as a permit condition.
- **Proposition K:** The ballot initiative passed by the voters in June 1978 that declared taxi medallions to be City property that could not be transferred, prohibited medallion ownership by corporations, limited medallions to one per person and limited the issuance of taxi medallions to working San Francisco taxi drivers.
- **Ramp Taxi:** A wheelchair accessible taxi vehicle that is part of the SFMTA’s federally mandated Paratransit Program.