

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Amending San Francisco Transportation Code, Division II, by amending Section 1122(b) to increase the taximeter flag drop rate by \$0.40, for a total flag drop rate of \$3.50 for the first fifth of a mile.

SUMMARY:

- Charter Section 8A.101(b) gives the SFMTA Board of Directors sole discretion to determine whether taxi fares should increase, decrease or remain unchanged, and Transportation Code Section 1122(a) requires the Board to review taximeter fares beginning in fiscal year 2010-11 and at least every other fiscal year thereafter.
- A public hearing on a change to the taxi mileage and wait time fares was conducted by the Board on May 17, 2011, at which the Board approved a \$0.10 increase to the mileage and wait time rates from \$0.45 per fifth of a mile or minute of wait time, to \$0.55 per fifth of a mile or minute of wait time.
- Prior to May 17, 2001 taxi fees were last increased in 2003 (except that in 2006 drivers were allowed to pass on 50% of the \$4.00 airport fee to airport customers). During the same period, the CPI has risen by 18-19%, fuel costs in San Francisco have risen from \$1.69 to \$4.28 a gallon (an increase of 169%), and gate fees have risen by \$21.00 (an increase of 25%) per shift.
- Transportation Code Division II modifications are required to increase the flag drop rate by \$0.40, for a total flag drop rate of \$3.50 for the first fifth of a mile.

ENCLOSURES:

1. SFMTAB Resolution
2. Transportation Code Division II modifications

APPROVALS:

DATE

DIRECTOR OF DIVISION PREPARING ITEM _____

FINANCE _____

EXECUTIVE DIRECTOR/CEO _____

SECRETARY _____

ADOPTED RESOLUTION BE RETURNED TO Chris Hayashi

ASSIGNED SFMTAB CALENDAR DATE: _____

PURPOSE

Amending San Francisco Transportation Code, Division II, by amending Sections 1122(b) to increase the taximeter flag drop rate by \$0.40, which would change the total flag drop rate from \$3.10 to \$3.50 for the first fifth of a mile of a taxi ride.

GOAL

Approval of the Transportation Code, Division II modification will support the following SFMTA Strategic Planning goals:

Goal 3: External Affairs/Community Relations: To improve the customer experience, community value, and enhance the image of the SFMTA, as well as ensure SFMTA is a leader in the industry.

- Objective 3.1 Improve economic vitality by growing relationships with businesses, community, and stakeholder groups.
- Objective 3.3 Provide a working environment that fosters a high standard of performance, recognition for contributions, innovations, mutual respect and a healthy quality of life.

DESCRIPTION

Charter Section 8A.101(b) gives the SFMTA Board of Directors sole discretion to determine whether taxi fares should increase, decrease, or remain unchanged, and Transportation Code Section 1122(a) requires the Board to review taximeter fares beginning in fiscal year 2010-11 and at least every other fiscal year thereafter. The Board conducted a public hearing on an increase to the taxi mileage and wait time fares on May 17, 2011. At that meeting, the Board approved a \$0.10 increase to the mileage and wait time rates from \$0.45 per fifth of a mile or minute of wait time, to \$0.55 per fifth of a mile or minute of wait time.

Based on input from the industry and the public at taxi Town Hall meetings, an increase in the flag drop rate is recommended. That recommendation had not been noticed for consideration at the May 17 hearing. Therefore, the Board requested the flag drop rate increase be presented for their approval at a future meeting and not to implement the new mileage and wait time rates until the Board had an opportunity to consider an increase to the flag drop rate.

Effect on Taxi Drivers

The last time taximeter fares were increased was in 2003. The only change to the rate of taxi fare since 2003 was the authorization for drivers to pass on 50 percent of the \$4.00 airport fee (\$2.00) to airport customers beginning in 2006. During the same period, CPI has risen by 19.04 percent, fuel costs have risen from \$1.69 a gallon to \$4.28 a gallon (a 169 percent increase), and gate fees have risen by \$21.00 (a 25 percent increase) per shift.

Increasing the mileage and wait time rates, as approved by the Board on May 17, is adequate to compensate drivers for the 19 percent increase in the SF Bay Area CPI. An additional increase of \$0.40 to the flag drop rate, for a total flag drop of \$3.50 for the first fifth of a mile, will compensate drivers for increased fuel costs since 2003.

Since the last meter increase in 2003, the price of fuel has steadily increased:

YEAR	PRICE per Gallon
2003	\$ 1.59
2004	\$ 1.88
2005	\$ 2.30
2006	\$ 2.59
2007	\$ 2.80
2008	\$ 3.27
2009	\$ 2.35
2010	\$ 2.79
2011	\$ 3.27

Source: Bureau of Labor Statistics.

The price per gallon in San Francisco on May 2, 2011 was \$4.28. According to a January 2011 analysis by the Bureau of Labor Statistics, San Francisco gas prices are consistently seven to ten percent higher than the national average.

If a driver picks up 15 fares per shift, the \$0.40 increase will result in a \$6 per shift increase to the driver, roughly approximating the increased fuel costs for a typical taxi vehicle over the course of a single shift.

There have also been increases to the cost of a taxi driver's operational costs in the form of gate increases since 2003. The gate fees charged to a driver by a company for leasing a hybrid or CNG vehicle have gone up by \$21.00, and the gate fee for a conventional fuel vehicle has increased by \$8.00 per shift.

At Town Hall meetings there was consensus on the concept that any flag drop increase should be moderate, and there was a general comfort level with the \$0.40 increase among drivers who supported an increase.

Comparison with Other Jurisdictions

If one compares San Francisco's flag drop rate (\$3.50) for the first fifth of a mile and the mileage and wait time rate (\$0.55 per fifth of a mile or minute of wait time), San Francisco appears to be among the highest-cost jurisdictions in the country for taxi rides:

However, comparing mileage and wait time rates is not sufficient to evaluate the real cost of a taxi trip. It is also important to calculate actual mileage and wait time charges per trip in order to reach a true cost comparison.

CITY	FLAG DROP	MILEAGE/WAIT TIME	MILEAGE/TIME INCREMENT
San Francisco	\$3.50 (proposed)	\$0.55/\$0.55	1/5 th mile/1 minute
San Jose	\$3.50	\$0.30/\$0.50	1/10 th mile/1 minute
Las Vegas	\$3.30	\$0.20/\$0.50	1/13 th mile/1 minute
Honolulu	\$3.10	\$0.20/\$0.50	1/8 th mile/45 seconds
San Francisco	\$3.10 (current)	\$0.45/\$0.45	1/5 th mile/1 minute
Washington D.C.	\$3.00	\$0.25/\$0.25	1/6 th mile/1 minute
Los Angeles	\$2.85	\$0.30/\$0.30	1/9 th mile/37 seconds
New York City	\$2.50	\$0.40/\$0.40	1/5 th mile/1 minute
Houston	\$2.50	\$0.17/\$0.33	1/6 th mile/minute
Chicago	\$2.25	\$0.20/\$0.20	1/9 th mile/36 seconds

The table below shows that if one applies all applicable charges, a taxi trip in San Francisco compared to other jurisdictions, highlights that San Francisco currently ranks sixth among cities surveyed for the cost of using taxis. San Francisco would rise to third place with the proposed flag drop increase and the May 17, 2011 meter increases. Assuming that there are two people travelling on a busy night (after 8:00pm), the comparative fares would be as follows:

City	3 miles/3 minutes	5 miles/5 minutes	13 miles/5 minutes (to SFO)
Honolulu	\$13.90	\$21.50	\$47.10
San Jose	\$13.10	\$19.70	\$45.20
SF (Proposed)	\$12.85	\$19.45	\$41.05
Los Angeles	\$12.15	\$18.75	\$42.85
Las Vegas	\$11.50	\$17.10	\$39.70
SF (Current)	\$10.75	\$16.15	\$35.15
Chicago	\$10.45	\$14.85	\$31.25
Houston	\$10.45	\$13.05	\$32.05
New York	\$10.30	\$15.10	\$31.10
Washington DC	\$ 9.50	\$13.00	\$27.50

Effect on Taxi Passengers

A San Francisco taxi customer taking a shorter three mile trip with three minutes of wait time, would see the cost of the trip increase from \$10.75 to \$12.85. A customer who takes a medium-range, five mile trip with five minutes of wait time would see the cost of the trip increase from \$16.15 to \$19.45. A customer who takes a long-range trip of 13 miles and five minutes of wait time, such as from downtown to the Airport, would see the fare increase from \$34.55 to \$41.45 under the new rate of fare. A trip from the Wharf to the Zoo would cost \$27.30, up from \$22.90.

Effect on Paratransit Passengers

This proposed flag drop increase represents an increased cost to the SFMTA paratransit program of between \$160,000 and \$210,000. There is funding available for this additional cost in the form of savings resulting from implementation of the Paratransit Debit Card.

ALTERNATIVES CONSIDERED

Alternatives include not approving the increase of the flag drop rate or waiting for the completion of the study to develop an automatic indexing fare policy. Approving the flag drop rate increase at this time, however, does not preclude the Board from implementing future fare increases based on automatic indexing.

FUNDING IMPACT

The impact to the SFMTA will be an \$160,000-\$210,000 increased cost to the paratransit program budget, which will be funded by savings from the Paratransit Debit Card program. There would be an additional impact to taxi customers and drivers.

PUBLISHED NOTICE AND PUBLIC HEARING

Pursuant to Charter Section 16.112 and the Rules of Order of the Board of Directors, published notice was placed in the City's official newspaper to provide notice that the Board of Directors will hold a public hearing on August 2, 2011 to consider this rate modification. In compliance with these requirements, the advertisement ran in the San Francisco Chronicle for a five-day period beginning on July 13, 2011.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The proposed modifications to the Transportation Code are subject to environmental review under the California Environmental Quality Act (CEQA). The Department of City Planning has determined that taxi fare increases are statutorily exempt from environmental review under California Public Resources Code section 21080(b)(8) and CEQA implementing guidelines, Title 14 of the California Code of Regulations section 15273.

The City Attorney has reviewed this report.

RECOMMENDATION

The SFMTA Board adopt the proposed resolution amending San Francisco Transportation Code, Division II, by amending Sections 1122(b) to increase the taximeter flag drop rate by \$0.40, which would change the total flag drop rate from \$3.10 to \$3.50 for the first fifth of a mile of a taxi ride.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, Transportation Code Division II Section 1122(a) states that beginning in fiscal year 2010-11, and at least every other fiscal year thereafter, the SFMTA Board shall hold a hearing to determine, in its sole discretion, whether the taxi fares and gate fees then in effect should be increased, decreased or remain unchanged; and,

WHEREAS, Taxi meter fares have not increased since 2003 except for a \$2.00 airport fare authorized in 2006 and the \$.10 mileage and wait time rate increase approved on May 17, 2011; and,

WHEREAS, The SFMTA Board has sole discretion to determine whether taxicab meter rates should be increased, decrease, or remain unchanged; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors adopts amendments to Transportation Code Division II, Section 1122(a) to authorize a taximeter fare increase by increasing the flag drop rate by \$0.40 from \$3.10 to \$3.50 for the first fifth of a mile.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of _____.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

RESOLUTION NO.

[Taxi Fare Increase]

Resolution amending Section 1122 of Division II of the San Francisco Transportation Code by increasing taxi fares by raising the cost of the first fifth of a mile, or "flag" by \$0.40, from \$3.10 to \$3.50.

NOTE: Additions are [begin addition] single-underline Times New Roman [end addition] ; deletions are [begin deletion] ~~strike-through Times New Roman~~ [end deletion] .

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 1100 of Division II of the Transportation Code is hereby amended by amending Section 1122 to read as follows:

Sec. 1122. Fees, Rates and Charges.

(a) Beginning in fiscal year 2010-2011 and at least every other fiscal year thereafter, the SFMTA Board shall hold a hearing to determine, in its sole discretion, whether the rates of fare and cap on gate fees then in effect should be increased, decreased or remain unchanged.

(b) Taxi Fares.

(1) The fare for Taxis and Ramp Taxis shall be as follows: [begin addition] \$3.50 [end addition] [begin deletion] \$3.10 [end deletion] for the first fifth of a mile or "flag"; \$0.55 for each additional fifth of a mile or fraction thereof; and \$0.55 for each one minute of waiting or traffic delay time.

(2) Out-of-Town Trips. Drivers are authorized to collect 150 percent of the metered rate for out-of-town trips exceeding 15 miles beyond City limits. For trips exceeding 15 miles from San Francisco International Airport and not terminating within the City limits of San Francisco, the fare will be 150 percent of the metered rate except for those trips originating at the San Francisco International Airport with a destination across the Golden

Gate or Bay Bridges the 15-mile limit will apply from the City limits of San Francisco as set forth above. For taxicab trips originating at San Francisco International Airport that incur an airport trip fee, the taxicab driver may collect \$2.00 of that trip fee from the passenger upon receipt of cab fare from the passenger.

(3) Bridge Tolls. Drivers are authorized to collect bridge tolls in advance from passengers whose destination requires the crossing of a toll bridge, regardless of the direction in which the toll is collected.

([begin deletion] 4 [end deletion]) Cleaning Fee. Drivers are authorized to collect a cleaning fee of up to \$100 from any passenger who permanently stains the interior of the vehicle or who renders the vehicle temporarily unfit for for-hire passengers because of spillage of any substance such that the vehicle must be taken out of service and cleaned.

(5) Credit Card Processing Fees. A Driver may elect to establish his or her own account for credit card charge processing services. No Color Scheme may retaliate against a Driver for electing not to establish his or her own credit card processing account.

(c) Gate Fees.

(1) Cap on Gate Fees. The mean gate fee charged drivers by a taxicab company may not exceed \$96.50 for a shift of 10 hours or longer. The cap shall be prorated at \$9.65 per hour for shifts shorter than 10 hours. The mean gate fee shall be determined by adding together the gate fees charged by the company for all available shifts during one week and dividing that total by the number of available shifts during the week.

(2) Gate Fee Surcharge For Low Emission Vehicles. Notwithstanding subsection 1122(c)(1), a Color Scheme may collect a surcharge of \$7.50 on any gate fee charged for use of a low emission vehicle, subject to the requirements of this subsection. The surcharge shall be for a shift of ten hours or longer, and shall be prorated at \$0.75 per hour for shifts shorter than ten hours. The surcharge shall be in addition to the company's basic gate

fee and any other surcharges, increases, or adjustments to the gate fee cap authorized by the City, and may be collected for the life of the vehicle.

(3) Definition of "Low Emission Vehicle." For purposes of this Section, "low emission vehicle" means a Taxi or Ramp Taxi approved by the SFMTA that is rated as SULEV (Super Ultra Low Emission Vehicle) or better by the California Air Resources Board. "Low emission vehicle" shall also include a vehicle that is rated as ULEV (Ultra Low Emission Vehicle) if that vehicle was approved by the Taxi Commission and placed into service as a San Francisco Taxi or Ramp Taxi prior to March 1, 2009.

(d) Oversized Luggage Fee. A Driver is entitled to charge an additional amount not to exceed \$1 for each piece of luggage that cannot be conveyed either in the passenger compartment of the vehicle or in the vehicle's trunk with the trunk-lid closed. Each passenger shall be entitled to have conveyed without charge such valise or small package as can be conveniently carried within the vehicle. Other than the charges authorized by this subsection, no charge shall be made by the driver for loading or unloading baggage.

(e) Emergency Rates. During any period of emergency, strike or other impairment or lack of municipal railway transportation declared by the Mayor and affecting the entire City or any part thereof, Drivers of Motor Vehicles for Hire shall accept passengers traveling in the same general direction, though each passenger or passengers may have differing points of pickup or discharge. At each stop for the pickup or discharge of a passenger or passengers, a Driver may collect, or tabulate for later collection at the passenger's point of discharge, the pro-rata share of the amount due as indicated by the meter, and said meter shall then be reset. The rates shall be those set forth in Section 1122(b).

(f) Deduction for Time While Disabled. In the event that a taxicab breaks down while conveying for hire any passenger or passengers, the Driver may not charge any passenger for the time during which the vehicle is disabled.

(g) Drivers must accept major credit cards (including at a minimum Visa, MasterCard, American Express and Discover), as payment of taxi fare.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Mariam Morley
Deputy City Attorney

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of _____ .

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency