DRAFT
M E M O R A N D U M

DATE: August **[date]**, 2010

TO: File

FROM: Christiane Hayashi
             Deputy Director, Taxi Services

SUBJECT: Processing Non-Cash Payments in Taxis

As you are aware, the San Francisco Transportation Code Section 1106(p)(6) currently prohibits taxi companies from passing on credit card merchant fee costs to taxi drivers. However, due to the very recent, rapidly expanding use of credit and debit cards in taxicabs, and in consideration of the fact that taxi companies do not receive increased revenue from the increasing proportions of taxi fares that are paid with credit and debit cards, there has arisen the need to reconsider the allocation of merchant fee costs amongst the participants in the San Francisco taxi industry.   The Board considered the issue at its meeting of July 6, 2010, and authorized SFMTA Taxi Services staff to waive the prohibition of Section 1106(p)(6) against taxi companies passing on merchant fee costs to drivers under the following conditions:

1.   That the taxi company seek and obtain prior written approval from the SFMTA to pass credit card merchant fees to taxi drivers in advance of a violation of Section 1106(p)(6); and
2.   Such waiver is granted as a limited pilot program until such time as it can be reviewed by the Taxi Advisory Council, and
3.   Any cost for credit card transaction cashing services that is passed on to drivers pursuant to such waiver not exceed six percent of total credit card fares for that driver, and
4.   Such waiver must provide convenience and/or other services to both taxi customers and drivers that demonstrably improve the quality of taxi service to the public and driver working conditions, and
5.   Such waiver shall not include any change in fees charged to customers who pay taxi fare with a Paratransit Debit Card, and
6.   Such pilot program remains subject to future regulatory actions by the Board of Directors.

On July 28, 2010, Taxi Services' staff convened a meeting of the industry and several service providers that made presentations on credit card processing options for San Francisco taxis. Presentations were made by Creative Mobile Technologies, George Anderson Group, Inc., Veriphone, Wireless Edge and DW Digital Wireless/Mobile Media.

Following these presentations, staff developed criteria for a taxi company (color scheme) to qualify for a waiver of Section 1106(p)(6) such that it could eliminate the cost of credit and debit card merchant fees and have those costs borne instead by drivers:

1. The proposed solution must include the capacity to generate electronic waybills for the company in a format approved by the SFMTA. Such waybills must include at a minimum:

   (a) Date,
   (b) Driver's name and driver permit (badge) number (established by authentication process such as California Drivers' License)
   (c) Vehicle number
   (d) Medallion number
   (e) Origin and termination time and location of each trip
   (f) Mileage per trip
   (g) Fare for each trip
   (h) Start and end time of the driver's shift and total hours of shift
   (i) Total number of trips per shift
   (j) Capacity for manually recording the number of passengers on each trip
   (k) Capacity to sort and summarize data for analysis in customizable reports
   (l) Capacity to archive electronic waybill information for at least five years
   (m)   Restricted internet-based, read-only access by SFMTA, driver and color scheme to electronic waybill data and reporting capacity that is compatible with standard software such as Microsoft Excel and Access.

2. Any rear-seat passenger information terminal installed is required to have the following functionality

   (a) RFID capacity, specifically, the ability to integrate the Clipper card into the meter payment system.
   (b) Audio on/off capacity
   (c) Touch screen
   (d) The ability to send and receive instantaneous text messages to (1) a single fleet, (2) a single driver, and (3) all drivers
   (e) The ability to list separate charges (taximeter fare, bridge tolls, airport fees, etc.)
   (f) The ability to decline authentication (and prevent ignition of the vehicle) if a driver's permit has been suspended or revoked
   (g) The ability to validate a Paratransit Debit Card and display the name, photo and available balance from the user's account
   (h) The ability to display the progress of the cab on the map
   (i) The ability to display suggested tip buttons based on the fare at the end of the trip
   (j) The ability to display information in at least the following languages: English, Chinese, Spanish, Italian, French, German
   (k) Certification in accordance with any requirements of the State of California

(l) The availability of replacement equipment and/or maintenance service for non-working units, and technical support by telephone 365 days per year, 24 hours per day.

3. Advertising and Allocation of Advertising Revenues:
   (a) The purchase and installation cost of the initial equipment installation shall be recovered first from advertising revenues, and shall not be charged to color schemes.
   (b) Advertising revenue in excess of that needed for equipment costs shall be shared 50-50 with the driver of the vehicle.
   (c) Advertising revenues shall be reported to SFMTA quarterly.
   (d) Content on rear seat terminals shall include at least XXX% of public service announcement time to be available to the SFMTA, and is subject to SFMTA advertising policies.

4. The color scheme may not be the merchant account holder.
5. The solution may not result in any additional charge to a passenger who uses a credit or debit card, nor to any Paratransit Debit Card user.
6. The solution may not result in a charge in excess of 5% to drivers.
7. The solution provider must include a debit card issued to drivers to which meter fares pad paid by credit or debit card are transferred within 2 business days of payment of the fare. Such debit card shall be capable of use with a personal bank account, and shall also be capable of storing funds directly on the card for withdrawal at ATM machines.

Should you have questions, please call Chris Hayashi at 415.701.5235.