### CITY AND COUNTY OF SAN FRANCISCO



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Heidi Machen, Executive Director

DATE: December 13, 2007

TO: Working Group Members

FR: Heidi Machen and Jordanna Thigpen RE: Practices from 4 Major Jurisdictions

The San Francisco taxi industry is unique both nationally and internationally in its regulatory scheme for taxicab vehicles.

The attached table offers some facts about taxicab fleets in major cities in the United States. The estimated day population was calculated by taking the 2000 Census commuter population totals (the last commuter population totals available) and adding a per-day total of tourists based on data from each city's Convention and Visitor's Bureau. It will be noted that San Francisco's day population has been estimated at up to 2,000,000, and these day population totals are meant to be merely an estimate.

In major jurisdictions, there are three main types of regulatory schemes currently envisioned for taxicab vehicles, including transferability, a franchise system, and a public permitting process. There is also a fourth type of scheme, which is really a policy: deregulation.

This report will give a brief overview of the four types of systems and describe their implementation in four jurisdictions: New York City, Philadelphia, Los Angeles, and Seattle.

### I. Transferability

Transferability is the most popular system for taxicab regulation. Transferability is a system in which medallions can be bought, sold, or transferred to alternate owners or heirs. Usually jurisdictions with transferability implement basic requirements for medallion holders, such as

financial fitness, lack of felony conviction, and more. Because of the high cost of medallions in large cities that practice transferability, an entire economy has evolved around medallions. There are medallion brokers, medallion financiers, and banks that have special loan programs just for purchase of medallions. Some cities limit sale to individuals only, while others allow corporations to be full or partial owners. Typically the medallions are sold at auction and the city collects a transfer fee (typically 5% to 10% of the purchase price) and/or sales tax.

Out of large cities, both Philadelphia and New York City implement transferability.

**New York City** is the largest municipality in the country. New York has five boroughs, or towns that comprise the City and functions with relative autonomy in the state of New York, where it is located.

The New York City Taxi and Limousine Commission (NYC TLC) oversees and regulates the taxicab industry and limousines in the City. The TLC oversees approximately 95,000 total vehicles (including 13,000 taxis) with a budget of over \$30,000,000 and a staff of over 400 people, including an Enforcement Deputy, a General Counsel, Adjudications Division, and more. The TLC is overseen by seven volunteer Commissioners and a Chair who serves as head of the TLC. The Chair carries out policy set by the Commission, and has broad powers of enforcement including the power to adjudicate cases, which in some instances may have no right of appeal.

New York has several types of permits, including independent taxicab owner medallions, fleet medallions, and minifleet medallions. Each type of medallion may be sold at public auction, although fleet or minifleet medallions may only be issued to a corporation which owns at least one other fleet or minifleet medallion. Any person over the age of 18 may bid, and the highest bidder will be selected, but only those qualified by the TLC under particular rules may actually become licensed taxicab medallion owners. The medallions may also be transferred as long as the transferees meet appropriate requirements.

There is a driving requirement for independent taxicab owners.

The City receives sales taxes and medallion transfer taxes from the sale of medallions. The average cost of a medallion in New York is now upwards of \$300,000, but in June 2007 a medallion sold for the record price of \$600,000.

**Philadelphia** is a smaller city, but has also adopted the system of transferability. Taxis and limousines are regulated in Philadelphia by the Philadelphia Parking Authority Taxi and Limousine Division (TLD). Prior to 2004, these vehicles were regulated by the State of Pennsylvania. There are 2,210 taxicab vehicles and approximately 800 separate owners. A 2005 Report from the TLD estimated that the revenue from riders to the medallion holders (at that time totaling only 1600) was in excess of \$100,000,000. Medallions are called "Certificates for Public Convenience."

<sup>1</sup> Proposed Taxi Rate Increase, prepared for the Philadelphia Parking Authority by the Taxi and Limousine Division, June 2005, http://www.philapark.org/pdf/Rate%20report.1.pdf, p.5 (December 13, 2007)

Philadelphia allows sale or transfer of medallions at the pleasure of the Philadelphia Parking Authority's Taxi and Limousine Division, which may attach conditions it deems necessary. The latest asking price, current as of July 30, 2007, was \$145,000, raised from \$130,000 as of January 30, 2007.<sup>2</sup>

### II. Franchise System

A franchise system is operated geographically. Under a franchise system, a city regulates the number of taxicab companies, rather than the number of vehicles, and the geographic areas in which they can operate. RFPs for franchises are issued every ten years. RFPs are issued for five years with possible one year extensions up to ten total years and contain performance standards as well as outline the number of taxicabs which will be allowed for a specific geographic area. Companies participate by applying for an RFP, then meeting the terms, which typically involve performance and administrative standards. Every few years companies are invited to bid or re-bid. If a company performs poorly, the regulator can revoke the franchise.

The idea is that companies will self-regulate, or adhere to performance and administrative standards, in order to maintain their franchise.

Los Angeles implements a franchise system. There are nine franchise operators in Los Angeles. These are overseen by the Board of Taxicab Commissioners and the Los Angeles Department of Transportation. The Board of Taxicab Commissioners has the authority to investigate franchises to determine the proper services to be furnished and the rates to be charged; to prescribe rules/regulations and to investigate complaints regarding the services provided and rates charged; to verify compliance with franchise terms and conditions, ordinances and laws; to establish quality of service standards; to provide performance evaluations; and to make recommendations to the City Council on the granting of taxicab franchise applications and the setting of taximeter rates of fare. Annual audits are conducted on each franchisee to ensure compliance.

The current franchise fee is \$97 per vehicle per month, and there are 2,303 taxicabs, for a total of \$2.68m in revenue.

A franchise system is effective in a geographically large area like Los Angeles, but has not been recommended in the past for adoption in a small city like San Francisco.

### III. Public Permitting Process

A public permitting process is a process whereby permits are issued to individual members of the public and cannot be sold or transferred.

San Francisco has a public permitting process with Proposition K and is unique in the country. Our system was covered in a prior report to the Working Group.

### IV. Deregulation

Deregulation is characterized by free entry into the taxicab industry. Any number of taxicabs can and do operate in the jurisdiction. Cities that have de-regulated usually still maintain control over fares and customer service requirements, although due to the lack of regulation, both may be loosely enforced. In Phoenix for example a single man employed by the state Department of

<sup>2</sup> Medallion Quotes for Philadelphia Medallions, <a href="http://www.publicaccounting.org/medallion\_quot.htm">http://www.publicaccounting.org/medallion\_quot.htm</a>, December 13, 2007

Weights and Measures is responsible for ensuring that the city's approximately 2,500 taxicabs have appropriate taximeters.

As stated in the prior report to the Working Group, deregulation was favored in the 1970s due to a romance with academic theory, but is no longer considered viable by most jurisdictions since it demonstrably leads to deterioration of particular industries over time. Effective regulation succeeds when it adopts a 360 degree view of the society in which it is applied, and fails when it depends on fanciful academic theories

One such example is **Seattle**, which has experimented with deregulation. Seattle de-regulated in 1979. One of the first noticeable changes was an increase in vehicles at the airport taxi stands.<sup>3</sup> In 1984, Seattle and its county, King County, fixed the number of licenses to avoid rate problems and excessive numbers of cabs at the airport. Later, in 1996, a peer review conducted by the city reported serious problems in the industry, particularly with individual drivers.<sup>4</sup> In 1997 the City implemented new regulations on driver and vehicle testing and required that all drivers join a licensed association of 15 or more cabs. Associations are held responsible for violations by individual drivers. Licenses now sell for \$175,000 each and are non-transferable. Thus, Seattle is no longer effectively following deregulation.

### V. Attachments

At the Working Group's pleasure, more jurisdictions can be analyzed for a more comprehensive examination of the different systems, and additional resources, reports, and articles are available at the Commission office upon request.

The attached documents include the following:

- Exhibit 1: Taxicab Fleets in the United States, demonstrating current population figures for various cities and counties
- Exhibit 2: Medallion Quote table for Philadelphia taxi medallions, showing an increase in the transaction price over six months
- Exhibit 3: Bruce Schaller, table from September 2006 Report Entry Controls in Taxi
  Regulation (totals of taxicabs in each jurisdiction are slightly outdated)
  Exhibit 4: Taxicab Systems in Largest US Metropolitan Areas

<sup>3</sup> Organization for Economic Cooperation and Development, Working Group No. 2 on Competition and Regulation, *Taxi Services Regulation and* Competition, October 15, 2007. <a href="http://www.ftc.gov/bc/international/docs/ustaxis.pdf">http://www.ftc.gov/bc/international/docs/ustaxis.pdf</a>, December 14, 2007

<sup>4</sup> Seattle Taxicab Regulation. Sandi Avants, Gormon Gilbert, Barbara Lupro. March 1996. <a href="www.taxi-library.org/scat0396.htm">www.taxi-library.org/scat0396.htm</a>, December 14, 2007.

# Taxicab Fleets in the United States

		Day Population	Total # of	
Jurisdiction	Population	(Est.)	Vehicles	Vehicle: Day Population Ratio
			95785 (13,000	
New York	8.2 million	9.0 million	taxis)	1:692 (taxis only)
Los Angeles	3.9 million		2,300	
Chicago	2.8 million		10,000	1:310
Miami/Dade	2.5 million		5,312	1:470
Houston	2.1 million		2,245	1:1069
San Diego	1.7 million		1250	1:1520
Philadelphia	1.5 million		2,210	1:723
St. Louis	1.5 million		1,391	1:1078
Phoenix	1,512,986		2,500	1:640
Palm Beach	1.3 million	1.3 million	2,507	1:518
San Jose	912,332	875,000	640	1:1367
Detroit	886,671	850,000	1320	1:644
San Francisco	739,426	1 million	1,500	1:666
Austin	681,000	830,000	1,000	1:830
Boston	600,000	900,000	1,893	1:475
Seattle	573,911	760,000	860	1:884
WA DC	550,251	0	6,500	1:153
Las Vegas	545,147	677,000	2,800	1:242
Atlanta	483,000		1,600	1:500
Honolulu	377,379	400,000	1,752	1:228

# Medallion Quote

Steven S. Jamshidi, MBA, PC

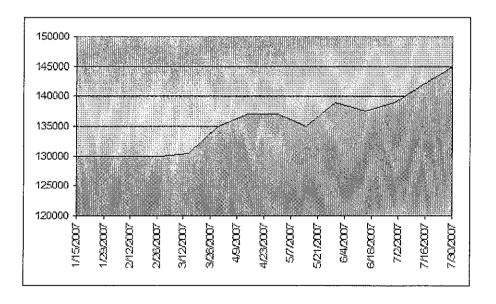


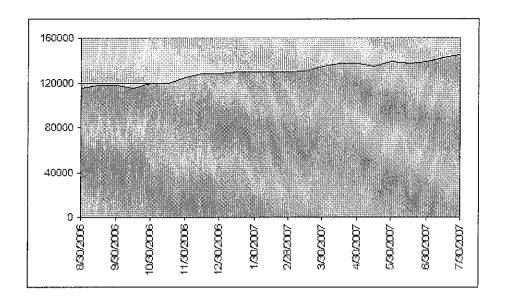




## Philadelphia Taxi Medallions

Asking Price	Open	
Last Transaction	\$145,000	
Previous Transaction	\$142,000	
Last Update: 07/30/2007		







### **Baltimore Taxi Permit**

Asking Price	\$15,000
Last	\$15,000
Transaction	Ψ10,000
Previous	\$15,000
Transaction	\$10,000
Last	
Update:	
07/30/2007	

Philadelphia Taxicab Medallion Broker

PPA Registered and Bonded

Since 6/15/2000

[ <u>Home</u> ] [ <u>Up</u> ]

Send mail to <a href="mailto:stevenjamshidi@hotmail.com">steven steven s

TABLE 2. Key characteristics of entry-related policies in selected cities and counties

None (p)	Yes	Yes		Yes	Yes	211	Windsor, Ontario
(g)	Yes	Yes	Yes		Yes	390	Minneapolis, MN
(g)	Not applicable	No	)		Yes	.f	Orlando, FL
None (p)	Yes	Yes	Yes	Yes	Yes	477	Vancouver, BC
Applications must be approved administratively subject to limitations on number of cabs	Yes	Yes	Not applicable	Yes	Yes	ş.	Montgomery County, MD
None (p)	No (n)	Yes	No (h)	Yes	Yes		Mississauga, Ontario
None (p)	No	Yes	overcommon children to the discussion of the same of t	Yes	Yes	.3	Newark, NJ
Applications must be approved administratively subject to limitations on number of cabs	Yes	Yes	Yes	res	res		Sall AllWille, I.A
None (p)	Yes	Yes	No (h)	No (†)	Yes		Seattle/King Co., VVA
None (g)	Yes	Yes	No (h)	Yes	Yes	.3	
None (p)	Yes	Yes	No (h)	Yes	Yes		Ottawa, Ontario
None (p)	Yes	Yes	The second secon	Yes	Yes		Calgary, Alberta
None (p)	Yes	Yes		Yes	Yes	1,381	San Francisco, CA
None (p)	Yes	Yes		Yes	Yes	2.	Philadelphia, PA
None (p)	Yes (m)	Unknown	Yes		Yes		Boston, MA
(g)	No	Yes	No	f)	Yes		Miami-Dade, FL
(g)	No (I)	<5%	Yes	Yes	Yes		Houston, TX
Nane (b)	No	Yes	No (h)		Yes		Toronto, Ontario
None (p)	No	Yes	Yes	Yes	Yes		Chicago, IL
None (p)	No (prohibited)	Yes	Yes	Yes	Yes		New York, NY
						ms (Type C)	Medallion and permit systems
Open entry (0)	Not applicable	T NO	110		manufacture manufacture (penglet)		AND THE REAL PROPERTY OF THE P
A COLL CHILD	Not applicable	NIO	No (h)	Yoc	No	475	San Jose CA
Open entry (a)	Not applicable	No	Ne (h)	No (d)	No	600	Orange County, CA
Open entry (a)	Yes	Yes	No		No	750	Newark, NJ livery
Open entry (o)	Not applicable	No	Yes (i)		No O	2,000 No	Dallas, TX pre-2003*
Open entry (o)	Yes	Yes	No (e)	No (e)	No O	33,000 No	New York City, NY livery
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		CRASH CONTRACT CARREST CONTRACT CONTRAC	B)	ions (Type I	level qualificat	Open entry with company-level qualifications (Type
Open entry (o)	Yes	Yes		Yes	No	353	Sacramento, CA pre-2003*
Open entry (o)	No	Yes	rtando	No (c) (d)	No	Unknown	Orange County, FL
Open entry (a)	No (I)	Yes		Yes	No	Approx. 600 No	Indianapolis, IN
Open entry (0)	No	Yes	No (h)	No (c)	No	Approx. 1300 No	Phoenix, AZ
Open entry (o)	No	Yes	No (g)	Yes	No	6,500	Washington DC
Andreas (is in which described bears or a transmission and a professional described by the second and the secon					Alle Arthur and Arthur	(Type A)	sdictions (1
Provisions for entry of new companies	must be affiliated with dispatch service provider	Substantial number of independents	authorized to Substantia pick up at airport number of cab stands independe	jurisdiction (possibly excepting airport)	Numerical limits	# of cabs	City or county
	Independents	and desired the second	All cabs	to pick up throughout		N 1000 - 100 T	
	Independents (a)	Indepe		All cabs authorized		******	

TABLE 2. Key characteristics of entry-related policies in selected cities and counties (continued)

Applications must be approved by City Council Applications must be approved by City Council		<u>Z</u>	Not applicable	Yes	Yes	230 Yes	Anaheim, CA
pplications must be approved by City Council	Not applicable 1/	No	Yes	Yes	No (b)	151	Madison, WI
	Not applicable	No	Yes (i)	Yes	Yes	255 Yes	Fort Worth, TX
Utilities Commission.			Werning of the contract of the				
		No	Yes	Yes	325 No (b)	325	Pittsburgh, PA
Applications must be approved by County Board	Not applicable //	No	No (g)	Yes	Yes	525	Fairfax County, VA
subject to limitations on number of cabs							The state of the s
Applications must be approved administratively		Po		Yes	Yes	566 Yes	Hillsborough Co. (Tampa),
Applications must be approved by City Council	Not applicable /	No	Yes	Yes	Yes	598 Yes	Austin, TX
subject to limit of 600 cabs	-	And the state of t	and the same of th				
Applications must be approved administratively,	Not applicable /	8	Yes	Yes	Yes	605 Yes	Kansas City, MO
Applications must be approved by city manager	Not applicable //	No	No (g)	Yes	Yes	645 Yes	Alexandria, VA
Applications must be approved by County Board	Not applicable /	No	No (g)	Yes	Yes	655	Arlington County, VA
Utilities Commission,				A CONTRACTOR OF THE REAL PROPERTY OF THE PROPE	Transference of the second sec		
Applications must be approved by state Public	Not applicable /	No	Yes	Yes	Yes	912	Denver, CO
Applications must be approved by Taxicab Comm.	Not applicable	8	No (n)	Yes	Tes	i,uuu res	St. Lodis County, INO
NO ()	-	OKI	T GO		- CO		
	and the same of th	No	Yps	Yes	Yes	1 600 Yes	Atlanta GA
Applications must be approved by Taxicab Authority	Not applicable //	S	No (j)	NO (T)	Yes	2,024	NV (Las vegas),
Tribut Notwick Control Additional Additional Control C		TOTAL TRANSPORTER AND		Ophich and record record are the control of the con	Auto-Orleanya No - Modello Consumer per susuk		And the state of t
New companies may apply in franchising process	Not applicable	No.	Yes (k)	No (3)	Yes	2,303 Yes	Los Angeles, CA
entition of the control of the contr					<u>ם</u>	stems (Type I	Franchise and certificate systems (Type D)
Provisions for entry of new companies	provider	independents	pick up at airport independents	airport)	limits	# of cabs	#
	with radio service	number of	authorized to	(possibly excepting authorized to	Numerical		in Addition
	must be affiliated	Substantial	All cabs	en roma			
	Independents (a)	Indepe		throughout		***********	0.044, \$0.000 <b>48</b> 0,000
				All cabs authorized			note and society

<sup>\*</sup> Dallas and Sacramento allowed open entry prior to 2003, when the number of cabs was capped. In Dallas, each company was required to reduce its fleet by 10%.

<sup>(</sup>a) Independents are defined as drivers holding vehicle permit separately from cab company. "Substantial" is defined as more than about 5%.
(b) Authorized companies are not limited as to number of cabs operated.
(c) Trip generators such as hotels and convention center limit access through contracts or concessions.
(d) City within jurisdiction limits access through franchise, certificate, medallion or permit system
(e) NYC livery cars not permitted to pick up street hails or at cab stands but may pick up by pre-arrangemen
(f) Some cabs are geographically restricted.

<sup>(</sup>g) Dulles airport cab stand access by concession. Reagan National airport cab stands are open to cabs in the DC area that meet certain requirements. (h) Airport restricts access through franchise, concession or permit system.

<sup>(</sup>i) Provided cabs meet specified requirements.(j) City allows only a subset of cabs to pick up at airport taxi stands.(k) Five-day rotation system

<sup>(</sup>I) Can have cell phone in lieu of radio dispatch

<sup>(</sup>m) Except for 64 cabs that are exempted from affiliation requirement

<sup>(</sup>n) Not required but virtually all are affiliated.
(o) Subject to meeting licensing requirements.
(p) New companies can be formed through purchase or affiliation of medallions or permits.
(q) New companies have been formed on occasion through issuance of new medallions or permits to companies making application.
(f) Limited to 178 cabs as of July 2006, the number with airport access at that time.

TABLE 2. Key characteristics of entry-related policies in selected cities and counties (continued)

			All cabs authorized				
nonfide will			to pick up				
distribution			throughout		Indepe	ndependents (a)	
			jurisdiction	All cabs	Substantial	must be affiliated	
		Numerical	(possibly excepting authorized to	authorized to	number of	with radio service	
	# of cabs	limits	airport)	pick up at airport independents	independents	provider	Provisions for entry of new companies
Franchise and certificate systems (Type	ystems (Type	0					
Los Angeles, CA	2,303 Yes	Yes	No (f)	Yes (k)	No	Not applicable	New companies may apply in franchising process
Clarke County (Las Vegas), NV	2,024	Yes	No (f)	No (j)	No	Not applicable	Applications must be approved by Taxicab Authority
Atlanta, GA	1,600	Yes	Yes	Yes	No	Not applicable	· No. (n)
St. Louis County, MO	1,000	Yes	Yes	No (h)	No	Not applicable	Applications must be approved by Taxicab Comm.
Denver, CO	912	Yes	Yes	Yes	No	Not applicable	Applications must be approved by state Public Utilities Commission.
Arlington County, VA	655 Yes	Yes	Yes	No (g)	No	Not applicable	Applications must be approved by County Roam
Alexandria, VA	645 Yes	Yes	Yes	No (g)	No	Not applicable	Applications must be approved by city manager
Kansas City, MO	605	Yes	Yes	Yes	No	Not applicable	Applications must be approved administratively, subject to limit of 600 cabs
Austin, TX	598	Yes	Yes	Yes	No	Not applicable	Applications must be approved by City Council
Hillsborough Co. (Tampa), FL	566	Yes	Yes	3044-481/894 X 22-4	N <sub>o</sub>		Applications must be approved administratively subject to limitations on number of cabs
Fairfax County, VA	525	Yes	Yes	No (g)	No	Not applicable	Applications must be approved by County Board
Pittsburgh, PA	325	325 No (b)	Yes	Yes	No		Applications must be approved by state Public
Fort Worth, TX	255 Yes	Yes	Yes	Yes (i)	No	Not applicable	Applications must be approved by City Council
Madison, WI	151	151 No (b)	Yes		No	Not applicable	Applications must be approved by City Council
Anaheim, CA	230	Yes	Yes	Not applicable	No	Not applicable	New companies may apply in franchising process

Dallas and Sacramento allowed open entry prior to 2003, when the number of cabs was capped. In Dallas, each company was required to reduce its fleet by 10%.

<sup>(</sup>a) Independents are defined as drivers holding vehicle permit separately from cab company. "Substantial" is defined as more than about 5%.(b) Authorized companies are not limited as to number of cabs operated.(c) Trip generators such as hotels and convention center limit access through contracts or concessions.

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# Taxicab Systems in Largest US Metropolitan Areas

Rank	City	State	Population	Current Taxicab System
1	New York	New York	8,214,426	Transferability
2	Los Angeles	California	3,849,378	Franchise
3	Chicago	Illinois	2,833,321	Transferability
4	Houston	Texas	2,144,491	Not available
5	Phoenix	Arizona	1,512,986	Deregulated
6	Philadelphia	Pennsylvania	1,448,394	Transferability
7	San Antonio	Texas	1,296,682	
8	San Diego	California	1,256,951	Transferability
9	Dallas	Texas	1,232,940	·
10	San Jose City	California	929,936	Transferability
11	Detroit	Michigan	871,121	Transferability
12	Jacksonville	Florida	794,555	
13	Indianapolis	Indiana	785,597	Deregulated
14	San Francisco	California	744,041	Public Permitting
15	Columbus	Ohio	733,203	