



Voting Members:
Chair, Malcolm Heinicke
Bruce Oka
Adam Millard-Ball,
Laurie Graham
Richard Hybels
Hansu Kim
John Lazar
Tone Lee
Autumn O'Keefe
Charles Rathbone
Rich Schlackman
Thomas George-Williams

Non-Voting Members:
Paul Gillespie
Michelle Allersma and Rick Wilson
Tom Owen
Greg Wagner

Jordanna Thigpen, Director

MEMORANDUM

TO: Working Group Members
FROM: Jordanna Thigpen
DATE: 7.11.8
RE: Submissions by Charter Reform Working Group Members

As promised here are the submissions from various Charter Reform Working Group members. As you will recall, these members were directed to provide these proposals at the end of the last meeting in June.

Exhibit A is a proposal from a driver's perspective. This proposal was prepared by Thomas George-Williams in consultation with others.

Exhibit B is a proposal from a medallion holder's perspective. It was prepared by working group member Charles Rathbone in consultation with others.

Exhibit C is a proposal from a taxi company's perspective. It was prepared by working group members John Lazar and Bruce Oka.

Exhibit D is a proposal from a policymaker's perspective. It was prepared by Working Group Chair Malcolm Heinicke.

Exhibit A

THE SERVICE FIRST! TAXI PLAN

HOW IT WILL WORK:

- ◆ The City will issue New Medallions to qualified drivers. Holders of New Medallions will be prohibited from leasing them to companies or other drivers. The number of New Medallions will be determined according to service needs. Current leasable medallions will be gradually phased out over a period of years.
- ◆ Holders of New Medallions will have to associate with a cab company, as medallion holders do now. They will have a choice of owning and operating a vehicle themselves or in partnership with other medallion holders, or of driving a company-owned vehicle.
- ◆ Ramp taxi medallions will be issued to cab companies based on performance. Drivers of ramp taxis will be company employees.

WHAT IT WILL DO:

➤ **For the public:**

- **The number of cabs will not be fixed, increasing the flexibility of the fleet.** The market will determine availability, with more cabs operating at busy times and fewer when it is slow.
- **Ramp taxis will provide more reliable service to wheelchair users and the general public.** Companies will be motivated to provide good service in order to qualify for ramp medallions and expand their fleets. Employee drivers of these vehicles will be responsible to their companies for the service they provide.
- **A more experienced workforce will improve the quality of service.** Enhanced opportunities will bring more career drivers into the industry. That will result in better service, fewer accidents and fewer passenger complaints.

➤ **For taxi drivers/medallion holders:**

- **The wait for medallions will decrease significantly.** Drivers will improve their earnings and have much greater flexibility in their working arrangements. The driving requirement for New Medallion holders will become superfluous.
- **Drivers of ramp taxis will be company employees.** They will have the rights, protections and benefits their status provides.

➤ **For cab companies:**

- **Companies meeting performance standards will qualify for ramp medallions.** This will provide a solid base for their operations and allow them to better serve the public.

➤ **For the city:**

- **Regulation will be greatly facilitated.** New Medallion holders will not have a driving requirement, eliminating cheating and the need for enforcement.
- **Taxis will be more fully integrated into public transit.** With expected service improvements and a more experienced workforce, taxi service will become more reliable, furthering the city's transit-first policies.

Exhibit B

A Medallion Transfer Program for San Francisco

- The Goldman School of Public Policy at UC Berkeley recommended a medallion auction process in its 2006 report to Mayor Gavin Newsom. Similarly, the taxi issues group convened by then-Supervisor Matt Gonzalez in 2004 recommended a transferability system for taxi medallions.
- There are numerous examples of successful medallion transfer programs throughout the US and in cities worldwide. Medallion auctions have been used to finance public projects such as the convention center in Boston and taxi safety equipment in Australia.
- Transfer systems are used for many publicly issued permits such as radio frequency licenses, liquor licenses, mineral leases and salmon fishing permits.
- Taxi medallions (and other kinds of publicly issued permits) have a market value because they are limited in number. Limits exist for public policy reasons, such as to ensure safety or to prevent a chaotic market. For example, policy makers limit liquor licenses because society does not want a tavern on every corner. Similarly, it would be harmful to the public if there were multiple radio stations on every frequency, or a glut of fishing boats that exhaust salmon supplies.
- License transfer programs, such as taxi medallions, allow a city to publicly monetize a valuable asset. Otherwise, the permit is given away for a nominal fee, and is then privately monetized, typically through permit leases.
- San Francisco's 1500 taxicab permits are conservatively estimated to be worth \$250,000 each, for a total value of \$375 million. The full market value could be double that amount.
- Allowing open transfer of permits increases market transparency, makes permits more broadly accessible and tends to accurately value the permits through a market process.
- A transfer program would allow elderly and disabled permit holders, most of whom are long-time cab drivers, to exit the industry upon retirement rather than attempt to retain their permits surreptitiously. Many frail and feeble medallion holders drive half-heartedly, against their will and beyond their physical capacity, so as to retain their medallions by technically meeting their driving requirements. The current process of investigation and revocation has proven to be expensive, cumbersome and ineffective.
- A transfer program would allow younger drivers to plan for retirement while building equity in their businesses, rather than wait ten years or longer for a non-transferable permit under the current system.

Submitted June 30, 2008 by Charles Rathbone and Carl Macmurdo for the Charter Reform Working Group of the SF Taxicab Commission

Exhibit C

Elements of a Full-Service Cab Company

- Has a fleet of well-maintained vehicles suitable for taxi work
- Provides both regular and wheelchair-accessible taxicab service
- Accepts city-issued paratransit scrip for disabled and senior customers
- Accepts payment of fares by credit card
- Responds promptly to customer complaints
- Promptly answers inquiries about lost-and-found items
- Trains new drivers
- Responds promptly to claims following accidents
- Maintains an office that is open during business hours
- Has facilities for washing and vacuum-cleaning cabs
- Has a repair shop with mechanics who promptly respond to driver concerns about brakes and other mechanical issues
- Has private refueling pumps available to drivers 24-hours
- Has competent well-trained management staff
- Dispatches cabs using appropriate modern dispatch technology
- Complies with the taxi regulator's requirements for information and reports
- Has a roster of well-trained drivers who have a customer-service orientation, and who are able to make a living without "hustling" customers

Exhibit D

LEASED MEDALLION/CONTRACT PROPOSAL

CONCEPT: Leasing system that allows non-medallion holding drivers and MUNI to realize some of the benefits of medallion proceeds, while providing "exit" benefits for current, voluntarily departing driving medallion holders and encouraging/requiring medallion holders to operate under responsible and service-oriented color schemes.

LEASE: non-vested permit or contract to operate a taxi (personally or through others); in other words, the lessor would contract for privileges currently associate with medallion

ELIGIBLE LESSORS (BIDDERS):

- Daly/Ma Eligible Drivers (i.e., driven sufficient amount in near past)
- Groups of Daly/Ma Eligible Drivers (max. one per person solo or in grp.)
- Color Schemes (but only for certain, minority percentage of overall leases)

TERM:

- 5 to 8 years (tbd), with payments made to MUNI on quarterly basis
- Lessor allowed to cancel with two quarters notice
- MUNI can revoke with one quarter notice for non-operation, non-payment, or other violation (including violation of gate restriction)

ACQUISITION PROCESS

- Current & bid eligible medallion holders declare departure or ROFR (right of first refusal) wish --non bid eligible (non-driving) holders cannot bid or take exit
- Bid fee and bidding on all medallions in existence and all in process
- Highest bid wins; non ROFR leases assigned to highest or high bidders
- Current medallion holders have right to match single highest bid, once non-ROFR winning bids are removed

REVENUE

- MUNI (taxi office; limo enforcement; DPT budget and other traffic needs)
- Departure program (set minority % revenue in first cycle to voluntarily departing working drivers, pro rata, on quarterly basis w/ per person cap)

GATE CAP

- Split gate caps reduced by 10% (one-third of color scheme savings)
- Future increases yearly per CPI or other indexing

COLOR SCHEME/CAR

- Review color schemes eligible for leases (incl. insurance + dispatch)
- New cars must be AFV; lag provision for current cars in use