



## Charter Reform Working Group MINUTES

December 18, 2007 at 12:30 p.m.  
City Hall, 1 Dr. Carlton B. Goodlett Place  
Room 421

**Present:** Com Heinicke, Com Oka, Adam Millard-Ball, Laurie Graham, Rich Hybels, Hansu Kim, John Lazar, Tone Lee, Charles Rathbone, Thomas G. Williams, Autumn O'Keefe, Rich Schlackman, Pres Gillespie, Michelle Allersma, Rick Wilson, Tom Owens, Greg Wagner, Heidi Machen, Jordanna Thigpen

**Absent:** 0

### 1. Call to Order/Roll Call

### 2. Adoption of Minutes from the November 20, 2007 Meeting

- **Jordanna Thigpen:** There was a small tape recorder used at the last meeting that is not to be used ever again, it recorded in a very incompetent manner. Danelle had to do the best she can and I helped her with the notes I took.
- **Hansu Kim:** Just looking at some of the characterization of the people's comments I think are inaccurate and my own I think there are a lot of inaccuracies and this report is a mischaracterization of what I was trying to do.
- **Com Heinicke:** Let's delay the approval for the next meeting.

### 6. Public Comment (Please limit public comment to items NOT on the agenda)

- **Tariq Mahmoud:** I'm representing taxicab drivers. I would like to discuss the formation of this working group. Heidi Machen is the one who selected you people, she is the Executive Director and is required to implement these rules, so its under no ethics and no moral that she should be in that committee to select you first. It's wrong for Heidi to handpick people. We don't have much representation for the taxi drivers. Rich Hybels recently proved bad things he has done in the industry. Tone Lee is a driver representative saying he wants more cabs and medallions but drivers don't want that.
- **Mark Gruberg:** The last meeting I mentioned a letter that was written by the Mayor and Supervisor Peskin to Nat Ford of MTA; I want to distribute copies of that letter.

### 3. Overview of the Financial Status of the San Francisco Taxi Industry, Presentation by the San Francisco Controller's Office

- **Com Heinicke:** (Introduces Item) At the last meeting Adam asked a specific question, how does this all play out in reality, the finances of medallions and how fares work. This is not an industry where the city provides taxi service; this is an industry where the city regulates private entities. We asked the controllers office to create a report of finances and economics of the industry.

- **Rick Wilson:** (Gave overview of the Report) every other year we put out a report, we are also doing taxi fares and gate fees. This is self reported by taxi drivers, 50% of drivers reported income of less than \$15,000 and 77% reported less than \$30,000.
- **Unknown:** How much of that 50% is part time?
- **Rick Wilson:** We didn't break it between part time and full time.
- **Com Heinicke:** I want call on our driver representative Tone Lee, is \$110 plus tips high for some shifts?
- **Tone Lee:** I started driving in 1990, whenever I spent \$1.00 on my gate I can make \$1.50 but then it slowly went up to \$2.50. But now we are going down again, every dollar I spend on my gate on average we are making the same. In 1990, every dollar I made I paid .10 cents on gas, now I pay .30 cents per dollar for gas.
- **Thomas George Williams:** Gas prices have gone up. On an average Saturday night you make \$250-300 but other days you may make nothing.
- **Com Heinicke:** What percentages of drivers out there are driving 250 shifts?
- **Com Gillespie:** Less than half, some have other jobs. You can make three times as much on Friday and Saturday nights.
- **Tone Lee:** In 1990, we were paying \$55.00-\$60.00 per shift.
- **Hansu Kim:** These numbers are absolutely inaccurate, that's the bottom line. First of all you are taking a lot of information from a driver's survey reporting low income. The methodology that you use by the controllers report although it seems to be apparent is not current, you are using anecdotal information to basically extrapolate what the income is for a driver and these numbers are anecdotal. You have to look at the actual statistics that we have. I've extrapolated information from Yellow and Luxor from their meters every time it goes on and off, the number of average fares per shift which are very different from what you have here. I think we are almost doubling the income here, fulltime driver 250 shifts including tips is like \$50-60K per year.
- **Laurie Graham:** In the Para transit coordinating council the broker has come up with an average fare of \$11.00 and that's probably closer to what all fares average out to.
- **Com Heinicke:** \$27,000 a year is a limited income.
- **Rich Schlackman:** Hansu is doubling it because you're averaging another 4-5 grand in tips. His \$54,000 is including tips.
- **John Lazar:** I am speaking for a high end cab company. My drivers average 22-32 pick-ups per day.
- **Rich Hybels:** My long time guys have Sunday; Monday off on the night shift they are making lots of money.
- **Charles Rathbone:** The controller's numbers I think are pretty accurate. For a full-time driver, 50 hours per week we are coming up with an annual figure of \$36,000-\$39,000.
- **Com Heinicke:** I want to thank the controller's office. Depending on how you look at this and how seasoned you are driver's income ranges from \$30-50,000 per year.
- **Rick Wilson:** (References presentation on Medallion Holder Income)
- **Com Heinicke:** Medallion holders are more seasoned and have greater control over there shift; they are likely to see more than the average driver per shift.
- **Hansu Kim:** A super majority of medallions are going into color schemes. The business model has changed in the industry from gas & gate to lease. 35% of medallion holders get its own color scheme and dispatch.
- **Charles Rathbone:** I think Hansu is right about the model changing. I think that the controller's numbers are accurate but slightly on the low side. The \$1800 is typical. Total annual income is in the low \$20,000's for ramp medallion holders.
- **Laurie Graham:** Yellow cab is co-op and there are 330 members. We share in the cost and profits. My check can go anywhere from \$1200-1900. I make more money from driving, \$1800-\$1900 a month is what 2

a medallion holder makes from leasing.

- **Rich Hybels:** If a medallion holder drives full-time they get \$1900 per month plus \$300 in discounts on gates. If they drive less they get \$2000 plus discounts and pre-k gets \$2100.00.
- **John Lazar:** We need an honest figure about what the industry is making. I know brokers that pay \$2400.00 per month.
- **Thomas G. Williams:** We don't have enough information. Brokers are between the color scheme and the medallion holder. They pay \$2600 a month to medallion holders and organize everything.
- **Hansu Kim:** Broker operations are the worst part of the industry.
- **Adam Millard-Ball:** I appreciate all the work from the controllers and the comments. What I think it shows is that we don't have enough good data to make any sensible policy decisions. We need some more systematic data collections whether that's from dispatch, GPS or inspecting meters bi-annually to record the numbers of trips.
- **Com Heinicke:** This discussion is the closest I've seen to hard numbers.
- **Adam Millard-Ball:** The precise numbers aren't that important for our task in this committee but we should propose a better system for collecting data.
- **Com Oka:** Ramp taxi operations don't seem to be included.
- **John Lazar:** We pay ramp taxi medallion holders on the gas/gate program \$1200.00 rental fee per month. They have a reduced gate of \$10.00 per shift.
- **Com Heinicke:** There are two types of medallions; Sedan medallions and Ramp medallions which operate in the 9000 series.
- **John Lazar:** We are not making any money off the ramp program so it has to be re-looked at.
- **Com Oka:** The reason I asked that question is because ramp medallion holders make much less money. However it takes more work to do that and I find it's very unfair but how do we rectify that?
- **John Lazar:** Considering our investment in equipment, the amount of our cash flow and the rising cost the company is simply not making enough. We will be forced to move away from gas/gate. These numbers here are completely out of line, I have audited financial statements and we are a full service cab company. Just on credit card fees we incur \$11,000 in credit card fees alone.
- **Rich Hybels:** I think they are more than that no where near \$11,000. I pay retail for my repair work; I make about \$700.00 per month per medallion holder.
- **Hansu Kim:** This figure of 21% net profit even with this adjustment, it basically says that the permit lease checks that go to the medallion holders are included in the profit that has always been looked at. This is one of the most misleading things.
- **John Lazar:** Accidents also are not included. We have asked for it to be included.

#### **Public Comment:**

- **Tone Lee:** Yellow cab just mentioned they make around \$1700-\$1800 per month. More than half of the gate is given to the medallion holders.
- **Rich Hybels:** \$33 per shift goes to medallion holders.
- **Hansu Kim:** I have statistics I can provide to you, how much a cab generates per month and how much insurance is.
- **Jim Gillespie:** The advantage of being a medallion holder has to do with the gates. Also, being self-insured, Yellow cab takes a lot of heat. We own property and other assets.
- **Barry Taranto:** Most of the controllers report makes sense and I am proud of the work. More than half of the medallion holders work more than 80 shifts per year. Cab companies have hidden income, they charge late fees and they make money on accidents.

- **Mark Gruberg:** I did a calculation of my earnings for the first seven years that I had my medallion but I 3

converted it into what I would have earned had I been a gates/gas driver. It came out to \$14.18 per hour, gross pre-tax income. If I was with a big company I would have got five to ten dollars in tips per shift. The industry profitability is going to medallion holders. The \$33 dollars a shift that Rich stated is 36% on the company gate income. This money has a strangle hold on the drivers income, companies income and on the meter rate, this must be looked at.

- **Tariq Mahmoud:** The medallion fees, Yellow and Luxor pay \$1,800.00 per month. In other companies the numbers are huge around \$3,000.00. In the Controller's report it says 80 shift incomes, on those 80 shifts the medallion holder has to pay for the shift so this changes the whole scenario. Drivers have a hard time. We came here for Charter Reform, what is your explanation?
- **Com Heinicke:** That closes Item three. We will do item four today, we will not be able to do item five until the January meeting. To answer Tariq's question; we can't consider Charter Reform unless you know the context of the industry, half of our task force are members of the public and can benefit from others perspectives.

#### 4. Overview of Permitting and Regulatory Schemes in Major Jurisdictions

- **Dir Machen/Jordanna Thigpen:** (Gave overview of Permitting and Regulatory Schemes)
- **Com Heinicke:** This is the only city where there is a public permitting process, where the driver can obtain an individual medallion. Then there is the transferability system, franchise system and the geographic system.
- **Tone Lee:** The main purpose of Prop K is to prevent monopolies.
- **Charles Rathbone:** The New York system is complex and successful.
- **John Lazar:** I come from a Pre-K family and it was real property then. The biggest problem we have today is an exit program. If we did have transferability it's a substantial amount of income for the city, it needs to be considered.
- **Adam Millard-Ball:** It's important to think this system is two markets, street market and dispatch market. It's a question of how we divide up the pie. Some of the pie should go to drivers.

#### Public Comment:

- **Jim Gillespie:** Id like this group to consider transferability, but with this in mind there shouldn't be any windfall to any current medallion holders.
- **Barry Taranto:** It's quite a science to try to compare city to city because San Francisco is unique. We have to first deal with the economics of the industry. Too many people compare San Francisco to New York.
- **Mark Gruberg:** One thing about the New York system is it's a huge area, San Francisco is a very compact city. In terms of transferability I'm not a fan of it and I urge you not to be seduced by big numbers. Measure these proposals against taxi service.

#### 7. Adjournment