Taxi Driver Income and Operating Company Performance

Presentation by the Controller's Office
December 18, 2007
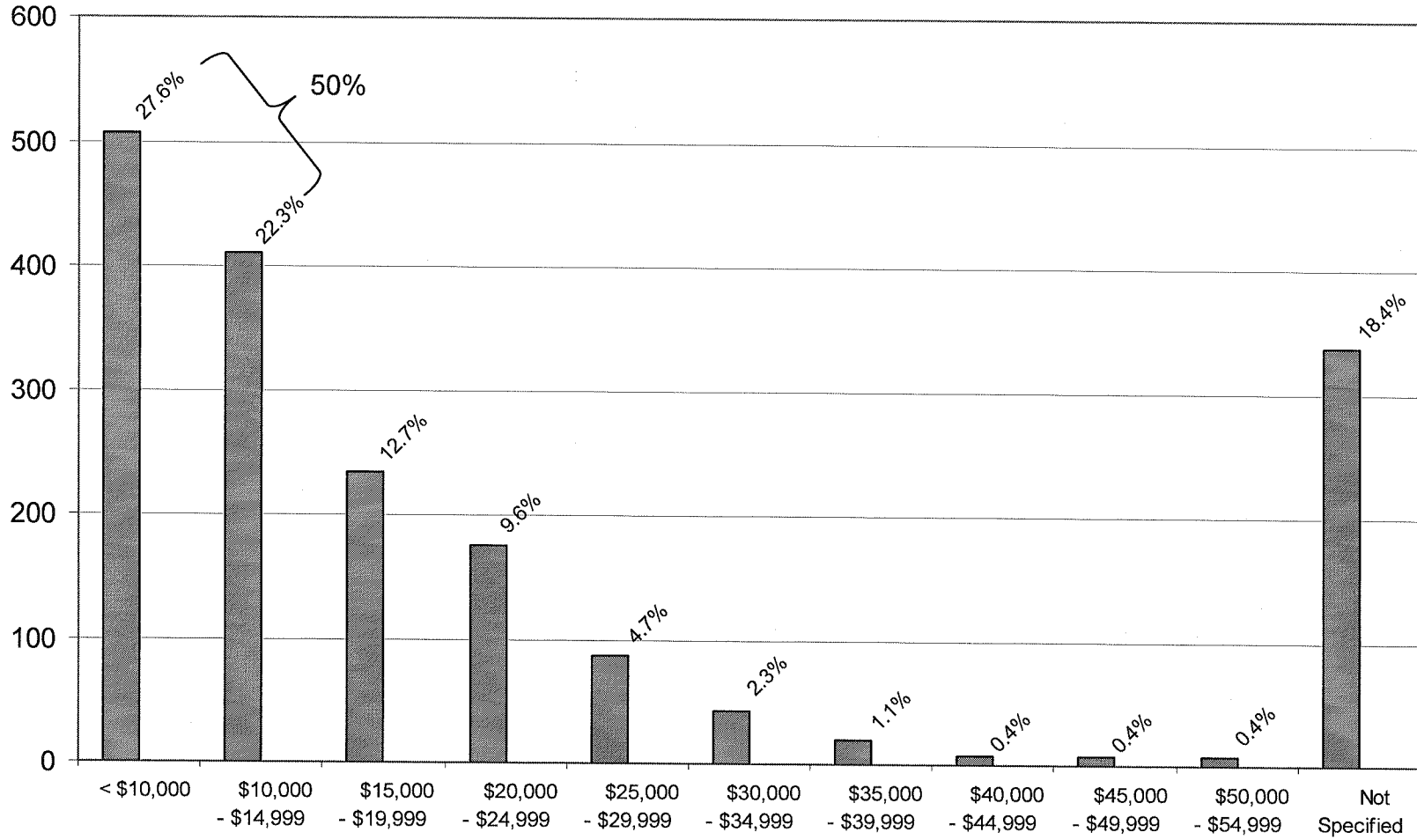
- Taxi Driver Income
  - 2004 Taxi Driver Survey
  - "Office of Economic Analysis Methodology"
  - Medallion Holder Income
- Operating Company Performance
  - From August 2006 Taxicab Industry Report

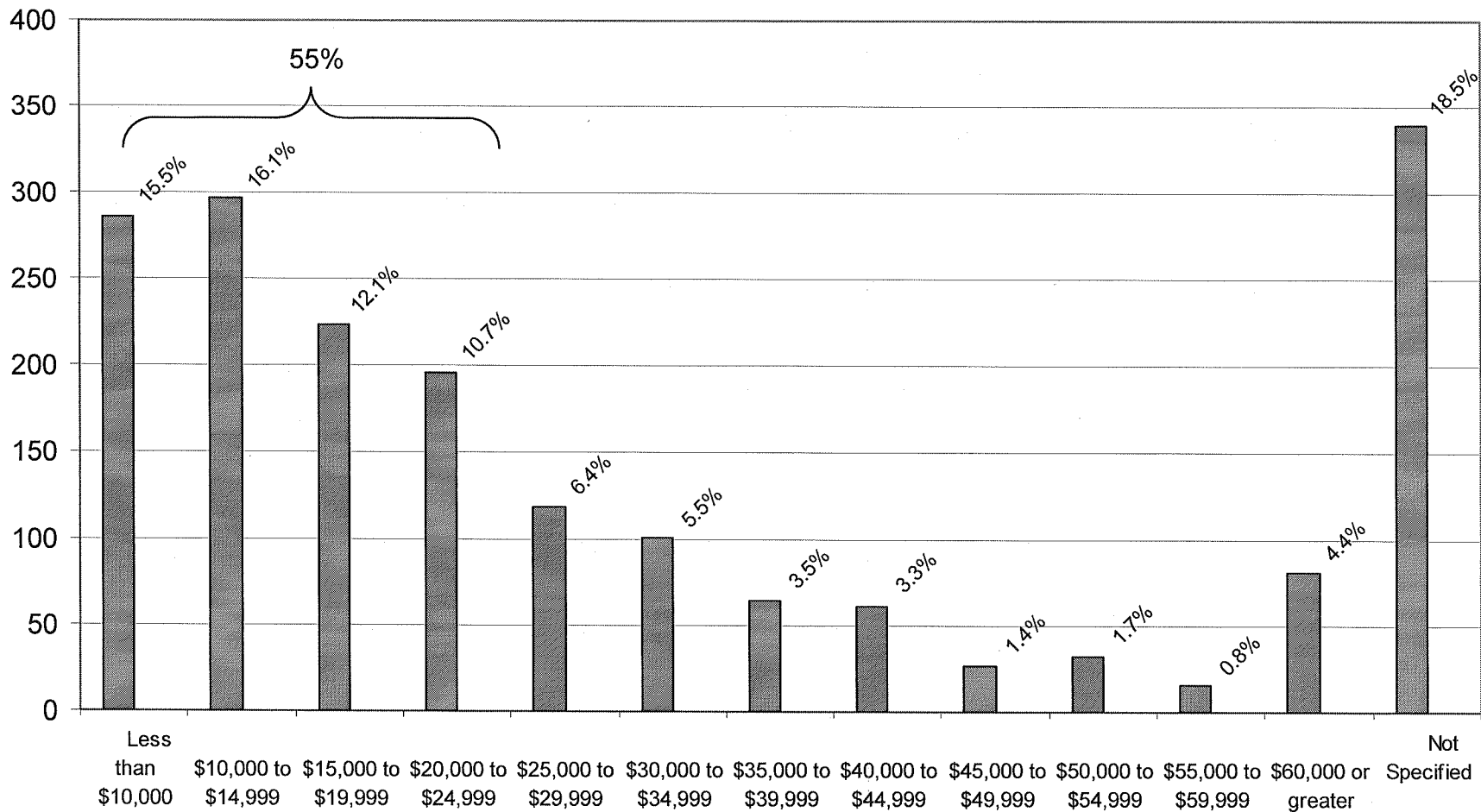# Estimated Taxi Driver Income
From 2004 Taxi Driver Survey

- Self reported: 1837 Responses
  - Includes full and part-time taxi drivers
- 50% reported income from driving a taxi of less than $15,000
  - 77% reported less than $30,000
- 55% reported household income of less than $25,000

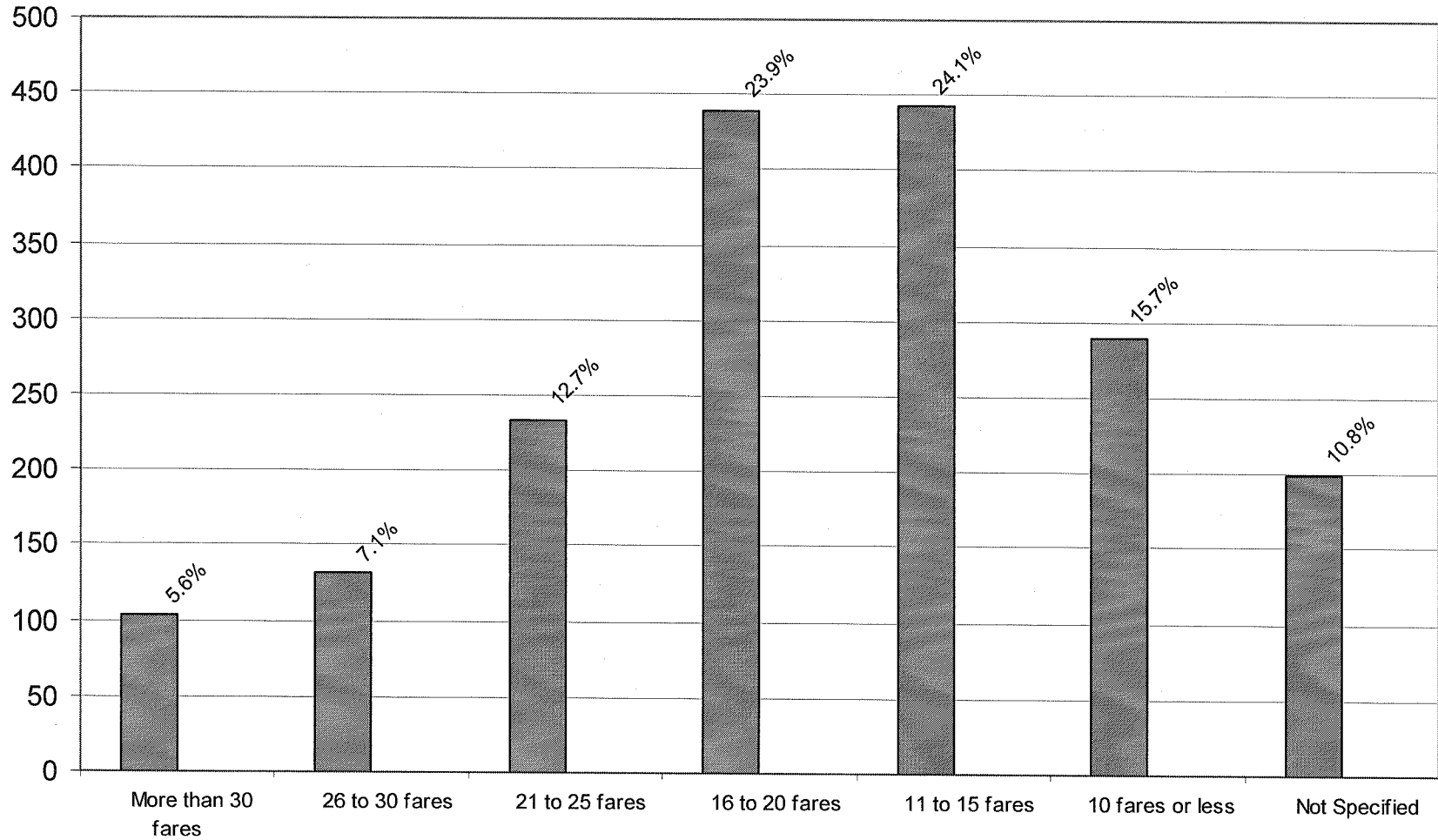# Estimated Annual Income From Driving A Taxi
(1837 Responses)

From 2004 Taxi Driver Survey

Estimated Annual Household Income
(1837 Responses)

Bar chart showing estimated annual household income with the following data:

- Less than $10,000: ~285 (15.5%)
- $10,000 to $14,999: ~297 (16.1%)
- $15,000 to $19,999: ~223 (12.1%)
- $20,000 to $24,999: ~195 (10.7%)
- $25,000 to $29,999: ~118 (6.4%)
- $30,000 to $34,999: ~100 (5.5%)
- $35,000 to $39,999: ~63 (3.5%)
- $40,000 to $44,999: ~60 (3.3%)
- $45,000 to $49,999: ~25 (1.4%)
- $50,000 to $54,999: ~30 (1.7%)
- $55,000 to $59,999: ~14 (0.8%)
- $60,000 or greater: ~79 (4.4%)
- Not Specified: ~337 (18.5%)

A bracket over the first four categories indicates 55%.

From 2004 Taxi Driver Survey

Average Number of Fares per 10-Hour Shift
(1837 Responses)

More than 30 fares	26 to 30 fares	21 to 25 fares	16 to 20 fares	11 to 15 fares	10 fares or less	Not Specified

5.6% 7.1% 12.7% 23.9% 24.1% 15.7% 10.8%

From 2004 Taxi Driver Survey

Estimated Taxi Driver Income
Office of Economic Analysis Methodology

Taxi Driver Revenue ($ Per Shift, unless otherwise stated)

Average Number of Fares		15
Estimated Average Fare ($ per trip) [1]	$	16.15
Total Revenue per Shift	**$**	**242.25**

Taxi Driver Costs ($ Per Shift, unless otherwise stated)

Total Mileage [1]		120.00
Fuel Economy (mpg)		15.00
Assumed Fuel Use (gallons)		12.00
Average Price of Gasoline [2]	$	3.45
Price of Fuel per 10-hour Shift	$	41.40
Average Gate Fee	$	91.50
Total Cost per Shift	**$**	**132.90**

Total Earnings per Shift	**$**	**109.35**

Annual Income @ 250 Shifts per Year [3]	**$ 27,337.50**

[1] Average fare assumed at 5 miles with 5 minutes wait time.

[2] American Automobile Association (AAA), California Gas Price Finder.
  $3.45 was the average retail price for the week of November 4, 2007.

[3] Assumes 5 shifts per week, 50 weeks per year

Average Fare Scenarios

Fares

Flag Drop (a)	$	3.10	per trip
Mileage	$	0.45	per 1/5 mile
Wait Time	$	0.45	per minute

Scenario

Scenario		Fare	Assumption
Cross City Scenario	$	16.15	5 miles and 5 minutes wait time
Downtown Scenario	$	10.75	3 miles and 3 minutes wait time
Short Trip Scenario	$	5.80	1 mile and 2 minutes wait time
Airport Scenario	$	35.50	14 miles and 3 minutes wait time

(a) Includes first 1/5 or 1/6 mile

Recent Taxicab Rate History					
Effective	**Flag**	**Mileage**	**Waiting Time**	**Avg. Fare***	**% Change**
November 2006	$3.10 first 1/5 mile	$0.45 per 1/5 mile	$0.45 per minute	$ 16.15	2.2%
July 2006	$2.75 first 1/5 mile	$0.45 per 1/5 mile	$0.45 per minute	$ 15.80	-0.6%
January 2006	$2.85 first 1/5 mile	$0.45 per 1/5 mile	$0.45 per minute	$ 15.90	0.0%
January 2003	$2.85 first 1/5 mile	$0.45 per 1/5 mile	$0.45 per minute	$ 15.90	12.8%
June 2000	$2.50 first 1/5 mile	$0.40 per 1/5 mile	$0.40 per minute	$ 14.10	20.0%
January 1999	$2.50 first 1/6 mile	$0.30 per 1/6 mile	$0.40 per minute	$ 11.75	12.4%
June 1991	$1.70 first 1/6 mile	$0.30 per 1/6 mile	$0.30 per minute	$ 10.45	
* Average fare assumes 5 miles with 5 minutes of wait time.					

From May 2007 Taxicab Industry Report

Estimated Medallion Holder Income

Income from Driving a Taxi

Net Earnings per Shift	$	109.35
Minimum 10-Hour Shifts per Year		80
Total Income from Driving	**$**	**8,748**

Income from Leasing Out Medallion

Monthly Lease	$	1,800
Months		12
Total Income from Leasing	**$**	**21,600**

Total Income from Driving and Leasing	**$**	**30,348**

Operating Company Performance and Industry Statistics

- Based on financial information submitted by companies
  - In 2006, 15 out of 34 companies reported, accounting for 77% of operating medallions
- Information aggregated to protect confidentiality and assess overall industry health

From August 2006 Taxicab Industry Report

Operating Company Performance and Industry Statistics
Data for Fiscal Year 2005

- ## 21% net profit margin as reported
  - 5% when adjusted for ownership structure

- ## 43% return on total assets
  - 10% when adjusted for ownership structure

- ## $11,520 net income per medallion
  - $2,592 when adjusted for ownership structure

From August 2006 Taxicab Industry Report

Operating Company Performance and Industry Statistics
Data for Fiscal Year 2005

- 31.3% of companies unprofitable
  - 37.5% when adjusted for ownership structure

- 9.1% of medallions unprofitable
  - 19.3% when adjusted for ownership structure

- Larger companies generally more profitable
  - All unprofitable companies in 2005 were small

From August 2006 Taxicab Industry Report

Operating Company Performance and Industry Statistics

	Average	2005 Total	2004 Total	2003 Total	2002 Total	2001 Total
# of Operating Medallions	1,381	1,381	1,381	1,381	1,381	1,381
# of Operating Medallions Reporting	1,159	1,070	1,370	1,371	819	1,166
% of Reporting	84%	77%	99%	99%	59%	84%
Statistics - As Reported by Operating Companies						
Net Profit/(Loss) Margin (GR)	20%	21%	21%	16%	21%	19%
Return on Total Assets	36%	43%	39%	33%	34%	31%
Return on Average Equity	77%	102%	101%	67%	55%	58%
Gross Revenue per permit	$48,748	$54,990	$45,324	$44,009	$53,984	$45,434
Net Income/(Loss) per permit	$9,628	$11,520	$9,639	$7,153	$11,253	$8,578
# of Profitable Companies	13	11	19	18	5	11
# of Unprofitable Companies	7	5	10	11	3	7
% Unprofitable	36.0%	31.3%	34.5%	37.9%	37.5%	38.9%
Total # of Companies Reporting	20	16	29	29	8	18
No. of Medallions - Profitable	875	973	1003	1003	631	764
No. of Medallions - Unprofitable	284	97	367	368	188	402
% Unprofitable	24.5%	9.1%	26.8%	26.8%	23.0%	34.5%
Statistics - With Estimated Medallion Lease Costs for Cooperatives						
Net Profit/(Loss) Margin (GR)	3%	5%	6%	1%	3%	1%
Return on Total Assets	6%	10%	12%	2%	5%	2%
Return on Average Equity	14%	23%	30%	4%	8%	4%
Gross Revenue per permit	$48,748	$54,990	$45,324	$44,009	$53,984	$45,434
Net Income/(Loss) per permit	$1,644	$2,592	$2,891	$409	$1,680	$649
# of Profitable Companies	13	10	19	18	5	11
# of Unprofitable Companies	7	6	10	11	3	7
% Unprofitable	37.0%	37.5%	34.5%	37.9%	37.5%	38.9%
Total # of Companies Reporting	20	16	29	29	8	18
No. of Medallions - Profitable	853	864	1003	1003	631	764
No. of Medallions - Unprofitable	306	206	367	368	188	402
% Unprofitable	26.4%	19.3%	26.8%	26.8%	23.0%	34.5%

From August 2006 Taxicab Industry Report