

**THIS PRINT COVERS CALENDAR ITEM NO. : 11**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Taxis and Accessible Services

**BRIEF DESCRIPTION:**

Requesting the SFMTA Board of Directors to adopt a resolution allowing the SFMTA to issue 150-200 temporary full-time medallion permits directly to taxi companies for the purpose of improving taxi service pending the consultant's report on taxi industry best practices.

**SUMMARY:**

- There are currently 1,535 taxis authorized to operate full-time (two ten-hour shifts daily every day of the year) in San Francisco, which includes 100 wheelchair accessible "ramp" taxis. There is currently no data regarding the efficiency of the operation of existing taxis.
- Taxi service is considered unreliable by residents of San Francisco, who have about a 40 percent chance of getting a taxi to service a dispatch call, according to the latest data available.
- During "peak" periods of high taxi demand, there are not nearly enough taxis to meet demand. More color scheme operated permits create the ability to better serve the taxi riding public during periods of high demand, when the drivers can make a better income.
- Demand for taxi service will increase greatly in the coming months due in part to major events such as Fleet Week and America's Cup which is expected to be a boon for San Francisco tourism.
- These permits would be awarded based on the color scheme's dispatch service and performance. These permits would be leased directly to the color schemes, and the lease terms would create an incentive to respond to radio calls for service as well as give the SFMTA the latitude to terminate the lease for lack of service or poor service.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

**DATE**

DIRECTOR \_\_\_\_\_ 8/30/12

SECRETARY \_\_\_\_\_ 8/30/12

**ASSIGNED SFMTAB CALENDAR DATE:** September 4, 2012

## **PAGE 2.**

### **PURPOSE**

Requesting the SFMTA Board of Directors to adopt a resolution allowing the SFMTA to issue 150-200 temporary full-time medallion permits directly to taxi companies for the purpose of improving taxi service, pending the consultant's report on taxi industry best practices.

### **GOAL**

**Goal 2:** Make transit, walking, bicycling, taxi, ridesharing and carsharing the preferred means of travel.

Objective 2.1: Improve customer service and communications

This Resolution responds to the needs expressed by stakeholder groups for better taxi service, including passengers who want reliability and availability of taxi service, and companies who want the resources to be able to meet dispatch demand. It recognizes and rewards companies that strive to serve their dispatch needs, and improves working conditions of gas and gates drivers (by providing more gas and gates shifts).

Objective 2.3: Increase use of all non-private auto modes

This Resolution will increase the reliability and availability of taxis in San Francisco, encouraging residents to leave personal vehicles at home, thereby reducing emissions, reducing traffic congestion and competition for downtown parking spaces.

**Goal 3:** Improve the environment and quality of life in San Francisco

Objective 3.1: Reduce the Agency's and the transportation systems resource consumption, emissions, waste, and noise.

This Resolution will increase the reliability and availability of taxis in San Francisco, encouraging residents to leave personal vehicles at home, thereby reducing emissions, reducing traffic congestion and competition for downtown parking spaces.

Objective 3.2: Increase the transportation system's positive impact to the economy.

This Resolution will allow customers the flexibility to shop, dine, and spend their time more efficiently without the impacts of driving their own vehicles, searching for parking or not traveling to particular events for fear of not being able to obtain a taxi, which increases business for all.

## DESCRIPTION

### Why San Francisco Needs More Taxis

There are currently 1,535 taxis authorized to operate full-time (two ten-hour shifts daily every day of the year) in San Francisco, which includes 100 wheelchair accessible “ramp” taxis. Other than the recently implemented electronic monitoring of paratransit transactions through the Paratransit Debit Card program, there is no current data regarding the efficiency of the operation of existing taxis. More data will be available after December 31, 2012 when all taxi companies will be required to submit electronic trip data to the SFMTA.

Taxi service is considered unreliable by residents of San Francisco. According to a survey conducted by the San Francisco Police Department Taxicab Detail in 2000, San Franciscans had about a 40 percent chance of getting a taxi to service a dispatch call. The primary failure of San Francisco taxi service at that time was the inability to provide reliable response to requests for dispatched taxis to residents in the neighborhoods. Taxi customers who flagged down taxis on the street in downtown areas had reasonable success: in 87 percent of cases a person could flag down a taxi in the downtown area within five minutes, and there was a 94 percent success rate within ten minutes.

One way to improve reliability is to issue additional permits to put more taxis on the street. Comparing San Francisco to other comparable jurisdictions supports the issuance of additional taxi permits. According to a 2005 study by Schaller Consulting, which established a regression model to identify the principal factors that indicate the demand for taxis based on a survey of 118 American cities with populations over 100,000, and given the data available, which unfortunately did not include the number of service miles, trips or dispatch requests, data which would be invaluable to measure demand, the three best indicators of taxi demand are:

1. The number of residents who use transit;
2. The number of no-vehicle households; and
3. The number of airport pick-ups.

Additional variables relevant to San Francisco include:

1. The number of visitors, convention delegates or downtown hotel occupancy rates; and
2. Demand generated by paratransit programs.

According to these criteria, San Francisco can easily support the issuance of the additional taxi permits recommended herein. The chart below compares San Francisco to several other cities that have reasonably similar characteristics (population, international airports, small land mass, major transit system, level of tourism). It shows that among comparable cities, San Francisco has a low level of taxis per capita:

**TABLE 1: Three-City Comparison**

<b>City:</b>	<b>San Francisco</b>	<b>Washington D.C.</b>	<b>Boston</b>
Area (sq. miles):	47	61	48
Population:	744,041	599,657	590,673
Number of Taxis:	1,500	7,300	1,825
Taxis per Capita:	2.02	12.17	3.09
Number of Car Households (%):	29	37	35
Weekday Subway Rides**:	357,800	496,400	953,500
Transit to Work (%)*:	33	35	33
Annual Airport Pick-ups***:	968,237	1,825,000	1,630,333

\*Source: Carfree Database (2000 Census)

\*\*Source: *American Public Transportation Association Report, First Quarter 2011.*

\*\*\*Source: *Assessing the Full Cost of Implementing an Accessible Taxicab Program-* Center for Transportation Studies-University of Missouri at St. Louis, March 2010.

Taxis per capita

As the Schaller study further concludes, the number of taxis per capita is not in itself a reliable indicator of taxi supply and demand. This is because there is a no standard ratio of the optimum number of taxis to population, as can be seen in the table above, because “taxi vehicle utilization levels vary significantly from one city to the next”.<sup>1</sup> Also, the number of taxis in itself does not provide any means to measure actual taxi usage and demand.<sup>2</sup> However, using taxis per capita as one comparative benchmark with other similarly situated cities, San Francisco’s taxi per capita rate is quite anemic. To give some context to the wide variance in the number of taxis per capita shown in the table above, for the cities used for this comparison, the Schaller model provided the following:

“The model predicted substantially fewer cabs than are actually licensed in Washington D.C., . . . [a city] in which there is reason to believe that an oversupply of cabs exist. Conversely, the model predicts a substantially larger number of cabs in San Francisco [and] Boston, . . . jurisdictions that have traditionally limited the

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1 *Ibid.* at page 6.

2 *Id.*

number of cabs below market demand.<sup>3</sup>”

Visitors, convention delegates or downtown hotel occupancy rates

The chart below shows that among our comparison cities, San Francisco has experienced the largest increase in the number of overseas visitors over the past several years.

**TABLE 2: Overseas Visitors to Select U.S. Cities: 2009-20104**

City:	San Francisco	Washington D.C.	Boston
<b>2009 Market Share</b>	9.4%	6.5%	4.8%
<b>2009 Visitation (000)</b>	2,233	1,544	1,140
<b>2010 Market Share</b>	10.0%	6.6%	4.5%
<b>2010 Visitation (000)</b>	2,636	1,740	1,186
<b>Volume Change (%)</b>	18%	13%	4%

The number of hotel guests coming to San Francisco also increased over the past two years, from 4.52 million guests in 2009, to 4.89 million guests in 2010, an increase of eight percent.<sup>5</sup>

Demand generated by paratransit programs

San Francisco has been a paratransit leader among American cities due to its innovative use of taxis to provide efficient and comparatively inexpensive paratransit service. While the comparison cities of Boston and Washington D.C. do not use their taxi fleet for paratransit service at all, San Francisco’s taxi fleet provides nearly 1,500 paratransit trips every day to San Francisco residents.

Reliability

One of the key factors that affects the demand for taxis is reliability. “[D]emand for service is . . . affected by quality of service. Surveys of taxi users have found that customers would use taxicabs more often if cab service was more reliable and more readily available. Thus, poor service quality may reduce demand in some places.”<sup>6</sup> Response times for taxi service are recognized as a valuable component in measuring the demand for taxis.<sup>7</sup>

It is consistent with the SFMTA’s mission to increase the demand for taxi service by making taxi service more reliable for San Francisco residents. The SFMTA Strategic Plan would be substantially advanced if taxi service became a reliable and well-utilized mode of transportation in San Francisco:

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3 *Id.* at page 9.

4 U.S. Department of Commerce, Office of Travel & Tourism Industries.

5 *Executive Summary San Francisco Visitor Profile Research*, Destination Analysts, Inc. (February 2011).

6 *A Regression Model of the Number of Taxicabs in the U.S.*, Schaller Consulting (2005) at page 3.

7 *Ibid.* at page 10.

## PAGE 6.

Goal 2: Make transit, walking, bicycling, taxi, ridesharing and carsharing the preferred means of travel.

- Increase percentage of trips using more sustainable modes

Goal 3: Improve the environment and quality of life in San Francisco

- Reduce congestion through major corridors
- Manage parking supply
- Reduce emissions

By increasing the utilization of taxis -- which requires making taxi service more reliable -- these important goals and objectives would be served, as San Francisco residents would leave their personal vehicles at home in favor of taking a taxi. There would be reduced traffic congestion, reduced competition for parking, reduced emissions and happier San Francisco residents, who would gain a cost-effective, reliable, flexible and responsive means of getting anywhere in and around the City without a personal vehicle:

Taxis can help address the scarcity of parking in San Francisco, as they provide the point-to-point mobility of the private automobile, without the need to store the car at the destination. Furthermore, a combination of transit and taxis, along with walking, bicycling, car sharing and rental cars can offer a more attractive alternative to private car ownership and use than transit alone. Only when people believe they can rely on alternatives to the private automobile will they be persuaded to give up their cars.<sup>8</sup>

Since 1978, the City has issued an average of 24 medallions per year. No new medallions were issued during the years 2009 or 2010. However, in 2011 the SFMTA issued 35 new medallions pending a better study of San Francisco's supply and demand by a professional consultant with expertise in the taxi industry. Although that study has commenced, the date of delivery has been delayed and will likely not be completed until early 2013. During this crucial time period, San Francisco has seen the rise of competing motor vehicle for hire services that are attempting to fill the void between the high demand for taxis and the limited supply. Services such as Uber, Sidecar, Lyft, the new UberX, and numerous bandit taxis and illegal limousines have begun to proliferate and cause confusion amongst customers.

This situation has forced city residents and visitors who choose not to drive their personal vehicles to pay premium fares to obtain a ride or take chances by riding in unlicensed, uninsured vehicles with drivers who may not have been properly screened.

Furthermore, while the SFMTA awaits the completion of a public convenience and necessity study, which may not be finalized until early next year, major events such as Fleet Week and America's Cup are scheduled to occur in October and will draw massive crowds and numerous international visitors who will be unable to rely on taxi service due to an undersupply of servicing vehicles.

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8 *Making Taxi Service Work in San Francisco*, San Francisco Planning and Urban Research Association (SPUR) (2001) at page 4.

## **PAGE 7.**

In order to alleviate these problems, staff recommends the issuance of 150-200 temporary, new, full-time medallions to be leased directly to the taxicab color schemes for a period of three years, to be renewed at the SFMTA's discretion. These new medallion permits will be required to be hybrid, electric, compressed natural gas (CNG), or other low emission alternative fuel vehicles. These medallions will be required to be operated as gas and gates medallions (medallions driven by drivers who work shifts at a company.), and any color scheme that receives these permits must have the ability to produce electronic waybills for its entire fleet prior to receiving a permit.

### **Effect on the public:**

- Additional vehicles will help to enhance the reliability of taxi service in San Francisco.

### **Effect on taxi drivers:**

- By requiring that all new medallions be leased through the color scheme, this ensures more gas and gates shifts for drivers, and allows the SFMTA to exercise control based on service through the lease.

### **Effect on taxi companies:**

- By requiring that all new medallions be leased directly to the color schemes and operated as gas and gates, these new medallions will economically support taxi companies, which derive much more revenue from gas and gates medallions than from "affiliate lease" medallions.
- Taxi companies will have additional resources to meet the dispatch demand of their customers, and will be able to exercise greater quality control over gas and gates vehicles and drivers, thus enhancing their brand, which will in turn encourage companies to take responsibility for customer service.

Staff recommends that these newly issued medallions and permits only be allowed to affiliate with color schemes that meet performance standards related to dispatch success. Taxi Services staff has developed objective measures for evaluating color scheme dispatch performance standards in order to recognize and support color schemes and dispatch services that provide safe and reliable taxi service.

The City Attorney has reviewed this report.

## **ALTERNATIVES CONSIDERED**

None

## **FUNDING IMPACT**

If the SFMTA issues 200 medallions to be directly leased to the color schemes at a rate of \$1,900.00 per month, which is less than what most color schemes pay the average medallion holder, the SFMTA would receive new revenue totaling \$4,560,000.00 per year.

If the SFMTA issues 150 medallion permits under the same leasing arrangement, the total new revenue per year would be \$3,420,000.00.

**PAGE 8.**

**PUBLIC NOTIFICATION**

Pursuant to Section 1115 of the Transportation Code, the SFMTA is required to post public notice 30 days prior to any hearing to determine whether to issue new taxi medallion (permits). On August 3, 2012, the SFMTA posted this notice to the SFMTA website, as well as sent this information to every color scheme and to the San Francisco International Airport.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The proposed issuance of new medallion permits is subject to environmental review under the California Environmental Quality Act (CEQA). A copy of the environmental review is available in the office of the Board of Directors.

**RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors adopt a resolution allowing the SFMTA to issue 150-200 temporary full-time medallion permits directly to taxi companies for the purpose of improving taxi service pending the consultant's report on taxi industry best practices.



SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, Taxi service is considered unreliable by residents of San Francisco, who have about a 40 percent chance of getting a taxi to service a dispatch call, according to the latest data available; and,

WHEREAS, Taxi demand will continue to grow due to major upcoming events such as Fleet Week and America's Cup; and,

WHEREAS, The issuance of temporary new medallions would be approved with the understanding that SFMTA Taxi Services is awaiting a final report regarding a public convenience and necessity study by a qualified consultant; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation issue 150-200 temporary full-time medallions for a limited period of time, to be leased directly to certain color schemes based upon objective dispatch criteria, be it further

RESOLVED, That the Director of Transportation shall require, as a condition of each of the permits, that the medallion be operated as a gas and gates medallion, shall be operated with a hybrid, electric, compressed natural gas or other alternative fuel low emission vehicle, and, be it further

RESOLVED, That the permits shall be leased to the participating companies for a fixed term of three years, and upon expiration of the lease, the lease may be extended, or the permit issued to another color scheme, at the option of the SFMTA;

RESOLVED, That each company that is given the opportunity to participate in this program must have the ability to produce electronic trip data for its entire fleet prior to receiving any of these medallions.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 4, 2012.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency