

THIS PRINT COVERS CALENDAR ITEM NO. : 12

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Taxis and Accessible Services

BRIEF DESCRIPTION:

Requesting that the Board of Directors authorize the Director of Transportation to waive the Fiscal Year 2015-16 Medallion renewal fee for Post Proposition K Medallions and to waive the Fiscal Year 2015-16 A-Card renewal fee for all active taxicab drivers.

SUMMARY:

- To alleviate some cost burden for Medallion Holders during the current economic downturn in the taxi industry, the SFMTA is requesting that the Board authorize the Director of Transportation to waive the Fiscal Year 2015-16 Medallion renewal fee (\$1000) for all Post Proposition K Medallions.
- As of April 2015, there are 1,263 Post Proposition K Medallions. These Medallion Holders are subject to a full-time driving requirement (800 hours or 156 four-hour shifts per year), which limits their ability to pursue additional income.
- All taxi companies are reporting a shortage of taxicab drivers in San Francisco.
- Staff requests authorization to waive the \$100 A-Card Renewal fee for Fiscal Year 2015-16 for all active taxicab drivers to reduce costs associated with driving a taxi.

ENCLOSURES:

1. SFMTAB Resolution

APPROVALS:

DATE

DIRECTOR _____

4/29/15

SECRETARY _____

4/29/15

ASSIGNED SFMTAB CALENDAR DATE: May 5, 2015

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PURPOSE

Requesting that the Board of Directors authorize the Director of Transportation to waive Fiscal Year 2015-16 Medallion renewal fees for Post Proposition K Medallions and to waive Fiscal Year 2015-16 A-Card renewal fees for all active taxicab drivers.

GOAL

Goal 1: Create a safer transportation experience for everyone.

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

Objective 2.1: Improve customer service and communications.

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

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

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

Objective 3.4: Deliver services efficiently.

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.4: Improve relationships and partnerships with our stakeholders.

DESCRIPTION

The SFMTA is requesting approval to waive Fiscal Year 2015-16 Medallion renewal fee for Medallion Holders that have a driving requirement under the Transportation Code and to waive the A-Card renewal fee for all active taxicab drivers. These fees are used by the SFMTA for the purpose of meeting operating expenses relating to the regulation of the taxicab industry, including expenses such as employee wages and fringe benefits.

BACKGROUND:

The taxi industry in San Francisco is experiencing an economic downturn, mainly associated with the increase of under-regulated competitors. In an effort to alleviate costs associated with being a Medallion holder of a Post K Medallion (distinguished by the driving requirement), SFMTA is proposing to waive for Fiscal Year 2015-16 the Medallion renewal fee.

Of the approximately 1850 medallions that exist, 1,263 are post proposition K medallions, which require the medallion holder to drive a taxicab 800 hours per year, or 156 four hour shifts per year, or risk fines, penalties or revocation of the medallion.

For this reason, while post Prop K medallion holder incomes are suffering during this economic cycle, they have limited opportunities to pursue other income possibilities. This is not the same for "Pre K" medallion holders who do not have a driving requirement.

Taxicab drivers, including the working Medallion Holders, are experiencing diminished incomes due to an increased level of competition from the numerous Transportation Network Companies (TNC's) that currently fill San Francisco streets. Uber claims it has over 20,000 drivers in the Bay Area. In December, Uber claimed 15,000 drivers in San Francisco alone. (See SFGate article "*Uber among regions biggest employers, but company begs to differ*" Published April 15, 2015, Carolyn Said)

In fiscal year 2013-14, the SFMTA collected a \$1,410 Medallion renewal fee from each Medallion Holder. Some taxi companies paid these fees on behalf of their Medallion Holders, or collected the fees from their Medallion Holders, but as the Board is aware, some companies were very late in paying the renewal fees. In fiscal year 2014-15, recognizing the cost burden, the SFMTA lowered the Medallion renewal fee to \$1,000 for each Medallion. While this alleviated the burden somewhat, the increasing growth of under-regulated taxi services has continued to impact the industry. Costs in the industry, such as liability and Worker's Compensation insurance, continue to rise, with many Medallion Holders struggling to keep up with the additional costs.

Similarly, the Board previously authorized the Director of Transportation to waive new driver application fees in order to recruit new drivers. In addition, SFMTA Taxi Services is working with state and local employment development agencies to recruit new drivers and has increased the frequency of new driver training from bi-weekly to weekly. The SFMTA has also undertaken to subsidize the cost of ramp taxi driver certification training and driver drug testing, and has offered cash incentives for wheelchair pick-ups. Nevertheless, it will take some time to mitigate the continuing loss of existing drivers to other services, and diminishing profits

Over the past two years, SFMTA has other provided significant economic relief to the taxi industry in an attempt to mitigate these losses.

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The following is a list of all reduced and waived fees and the estimated lost revenue for FY14-15/15-16

Fee Description	Original Amount	Reduced Amount	Timeframe	Lost Revenue, FY14-15	Projected Lost Revenue, FY15-16
Metal Plate Fee	\$75	\$0	Eliminated in FY13-14	\$138,750	\$138,750
Dispatch Permit Renewal Fee	\$6284	\$0	Waived for FY14-15	\$56,556	0
Color Scheme Renewal Fee	Varies depending on size: \$1485-\$9069	\$0	Waived for FY14-15	\$110,753	0
New Application A-Card Fee	\$252	\$0	Eliminated in FY13-14	\$201,600	\$201,600
Color Scheme Change Fee	\$608	\$400	Reduced April 2015	\$6,656	\$43,264
8000 Series Use fee	\$2000	\$1000	Reduced January 2014	\$842,000	\$255,000
Medallion Renewal Fee	\$1410	\$1000	Reduced FY14-15	\$671,170	\$671,170
Medallion Re-Transfer Fee	\$50,000	\$12,500	Reduced December 2014/ Permanent	\$75,000	\$1,350,000
Total Lost Revenue				\$2,102,485	\$2,659,784

Total Estimated Lost Revenue fiscal year 2014-15 and fiscal year 2015-16 Combined: \$4,762,269

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While staff does not anticipate this cycle to continue in perpetuity, it does believe further relief is warranted until the economics of the industry begin to improve. For this reason staff requests authorization to waive the Post Proposition K Medallion Renewal fees and the A-Card Renewal fees for active taxicab drivers for Fiscal Year 2015-2016 in order to reduce the economic pressure on Medallion Holders and drivers that are actively participating in the taxicab industry.

PUBLIC OUTREACH

In a continuing effort to remain open and transparent to the industry, staff sought and received feedback related to the waiver of these fees at various meetings, including Color Scheme meetings and at informal outreach sessions with drivers at the airport.

ALTERNATIVES CONSIDERED

Staff considered waiving fees for all Medallion Holders but determined that the loss of revenue would be too significant, and that waiving fees solely for Post Proposition K Medallions is warranted because the full-time driving requirement limits the ability of those Medallion Holders to pursue other work opportunities. Another alternative would be to not waive Medallion renewal fees or A-Card renewal fees, but given the economic situation for Medallion Holders and taxicab drivers, staff feels that it's appropriate to waive the fees for Fiscal Year 2015-16.

FUNDING IMPACT

The SFMTA will lose approximately \$1.8 million in revenue for FY 2015-16 if approved, but anticipates that increased medallion sales will cover the deficit.

ENVIRONMENTAL REVIEW

The proposed changes to fees and fines are subject to environmental review under the California Environmental Quality Act (CEQA). On April 24, 2015, the Municipal Transportation Agency, under authority delegated by the Planning Department, and with the concurrence of the Planning Department, determined that the proposed changes to fees and fines are statutorily exempt from environmental review under California Public Resources Code section 21080(8) and the CEQA implementing guidelines because the anticipated revenues will be used to meet City and County of San Francisco operating expenses, including employee wage rates and fringe benefits, or to purchase or lease supplies, equipment, or materials, or to obtain funds for capital projects necessary to maintain service within existing service areas. A copy of the determination is on file with the Secretary for the SFMTA Board of Directors. The proposed action approving new fines and fees is the Approval Action as defined by the S.F. Administrative Code Chapter 31.

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OTHER APPROVALS RECEIVED OR STILL REQUIRED

Pursuant to Section 10 of the SFMTA Board of Directors Rules of Order, before adopting or revising any schedule of rates, charges, fares fees or fines, an ad shall be published in the official newspaper of the City and County for five days giving notice of the Board's intention to do so. The meeting may not be less than fifteen days after the last publication of said notice. An ad was placed in the San Francisco Examiner that ran from April 16 to April 21.

The City Attorney has reviewed this calendar item.

RECOMMENDATION

Requesting that the Board of Directors authorize the Director of Transportation to waive Fiscal Year 2015-16 Medallion renewal fees for Post Proposition K Medallions and to waive Fiscal Year 2015-16 A-Card renewal fees for all active taxicab drivers.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS
RESOLUTION No. _____

WHEREAS, There are 1,263 medallions classified as Post Proposition K Medallions, and those medallion holders must meet the full-time driving requirement; and,

WHEREAS, San Francisco Taxi companies and Medallion Holders are experiencing economic hardship due to loss of drivers and diminished profits, due in part to the influx of competition from Transportation Network Companies; and,

WHEREAS, The SFMTA seeks to alleviate the cost burden and financial hardship currently faced by individuals who hold Post Proposition K Medallions; and,

WHEREAS, The SFMTA also seeks to alleviate the cost burden and financial hardship of current active drivers that are not medallion holders; and

WHEREAS, The proposed fee and fine changes are subject to environmental review under the California Environmental Quality Act (CEQA); and,

WHEREAS, On April 24, 2015, the Municipal Transportation Agency, under authority delegated by the Planning Department, and with the concurrence of the Planning Department, determined that the proposed changes to fees and fines are statutorily exempt from environmental review under California Public Resources Code section 21080(8) and the CEQA implementing guidelines because the anticipated revenues will be used to meet City and County of San Francisco operating expenses, including employee wage rates and fringe benefits, or to purchase or lease supplies, equipment, or materials, or to obtain funds for capital projects necessary to maintain service within existing service areas; and,

WHEREAS, A copy of the determination is on file with the Secretary for the SFMTA Board of Directors and the proposed action is the Approval Action as defined by the S.F. Administrative Code 31; now, therefore be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to waive Fiscal Year 2015-16 Medallion renewal fees for Post Proposition K Medallions and to waive Fiscal Year 2015-16 A-Card renewal fees for all active taxicab drivers.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of May 5, 2015.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency