

THIS PRINT COVERS CALENDAR ITEM NO.: 11

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Taxis, Access & Mobility Services

BRIEF DESCRIPTION:

Amending Transportation Code, Division II, Article 1100, Section 1124(b)(5) to expand the Taxi Upfront Fare Pilot Program to allow Taxi E-Hail applications to dispatch trips that originate with third-party entities, which may offer upfront fares that are not based on Taximeter rates and extend the implementation date of the Pilot.



SUMMARY:

- On September 7, 2021, the SFMTA Board amended Transportation Code, Division II, Article 1100, Section 1124 to establish a pilot program to test upfront fares. The Board authorized the Director of Transportation to establish a pilot project for “upfront fares” to test the concept of providing Taxi customers with a flat rate fare estimate through a Taxi E-Hail application.
- Allowing Taxi customers to select a flat rate advance fare is intended to improve customer service, enable customers to price shop among similar services and minimize meter anxiety that occurs when customers feel that the Taximeter rate is increasing beyond their expectation.
- Subsequent to SFMTA Board approval and during the development of the pilot program rules, key taxi industry stakeholders requested that the SFMTA allow E-Hail app providers to dispatch trips that originate with third-party entities (e.g. entities that do not receive permits issued by the SFMTA), which may offer upfront fares that are not based on Taximeter rates.
- Allowing additional price flexibility for trips generated by third-party entities and dispatched through E-Hail apps is intended to increase the number of taxi trips and allow taxis to be more competitive in the for-hire transportation marketplace.

ENCLOSURES:

1. SFMTAB Resolution
2. Transportation Code Division II amendment

APPROVALS:

DIRECTOR  _____
SECRETARY  _____

DATE

March 30, 2022

March 29, 2022

ASSIGNED SFMTAB CALENDAR DATE: April 5, 2022

PURPOSE

Amending Transportation Code, Division II, Article 1100, Section 1124(b)(5) to expand the Taxi Upfront Fare Pilot Program to allow Taxi E-Hail applications to dispatch trips that originate with third-party entities, which may offer upfront fares that are not based on Taximeter rates and extend the implementation date of the Pilot.

STRATEGIC PLAN GOALS & TRANSIT FIRST POLICY PRINCIPLES

This action supports the following Strategic Plan Goals:

- 4. Make streets safer for everyone.
- 5. Deliver reliable and equitable transportation services.

This action supports the following Transit First Policy Principles:

- 1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.
- 2. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
- 3. Decisions regarding the use of limited public street and sidewalk space shall encourage the use of public rights of way by pedestrians, bicyclists, and public transit, and shall strive to reduce traffic and improve public health and safety.

DESCRIPTION

The Taxis, Access and Mobility Services Division of the San Francisco Municipal Transportation Agency (SFMTA) is responsible for the regulation of the private businesses that make up the San Francisco taxi industry, including qualifying and licensing permit holders, monitoring regulatory compliance, and administering discipline for regulatory violations.

The proposed legislation is part of an ongoing effort to reform and modernize taxicab rules and regulations to ensure a high standard of public safety, consumer protection and customer service while updating requirements to better allow innovation and competition. The proposed Transportation Code amendment would allow for improved customer service and innovation in the San Francisco taxi industry by allowing Taxi E-Hail apps, as defined in Article 1100, Section 1102 of the Transportation Code, to partner with third-party dispatch companies to hail taxis, improving access to taxis, and it would also extend the implementation date of the Pilot due to changed circumstances to the potential involvement of third-party entities.

BACKGROUND

On September 7, 2021, the SFMTA Board authorized the Director of Transportation to create the one-year Upfront Fare Pilot Program (Pilot) within six months, to test the concept of

providing customers with a flat rate fare estimate through an E-Hail application. Under the Pilot, the customer will have the option of choosing the advance, upfront fare or paying for the trip based on the meter amount. As approved, the upfront fare estimate would be based on the estimated meter amount, using an algorithm to calculate the upfront fare estimate based on trip distance and time.

Subsequent to this approval, staff has been working with taxi industry stakeholders to develop the Pilot program rules. During this process, both the YoTaxi E-Hail app and Flywheel E-Hail app requested that the SFMTA allow them to partner with Uber to dispatch taxi trips that originate with Uber based on Uber's rates rather than the meter. Additionally, the taxi industry has requested fare flexibility for trips offered in advance by other third-party entities, such as international travel agencies. The ability for taxis to compete on fares in the marketplace is important to test through this pilot, particularly because customers will be offered a fare in advance and will be able to compare prices of similar services.

The original intent of the metered fare system was to provide price certainty and protection to customers. The SFMTA and other taxi regulators around the world utilize the meter fare system to ensure a functioning taxi market in which customers and drivers have certainty that the fare is transparent and equally applied to all customers. Although the fares are standardized and posted in every cab as well as on SFMTA's website, as the meter clicks up incrementally during the trip, riders may experience meter anxiety watching the fare increase based on time and distance, and some passengers may be confused about the additional fees for exiting the airport, fees for traveling long distances, and bridge tolls.

In the last decade, the emergence of Transportation Network Companies (TNCs), such as Uber and Lyft, upended customer expectations regarding trip pricing and certainty for on-demand trips. TNCs are regulated by the California Public Utilities Commission, which preempts nearly all local regulation of TNCs. TNCs allow customers to input their trip origin and destination into a mobile application and in return are given an upfront price for the trip, estimated time until pick up, estimated time of arrival to the rider's destination, and a live location of the vehicle.

The SFMTA updated the Taxi E-Hail requirements in mid-2021 to require functionality that customers have come to expect. Per the Transportation Code, all SFMTA permitted Dispatch Companies are required to affiliate with at least one approved Taxi E-Hail mobile application. The Taxi E-Hail requirements were originally promulgated in 2015 to establish criteria and performance standards for compliance. The updated Taxi E-Hail criteria include a requirement for approved apps to allow customers to input a pickup and drop off location. In return, apps are required to provide customers an estimated trip time and fare, based on the meter rate. Although Taxi E-Hail apps are required to provide a fare estimate, a taxi customer is not currently able to lock in that fare prior to taking the trip. The Pilot will allow this additional functionality and allow Taxi E-Hail apps the ability to offer customers an option to lock in the upfront fare.

Taxi customers will have the option of choosing the upfront fare through the Taxi E-Hail app or they may choose to request a cab through traditional phone dispatch or street hail and simply pay for the trip based on the meter amount. The upfront fare estimate generated for trips booked directly with Taxi E-Hail apps will still be based on the estimated meter amount, using an algorithm to calculate the fare based on distance and time. If the proposed amendments to the Pilot are approved, Taxi E-Hail applications will be allowed to dispatch trips that originate with third-party entities, which may offer upfront fares that are not based on Taximeter rates. Taxi trips generated by third-party entities will be considered taxi trips and must be compliant with all state and local taxi rules.

Proposed Transportation Code Revisions

Article 1100

Section 1124. TAXI FARES AND FEES, GATE FEES.

Staff is proposing that Section 1124(b)(5) be amended to: (1) expand the Taxi Upfront Fare Pilot Program to allow Taxi E-Hail applications to dispatch trips that originate with third-party entities, which may offer upfront fares that are not based on Taximeter rates and (2) extend the implementation date of the Pilot. The Pilot implementation date was originally established as six months after the effective date of the legislation. Due to the circumstances of the proposed amendment, the proposed legislation would also extend the implementation date of the Pilot by 90 days to allow staff to establish program rules regarding third-party dispatch trips.

STAKEHOLDER ENGAGEMENT

Taxi Services has engaged in a thorough stakeholder engagement process regarding the proposed Transportation Code changes. In continuing effort to remain open and transparent to the industry, staff discussed, and solicited feedback related to the proposed amendment to the Pilot at key stakeholder meetings including Color Scheme meetings, a Taxi Town Hall meeting, and a meeting with a representative group of Purchased Medallion Holders. Comments ranged from strong support for the proposed amendment to allow Taxi E-Hail apps to partner with third-party dispatch services, particularly from some Color Scheme representatives, to other industry stakeholders who raised concerns about potential negative impacts on taxi service. As staff plans for the implementation of the Pilot, the team will work to mitigate any potential negative impacts by addressing concerns in the program rules.

ALTERNATIVES CONSIDERED

SFMTA staff considered maintaining the status quo of the Pilot and requiring that all upfront fares offered through the Pilot match the Taximeter fare to the greatest extent possible.

FUNDING IMPACT

This Transportation Code amendment will not have an impact on SFMTA revenue.

ENVIRONMENTAL REVIEW

PAGE 5.

On February 25, 2022, the SFMTA, under authority delegated by the Planning Department, determined that the proposed Transportation Code legislation is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney has reviewed this report.

No other approvals are required.

RECOMMENDATION

Amending Transportation Code, Division II, Article 1100, Section 1124(b)(5) to expand the Taxi Upfront Fare Pilot Program to allow Taxi E-Hail applications to dispatch trips that originate with third-party entities, which may offer upfront fares that are not based on Taximeter rates and extend the implementation date of the Pilot.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The SFMTA would like to reform and modernize taxicab rules and regulations to ensure a high standard of public safety and customer service while updating requirements to better allow innovation and competition; and,

WHEREAS, On September 7, 2021, the SFMTA Board of Directors approved an Upfront Fare Pilot Program (Pilot) to test upfront fare concept which would provide customers a set fare in advance of a trip based on estimated meter rate; and,

WHEREAS, The SFMTA wants to expand the Pilot to test upfront fare concept using third-party dispatch entities, which would provide customers a set fare in advance of trip and extend the implementation date for the Pilot by 90 days; and,

WHEREAS, Taxi trips generated by third-party dispatch entities benefit San Francisco taxi riders and the taxi industry; and,

WHEREAS, The California Environmental Quality Act (CEQA) applies to “projects” that have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect change in the environment; and,

WHEREAS, On February 25, 2022, the SFMTA, under authority delegated by the Planning Department, determined that the proposed Transportation Code legislation is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors amend the Transportation Code, Division II, Article 1100, Section 1124(b)(5) to expand the Taxi Upfront Fare Pilot Program to allow Taxi E-Hail applications to dispatch trips that originate with third-party entities, which may offer upfront fares that are not based on Taximeter rates and extend the implementation date of the Pilot by 90 days.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 5, 2022.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

[Transportation Code – Taxi Fares Under the Upfront Fare Pilot Program]

Resolution amending the Transportation Code to remove the requirement that fares in the Upfront Fare Pilot Program be based on the estimated meter amount, and require that the Upfront Fare Pilot Program for taxi fares be implemented by August 5, 2022 rather than by an April 2022 date.

NOTE: Additions are single-underline Times New Roman;
deletions are ~~strike-through Times New Roman~~.

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 1100 of Division II of the Transportation Code is hereby amended by revising Section 1124, to read as follows:

SEC. 1124. TAXI FARES AND FEES; GATE FEES.

* * * *

(b) Taxi Fares.

* * * *

(5) Establishment of Upfront Fare Pilot Program. ~~By no later than August 5, 2022, within six months of the effective date of the resolution in SFMTA File No. _____, making numerous changes to Article 1100,~~ the Director of Transportation shall create a one-year Upfront Fare Pilot Program ("Pilot Program") intended to test the concept of providing customers with a flat rate fare estimate through an e-hail application. Under the Pilot Program, the customer will have the option of choosing the advance, upfront fare or paying for the trip based on the meter amount. The upfront fare estimate will be calculated using ~~based on the estimated meter amount, using an algorithm to calculate the upfront fare estimate based on trip distance and time.~~

* * * *

Section 2. Effective Date. This ordinance shall become effective 31 days after enactment. Enactment occurs when the San Francisco Municipal Transportation Agency Board of Directors approves this ordinance.

Section 3. Scope of Ordinance. In enacting this ordinance, the San Francisco Municipal Transportation Agency Board of Directors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the Transportation Code that are explicitly shown in this ordinance as additions or deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____
STEPHANIE STUART
Deputy City Attorney

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I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 5, 2022.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency