

*Best Practices Studies of Taxi Regulation
Managing Taxi Supply
Draft Report*

Presented to
Board of Directors
San Francisco Municipal Transportation Agency

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Background

- First of a series of studies. In three volumes:
 - Main Report: Managing Taxi Supply
 - Taxi User Surveys
 - Taxi Driver Survey
- Speaks to:
 - How many taxis?
 - How should medallions be issued? Who should get them?
- Still to come:
 - Meter Rates & Gate Fees
 - Enforcement and Administration
 - Equipment, Technology, Driver Training



Plan of Presentation

- How Many Taxis? Conclusion on shortage.
 - Uber, Lyft and SideCar not a solution.
 - Broader implications for city, public transit
 - Principles of a good solution
 - Plan for staged medallion issue.
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- Based on posted report (three volumes)
 - Main Report: Managing Taxi Supply
 - Taxi User Surveys
 - Taxi Driver Survey



Methodology

- Multiple lines of evidence
 - Stakeholder interviews (industry, tourism & hospitality, business associations).
 - Surveys – Users, drivers
 - Structural analysis of San Francisco industry
 - Peer city comparison
 - Hara Associates' taxi demand model
 - On-street observations
 - Previous studies & surveys



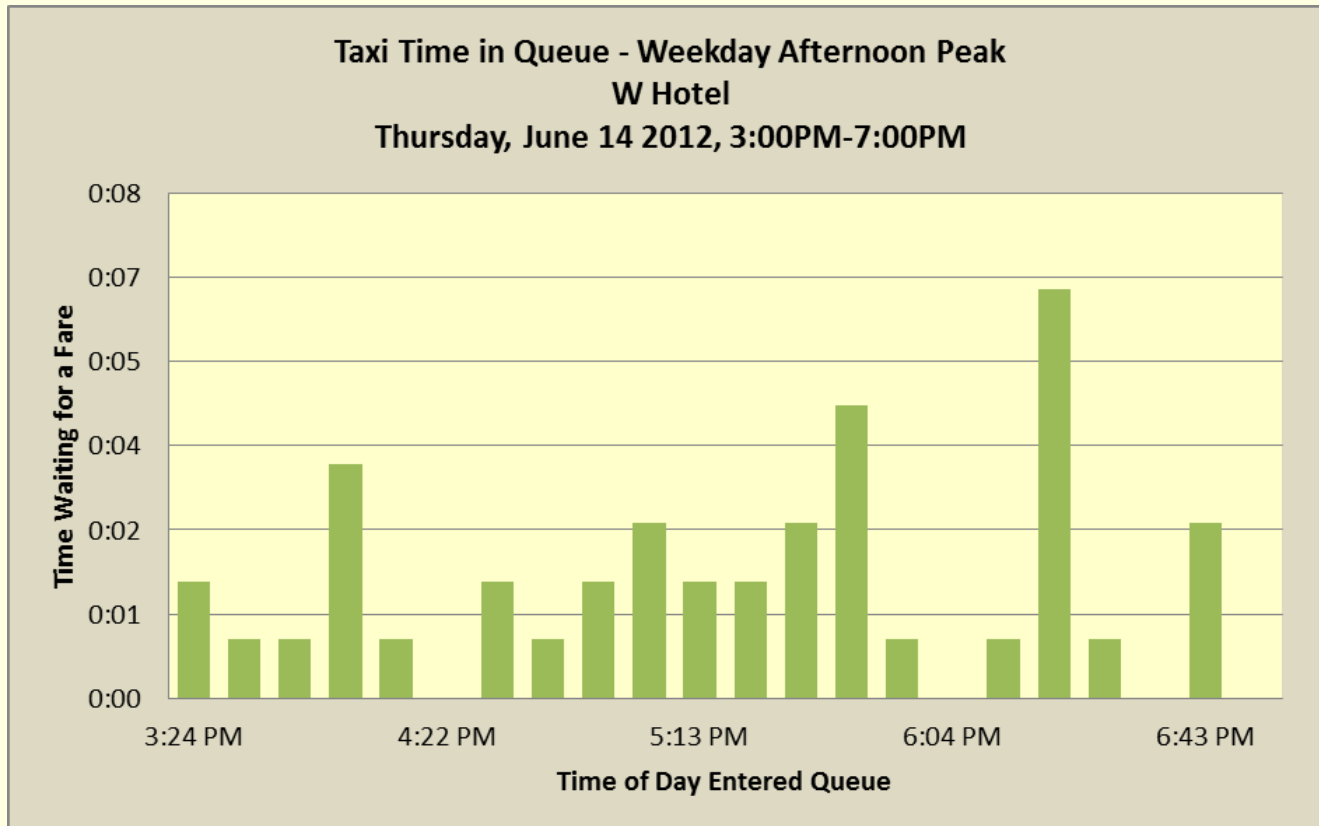
Taxi shortage

- What is a shortage? Supply should meet average peak. Will still be slack periods.
- San Francisco has a shortage. Evidence from multiple sources.



We can see shortage on the street

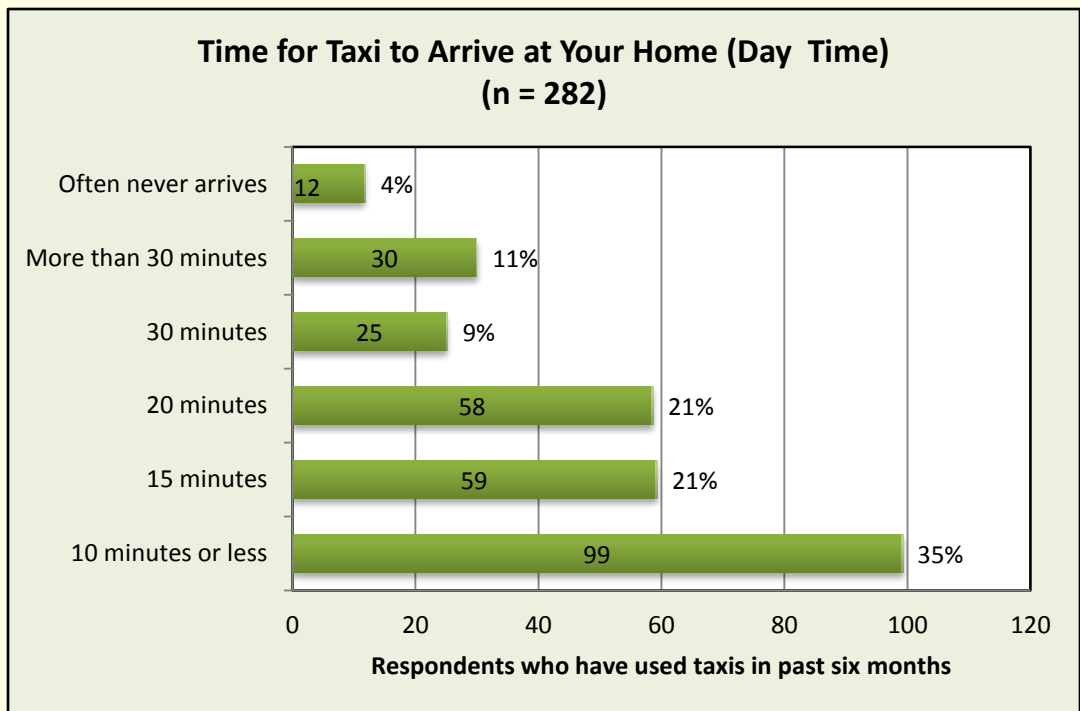
- Example from W hotel — afternoon peak
- Does not show 37 instances of customers and no taxis





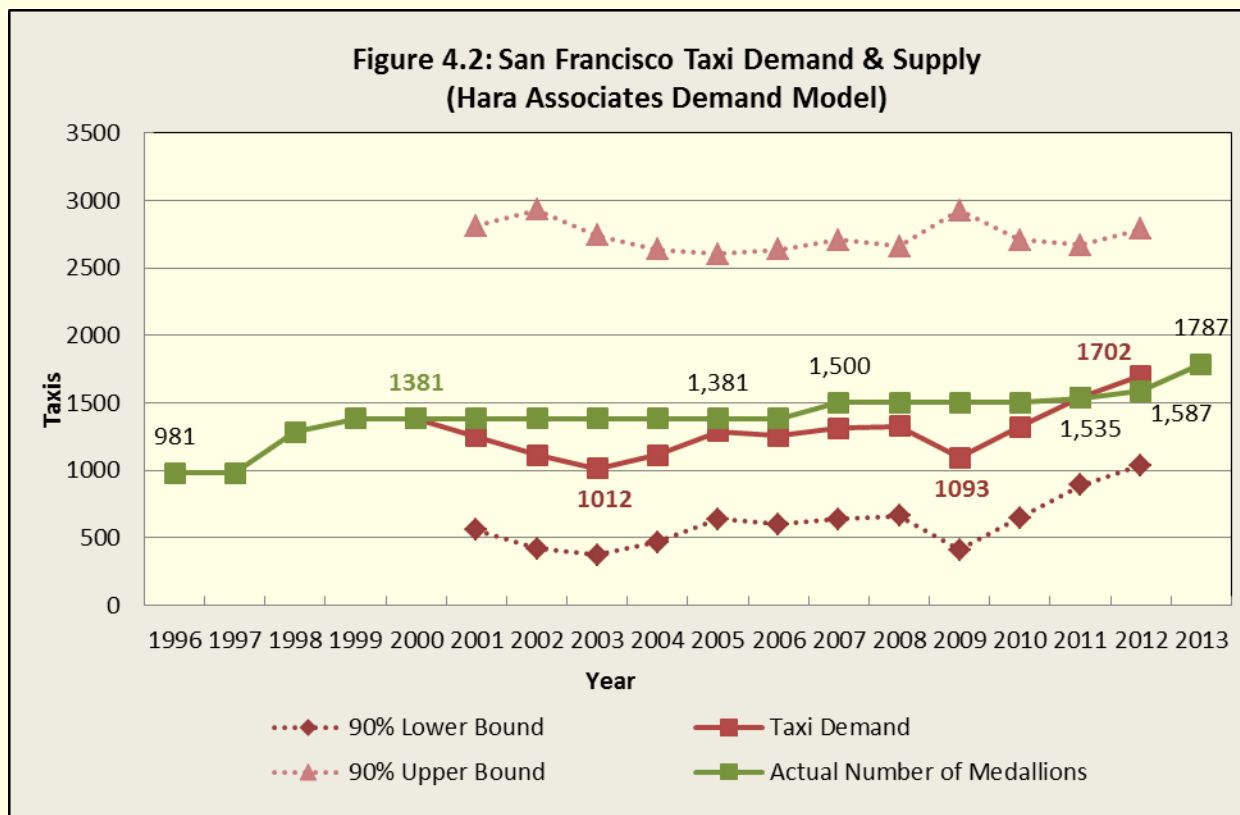
We can see in the failure of the dispatch market

- One out of four residents rate service to the home as “terrible” (one out five). Rises to 42% in one southern zone of the city.
- Only 56% experience 15 minute service during the *day* – compared to LA performance of 80% to 85% for all shifts. Again – worse in southwestern zone of city.





We can see in history of demand factors



- Demand up 23.2%, but taxis up only 14.9% (to 1,587)
- Interesting: Recent 200 medallions brings things into line with year 2000 conditions.



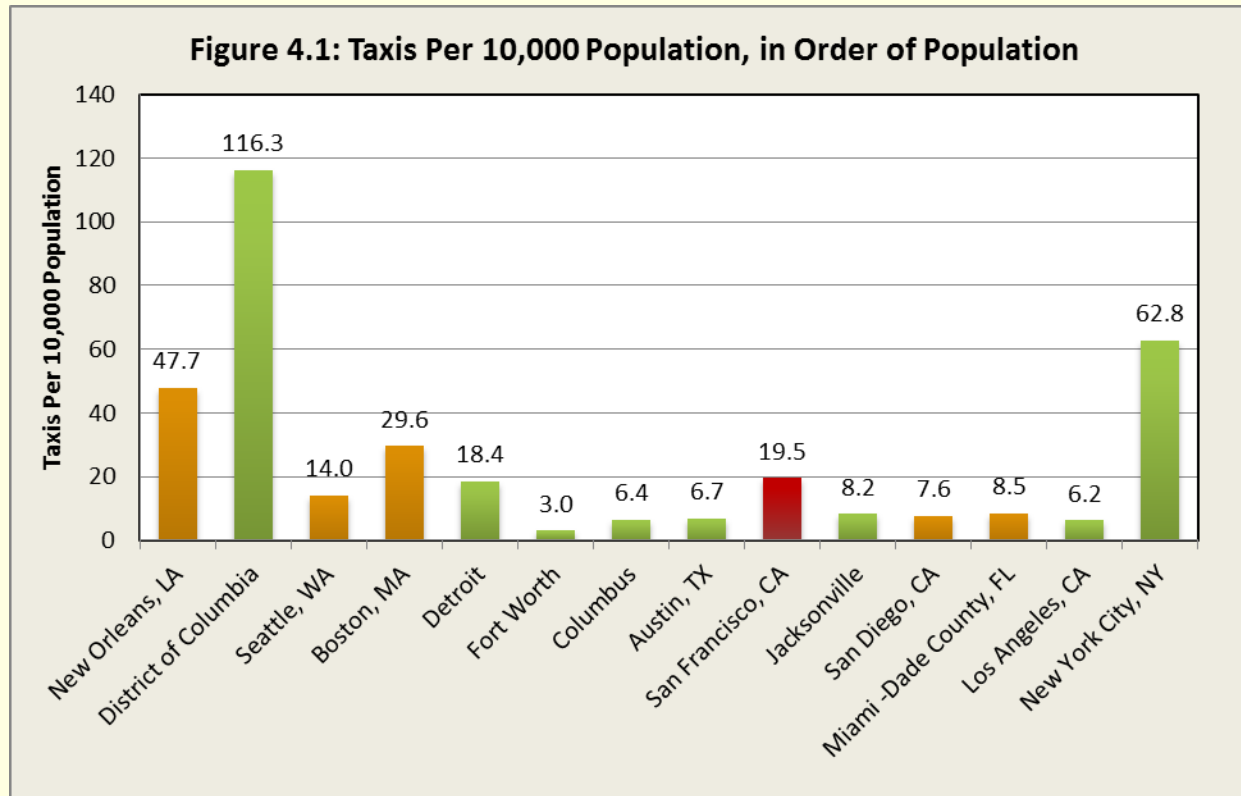
So . . . How many taxis?

- Year 2000 conditions not enough.
 - There was dispatch failure then too.
 - Limos and shared ride are assaulting taxi market share.
 - Risk of taxi market collapse to tourists and downtown core – then too many taxis – lower income and lower medallion values.
- You can't go back in time.
- Need to defend market by providing service.
- There is suppressed potential demand for reliable dispatch:
 - 44% of residents would take taxis for leisure purposes more frequently.
 - 41% would increase late night entertainment use of taxis.
 - 27% would take taxis to work more frequently.
 - “more likely to come to your home” the lead reason for limo use (90% of limo users)



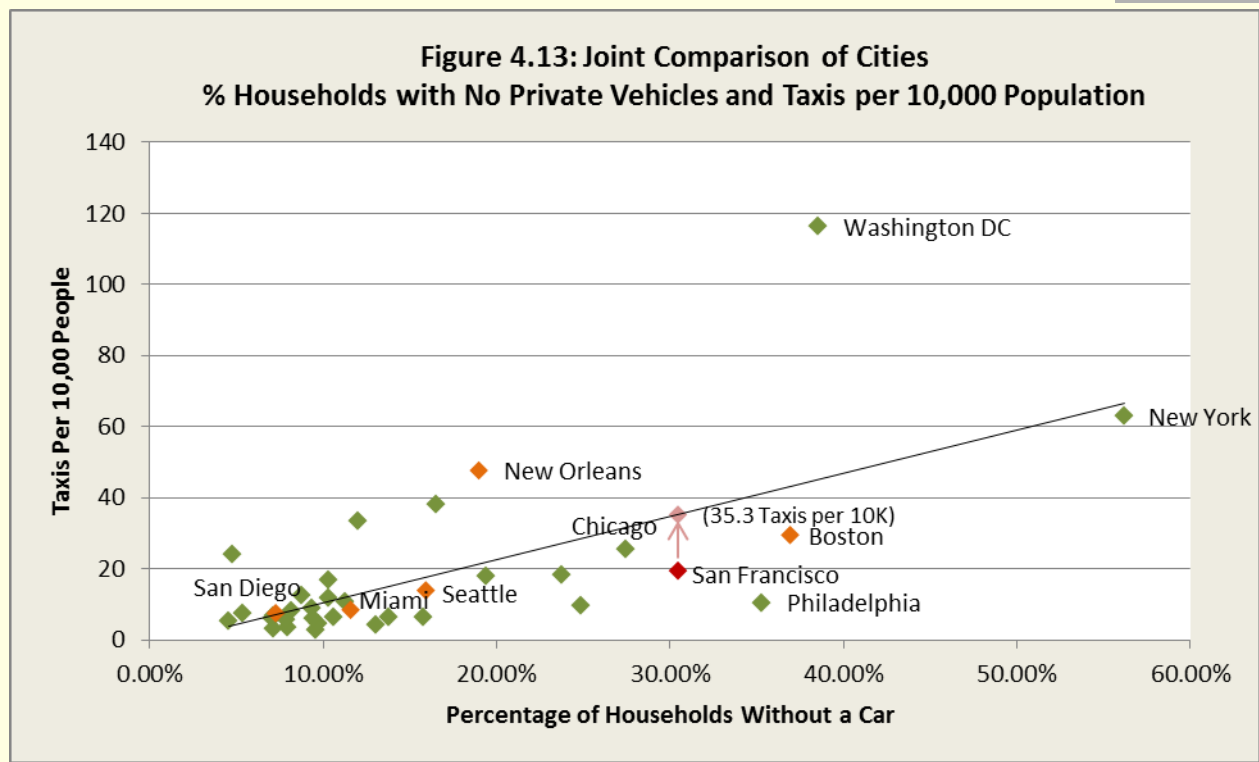
Comparing cities

- Many cities with higher taxis per capita than San Francisco, but also many lower.





Key Factor: levels of car ownership



- Average relationship suggests 90% increase!
- But for sustained taxi income and medallion value suggests roughly 50% (200 just issued plus 600 more)



But . . . Not all at once

- Adjustment a process of years.
- Medallion values (and related income) can be sustained and grow – examples from other cities expansion.
- Need to expand slowly, predictably
- Recommended new:
 - 2013 +120
 - 2014 +200
 - 2015 . . . Quantity governed by industry demand at the set transfer price.



Uber, SideCar & Lyft are not the solution

- Growth of limousine and shared ride a new phenomena – but they are not for everyone
 - Residential Survey: 83% of residents never use a limousine.
 - Residential Survey: Another 7% use limos at least once a month. Among regular limo users, 77% have used Uber
- Issues:
 - Cost
 - Safety—limousine regulation loose—based on historical assumption that the high income user knew their supplier
 - SideCar survey: 29% of customers would feel safer in a taxi.
- Only a matter of time before kidnapme.biz
- Taxis look the way they do around the world for a reason
- Taxis are a distinct and vital choice that residents and visitors expect



Survey of San Francisco residents

- Taxis affect many San Franciscans:
 - 73% use taxis
 - 36% use at least once a month
 - 8% use more than twice a week
- Used for many reasons, from going out at night (45%) to going to work (11%)



Broader economic implications of more reliable taxi service (Resident survey)

- Public Transit Use: 28% would take public transit more often if taxis were more reliable
 - 14% strongly agreed (5/5), 14% agreed (4/5)

- Car Ownership: 11% would you consider giving up one or more of their cars
 - 7% strongly agreed. 4% agreed

- Leisure Business Impact: 37% would go out more to movies, bars, restaurants etc.
 - 21% strongly agreed. 16% agreed.



How? Principles for a fair result

1. Customer demand is fulfilled with reliable and timely service;
2. The pace of expansion protects driver incomes and medallion values;
3. The owner-driver orientation of the system is maintained;
4. Those on the waiting list are treated fairly;
5. Fees charged to non-medallion drivers for medallion access remain fair;
6. Regulatory cost of managing the system is minimized;
7. There is an ongoing process for easily and transparently managing taxi numbers that is sensitive to changes in economic conditions and taxi demand.

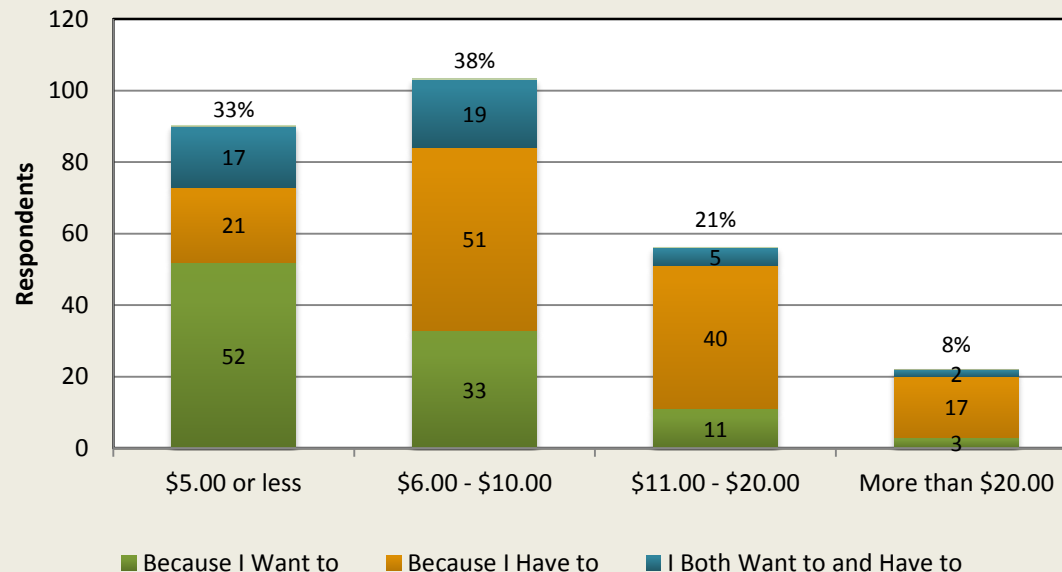


Background on principles: ... Tipping the dispatcher

- Many drivers feel forced to tip significant amounts.
- Worse for those outside official gate fees.

Figure 2.2: For a Friday or Saturday shift, about how much do you pay in tips to dispatchers, gas attendants, and other taxi company employees?

(n = 271)



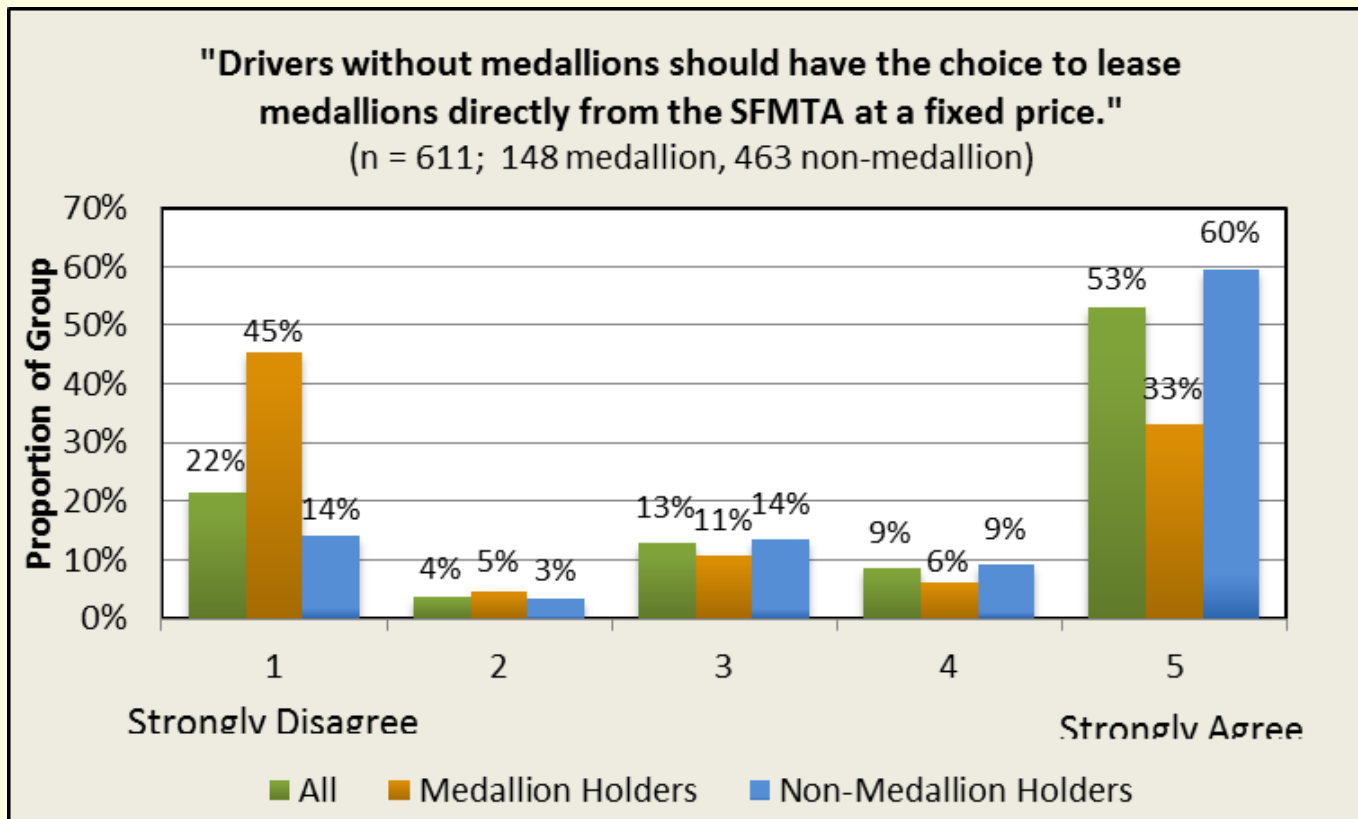


Recommendations:

- A. Right of first refusal for waiting list.
- B. Guaranteed price floor for medallions, minimum ten years.
- C. Experienced drivers first preference for medallion sale/transfer.
- D. Transfer price – restore \$250K.
- E. Drivers get option to lease medallion directly from SFMTA at fixed price.
- F. Part-time medallions (60 hours) preferred for medallion sale or lease.
- G. Limited option (up to 100) on company ramp medallions in 2014.



... Survey: majority of drivers want direct lease option





Feedback from Town Hall

- Resistance to expanding medallions, (but also minority support).
 - Felt better dispatch would solve the problem
 - Want better enforcement first
 - Concerned that income already fallen from challenge by limos & alternate services
- Dispute over two price lease prices
- Suggestion of conflict of interest
- Concern over direct leasing, impact on medallion buyer, SFMTA getting too active.
- Want to know more on leasing of single operator permits
- Wanted more emphasis on cost-squeeze on companies.
- Wanted more on meter rates and lease rates
- Suggestions on company accountability with ramp taxis



Conclusion

- We expand taxis to meet customer need, but in a way that stabilizes taxi income and medallion value.
- We defend the taxi market and preserve an option that people need and want.
- We preserve the owner-driver system.
- We give drivers another option for medallion leasing that improves their bargaining position.



Thank you!
