

**THIS PRINT COVERS CALENDAR ITEM NO. : 13**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Taxis and Accessible Services

**BRIEF DESCRIPTION:**

Requesting the Board of Directors to authorize the Director of Transportation to waive new taxi driver permit application fees until April 1, 2014; to retroactively approve the waiver of new driver permit application fees from December 18, 2013 through February 21, 2014; and requesting the Board of Directors to authorize an extension of the moratorium on new color scheme and dispatch service permits through December 31, 2014.

**SUMMARY:**

- All taxi companies are reporting a shortage of taxi drivers in San Francisco.
- The shortage of drivers is due in part to competition from other for-hire transportation services, especially Transportation Network Company (TNC) services.
- The shortage of drivers is also due to the addition of 120 new medallions in 2013, with each new taxi requiring four or five drivers to keep the shifts filled.
- Staff requests authorization to waive the \$155.50 new driver permit application fee in order to attract new drivers to drive San Francisco taxis.
- The Director of Transportation issued a moratorium on new color scheme and dispatch service permits on October 24, 2012 which expired on October 24, 2013.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

**DATE**

**DIRECTOR** \_\_\_\_\_

1/13/14

**SECRETARY** \_\_\_\_\_

1/13/14

**ASSIGNED SFMTAB CALENDAR DATE:** January 21, 2014

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### **PURPOSE**

Requesting the Board of Directors to authorize the Director of Transportation to waive new taxi driver permit application fees until April 1, 2014; to retroactively approve the waiver of new driver permit application fees from December 18, 2013 through February 21, 2014; and requesting the Board of Directors to authorize an extension of the moratorium on new color scheme and dispatch service permits through December 31, 2014.

### **GOAL**

1. Create a safer transportation experience for everyone.  
Objective 1.3: Improve the safety of the transportation system.
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.
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.
4. Create a workplace that delivers outstanding service.  
Objective 4.4: Improve relationships and partnerships with our stakeholders.

### **DESCRIPTION**

#### Waiver of New Taxi Driver Permit Application Fee

All taxi companies are reporting a shortage of taxi drivers in San Francisco. This shortage of drivers is due in part to competition from other for-hire transportation services, especially Transportation Network Company (TNC) services. The shortage of drivers is also due to the addition of 120 new medallions in 2013, with each new medallion requiring four or five drivers to keep the shifts filled. The shortage is likely to become even worse after the holidays, which is typically a slower season when many taxi drivers take time off.

Staff requests authorization to waive the \$155.50 new driver permit application fee in order to attract new taxi drivers. This waiver would be in effect between December 18, 2013 and March 31, 2014. The Board's retroactive approval of the waiver of application fees is also requested for the period between December 18, 2013 and February 21, 2014.

New taxi driver permit applicants will still have to pay for private taxi school and the cost of their LiveScan criminal background check and 10-year DMV history.

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Moratorium on Issuance of Permits

Staff requests the Board's authorization to extend a moratorium on the issuance of new dispatch service and color scheme permits through December 31, 2014.

The original moratorium was published on October 24, 2012, pursuant to the authority of Transportation Code Section 1103(i), which provides:

The Director of Transportation may impose a moratorium on the issuance of new Color Scheme Permits or Dispatch Service Permits upon his or her determination that the issuance of such permits will not serve the public interest. The Director of Transportation shall notify the Board of Directors immediately upon making such a determination. The notification . . . shall include the reasons for the Director's determination that issuance of new permits will not serve the public interest . . . . In no event shall such a moratorium last for more than a year without the approval of the Board of Directors.

The notice stated that the public interest would not be served by issuing new color scheme permits because there are already too many companies competing for a limited number of medallions, and that the public interest requires all taxi companies to have adequate revenues to acquire safe, quality vehicles and to have those vehicles appropriately insured, including Workers' Compensation insurance for injured drivers. Restricting company revenues by making it difficult to attract an adequate number of medallions tends to lead to purchase of inferior vehicles, deferred maintenance, overcharging drivers and avoiding insurance coverage requirements. The factors supporting issuance of a moratorium on new colors scheme permits in October of 2102 have not changed, so the moratorium continues to serve the public interest.

The October 2012 moratorium also halted the issuance of new dispatch service permits on the grounds that the public has too many dispatch phone numbers to choose from, and an inadequate supply of taxis at a particular dispatch company makes it less capable of responding requests for service. In addition, the Board recently adopted amendments to Section 1107 of the Transportation Code that requires all dispatch service permit holders to affiliate with at least 75 medallions over the next year, and to affiliate with at least 100 medallions by the end of 2015. That regulation also requires dispatch service permit holders to handle an average of at least 375 dispatch requests per day, and complete at least 3.75 dispatch service requests per medallion per day. The issuance of new dispatch service permits will make it more difficult for existing permit holders to meet these requirements by spreading the dispatch demand among more dispatch permit holders. The factors supporting issuance of a moratorium on new dispatch service permits in October of 2102 have not changed, so the moratorium continues to serve the public interest.

In accordance with Transportation Code Section 1103(i), staff requests the Board to extend the moratorium on the issuance of new dispatch service and color scheme permits through December 31, 2014.

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**ALTERNATIVES CONSIDERED**

In the current fiscal year through December 18, 2013, new driver permit applicants all paid the SFMTA permit application fee of \$155.50 to become a new San Francisco taxi driver. Because of the urgency of the driver shortage, the Director of Transportation, in consultation with the City Attorney's Office, authorized waiving the application fee and directed staff to prepare this request for authorization and retroactive approval of the waiver.

Failing to extend the moratorium on new color scheme and dispatch service permits would be counter-productive to the agency's efforts to regulate the taxi industry in a manner that results in the taxi supply being efficiently utilized and allows the industry participants a reasonable rate of return on their investments.

**FUNDING IMPACT**

The waiver of new taxi driver permit fees between December 18, 2013 and March 31, 2014 is anticipated to result in collecting \$57,000 less in permit fees during the current fiscal year, based on historical applicant volumes.

The moratorium on the issuance of new dispatch service and color scheme permits would result in foregoing fees of between \$1800 and \$6,600 per new dispatch service or color scheme permit (depending on the size and type of the requested permit) that might have otherwise been issued to an applicant.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

None.

**RECOMMENDATION**

That the Board of Directors authorize the Director of Transportation to waive new taxi driver permit application fees until April 1, 2014; to retroactively approve the waiver of new driver permit application fees from December 18, 2013 through February 21, 2014; and requesting the Board of Directors to authorize an extension of the moratorium on new color scheme and dispatch service permits through December 31, 2014.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

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

WHEREAS, All taxi companies are reporting a shortage of taxi drivers in San Francisco; and,

WHEREAS, The shortage of drivers is due in part to competition from other for-hire transportation services and in part to the addition of 120 new medallions in 2013; and,

WHEREAS, Staff requests authorization and retroactive approval of the waiver of the \$155.50 new driver permit application fee in order to attract new drivers to drive San Francisco taxis; and,

WHEREAS, The Director of Transportation issued a moratorium on new color scheme and dispatch service permits, which expired on October 24, 2013, and

WHEREAS, It is in the public interest to limit the number of color scheme and dispatch service businesses in order to improve safety and service; and

WHEREAS, In accordance with Transportation Code Section 1103(i), staff requests the Board authorized extension of that moratorium until December 31, 2014; now, therefore, be it

RESOLVED, That the Board of Directors authorizes the Director of Transportation to waive new taxi driver permit application fees through March 31, 2014, and retroactively approves the waiver of new driver permit application fees from December 18, 2013 through February 21, 2014; and, be it further

RESOLVED, That the Board of Directors authorizes the Director of Transportation to extend the moratorium on issuing new color scheme or dispatch service permits through December 31, 2014.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of January 21, 2014.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency