



MEMORANDUM

DATE: March 23, 2017

TO: Ed Reiskin
Director of Transportation

FROM: Kate Toran *Kate Toran*
Director of Taxis and Accessible Services

SUBJECT: Driver Fund Program

Background:

The Driver Fund was established in August 2010 at the same time the SFMTA Board of Directors approved the implementation of the Taxi Medallion Sales Pilot Program. The intention was to establish the Driver Fund purpose of improving the quality of life of the taxi drivers, particularly those taxi drivers who are not Medallion Holders.

The SFMTA makes contributions to the Driver Fund upon retransfer of a transferable medallion and through a dedicated portion of the monthly use fee for 8000-series medallions. The contribution from the retransfer fee is \$12,500, which is 5% of the medallion transfer price, and the contribution from the monthly use fee for 8000-series medallions is \$100. There is currently \$4.7M in the Driver Fund.

In 2013, staff set out to develop a more specific plan for the Fund. Initially, staff explored the concept of using the Driver Fund to assist drivers with some form of healthcare coverage. Research showed that comprehensive healthcare would not be sustainable for such a large driver population, but that basic vision and dental coverage may be feasible. Outreach meetings were held with taxi industry members and a driver survey was conducted to solicit feedback on the concept of using the Fund to provide vision and dental care. The consensus at that time was that vision and dental benefits were a desired use of the Fund.

After an extensive outreach and research process, Taxi Services released a Request for Proposals (RFP) to solicit services for a vision and dental benefit facilitator. Only one response was received which was not considered responsive.

After this unsuccessful RFP process, staff re-evaluated the feasibility of providing vision and dental benefits through the Driver Fund, because of both the lack of responses to the solicitation and the diminishing flow of contributions to the Fund related to the softening demand for medallions.

Given the new context, staff, working through the Taxi Task Force, established a Driver Fund Advisory Panel. The Advisory Panel was created to solicit input regarding the potential uses for the fund.

Outreach:

At the October 5, 2016 Taxi Task Force Subcommittee, the group discussed forming a Driver Fund Advisory Panel. The meeting consisted of Taxi Task Force members and general industry members. The group had an initial discussion on ideal number of Panel members, (13 at the time), the Panel's goal and overall recommendation process. The attendees agreed to recommend to the Taxi Task Force Committee members to vote to approve moving forward with the formation of a Driver Fund Advisory Panel.

At the October 12, 2016 Taxi Task Force Committee meeting, the members further discussed the formation of a taxi industry Driver Fund Advisory Panel, including clarifying goals, determining the process for participation and roles, and identifying parameters and steps for implementation. The Committee voted to approve the Advisory Panel formation plan.

A notice of formation of Driver Fund Advisory Panel was distributed on October 13, 2016 to the taxi industry via SFMTA's taxi email outreach lists, approximately 500 taxi industry members. The email notice was also emailed to all Color Schemes with instruction to make available to their drivers and/or post where the notice would be visible to all drivers. The notice solicited interested panelists with a deadline of October 27, 2016. SFMTA received 25 responses from interested taxi industry representatives. On November 9, 2016 the Taxi Task Force Committee voted to allow all interested parties who responded by the deadline to be included on the Advisory Panel. Parameters were set, including that all recommendations from the new advisory group are subject to final vote for approval by the Taxi Task Force.

The Driver Fund Advisory Panel met three times and all meetings were publicly noticed and open to the public. The Advisory Panel members discussed the possible uses of the Fund and at the third meeting voted to rank the top three recommendations. The three recommendations are:

1. waive drivers' annual renewal fees for one year
2. fund a PR/Advertising campaign for the taxi industry
3. payout the fund to drivers in amounts based on history and/or seniority.

The panelists requested that a survey be distributed via email to the driver population to gauge their preferences on the three options. The taxi Outreach email group list had recently been updated to include all driver email addresses from the GTMS driver data system and therefore the survey was emailed to 3,695 drivers on January 19, 2017 and was open for five days. 504 drivers completed the survey. Waiving drivers' renewal fees was the highest ranked recommendation, monetary payout to drivers ranked second and PR/Advertising campaign ranked third. SFMTA also received 144 emails with recommendations on the use of the Fund. 71% of the emails received recommended a payout to drivers. See Appendix I for survey and email recommendations summary.

A Taxi Town Hall meeting was held on January 31, 2017 to provide an additional forum for drivers and taxi industry members to provide recommendations for the use of the Driver Fund. There were approximately 75 industry representatives in attendance. The input received was generally split along a driver/medallion fault line – drivers indicated that they would prefer the cash payout distributed to all drivers, medallion holders indicated that they would prefer that the money be targeted to medallion holders who purchased a transferable medallion. Some recommended that the

taxi industry should benefit as a whole from the Fund and that targeting an awareness campaign of the taxi industry could help all sectors of the industry and could have a lasting positive impact.

On February 1, 2017 the Driver Fund Advisory Panel met to review survey and email results and Taxi Town Hall responses. The Advisory Panel voted 6-3 to recommend to the Taxi Task Force that the Fund be used to waive drivers' renewal fees, and to allot 20% of the fund to PR/Advertising campaign for the taxi industry. On February 8, 2017 the Taxi Task Force Committee voted 10-3 to approve the Advisory Panel recommendation.

Taxi Task Force Recommendation:

To use the Driver Fund to pay for one year of taxi driver permit renewal fees and to use 20% of the Fund toward PR/Advertising campaign for the taxi industry. The estimated cost to pay for taxi driver permit renewal fees for fiscal year 2017-18 is \$660,000 based on 5,460 current active A-Card holders. The estimated cost for the PR/Advertising campaign is \$940,000 based on a straight 20% calculation of the total amount of funding available. There would be a remaining balance of approximately \$3.1M.

Staff concerns:

SFMTA received considerable feedback directly from taxi drivers supporting the driver payout option and should be included in the final recommendation. This could be resolved by using the remaining \$3.1M on the driver payout option.

Additionally, PR/Advertising may not meet the original intent of the Driver Fund and may not have the desired outcome. A PR/Advertising campaign may not directly benefit drivers. Staff is also concerned about the oversight and management of the PR/Advertising contract. This would likely require a competitive solicitation process that staff would have to oversee as there is no industry body that could manage the project. There are limited staff resources and it may not be the best use of staff time to manage this process. The PR/Advertising contract would have to benefit the entire industry, and not just a few industry stakeholders.

Alternative recommendation:

1. Hybrid approach – implement the two Taxi Task Force recommendations and use the balance (approximately \$3.1M) to payout the drivers.

Or

2. Given the complicated administrative requirements associated with PR/Advertising, distribute the entire Fund to drivers.

Staff Recommendation:

- Distribute the entire Fund balance to drivers

This provides the most direct benefit to drivers and is directly aligned with the original intent of the Fund. A sample mock-up of what a cash-out scenario may look like is below.

The seniority categories are based on a breakdown of a three-tier program. Tier 1 includes drivers who first received A-cards from 2011 to present day. Tier 2 includes drivers who first received A-cards from 1999 to 2010. Tier 3 includes drivers who first received A-cards prior to 1999.

The sample below shows the approximate cost and payout amounts for two scenarios including:

1. Cost of allotting 20% for advertising and cost for waiving driver renewal fees for 1 year, with a cash payout of the remaining 3.1+ mm in the driver fund.
2. A cash payout of the full 4.7 mm driver fund.

			Advertising 20%	\$ -	\$ 940,000.00
Based on A-Card Seniority List and Active Drivers in GTMS			Waive A-card Fee	\$ -	\$ 658,894.00
Number of Active Drivers: 5,468			Cash Payout	\$ 4,700,000.00	\$ 3,101,106.00
Active drivers	% by A-card date	Number of Drivers	3-Tier Payout	Payout Full Fund	Waive Active Driver A-card Fee
2011-2014	33%	1782	22.2%	\$ 586	\$ 387
1999-2010	34%	1878	33.3%	\$ 834	\$ 551
<1999	33%	1809	44.4%	\$ 1,155	\$ 762
				\$ 4,700,000	\$ 4,700,000

Next Steps:

If you concur with the staff recommendation, next steps will include working with the Taxi Task Force to further develop the payout details, including the tier structure, and bringing the item to the SFMTA Board for approval.