M E M O R A N D U M

TO:　　　　　　San Francisco Taxi Industry Members and Interested Parties

THROUGH:　　Jeffrey Tumlin
　　　　　　　　Director of Transportation

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　　　　　　　　Director of Taxis, Access & Mobility Services Division

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SUBJECT:　　Taxi Upfront Fare Pilot Program Update

In September 2023, the SFMTA Board extended the Taxi Upfront Fare Pilot (Pilot) term to June 30, 2025. The extended term of the Pilot will provide more time for the service to ramp up, for more participants to participate in the Pilot, and for staff to measure and analyze Pilot outcomes. Staff will be able to conduct year-over-year comparisons to evaluate any changes in the Pilot's effectiveness within the Pilot term.

This memorandum updates the Pilot term and revises certain metrics, program rules and requirements, and application process during the extension period, December 1, 2023, through June 30, 2025.

Introduction

In September 2021, the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors (Board) authorized the Director of Transportation to create a one-year Upfront Fare Pilot Program (Pilot), allowing taxi E-Hail[1] application (Taxi E-Hail App) providers to offer taxi customers the option to book a taxi trip through the Taxi E-Hail App and pay a flat rate upfront fare instead of paying the Taximeter amount at the end of the trip. Under the Pilot, the upfront fare offered to taxi customers through a Taxi E-Hail App must be based on the estimated Taximeter amount and is intended to closely match the cost to the customer of a fare based on the Taximeter rate.

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[1] Any capitalized terms that are not otherwise defined herein shall have the meaning ascribed in Article 1100 of the San Francisco Transportation Code.

Subsequent to SFMTA Board approval in September 2021, during the development of the initial Pilot program rules, key taxi industry stakeholders requested that the SFMTA allow Taxi E-Hail Apps 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. This requested expansion of the Pilot program required an amendment to the Transportation Code, which was approved by the SFMTA Board in April 2022.

The Pilot allows two types of trips:

1. **Taxi Pilot Trips** have the following characteristics:
    - originates with a customer ride request through a Taxi E-Hail App
    - dispatched by a Taxi E-Hail App
    - provided by a permitted San Francisco taxi driver in a permitted SF taxi vehicle
    - upfront fare is based on the estimated Taximeter amount

2. **Third-Party Pilot Trips** have the following characteristics:
    - originates with a customer ride request through a third-party entity (Third-Party Provider)
    - transferred to a Taxi E-Hail App
    - dispatched by a Taxi E-Hail App
    - provided by a permitted San Francisco taxi driver in a permitted SF taxi vehicle
    - upfront fare is **not** required to be based on the estimated Taximeter amount

The initial Pilot rules were established in August 2022, and this memo serves as an update effective December 1, 2023 through June 30, 2025. The program rules may be updated from time to time, and the SFMTA will provide 30-day written notice of changes to the rules.

Pilot Goals and Metrics

Goals: Desired Outcomes

The SFMTA identified six main goals for the Upfront Fare Pilot to guide implementation and craft metrics to determine the success of the Pilot. These goals remain the same for the Pilot extension period and are summarized below:
1. Improve taxi customer service by:
    - Offering upfront fare estimates and booking through the Taxi E-Hail App
    - Relieving meter anxiety for customers by providing price certainty for taxi trips
    - Allowing customers the ability to price shop for similar on-demand services

2. Increase taxi trips, which have experienced significant decline since the rise of TNCs in San Francisco, and more recently during the pandemic, which further decimated the taxi industry, reducing trip volumes by 70% on average
3. Maintain a consistent level of service for traditional taxi trips, including Paratransit taxi trips, while allowing Third-Party Pilot Trips
4. Increase taxi drivers' fare income
5. Increase the number of permitted taxi drivers currently offering service to the public
6. Ensure that Taxi Pilot Trip fares closely match the Taximeter rates

Metrics: Measuring Success

During the term extension, the SFMTA will continue to collect and monitor the Pilot data, including data from Taxi Pilot Trips and Third-Party Pilot Trips, driver fare income, and other relevant data to help measure the success of the Pilot in meeting the stated goals. Staff may also use the data to identify areas of concern, assess participant compliance, and as a basis to update program rules. Some metrics do not have a specific numeric target, but simply describe the data that will be collected. This is due to the fact that the Pilot is novel, and there may be multiple variables associated with the enumerated metric. Because of the open-ended nature of some of the metrics, staff will provide quarterly reports on all metrics to transparently share relevant data. Based on key stakeholder feedback and staff assessment, metrics and targets have been and may continue to be updated during the Pilot term.

Goal 1: Improve customer service

Metric 1A: Track the total number of Pilot trips

The total number of Pilot trips is a proxy for customer satisfaction with the Pilot. During the term extension, staff will track the total number of Pilot trips and will compare year-over-year changes within the Pilot term. There are two distinct types of Pilot trips: 1) Taxi Pilot Trips and 2) Third-Party Pilot Trips. Staff will track both types of Pilot trips to understand the change over time for each trip type.

This metric has changed slightly from the original policy memo that established the Pilot. Staff updated the original metric, which was "Increase E-Hail App Trips by 10%," because not all Taxi E-Hail App providers are participating in the Pilot and the intent of this metric is to track satisfaction with the Pilot. Therefore, the metric was updated to track the total number of Pilot trips, which provides a more targeted proxy measure of customer satisfaction. Based on feedback from the taxi industry, staff will also track and report the total number of Taxi E-Hail App trips.

Metric 1B: Complaints

The SFMTA tracks the number of complaints by taxi drivers and customers regarding Pilot trips. Staff also track the total number of complaints, comparing the number received prior to the Pilot's launch and the number received during the Pilot term.

Metric 1C: Geographic distribution of Pilot trips

Tracking the geographic distribution was not an official Pilot metric during the initial Pilot term, although the SFMTA did track and report on the geographic expansion of taxi service within the city as a measure of the Pilot's impact on customer service in the city. During the Pilot term extension, staff has added geographic distribution of Pilot trips as a metric. The SFMTA will measure the expansion of service by comparing the geographic distribution of pick-up locations for Third-Party Pilot trips with non-Pilot taxi trips, focusing specifically on the percentage of trips originating in outlying areas of the city.

Goal 2: Increase taxi trips

Metric 2A: Increase total taxi trips by 10%

The SFMTA tracks the total number of taxi trips with a goal of increasing total taxi trips by 10%.

Goal 3: Maintain a consistent level of service for traditional taxi trips, including Paratransit taxi trips

Metric 3A: Taxi trips by hail type

The SFMTA assesses the impacts, if any, of Third-Party Pilot Trips on traditional taxi trips, including street hails and phone dispatch trips, by analyzing the distribution of trips by hail type before and during the Pilot term.

Metric 3B: Paratransit taxi trips

Staff analyzes the relative proportion of paratransit taxi trips to all taxi trips before and during the Pilot term to help assess potential impacts of the Pilot. During the Pilot term extension period, the SFMTA will explore the possibility of tracking additional metrics related to the impact on paratransit trips, such as:

- Changes in the service patterns of drivers who service Paratransit trips and also participate in the Pilot
- Change in the level of paratransit service provided at specific times of day

Goal 4: Increase taxi driver fare revenue

Metric 4A: Increase participating taxi driver fare revenue by 10%

The SFMTA has updated this metric to specify that the increase in taxi driver fare revenue is specific to drivers who participate in the Pilot. Fare revenue is the base amount charged to the customer for a trip, excluding tip, airport fees, baggage fees, out-of-town fees, tolls, and any other associated fees. These additional customer costs are not reported to SFMTA consistently enough to generate reliable data, and therefore are not included in our analysis. Fare revenue also excludes any calculation of color scheme or other operational fees, such as those charged by the app provider or Third-Party Pilot app. Calculating net driver income requires an in-depth analysis of taxi driver costs, and staff is developing a work plan to conduct this analysis as part of the final Pilot report.

Although fare revenue is not equivalent to the final amount received by the driver, it is the most reliable indicator of driver revenue available to SFMTA given current data reporting protocols.

The SFMTA will continue to report on taxi driver income for all drivers as this is of general interest and will provide a point of comparison to drivers that participate in the Pilot.

Goal 5: Increase the number of taxi drivers

Metric 5A: Increase the number of active taxi drivers in service

Active drivers in service are defined as drivers who have provided at least one trip during the period of analysis. Tracking the number of active drivers in service helps SFMTA assess whether more drivers are actively working during the Pilot term as compared to prior. While there are many factors external to the Pilot that may impact this metric, it is important for SFMTA to track this metric as one measure of the Pilot's success.

Metric 5B: Increase the number of new taxi drivers

The SFMTA tracks the number of new taxi drivers, assessing for an increase in the total driver pool. There is not a specific target for this metric due to the many exogenous factors that may impact the driver pool, but changes in the number of drivers during the Pilot will be tracked.

Metric 5C: Increase the number of drivers participating in the Pilot

In the Pilot term extension period, the SFMTA added this metric to track the number of drivers participating in the Pilot. Staff will track driver participation in both the Taxi Pilot Trips and the Third-Party Pilot Trips, as well as drivers who participate in both types of Pilot trips.

Goal 6: Ensure that Taxi Pilot Trip fares closely match the Taximeter rates

Metric 6A: Taxi Pilot Trip fares should be within 10% of the Taximeter rate on average

The SFMTA assesses how closely the Taxi Pilot Trip fares match the estimated Taximeter rate for those trips. On average, Taxi Pilot Trip fares should be within a10% range of the Taximeter.

Third-Party Pilot Trips are not required to adhere to Taximeter rates, but the SFMTA tracks how those fares compare to Taximeter rates on average, for informational purposes.

Quarterly Meetings with the Taxi Industry

Staff will continue to hold quarterly outreach meetings with the taxi industry during the Pilot to solicit feedback. The taxi industry generally has expressed strong support for the Pilot, particularly for Taxi Pilot Trips, but SFMTA staff has received mixed feedback from key stakeholders regarding Third-Party Pilot Trips, with some strongly in support and some strongly opposed. To address the opposition to Third-Party Pilot Trips, SFMTA established a requirement that taxi drivers must have an option to opt out of providing those trips and they cannot be penalized for doing so.

There are many outstanding questions about the Pilot because it embraces a new approach to taxi fare issuance and payment for both Taxi Pilot Trips and Third-Party Pilot Trips. Therefore, it is important for SFMTA staff to continue holding open, quarterly meetings for stakeholders to provide ongoing feedback during Pilot implementation. As noted above, Pilot rules may continue to be adjusted, as needed, to address unanticipated negative outcomes. Should the SFMTA make rule changes during the term of the Pilot, SFMTA will provide no less than 30 calendar days' notice.

In response to requests from the taxi industry, the SFMTA will also add additional analyses to the quarterly reports that are not tied to metrics but are of interest to the industry, such as:
- Fare revenue broken down by medallion type
- Distribution of Third-Party trips by time of day and day of week

Program Rules

Participation in the Upfront Fare Pilot is optional for Taxi Color Schemes, Dispatch Services, and Taxi E-Hail Apps. However, if a Taxi E-Hail App applies to participate in the Pilot, all affiliated Dispatch Services and Color Schemes must participate and agree to comply with the terms of the Pilot. The SFMTA requires these entities (i.e., Taxi E-Hail App, and affiliated Dispatch Service and Color Schemes) to agree to participate collectively so that all rides hailed from a particular Taxi E-Hail App offer the same customer service and functionality.

The only Pilot rule that has been updated for the term extension period is #18 in the Pilot Participation Requirements section regarding service to the San Francisco International Airport.

 All Pilot applications are subject to the approval of the SFMTA.

Application Requirements

1. An application to participate in the Upfront Fare Pilot must be submitted jointly by Taxi E-Hail App provider and any affiliated Dispatch Service.
2. The Taxi E-Hail App must be SFMTA-approved.
3. All affiliated Dispatch Services and Color Scheme Permit Holders must be in good standing with the SFMTA to be considered eligible for Pilot participation.
4. Applicants must demonstrate their ability to comply with SFMTA's data and transmission requirements for Taxi Pilot Trips and Third-Party Pilot Trips. Data requirements for both Taxi Pilot Trips and Third-Party Trips are enumerated in the taxi API specifications. Transmission specifications for Taxi Pilot Trips are also included in the taxi API. Transmission requirements for Third-Party Trips are enumerated in Rule #22 below.
5. Taxi E-Hail App must demonstrate that taxi drivers have the ability to opt out of servicing Third-Party Pilot Trips on a universal or per-trip basis.
6. If the Taxi E-Hail App elects to provide a per-trip opt-out option for Third-Party Pilot Trips, Taxi E-Hail App must demonstrate that drivers will be notified if the trip being dispatched is a Third-Party Pilot Trip.

Pilot Participation Requirements

7. All participating Taxi E-Hail Apps, Dispatch Services and Color Schemes shall maintain compliance with all applicable state and local rules and regulations regarding taxis, including Article 1100 of the Transportation Code during the Pilot term.
8. Third-Party Participants must maintain compliance with all applicable Pilot rules.
9. Notwithstanding the upfront fare charged to the customer, the Taxi E-Hail App shall calculate the Taximeter fare for each Taxi Pilot Trip and Third-Party Pilot Trip and shall transmit that information to the SFMTA.
10. For Taxi Pilot Trips and Third-Party Dispatch Trips, the only fare displayed on the Taximeter shall be the upfront fare that was accepted by the passenger.
11. The payment to the driver for each Taxi Pilot Trip and Third-Party Pilot Trip shall be based on the fare charged to the passenger.
12. Taxi Pilot Trip fares shall be consistent with Transportation Code 1124(b)(3) ("meter and a half"), where applicable for out-of-town trips.
13. All Taxi Pilot Trips and Third-Party Pilot Trips shall comply with all applicable state and local rules and regulations regarding taxis, including Article 1100 of the Transportation Code.
14. Taxi drivers must have the ability to opt out of servicing Third-Party Pilot Trips on a universal or per-trip basis.
15. If the Taxi E-Hail App opts to provide a per-trip opt-out option for Third-Party Pilot Trips, taxi drivers must be notified if the trip being dispatched is a Third-Party Pilot Trip.
16. Taxi drivers that choose not to service Third-Party Pilot Trips shall not be penalized.
17. Third-Party Pilot Trips shall not originate at SFO during the Pilot.
18. Third-Party Pilot Trips are eligible to service drop-offs at SFO pursuant to the following requirements: Taxi E-Hail App providers must maintain good standing with all SFMTA data requirements. Aside from Taxi E-Hail App providers, only Third-Party Participants with permits to operate at SFO can originate Third-Party Pilot Trips under the Pilot. Based on the data provided to the SFMTA through the Pilot, SFO will track Third-Party Pilot Trips with a drop-off destination at SFO on a monthly basis. If the total number of Third-Party Pilot Trips from a particular Third-Party Participant with a drop-off destination at SFO exceeds 2% of the total number of drop-off trips provided by that Third-Party Participant for any given month, SFO may direct that Third-Party Participant with a permit to operate at SFO to commence paying the SFO drop-off fee amount equivalent to the TNC per trip fee or cease drop-offs at SFO with fifteen calendar days written notice. SFMTA, in consultation with SFO, reserves the right to adjust this program rule as needed with 30 calendar days written notice.
19. Taxi E-Hail App providers shall be responsible for adherence to Pilot rules by their Third-Party partners.
20. Taxi E-Hail App providers must notify SFMTA if they add affiliated Dispatch Service and/or Color Schemes during the Pilot term and shall submit proof that the new affiliate agrees to participate in the Pilot.

Data Requirements

Pilot data is collected through the SFMTA's [Taxi Application Programming Interfaces](#) [Specification](#) (APIs), which have been updated to allow for the collection of new data fields, including an upfront fare. New data fields in the updated Taxi API specifications, version 3.2.2, will allow the SFMTA to better track the source and type of taxi hail, the upfront fare, and what the meter fare would have been if the trip had been provided using the Taximeter. The SFMTA will use this data as a primary source of information in assessing the success of the Pilot. During the Pilot, SFMTA's Taxi API specifications may be updated, from time to time.

21. During the course of the Pilot, participating Taxi E-Hail Apps must continue to send required trip data, as specified in the taxi API, to SFMTA in an accurate and timely manner in order to remain eligible to participate in the Pilot.
22. Taxi E-Hail Apps shall transmit all required data for Third-Party Pilot Trips into the SFMTA Taxi APIs within 30 calendar days of commencing taxi service under the Pilot and subsequently shall transmit such data on the first and third Monday of each month.
23. As specified in the taxi API, fare data provided pursuant to the Pilot shall include the final upfront fare charged to the customer for both Taxi Pilot Trips and Third-Party Pilot Trips.
24. Where the final fare paid by the customer differs from the quoted fare provided by the Third-Party Participant ("Fallback Fare"), Taxi E-Hail Apps must provide SFMTA the frequency of such Fallback Fares along with the reason(s) for such difference, on a monthly basis, no later than the 15th day of each month. Circumstances where a Fallback Fare may occur include, but are not limited to:
    - drop-off address change;
    - pickup address change;
    - significant detours;
    - adding stops to the route; or
    - passing through tolls that were not factored into upfront fare.

Taxi Driver Fees

25. Taxi E-Hail Apps shall provide the SFMTA the schedule of fees that will be charged to taxi drivers, including fees for Taxi Pilot Trips and, if applicable, Third-Party Pilot Trips. In the case of Third-Party Pilot Trips, the Taxi E-Hail App provider shall report the weighted average driver fee to SFMTA on a monthly basis no less than 7 calendar days after the end of each month.
26. If the taxi driver fees for Taxi Pilot Trips are changed during the Pilot term, the E-Hail App shall provide written notice to the SFMTA no less than 7 calendar days prior to the change being implemented.

Failure to Comply

Failure of a Taxi E-Hail App and/or its affiliated Dispatch Service, Color Schemes or Third-Party Participant to comply with any of the Pilot rules after initial approval will result in a written notice from SFMTA to cure such non-compliance (Notice of Non-Compliance). The Notice of Non-Compliance will identify the rule(s) the Taxi E-Hail App and/or its related Dispatch, Third-Party Participant or Color Scheme(s) have violated. The Notice of Non-Compliance will also include the timeframe to cure the documented instances of non-compliance.

Failure to cure violations noted in a Notice of Non-Compliance may result in fine(s), if the violation constitutes a violation of the San Francisco Transportation Code, and/or suspension or termination of Pilot participation.

SF Paratransit

Taxi E-Hail App providers are not required to offer Paratransit taxi trips as part of the Pilot, although some Taxi E-Hail Apps may choose to offer this functionality only for Taxi Pilot Trips. Paratransit taxi integration for Third-Party Pilot Trips is not allowable under the Pilot rules set forth in this memo, although this is a topic that will be discussed further during the course of the Pilot. The SFMTA will work with its Paratransit broker and the disability community to understand how the Pilot may impact paratransit riders and trip costs. For Taxi E-Hail Apps participating in the Pilot that do provide Paratransit functionality for Taxi Pilot Trips, qualitative information will be tracked to determine how well the Pilot works and any effects the Pilot has on Paratransit customers. Staff will monitor that all trip data is correctly flowing through the SF Paratransit Debit Card Central System ("DCCS"). Staff will also track the costs of Paratransit taxi trips, analyzing any potential unanticipated increases.

During the Pilot term extension, the SFMTA will explore allowing wheelchair accessible vehicle (WAV) trips to be provided by ramp taxis for Third-Party Trips. This will require collaboration with the SF Paratransit team and the California Public Utilities Commission, the regulator of Transportation Network Companies.

Approval Process

Applications are evaluated on a rolling basis and must be submitted via email to SFTaxi@sfmta.com on forms provided in Appendix A: Taxi Pilot Trips Application Form and Appendix B: Third-Party Pilot Trips Application Form. The SFMTA will review each application and provide a written determination to each applicant, based on the applicant's ability to comply with the Pilot requirements.

There is a separate application and approval process for Taxi Pilot Trips and Third-Party Pilot Trips. An applicant must be SFMTA-approved for Taxi Pilot Trips in order to be considered for approval for Third-Party Pilot Trips. Staff will review each application for completeness and responsiveness in the evaluation process and will provide written determination as to whether an applicant has demonstrated an ability to comply with the Pilot rules. SFMTA staff may request additional information or clarification of information already provided from applicants and provide an applicant the opportunity to revise or modify its application.