

THIS PRINT COVERS CALENDAR ITEM NO. : 13

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Taxis and Accessible Services

BRIEF DESCRIPTION:

Requesting the Board of Directors approve the disbursement of the Taxi Driver Fund to currently active taxi drivers by providing a cash payout based on seniority and to pay driver permit renewal fees for the next two Fiscal Years.



SUMMARY:

- The Taxi Driver Fund was established in August 2010 to benefit taxi drivers. There is currently approximately \$4.7 million in the Driver Fund.
- Contributions to the Taxi Driver Fund come from retransfer of transferable medallions and a portion of monthly use fees for 8000-series medallions.
- Using the Taxi Driver Fund to provide vision and dental care was explored. An RFP was published for a vision-dental benefit resulting in only one response, which was considered non-responsive. After a thorough review process, staff determined that the Taxi Driver Fund was not growing at a rate required to fund an on-going healthcare-related benefit for drivers.
- Extensive outreach was conducted with the taxi industry to develop an understanding of driver preferences for Taxi Driver Fund disbursement.
- Staff is proposing a cash payout to drivers based on seniority and payment of permit renewal fees for the next two fiscal years, which is a hybrid approach based on feedback received from the Taxi Driver Fund Task Force, the taxi driver survey and emails provided by taxi industry members.

ENCLOSURES:

1. SFMTAB Resolution

APPROVALS:

	DATE
DIRECTOR  _____	<u>8/29/2017</u>
SECRETARY  _____	<u>8/29/2017</u>

ASSIGNED SFMTAB CALENDAR DATE: September 5, 2017

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PURPOSE

Staff is requesting the Board of Directors approve the disbursement of the Taxi Driver Fund to currently active taxi drivers by providing a cash payout based on seniority and to pay taxi driver permit renewal fees for the next two Fiscal Years.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

The disbursement of the Taxi Driver Fund to currently active taxi drivers will support the following goals and objectives in the SFMTA's Strategic Plan:

Goal 1: Create a safer transportation experience for everyone.

Goal 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.

Goal 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.

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.4: Improve relationships and partnerships with our stakeholders.

The disbursement of the Driver Fund to active taxi drivers will support 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. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.

DESCRIPTION

Staff is requesting the Board of Directors approve the disbursement of the Taxi Driver Fund to currently active taxi drivers by providing a cash payout based on seniority and to pay taxi driver permit renewal fees for the next two Fiscal Years.

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BACKGROUND

The Taxi 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 Taxi Driver Fund for the purpose of improving the quality of life of taxi drivers, particularly those taxi drivers who were not Medallion Holders.

The SFMTA has been making contributions to the Taxi Driver Fund upon retransfer of a transferable medallion and through a dedicated portion of the monthly use fee for 8000-series medallions, which are leased directly to taxicab companies (Color Schemes). 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 approximately \$4.7 million in the Taxi Driver Fund.

In 2013, staff set out to develop a more specific plan for the Fund. Initially, staff explored the concept of using the Taxi 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 taxi driver survey was conducted to solicit feedback on the concept of using the Taxi Driver Fund to provide vision and dental care. The consensus at that time was that vision and dental benefits were a desired use of the Taxi Driver 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 within the current or forecasted budget of the Taxi Driver Fund and was therefore considered non-responsive.

After this unsuccessful RFP process, staff re-evaluated the feasibility of providing vision and dental benefits through the Taxi 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 with the Taxi Task Force, considered establishing a Taxi Driver Fund Advisory Panel to solicit input regarding the potential uses for the Fund.

STAKEHOLDER ENGAGEMENT

At the October 12, 2016 Taxi Task Force Committee meeting, the members further discussed the formation of a taxi industry Taxi 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 Taxi Driver Advisory Panel formation plan.

A notice of formation of a Taxi Driver Fund Advisory Panel was distributed on October 13, 2016

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to the taxi industry via SFMTA's taxi email outreach lists of approximately 500 taxi industry members. The email notice was also emailed to all Color Schemes with instructions to make it available to their taxi drivers and/or post where the notice would be visible to all taxi drivers. The notice solicited interested panelists to apply, with a deadline of October 27, 2016. The notice initially stated the Panel would consist of approximately thirteen members. The 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 Taxi Driver Advisory Panel. Parameters were set for the Advisory Panel, including that all recommendations from the new advisory group would be subject to final vote for approval by the Taxi Task Force.

The Taxi Driver Fund Advisory Panel met three times and all meetings were publicly noticed and open to the public. Notices encouraged all taxi drivers to contribute their input to the Taxi Driver Advisory Panelists. The Taxi Driver 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 were:

1. Waive taxi drivers' annual permit renewal fees for one year
2. Fund a Public Relations/Advertising campaign for the taxi industry
3. Payout the full Fund to taxi drivers in amounts based on seniority

The Taxi Driver Fund Advisory Panelists requested that a survey be distributed via email to the taxi driver population to gauge their preferences on the three recommendations. On January 19, 2017, a survey was emailed to all active taxi drivers with an email address on file (approximately 3,695) and was open for five days. 504 taxi drivers completed the survey, which represents approximately 14% of those surveyed. Of the 504 responses, waiving taxi drivers' renewal fees was the highest ranked recommendation, monetary payouts to taxi drivers ranked second, and a Public Relations/Advertising campaign ranked third. The SFMTA also received about 144 emails separate from survey responses, with recommendations on the use of the Taxi Driver Fund. 71% of the emails received recommended a cash payout to taxi drivers, although there was no mechanism for staff to determine if the emails were submitted by drivers who also submitted a survey response.

A Taxi Town Hall meeting was held on January 31, 2017 to provide an additional forum for taxi drivers and taxi industry members to provide recommendations for the use of the Taxi Driver Fund. There were approximately 75 taxi drivers and industry representatives in attendance. The input received was generally split along a taxi driver/medallion holder line – taxi drivers indicated that they would prefer the cash payout distributed to all drivers, and medallion holders indicated that they would prefer that the money be targeted to medallion holders who purchased a transferable medallion, as those transactions funded a large portion of the Taxi Driver Fund. Some attendees recommended that the taxi industry should benefit as a whole from the Taxi Driver 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. Generally, the feedback leaned toward a

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preference for some form of cash payout.

On February 1, 2017 the Driver Fund Advisory Panel met to review survey and email results and Taxi Town Hall feedback. The Driver Fund 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 a PR/Advertising campaign for the taxi industry. On February 8, 2017, the Taxi Task Force voted 10-3 to approve the Taxi Driver Fund Advisory Panel recommendation.

Staff Review of Taxi Task Force Recommendations

The Taxi Task Force recommendations are advisory, and therefore, staff reviewed the feedback in totality, as well as the Driver Fund Advisory Panel recommendations. Given that SFMTA received considerable feedback directly from taxi drivers supporting the driver payout option, and because that is the most direct benefit to drivers, staff determined that option should be included in the final recommendation to the Director of Transportation. Additionally, the Public Relations/Advertising recommendation does not meet the original intent of the Taxi Driver Fund. A Public Relations/Advertising contract would have to benefit all taxi drivers, not just a few industry stakeholders, and obtaining industry agreement and approval of any specific campaign method and content would be an on-going challenge.

Upon initial review of the Taxi Task Force Recommendations, staff recommended to the Director of Transportation that the Taxi Driver Fund be fully distributed to drivers by cash payout. The Director of Transportation requested staff to further consider the Taxi Task Force recommendation to use a portion of the Taxi Driver Fund to pay for taxi driver A-Card renewals. Staff is therefore recommending a hybrid approach to the Board – to implement the Taxi Driver Advisory Panel recommendation and waive taxi driver annual renewal fees for Fiscal Years 2018-2020 and use the remaining balance (approximately \$3.5 million) to payout directly to currently active taxi drivers, based on seniority.

The long-term status of the Taxi Driver Fund will be considered as part of the taxi industry regulatory review and assessment currently, which is currently in process, so there are no proposed Transportation Code amendments as part of the calendar item and resolution.

The estimated cost to pay for A-Card renewals for currently active taxi drivers as of the date the SFMTA Board considers this plan is \$1,254,380. The remaining balance (\$3,445,620) is proposed to be directly paid to currently active taxi drivers, based on the following three seniority categories, established by SFMTA staff and vetted with the taxi industry at the July 12, 2017 Taxi Task Force meeting.

Tier 1 includes taxi drivers who first received A-Cards prior to 1999. Tier 2 includes taxi drivers who first received A-Cards from 2000 to 2010. Tier 3 includes taxi drivers who first received A-Cards from 2011 to present. The table below reflects the approximate dollar amounts taxi drivers would receive based upon their level of seniority.

Drivers aged 60 years and above, regardless of tier, will have three options:

1. A-Card renewal fees paid for two years plus cash payout
2. A-Card renewal fees paid for one year plus cash payout (cash payout will include the value of one year of A-Card fees in addition to base cash payout)
3. All cash payout (cash payout will include the value of two years of A-Card fees in addition to base cash payout)

Table 1: Estimated Cash-Out Payments for Active Taxi Drivers

A-Card Year	Number of Drivers (as of 6/12/17)	Estimated Cash Payout
Tier 1 1969-1999	1,672	\$916
Tier 2 2000-2010	1,698	\$676
Tier 3 2011-2017	1,820	\$421
Total Estimated Funds for A-Card Renewals		\$1,254,380
Total Estimated payout to Drivers		\$3,445,620
Total Estimated Funds Disbursed		\$4,700,000

SFMTA calculates the A-card renewal fee on an annual basis based upon a consideration of factors such as inflation and cost of living adjustments. Because SFMTA will need to forecast the cost of paying for taxi driver A-card renewals for the next two fiscal years, SFMTA may engage a third party (such as a city auditor or Controller’s Office) to assist with determining the anticipated renewal fee cost for Fiscal Years 2018-2019 and 2019-2020, as well as to help with the cash payout distribution. After calculating the amount necessary to pay the renewal fee costs for Fiscal Years 2018-2019 and 2019-2020, the remaining funds would be distributed to eligible taxi drivers in the form of cash payouts. Eligible taxi drivers are all taxi drivers that have an active A-card permit at the time of Board approval of a disbursement plan.

All taxi drivers have had an opportunity to review the A-Card seniority list on file with the SFMTA to confirm the accuracy of the year that they are listed. A notice was emailed directly to all active taxi drivers, as well as to Color Schemes, with instructions to post in a location visible

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to taxi drivers, instructing drivers to check the A-card seniority list on the SFMTA website to confirm that their permit year listed is correct. They were instructed to inform Taxi Services of corrections.

Active taxi drivers will be mailed a letter informing them they are eligible for a cash payout from the Taxi Driver Fund, with instruction to return an enclosed form with their current address, to Taxi Services. Taxi Services or a third party (such as Controller's Office) will distribute the payments to drivers either by mail or a process by which drivers personally claim their payment.

ALTERNATIVES CONSIDERED

Staff conducted extensive outreach and thoroughly considered all feedback. Both the Taxi Task Force recommendations and an alternate plan was considered. The Advisory Panel recommended that the Taxi Driver Fund be used to pay for one year of taxi driver permit renewal fees and to use 20% of the Fund for a Public Relations/Advertising campaign for the taxi industry. The estimated cost to pay for taxi driver permit renewal fees for Fiscal Year 2017-2018 is \$660,000 based on the number of current active A-Card holders. The estimated cost for the Public Relations/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 \$3.1 million. Staff considered this recommended proposal, and as noted above, the advertising campaign is not aligned with the original intent of the Taxi Driver Fund, and payment for taxi driver A-Cards is included in the final recommendation.

FUNDING IMPACT

None.

ENVIRONMENTAL REVIEW

On May 9, 2017, the SFMTA, under authority delegated by the Planning Department, determined that disbursement and dissolution of the Driver Fund 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.

RECOMMENDATION

Staff is requesting the Board of Directors approve the disbursement of the Taxi Driver Fund to currently active taxi drivers by providing a cash payout based on seniority and to pay taxi driver permit renewal fees for the next two Fiscal Years.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The Taxi Driver Fund was created with the intent to improve the lives of active drivers; and,

WHEREAS, The SFMTA makes contributions to the Taxi Driver Fund upon retransfer of a transferable medallion and through a monthly use fee for 8000-series medallions. The contribution from the retransfer fee is \$12,500 and the contribution from the monthly use fee for 8000-series medallions is \$100; and,

WHEREAS, There is currently approximately \$4.7M in the Taxi Driver Fund; and,

WHEREAS, The SFMTA seeks to alleviate the cost burden and financial hardship currently faced by drivers who have experienced a financial impact from the changing landscape in the transportation for hire industry; and,

WHEREAS, On May 9, 2017, the SFMTA, under authority delegated by the Planning Department, determined that disbursement and dissolution of the Taxi Driver Fund 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; now, therefore, be it

RESOLVED, That the Board of Directors approves distribution of the Taxi Driver Fund to active taxi drivers in the form of waiving annual permit renewal fees for all active taxi drivers for two years and in the form of cash payouts of the remainder, based on a three-tiered seniority plan.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 5, 2017.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency