

APPENDIX C

CURRENT TAXI SERVICE IN SAN FRANCISCO

INTRODUCTION

This appendix summarizes the current state of the San Francisco taxi system.

It firstly details the current legislative basis for taxi regulation, and briefly reviews the two recent reform initiatives: Mayor Art Agnos' Committee on Taxis in 1990-91, and Mayor Willie Brown's Taxi Taskforce of 1998.

This appendix then considers current data on taxis in San Francisco, including medallion numbers, the results of dispatch surveys conducted by the Police Department's Taxi Detail, and complaints received by the Detail. It also details the survey of public perceptions of taxi service conducted for the San Francisco Chamber of Commerce.

CURRENT TAXI LEGISLATION

Proposition K

Proposition K, passed by voters in 1978, is the key foundation for current taxi regulation in San Francisco. The full text of Prop. K is reproduced in Appendix F. In a system thought to be unique in the United States, medallions issued since its adoption are held by individuals, not cab firms, and may not be sold or transferred. The system gives the power over taxi service to medallion holders, rather than firms. It also prevents speculation in the medallion market, and the high medallion values (upwards of \$200,000 in New York City) that must be recouped through fares.

Under the principle that permits should be held by drivers, not firms, medallion holders must be active, full-time drivers. They must declare an intention to "actively and personally" drive for at least four hours during any 24-hour period on at least 75 of the business days during the calendar year. Corporations and individuals continue to hold so-called 'pre-K' medallions, issued prior to the adoption of Prop. K.

When they are not driving, permit holders lease their medallion to other drivers, generally through taxi firms. This is effectively required under Prop. K's requirement for "continuous that permit holders "shall regularly and daily operate their taxicab...during each day of the year to the extent reasonably necessary to meet the public demand." In practice, the permit holder is paid a lease fee by the firm, which then charges drivers a "gate fee" for the use of the vehicle each day. All fare income goes to the driver. Specific regulations effectively prevent other brokers from entering the business, as the number of lease layers is limited to three – for example medallion holder to cab firm to driver.

Proposition K has helped San Francisco avoid many of the problems experienced by cities such as New York, Boston and Toronto. In New York, drivers who wish to become medallion holders must purchase them for prices upwards of \$200,000. Financial gain from rising medallion value is captured by the current medallion holder, who is leaving the

taxi business, rather than being retained within the industry. A significant portion of fare revenue goes to amortize the cost of the medallion.

As San Francisco medallions issued after 1978 (post-K medallions) are not transferable, their cost is fixed by the City government. However, lease fees of about \$60 a day are paid to permit holders. Even though these revenues remain inside the industry¹, they represent a profit to the permit holder that is not earned through driving a taxi, but is artificially created by the scarcity of medallions. This creates a significant income disparity between permit holders and other drivers, who ultimately bear the cost of the lease fees.

Medallions are issued under a 'public convenience and necessity' system. Under Proposition K, the Police Commission (and subsequently the Taxi Commission) is charged with issuing a "sufficient number of permits to assure adequate taxicab service throughout the City and County of San Francisco." Before issuing new permits, it must be satisfied that the public will not be adequately or properly served otherwise.

Proposition K also had the effect of changing the employment relationship between drivers and firms. Prior to the passage of Proposition K, drivers were required to be employees of the firms, which held the permits. While employee status is still permitted under current legislation, most firms and drivers have opted for an "independent contractor" relationship. The implications of this are discussed below.

Under Proposition K, firms and drivers are allowed to charge lower fares than the rates specified in City ordinances. However, this provision has not generally been taken advantage of.

Proposition D

Proposition D, reproduced in Appendix G, was passed by voters in 1998. It transferred the taxi responsibilities of the Police Commission to a new Taxi Commission, in line with the recommendation of the Taxi Task Force (discussed below).

The Taxi Commission consists of seven members, appointed by the Mayor. Its specific composition is specified in Proposition D:

- One member from the senior or disabled communities
- One driver who does not hold a taxicab medallion
- One manager in a taxicab company (either a medallion holder or a company representative)
- One member from the hospitality industry
- One member from the labor community

¹ More correctly, they would remain inside the industry if the requirement to be an active, full-time driver were enforced.

- One member from the neighborhoods
- One member of the general public not affiliated with any of the other enumerated categories

Taxi Commission regulations

Detailed regulations are laid down by the Taxi Commission, under Propositions K and D, and the San Francisco Municipal Police Code. These run to 44 pages, and specify detailed requirements on issues such as vehicle quality, cleanliness, taximeters, reporting requirements and conduct, response times, dispatch and training.

Some of the key rules from a customer service point of view are outlined below. It should be noted that many of these rules are not currently enforced.

Response Time Goals

The regulations set out the following goals.

- 70% of the time, taxicabs will arrive within 10 minutes of the service call
- 80% of the time, taxicabs will arrive within 15 minutes of the service call
- 99% of the time, taxicabs will arrive within 30 minutes of the service call

All firms operating ramped taxis must provide an average response time of 20 minutes.

However, there is no mechanism by which these goals can be enforced.

Dispatch

If available from their dispatch service, drivers must handle an average of one radio call an hour during each shift. They must advise their dispatch service if they are unable to handle an accepted call within ten minutes of the time they acknowledged the call. Ramped cab drivers, but not others, are prohibited from accepting any other fare while en route to a dispatched call.

All cabs must affiliate with a dispatch service, which must have at least one call-taker on duty for each 75 cabs in operation. Dispatch services must operate 24 hours a day. All cabs must be fitted with a two-way radio and have it turned on at all times.

Training

Driver training courses must be a minimum of 28 hours, and include the following subjects:

- City geography (minimum eight hours)
- Crime prevention (minimum four hours)
- Vehicle and pedestrian safety (minimum four hours)
- Taxi rules and laws (minimum one hour)
- California Vehicle Code (minimum one hour)
- Passenger relations, including transporting disabled persons (minimum 8 hours)

These minimums may be increased as necessary to reach the total of 28 hours.

Vehicles

- Vehicles may not be more than three model-years old, nor have more than 60,000 miles on the odometer when placed into service. They may thereafter be used for three years, except that a fourth year is allowed for alternative fuel vehicles, vehicles used an average of seven shifts a week or less, or spare cabs.
- Firms must maintain a sufficient number of spare ramped taxicabs. This regulation has been suspended by the Taxi Commission.

Taxi sharing

The Chief of Police is authorized to establish a six-month trial program for voluntary cab sharing, along one or more designated routes. This legislation was passed by the Board of Supervisors in 1998, thus implementing one recommendation of the Taxi Task Force. Drivers may charge a flat fare, and solicit additional passengers along the route. The regulations also provide for the issue of jitney permits, for 17 specific routes.

However, neither of these initiatives has been realized in practice.

RECENT REFORM INITIATIVES

Mayor Art Agnos' committee on taxis

In 1990, Mayor Art Agnos convened a Committee on Taxis, to analyze the state of the taxi industry in San Francisco. It was chaired by Jerry Lee, an executive on loan to the city from United Parcel Service.

The committee's main complaint was that it did not have access to the necessary data. Permit holders are required to provide the Controller's office with yearly financial records, including:

- Total miles paid and dead (i.e. unpaid)
- Total gallons of gas
- Total trips in and out of the city
- Number of shifts worked
- Revenue per month
- Revenue per day

However, due to funding and staffing shortages, the Controller's office did not succeed in obtaining this data. "At this point, any attempt to make decisions would be guesswork," the committee therefore concluded.

A survey of 300 neighborhood organizations, however, painted a favorable picture, with respondents generally satisfied with taxi service.

Recommendations included:

- Stricter vehicle inspections, following an unannounced survey which found 8 out of 40 cabs with serious mechanical problems, which necessitated them immediately being ordered off the road.
- A feasibility study on citywide dispatching
- Requiring cab firms to provide worker's compensation insurance to all drivers
- Creation of a Taxi Authority staffed with non-police personnel
- Conducting yearly neighborhood taxi service surveys, to feed into the public convenience and necessity process
- A two-year moratorium on the issue of new medallions, in view of the post-earthquake decline in tourism, the favorable survey results and a large number of idle cabs
- Reducing the size of the overflow lot at the airport, to focus taxi service more on the city

Few of these were implemented in practice, largely as Mayor Agnos failed to be re-elected shortly afterwards. Many of the recommendations were subsequently taken up by Mayor Willie Brown's Taxi Task Force.

Taxi Task Force

In 1997, Mayor Willie Brown appointed a Taxi Task Force, to address concerns about “inadequate and inefficient” cab service in the city. Chaired by Mayor Brown and Supervisor Gavin Newsom, and consisting of 27 representatives – residents, drivers, seniors, regulators, cab firms, the hospitality industry and others – the Task Force met weekly for eight months.

The Task Force focused on the following key issues:

Taxi Commission

The Task Force unanimously agreed to draft legislation for a ballot measure to create a Taxi Commission, taking regulatory responsibility over from the Police Commission. This was subsequently passed by voters, as Proposition D in 1998.

Airport Service

The Task Force recommended further investigation of a flat fee from the airport to the city, to deter deadheading. It did not come to consensus on the concept of odd/even days at the airport to achieve the same goal. It did not support the introduction of airport-only cabs.

Dispatch

Recommendations made by the Task Force included requiring drivers to handle a minimum of ten radio calls per shift, requiring cab firms to answer all calls within five to eight rings, and for all calls to be dispatched. The Task Force considered but rejected the idea of charging extra for radio calls, because of an adverse effect on seniors and people with disabilities.

The issue of central dispatch was referred to a working group following the conclusion of the Task Force itself. This working group failed to make progress on the issue.

Other Recommendations

Other recommendations included:

- Introduce neighborhood cab stands to improve neighborhood service
- Increase training requirements from 16 to 38 hours
- Introduce a three-year age limit on taxi cabs, plus one year for use as a spare cab and special exceptions for single-shift cabs
- For all cab companies to participate in the Paratransit program by 1999

- Issue 300 new medallions
- Requiring cab firms to have a maximum average gate fee of \$90, for 24 months
- Introduction of a lease cap of \$1,800 per month, for 24 months
- Create one or two voluntary cab share routes, with a minimum flat \$4 fee

The Task Force considered the issue of city-only permits, peak-time only permits, and owner operated permits, which could not be leased (which would be similar in effect to peak-time permits, as in theory owners would elect to drive during the busiest periods). It did not reach a consensus on owner-operated permits or city-only permits, but agreed that if permits were issued beyond the first 300, 100 would be peak-time only.

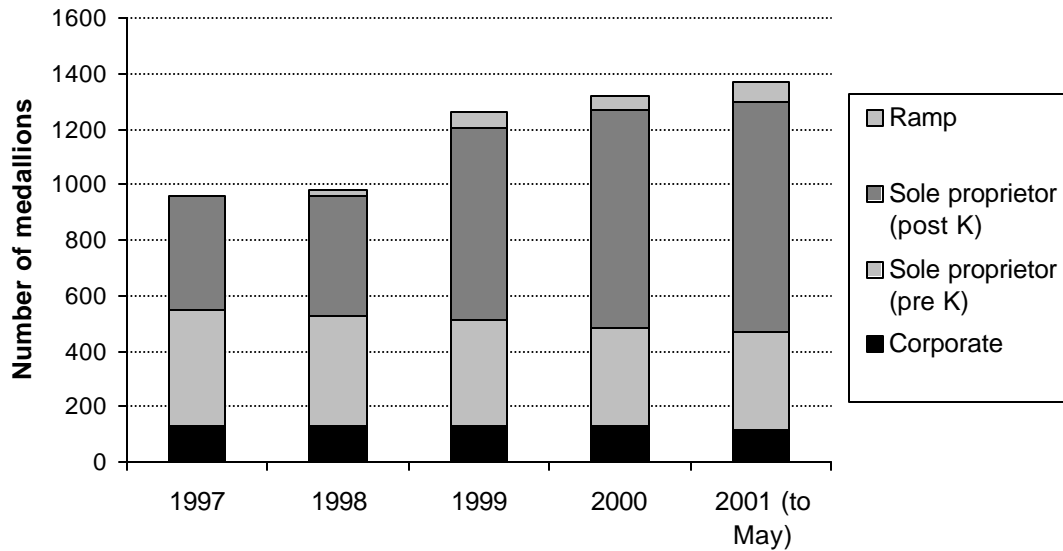
The Taxi Task Force succeeded in generating a broad consensus among industry and other stakeholders, and the bulk of its recommendations were implemented. However, they appear to have had little impact on improving service. According to dispatch surveys conducted by the Police Department's Taxi Detail, discussed below, the chance of successfully telephoning for a cab declined from 51% in 1997 to 40% in 2000. Partly due to the need to maintain consensus among its diverse members, many of whom had a strong interest in maintaining the status quo, the Task Force recommended few structural reforms to the taxi system in San Francisco.

CURRENT DATA ON SAN FRANCISCO TAXIS

Medallion and Driver Numbers

Figure 1 shows the numbers of medallions over the past five years. At the end of April 2001, there were 1,367 medallions in circulation, including 118 corporate medallions and 70 medallions for ramp taxicabs.

Figure 1 Medallion Numbers



Note: Apart from those for 2001, numbers refer to those at the year-end.
 Source: Taxi Detail.

A total of 13 medallions have been revoked over this period, with four of these reinstated on appeal, and many of the remaining cases still to be heard by the Board of Permit Appeals.

The number of medallion applicants on the waiting list has continued to rise, reaching 2,730 in April 2001, as shown in Figure 2. The number of drivers is currently around 6,000, an increase of 1,000 since 1997.

Figure 2 Medallion Applicants on Waiting List

1997	1998	1999	2000	2001 (to May)
1,455	2,017	2,338	2,587	2,730

Source: Taxi Detail.

Medallions are distributed between the following cab firms and dispatch services as shown in Figure 3. As can be seen, the largest cab firms run their own dispatch operations, while the smaller firms band together.

Figure 3 Cab Firms and Dispatch Services

Cab firm	Number of medallions	Dispatch service used
Yellow	475	Yellow
Luxor	155	Luxor
DeSoto	104	DeSoto
National	77	National
United	54	National
Bayshore	4	National
Town	74	Town
Arrow	63	Veterans
Veterans	43	Veterans
Regents	63	Regents
King	2	Regents
SF Super Cab	2	Regents
Central	1	Regents
Friendly	1	Regents
GoldStar	1	Regents
Lucky	1	Regents
North Beach	1	Regents
B&W Checker	36	SF Taxi
Bay	12	SF Taxi
Delta	12	SF Taxi
Diamond	11	SF Taxi
Alliance	6	SF Taxi
49er	1	SF Taxi
Royal	37	Citywide
Metro	27	Citywide
CityWide	24	Citywide
Big Dog	20	Citywide
SF Taxi	13	Citywide
Service	8	Citywide
Crown	7	Citywide
American	5	Citywide
Executive	1	Citywide
KSJ	1	Citywide

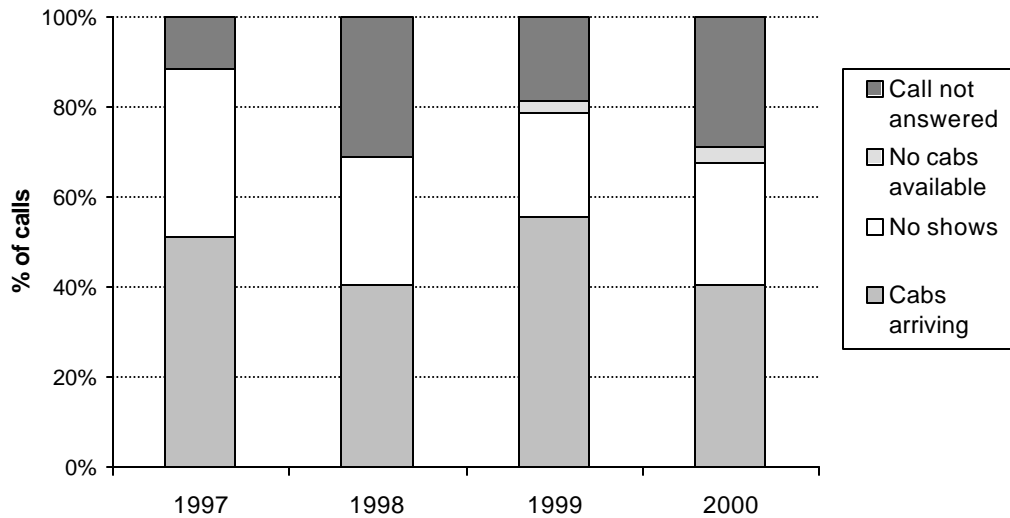
Source: Taxi Detail

Dispatch survey

Each year, the Taxicab Detail conducts a dispatch survey to determine the level of taxi service and availability. This is intended to inform the Commission's Public Convenience and Necessity hearings.

Overall, the results for October 2000 paint a dismal picture of taxi service in San Francisco. Of 588 calls made by Detail members, 170 were not even answered, and 20 were told that there were no available cabs. Of the remainder, 237 cabs arrived (40% of the total calls), with an average response time of 10 minutes, and there were 161 'no shows'.

Figure 4 Telephone Dispatch Survey



Note: 'No cabs available' was not measured in 1997 and 1998.
 Source: Taxi Detail

While the results varied by time of day, day of week and neighborhood, in virtually no instance were they satisfactory. The poorest results were on Thursday and Friday, when just 29% of the calls resulted in a cab arriving.

Not all calls were successful even in the best performing time periods – Friday, Saturday and Sunday mornings, mid-afternoon on Monday and Tuesday, and early evening on Saturday. In the late afternoon and evening on Wednesday, Thursday and Friday, virtually no calls were successful.

Figure 5 Telephone Dispatch Survey: Results by Day and Time

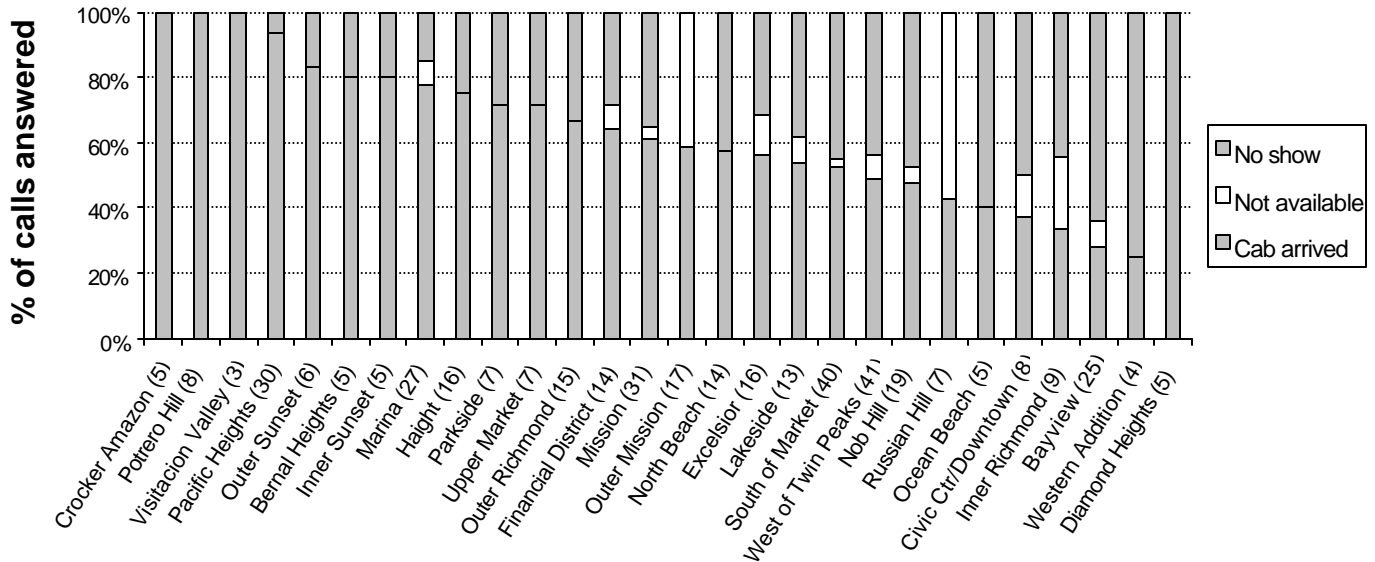
	Sun	Mon	Tues	Weds	Thurs	Fri	Sat
8:00-9:59 AM	88%	75%	63%	63%	75%	88%	88%
10:00-11:59 AM	50%	75%	50%	38%	63%	88%	50%
12:00-1:59 PM	75%	13%	38%	50%	50%	75%	75%
2:00-3:59 PM	38%	88%	88%	63%	25%	38%	50%
4:00-5:59 PM	38%	63%	25%	13%	25%	25%	38%
6:00-7:59 PM	63%	13%	50%	0%	0%	13%	88%
8:00-10:00 PM	50%	75%	38%	0%	50%	13%	13%

Note: Percentages refer to the number of calls resulting in a cab arriving. Results are based on 8 calls in each time block.

Source: Taxi Detail.

Many outer neighborhoods, such as the Sunset, did relatively well in the dispatch survey. However, the results confirm the perception of poor service in Bayview, with just 28% of calls resulting in a cab actually arriving.

Figure 6 Telephone Dispatch Survey: Results by Neighborhood



Note: Figures do not include calls not answered. Sample sizes for some neighborhoods are small; these are shown in brackets.

Source: Taxi Detail

Members of the Taxi Detail also conducted a Flag Down survey in busy locations with a high volume of foot traffic – downtown during the morning, afternoon and early evening, and in North Beach and at SOMA nightclubs during the late evening and early morning.

According to the September 2000 results, 22% of attempts were satisfied within a minute or less, and 65% within 2 to 5 minutes – a significant deterioration over the 1999 results. At the most difficult times – Friday between 8 PM and midnight – at least half of attempts were successful within five minutes.

Figure 7 Flag Down Survey Results

	1999	2000
1 minute or less	67%	22%
2 to 5 minutes	28%	65%
6 to 10 minutes	4%	7%
11 to 15 minutes	1%	4%
16 to 20 minutes	0%	1%

more than 20 minutes	0%	1%
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Source: Taxi Detail

At hotel stands, the survey recorded a significant surplus of cabs from 6 AM until 4 PM. From 4 PM until 10 PM, there were far more passengers seeking taxis than cabs available. Availability declined between 1999 and 2000.

Figure 8 Hotel Stand Survey Results

	1999		2000	
	Average number of taxis available	Average number of fares waiting	Average number of taxis available	Average number of fares waiting
6:00-7:59 AM	52	1	46	2
8:00-9:59 AM	45	1	39	2
10:00-11:59 AM	39	2	30	4
12:00-1:59 PM	34	3	24	15
2:00-3:59 PM	28	3	18	9
4:00-5:59 PM	18	5	9	21
6:00-7:59 PM	11	8	8	26
8:00-9:59 PM	13	6	8	17
10:00-11:59 PM	15	1	10	6
12:00-2:00 AM	10	2	10	1

Source: Taxi Detail

The Taxi Detail survey also documents the results of the survey of taxis in airport staging lots, conducted in summer 2000. This confirms the perception that the airport is a major magnet for taxis, detracting from the numbers available in the city.

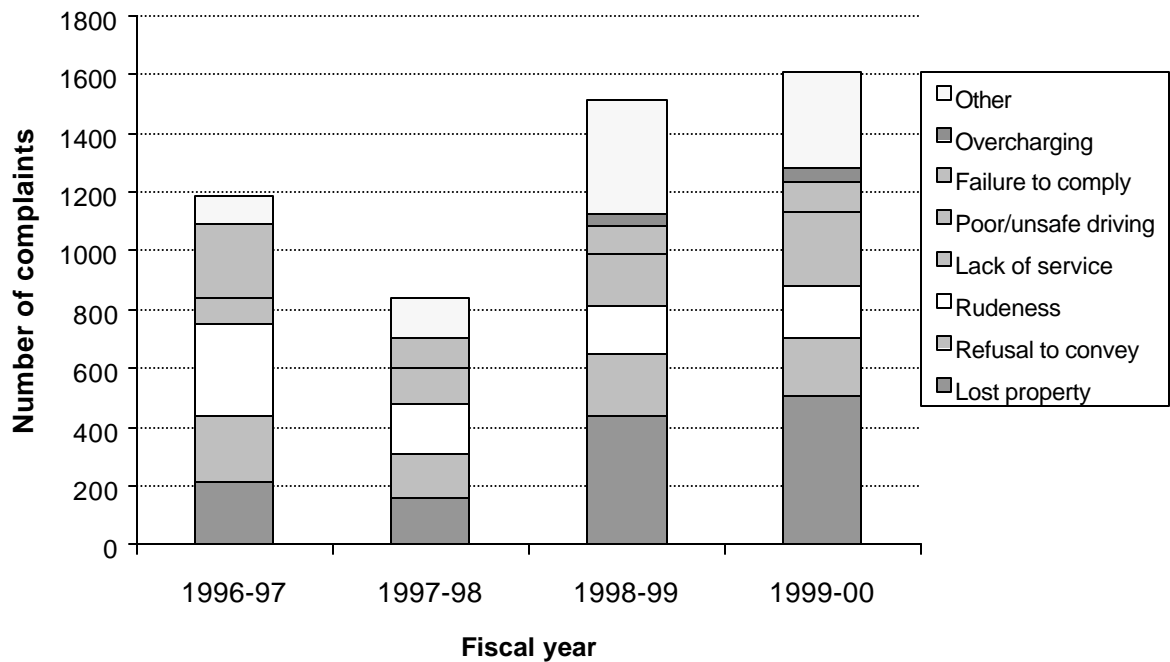
The average number of cabs staged (i.e., waiting in the holding lots to be directed to the terminal buildings) was 107. This is equivalent to 8% of the total taxi fleet in San Francisco. While this lot was empty in a few instances, this was very much the exception. Even at peak times, such as 5 PM on Thursday, Friday and Saturday, there were around 90 cabs in the staging lot. The average number of exits per hour was 216, suggesting an average wait in the staging lot of 30 minutes.

COMPLAINTS AND CITATIONS

The number of complaints made to taxi regulators has risen significantly over the past two years, nearly doubling since 1997-98. This does not include complaints made directly to taxi firms, and only reflects those people who were aware that they could complain to the Taxi Detail.

Refusal complaints fluctuated between a high of 221 in 1996-97, and a low of 146 in 1997-98. Poor or unsafe driving complaints rose to 255 in 1999-00. Lack of service complaints rose from 84 in 1996-97 to 126 in 1997-98. They were not recorded as a separate category in subsequent years.

Figure 9 Complaints Recorded by Taxi Detail



Note: Categories changed between 1997-98 and 1998-99. Failure to comply and overcharging were not recorded separately prior to this, and lack of service was not classified separately subsequently.

Source: Taxi Detail

The number of citations more than doubled between 1996-97 and the following year. Since then, it has fluctuated around 1,300 per year, with most of these consisting of administrative citations.

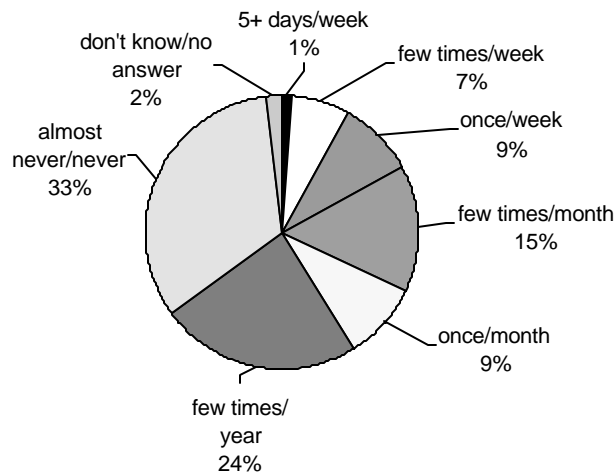
PERCEPTIONS OF TAXI SERVICE

In Spring 2001, a survey of a representative sample of 384 registered voters was undertaken by GLS Research for the San Francisco Chamber of Commerce. While the survey was primarily concerned with perceptions of Muni services, several questions asked for views about taxi services in the city. The results for each question are detailed below.

Frequency of use

The survey asked: "How often do you take a taxi in San Francisco?" The majority (57%) of respondents use taxis just a few times a year or less. One-third use them almost never or never. This suggests that there is considerable scope to expand mode share of taxis in the city.

Figure 10 Frequency of taxi use



Source: San Francisco Chamber of Commerce, 2001

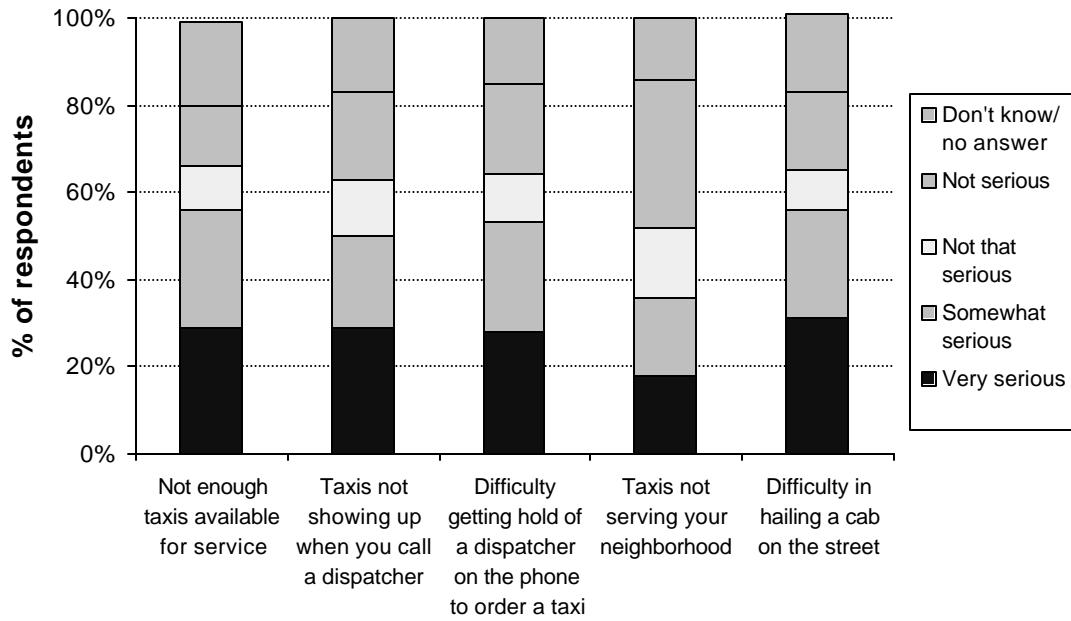
Concerns over taxi service

Respondents were read various potential concerns with taxis in San Francisco, and asked to rate each as (a) a very serious problem requiring immediate attention; (b) a somewhat serious problem; (c) not that serious a problem; or (d) not a serious problem at all.

The results are shown in the figures below, broadly categorized by concerns over availability, service quality, and other issues. As can be seen, availability concerns rank highest. At least half of respondents considered that not enough taxis available for service; taxis not showing up when you call a dispatcher; difficulty getting hold of a dispatcher on the phone to order a taxi; and difficulty hailing a cab on the street are “very serious” or “somewhat serious” problems. Neighborhood service, in contrast, was seen as a less serious problem, although this may depend on the individual neighborhoods of respondents.

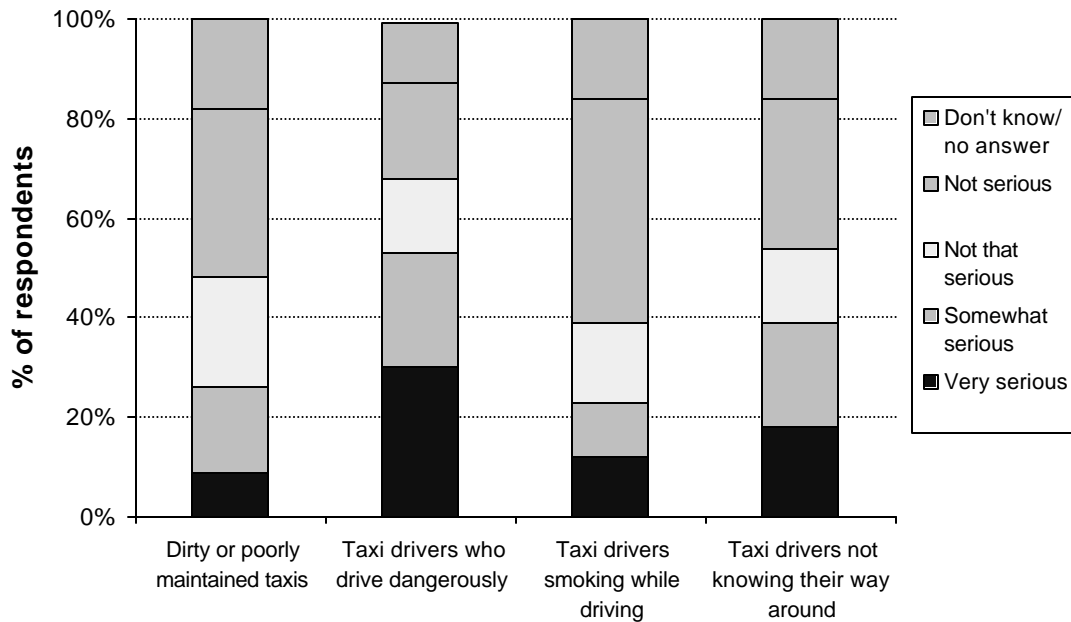
Service quality was generally seen as a less serious problem, with the exception of 53% who rated taxi drivers who drive dangerously as a very serious or somewhat serious problem. Half of respondents thought that high fares were a serious problem.

Figure 11 Availability concerns



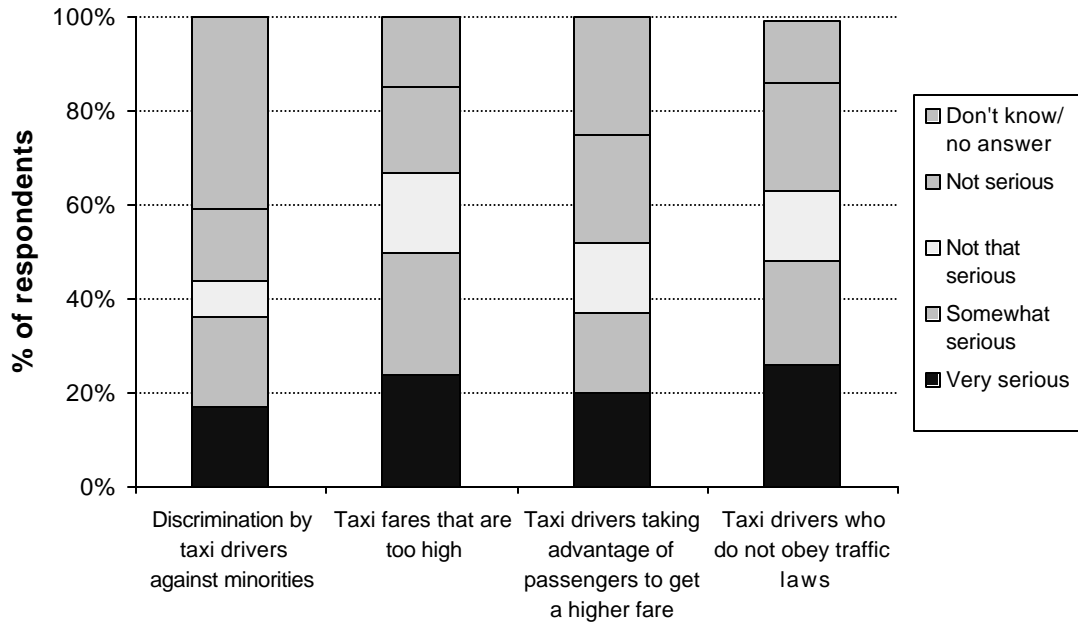
Source: San Francisco Chamber of Commerce, 2001.

Figure 12 Service Quality Concerns



Source: San Francisco Chamber of Commerce, 2001

Figure 13 Other Concerns

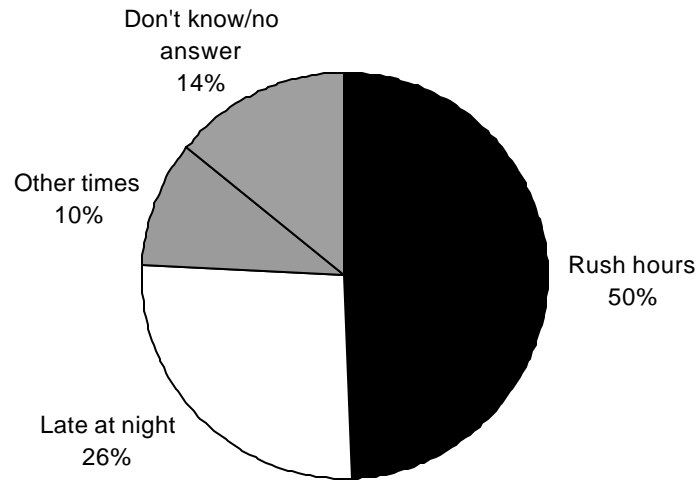


Source: San Francisco Chamber of Commerce, 2001

Availability at Different Times of Day

Respondents were asked: "At what time of day would you say it is most difficult to get a taxi?" Nearly half answered "rush hours", and most of the remainder "late at night". This corroborates the perceptions of stakeholders that demand, and thus availability, varies significantly throughout the day.

Figure 14 Availability at Different Times of Day



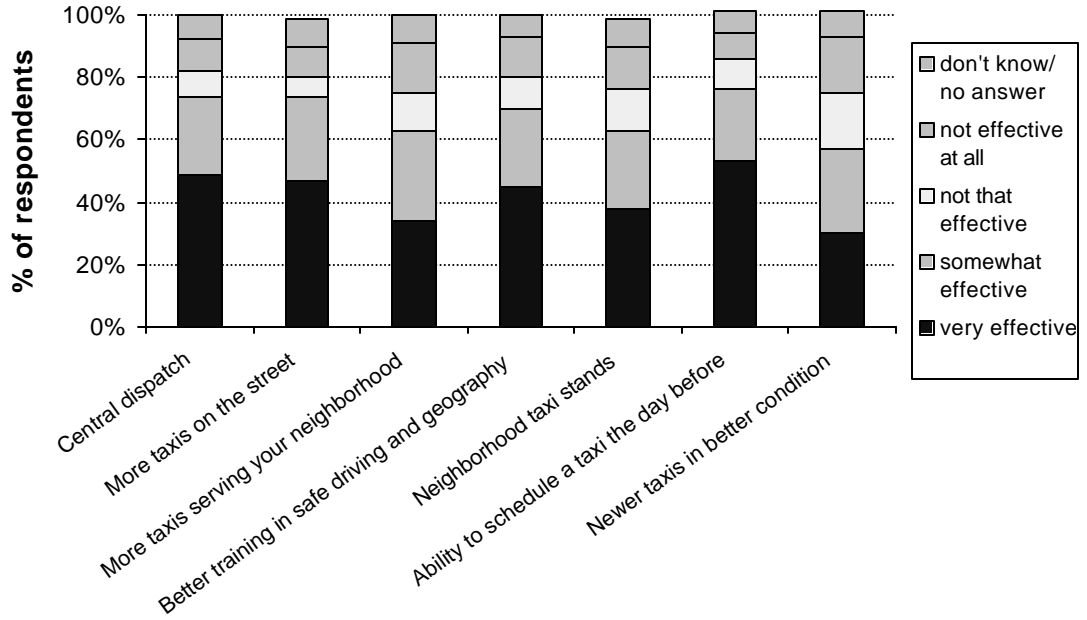
Source: San Francisco Chamber of Commerce, 2001

Proposals for Improving Taxi Service

Respondents were provided with various ideas that have been proposed for improving taxi service in San Francisco. They were asked to say whether each would be “very effective” in improving taxi service, “somewhat effective”, “not that effective”, or “not effective at all”. The results are shown in Figure 15 below.

Dispatch improvements – a central dispatch system and the ability to schedule a taxi the previous day – were the most popular improvements, and ranked above increasing the number of taxis on the street. Again, neighborhood service was seen as a relatively low priority.

Figure 15 Perceptions of Proposed Improvements



Source: San Francisco Chamber of Commerce, 2001

Note: The options were listed in more detail when presented to respondents. For example, respondents were asked to rate the effectiveness of "having a centrally based dispatching system that would allow you to call one number to find the taxi closest to you".