

# **APPENDIX D**

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## **STAKEHOLDER INTERVIEWS**

## INTRODUCTION

This appendix presents the findings from a series of interviews conducted with major industry stakeholders in San Francisco.

Interviews were conducted by the study team in April 2001, as detailed in Figure 1 below. The goal was to understand the existing taxi industry in San Francisco, the most recent movement for reforms, and the constraints that have prevented the implementation of some previously recommended reforms.

It should be emphasized that the inclusion of a stakeholder on the list below does not necessarily mean he or she endorses any of the conclusions of this study.

**Figure 1 Stakeholder Interviews Conducted**

Steve Anton	Regents Cab
Paul Gillespie	Drivers' representative, Taxi Commission
Rua Graffis	Chair, United Taxicab Workers Former instructor on City College taxi course
Mark Gruberg	Former UTW chair, now a permit holder with SF Taxi
Dale Hess	Executive vice-president, San Francisco Convention and Visitors Bureau
Tom LaTour	President and CEO, Kimpton Hotels
Bob Begley	Executive director, Hotel Council of San Francisco
John Hutar	Vice-president and General Manager, Hotel Nikko San Francisco
Heidi Machen	Former aide to Supervisor Gavin Newsom
Jamie Maddox	Founder and President, Permit Holders and Drivers Association Founder and co-owner, Service Taxi Medallion holder Former director, Yellow Cab
Hal Mellegard	General Manager, Yellow Cab
Jim Nakamura	Chair, Political Action Committee, Permit Holders and Drivers Association Shareholder and driver, DeSoto
Nathan Nayman	Executive Director, Committee on Jobs
Lee Blicht	President and CEO, San Francisco Chamber of Commerce
Gavin Newsom	Supervisor
Bob Planthold	Senior Action Network Paratransit Coordinating Council
Inspector Farrell Suslow	Taxicab Detail, San Francisco Police Department
John Whitehurst	BMW
Annette Williams (short telephone interview)	Head of accessible services, Muni

The Coalition of San Francisco Neighborhoods declined to take part, as they felt they had limited expertise in this area. However, they provided the preliminary results of a survey of their member organizations, which included two questions on taxis.

Telephone calls or e-mail messages to the Late Night Coalition and Council of District Merchants were not returned.

Broadly speaking, the stakeholders can be categorized into a number of interest groups, which will naturally have a bearing on their viewpoint.

- Drivers, who are concerned primarily with maintaining their incomes. In general, they are reluctant to see changes that would expand the market share of taxis, as they perceive additional taxis as threatening their incomes. Drivers can be further subdivided into drivers who seek employee status, and those who prefer to remain independent contractors.
- Permit holders, who are the prime beneficiaries of the current system. They receive lease fees of \$1,800 a month at present. Obviously, they have a vested interest in preventing change.
- Taxi firms, who are currently in the business of vehicle and permit leasing, not carrying passengers. The issuance of additional permits benefits firms; however, they have no direct interest in carrying more passengers. This group can be further subdivided into small firms and large firms. Large firms are more likely to possess “pre-K” corporate medallions, and to have invested more heavily in dispatch technology.
- Businesses and the hospitality industry. These groups were effectively arguing from the passengers’ perspective. Availability and reliability of taxis is key to attracting both businesses, workers and visitors to the city. Taxi service is also a major determinant of a visitor’s impression of San Francisco.
- Seniors and people with disabilities.
- Others, including regulatory officials and local politicians.

Due to the concerns of some stakeholders to maintain confidentiality, most of the comments below are not attributed to a specific individual.

## GENERAL THEMES

The overwhelming impression gathered from the stakeholder interviews is that taxis are vastly under-realizing their potential as part of the transportation system in San Francisco. There is a strong perception, backed up by the Taxi Commission's own dispatch survey, that taxi service is unreliable. As a result, businesses, convention planners and individuals are forced to seek other transportation options. Availability, rather than quality of customer service, was the number one issue for these people.

A number of stakeholders argued that the taxi industry is guilty of complacency, and is failing to seek to expand its markets. Partly, we were told, this is due to the structure of the industry under Proposition K, with none of the major interest groups – drivers, permit holders or firms – having an interest in increasing the total market. Drivers and permit holders are concerned about loss of business from the additional taxis, while firms make their profits from leasing vehicles and permits, not carrying passengers. In addition, many firms are run by permit holders.

Cab firms make their profits from the gate fees paid by drivers; increasing fare revenue has no direct financial benefit for the firm. The risks of slow business, weather and so on are borne by drivers. Firms compete for medallion holders, not for passengers. One suggestion was for a percentage of fare revenue to go to the firms, replacing the gate fee, but others objected that this would give a strong incentive for driver fraud. In addition, we heard complaints that since cab firms have no security – the medallion holders can leave at any time – they have severe problems in raising capital. Lack of industry leadership was seen as a major void.

Distribution, rather than simply total cab numbers, was the key issue for most stakeholders. Even many of those who complained about a shortage of taxis accepted that increasing medallion numbers would not *in itself* solve the problems of underserved neighborhoods or non-response to radio calls. Conversely, while drivers were vehemently opposed to the issue of more medallions – pointing out that maintaining income levels is essential to retain quality, experienced drivers – there was greater acceptance of some form of peak-period-only permits. A range of options, including a fare surcharge for radio calls, new technology and dedicated neighborhood cabs, was also put forward.

Interestingly, there was no great enthusiasm from any sector for fundamental changes to the current system, for example through an open-entry policy or a franchising arrangement along the lines of Los Angeles. However, this is not unexpected given both the composition of the interview pool – most of whom are stakeholders on one side or the other of the current system – and the natural human tendency against imagining what changed circumstances could bring.

While we heard widely divergent views from different stakeholders, there were a number of issues on which, if not unanimity, a consensus could be formed. In particular, there was

enthusiasm for a taxi sharing system, both as a way to improve availability at peak times, and to improve the efficiency of the system.

## **TAXICAB NUMBERS AND AVAILABILITY**

This was by far the most important issue for virtually all the stakeholders we spoke to. Drivers were vociferously opposed to the issue of more medallions, while business and tourist industry representatives were equally convinced of the need for more cabs.

Availability of taxis was by far the primary concern for stakeholders from business organizations and the hospitality industry. This was true both for street hails and radio dispatch. We were told that taxi availability is considered a key constraint by convention organizers, to the extent that meeting planners are forced to organize their own cars and coaches for delegates. Taxi availability is one of the biggest complaints from convention attendees, and poor availability was thought by the hotel industry to contribute to a negative impression of San Francisco, reducing the likelihood of return visits and reducing turnover for both the hotel and taxi businesses.

We also heard that the lack of a reliable taxi service is forcing people to drive. At the Opera and Symphony, for example, staff take the names of patrons who would like a taxi after the performance, and then call around to the cab firms. However, only a small proportion of the taxis required – perhaps five from forty requested – actually arrive. We were told that it was a simple choice between improving taxi service, or providing more parking in the area. And of course there is no way of knowing how many more people would request taxis if availability were more certain than it is at present.

Other stakeholders – particularly drivers – considered that availability was only a problem at peak times. Of course, it must be considered that drivers are seldom in the role of customers, out looking for a cab, and are perhaps not the most reliable source of such estimates. One estimate was that taxis were easily available for 95% of the time. There was great concern that any issue of more permits to tackle peak-time availability problems would mean the additional taxis would also be competing for business at off-peak times, reducing driver incomes and forcing drivers out of the industry. Few drivers appeared to consider that the market is elastic, and would at least to some extent expand with the level of confidence that taxis would be available.

We were repeatedly told by drivers and others that issuing more medallions would not solve issues such as poor neighborhood cab service, non-response to radio calls or lack of service for seniors at grocery stores and clinics. Drivers also claimed they would be likely to continue to avoid congested areas, such as South of Market at peak times. Instead, there was a widespread view that the additional drivers would merely concentrate on areas that are already well served, such as the airport. This is in contrast to what economic theory would suggest, namely that drivers will locate to meet demand that in fact already exists.

In other words, many stakeholders believed, the problem of availability is as much about distribution as of total supply. Many stakeholders complained particularly about the surplus of cabs at the airport, reducing the efficiency of the whole system as well as availability in the city. Clearly, the problem of deadheading to the airport needs to be addressed; that, however, will not solve the problem of citywide availability on its own.

## Determining Medallion Numbers

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At present, medallion numbers are determined by the Taxi Commission through “Public Convenience and Necessity” hearings. Many stakeholders praised the open nature of this process, suggesting that it was in keeping with San Francisco’s tradition of public participation. However, there were concerns about the ability of the Taxi Detail to conduct the necessary background studies, to the extent that the current process may be a smokescreen and a major detriment to the Taxi Commission’s ability to deal with real problems or availability and service. One suggestion was for the Commission to budget for an external study of the need for more medallions.

On the other hand, we also heard complaints that the public process has been effectively hijacked by drivers and permit holders, who have a strong interest in preventing the issuance of more medallions. There was also frustration from some stakeholders that none of the 500 additional medallions approved by the Commission in September 2000 had yet been issued, at least partly due to an environmental review that was seen by some as a delaying tactic and a blatant misuse of the EIR process.

An alternative suggestion to determine the number of medallions was to use a formula, taking into account commuter and visitor numbers as well as population. This would also need to be flexible enough to cope with unforeseen changes such as an increase in cruise-ship activity. Many stakeholders were skeptical, however, that this could ever take into account all the factors that affect demand for taxis.

A further option put forward was to base medallion numbers on a survey of taxi availability – a more methodologically rigorous version of the Detail’s current dispatch survey, for example – or on lease fees.

## Peak-Period Only Permits

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One common suggestion put forward to increase availability at peak times, without jeopardizing the livelihood of cab drivers, was to issue peak-period only permits. This option was supported by a range of stakeholders, including some drivers and business groups. They could be issued as a ‘first step’ towards a full-time medallion.

There are two alternative models for such a system. Peak-period only permits could only be driven at particular times. Owner-driver permits could only be used by the medallion holder, with no leasing permitted; in theory, these drivers would elect to drive at the busiest, and thus most profitable, times.

The objections we heard generally centered on enforcement issues. Since the Taxi Detail does not enforce many of the rules currently on the statute, why introduce more regulations, one stakeholder asked. A more general argument against this option was that it would introduce more regulation to the system. These stakeholders favored pricing mechanisms, such as higher fares during peak times, instead.

Another issue was whether the permits would be economically viable. The general, but by no means unanimous view, was that they would be, provided that insurance could be pro-rated, and vehicle age requirements for peak-time cabs relaxed slightly (as possible under current Commission rules). Alternatively, if issued as corporate medallions (which would require a change to Prop. K), firms could cross-subsidize the peak-period permits. For example, if a firm received 50 medallions, 15 could be peak-period only.

One stakeholder questioned whether the permits would be legal under Proposition K, where the language is subject to interpretation.

Of course, a real consideration must be the equity in the permit fees charged. Surprisingly, no one questioned the equity of a city permit which costs \$450 and \$550 to renew annually, and can be leased for \$1,800 per month.

## Other Options to Increase Availability

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Many stakeholders considered it necessary to introduce measures to discourage drivers from waiting at the airport, perhaps by giving priority for new fares to drivers that arrive at the airport with passengers. We heard repeated complaints about the large numbers of cabs waiting for significant periods of time at the airport, reducing availability in the rest of the city and the efficiency of the system as a whole.

This was thought by some to be partly a training issue, with drivers lacking the knowledge to find fares in the city and thus inaccurately believing they were forced to survive on airport runs. It was pointed out that the advent of BART to the airport will have significant implications for drivers who derive most of their income from airport runs.

One stakeholder called for regulation of shift change times to ensure these do not occur at peak times and thus reduce availability. To the typical passenger, it is inexplicable that most shifts change at the same time, in the afternoon peak, thus exacerbating a shortage of cabs. However, others complained that this would represent excessive micromanagement of the industry by regulators.

Another suggestion was to increase in the meter rate for waiting time. This would provide a greater incentive to serve congested areas, where traffic is often stopped or slow enough that the meter runs according to time, rather than distance. However, others argued this would have little effect, as drivers would still earn less money when the meter was running on waiting time.

The Convention and Visitors Bureau publishes “Drivers Digest,” a leaflet that is distributed to drivers via cab firms. This lists conventions, cruise ship arrivals and other events, in a bid to ensure that drivers are aware of where there is likely to be a large volume of trade. However, experience would indicate that many drivers do not take advantage of this knowledge, which adds to the misallocation of drivers in the system.

## **THE MEDALLION SYSTEM**

There was virtually no support for any radical reform of the medallion system, such as the abolition of entry control, or a shift to a franchising system such as in Los Angeles. This is not surprising in a survey of existing stakeholders. Comments on the medallion system centered around two major issues – corporate permits and the driving requirement for medallion holders. While important, these can both be viewed as ‘tinkering at the edges’, and do not address fundamental philosophical issues.

### **Corporate Permits**

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At the moment, the firms that hold pre-K corporate medallions receive a significant amount of extra revenue from these. However, most of the small companies gain no benefit from these.

Several stakeholders suggested that issuing a limited number of corporate medallions to cab firms – perhaps ten percent of the total – would give all firms a source of revenue to fund investment such as clean-fuel vehicles or global positioning system (GPS) technology. They could also be issued on the condition that firms provided workers compensation and other benefits to drivers. It would also give the City a source of leverage over cab firms, provided that the permits were not automatically renewable each year and could easily be withdrawn.

One suggestion was that corporate permits would also give firms a sufficient degree of control over drivers to enable them to direct them to respond to radio calls, for example.

### **Individual Permits**

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Under Proposition K, medallion holders must satisfy a minimum driving requirement for them to retain their medallions. Until the past few years, this was not enforced. Since then, the Taxi Detail has devoted more attention to this issue. However, stories are rife of permit holders retired in Hawaii living off the ill-gotten gains of their city permit.

It has been estimated that around 47% of permit holders do not comply with the driving requirement, and the Detail is said to have around 100 pending cases to go before the Taxi Commission. The Commission, though, can only handle a few per meeting. While there was frustration with this bottleneck, there was a widespread feeling that each case needed

to be heard by the Commission, to ensure due process. It must be said that this is just one more indication of the ineffectiveness of the Commission, and the need for change.

In addition, virtually all the medallions revoked by the Commission have been reinstated by the Board of Permit Appeals – a significant source of anger to many stakeholders. Clearly, there is something majorly wrong in a system which provides such divergent results.

We were told that forging of waybills to show compliance with the driving requirement was commonplace. It was also alleged that several cab firms were complicit in this, as they make a greater profit if the permit holder does not drive. We also heard complaints that taxi firms hold on to the medallions of deceased drivers. While they must return the medallion if discovered, no other penalty currently exists, giving a strong financial incentive for this practice to continue. Again, this is a major indictment of the current system.

The general view was that it was important to enforce the driving requirement, at least partly to reduce the waiting list for new medallions, encouraging drivers to stay in the industry. Dissenting views pointed out the scheduling and administrative problems the requirement causes to permit holders and cab firms. In addition, at least some waiting list was considered desirable, to ensure drivers had some experience before they become medallion holders.

One suggestion was to give medallions to those drivers who had completed the most shifts, rather than those who had spent most time on the waiting list, giving priority to experienced, committed drivers. We also heard calls for the Taxi Detail to focus its efforts on scrutinizing the record of drivers about to be issued new medallions, rather than existing permit holders. We were told that the Detail's current efforts were heavily skewed, with drivers receiving only cursory scrutiny before they could receive a medallion.

One stakeholder argued that the requirement is unenforceable, and should be abolished until a technological fix became available – for example a magnetic card system that would require a driver to swipe his or her driver's license prior to each shift.

Several stakeholders considered that cab firms should take an enforcement role, through certifying the shifts driven by medallion holders. The cab firms were strongly opposed to this, arguing that enforcement was the job of the police, not the firms. Others questioned whether firms could be relied on to provide accurate information.

The issue of retirement and sickness was also raised, with several stakeholders believing that drivers should be allowed to retain medallions under these circumstances. This is currently the subject of a lawsuit by the Permit Holders and Drivers Association.

All of these concerns indicate a serious problem with the current system under Prop. K.

## NEIGHBORHOOD SERVICE

While there was consensus that the more outlying neighborhoods suffered from poor cab service, it was also accepted that people in these neighborhoods should not expect to easily hail a cab on the street. These are neighborhoods with “suburban densities” and it is not reasonable for them to expect the same level of service – whether taxis or local retail, for example – that can be provided in more urban locations. The issue of neighborhood service, therefore, is closely related to that of radio dispatch service.

The poor service was generally attributed to economics, with fewer calls available in outlying areas, and drivers finding it more profitable to focus on downtown and the airport. In the case of areas such as Bayview-Hunters Point, perceived danger was also an issue, as well as lower incomes, meaning that fewer passengers would be taking cabs to these neighborhoods. Racism is also a factor. Again, training was also felt to be important, with many drivers lacking the knowledge to search for fares outside downtown and the airport.

One proposal, advocated by Supervisor Newsom, is for “neighborhood-only” medallions. Based on the system introduced in Chicago, these taxis would be required to pick up a certain proportion of their fares in specified neighborhoods.

Most stakeholders thought that these would be unworkable, although this may be due to a reluctance to accept new ideas. Primarily, enforcement was seen as a key barrier. In addition, the lack of business in the neighborhoods and the deadheading involved meant that such taxis would be unlikely to be economically viable, it was often alleged. It might also give the impression that other cabs did not need to serve the neighborhoods, it was suggested. Clearly, a completely new philosophy and method of neighborhood service needs to be developed.

On the other hand, we heard that a pilot scheme might benefit from creative sources of financing, such as programs for clean-fuel cabs, low-interest loans from the City, or funding from Muni.

It was felt by most stakeholders that the base location of a cab firm had only limited effect on service to that area, at the start of each shift. It was pointed out that many cab firms are already located in the Central Waterfront area, near Bayview. However, anyone standing on Mission and 16th Street, or several other comparable locations, cannot help but notice the scores of empty cabs at shift change times.

There were repeated suggestions to introduce a system along the Paris model, also seen in Manhattan, where neighborhood taxi stands have a telephone. Passengers call the closest taxi stand, rather than a cab firm, and the first driver in line answers the telephone. These could be situated at places such as Stonestown and large supermarkets, it was suggested.

The introduction of mandatory GPS-based dispatch for all cabs was felt by several stakeholders to be key to improving neighborhood service. This would also enable the enforcement of minimum requirements for neighborhood service by each cab firm, it was

argued. While the investment might be a disproportionate burden for smaller firms, it could also encourage them to band together in joint dispatch systems. This in itself would be an advantage.

An opposing view was that drivers already know where the radio calls are in each neighborhood; it is just easier for them to accept street hails instead. Clearly, therefore, some additional method of management is required.

## **RADIO DISPATCH**

There was unanimous agreement that non-response to radio calls was a serious problem.

A vicious circle appears to be operating at present. Some passengers know that many radio calls are not accepted, and therefore call several cab firms at once. In turn, drivers know that many passengers do this, and do not turn up (perhaps accepting a street hail en route) on the basis that there is a good chance that the call is a 'no show'.

It was considered by one stakeholder that building relationships between passengers and cab firms or drivers is vital to good service. The people who use cabs regularly get "great service", we were told. Those who complain vociferously are often those that abuse the system, through calling several firms at once, taking a street hail before their cab arrives, or booking the cab for 15 minutes before they actually need it. These passengers are often 'blacklisted' by firms, or else drivers quickly learn who they are, the study team heard. This of course is the opinion of one industry stakeholder, rather than a would-be passenger who has been "stood up".

Several stakeholders argued that a response to radio calls could not be guaranteed without a return to employee status for cab drivers. Under the independent contractor system, cab firms cannot direct a driver to accept a particular call. We also heard that the independent contractor system had a severe impact on service through high turnover, with few drivers wanting to remain in the industry without the benefits employee status brings. It also transferred discipline costs from the cab firms to the Taxi Detail, some stakeholders considered.

However, we were repeatedly told, by drivers and others, that drivers want the independence that an independent contractor relationship brings. If they wanted to be an employee, they would be limousine or bus drivers, one stakeholder suggested. While some companies offer employee status, very few drivers choose this option, although admittedly in most cases it would be financially disadvantageous for them to do so. This may be a reflection of the drivers who have been attracted to the current system under Prop. K. A more managed system would, over time, be likely to attract a different group of drivers with a different value system.

One common suggestion was to introduce a surcharge for radio orders, to provide an incentive for drivers to accept these orders. This could be a fixed surcharge of, say, \$3, a

900 number, or set by each cab firm according to what the market would bear. There was considerable enthusiasm for this option. A similar system already exists by default for many customers, who have learned that they must routinely offer a “premium” over the metered fare, to obtain a response to a telephone order. The counter argument was the disproportionate impact on seniors.

Many drivers do not take radio calls at all, we heard, due to safety fears, the creation of a ‘paper trail’ of income, and as they find it easier to take street hails. One estimate was that 30-40% of drivers do not take radio calls at present. The current regulation that drivers take one radio call per hour is ignored and unenforced. We were told by regulators and others that this is at least partly because these calls must be taken only “if available.” Other stakeholders were unconvinced, citing a lack of commitment by the Taxi Detail to these regulations.

One stakeholder called for the introduction of a requirement for cab firms to call the customer back and inform them if a cab could not be dispatched with a set time.

The Taxi Detail currently conducts a dispatch survey of response times. One suggestion was for this to be given wider publicity, to maximize competition between cab firms – perhaps through publishing the results for each company in the Yellow Pages.

## Central Dispatch

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Several stakeholders advocated some form of central dispatch, to improve response times and the efficiency of the system, through matching passengers with the closest taxi – regardless of which firm or dispatch system it belongs to.

Central dispatch was considered by the Mayor’s Taxi Taskforce, and the issue was referred to a working group to continue to study the idea once the taskforce completed its report. Little further progress was made, and it was alleged that those on the working group had a vested interest in ensuring central dispatch did not happen. We were told that large cab firms did not want to jeopardize their own investments in dispatch systems, or lose their competitive advantage.

Several options for central dispatch were put forward, such as a single, unified system, or a dual two-channel system with the second channel used for orders that could not be fulfilled. Alternative options included a requirement for cab firms to share orders that could not be fulfilled within, say, 15 minutes, or encouraging smaller firms to aggregate their dispatch operations through firms such as the existing Citywide dispatch.

One key concern of some stakeholders was how any central dispatch system would be structured, and who would have control. Would it be run by the City, a taxi firm or an outside contractor? It was seen as crucial that any system be fair to all firms, and not skewed to any one company.

More generally, there was greater skepticism towards a unified system, due to bureaucracy and the potential to stifle competition. Again, since the current system encourages “lone rangers”, any attempt to organize it is met with opposition. There was far greater support for some system of order sharing, although as one stakeholder pointed out, customers already have the option of calling another cab company. It was noted that the hotel industry already operates a form of ‘centralized dispatch’ for hotel bookings, which works well.

## Other Technology

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Apart from central dispatch, most stakeholders felt a key role in which technology could improve taxi service was through Global Positioning Systems (GPS). This should be mandatory in all cabs, many considered. In view of its proximity to Silicon Valley, San Francisco should be a showcase for new technology like this, one suggested.

Debit/credit card readers are to become mandatory in all cabs, as part of the paratransit program. Muni will shortly be requesting proposals for a scheme to replace paratransit scrips with magnetic cards, installing readers in all cabs. However, the currently envisaged system would not take credit cards in all cases, as transactions for smaller firms would go through a broker who would not be able to authorize the card. In addition, we heard that many drivers are reluctant to accept credit cards; although this would yield significant safety benefits, drivers are reluctant to create a 'paper trail' of income.

Several stakeholders expressed a desire for more clean-fuel cabs, such as those running on compressed natural gas, as an extension to the current pilot program. This could be mandated by the city, one suggested.

## TRAINING AND CUSTOMER SERVICE

Most stakeholders thought that more training was needed, and there was an almost universal desire for more on geography. The lack of knowledge of major streets and destinations on the part of some drivers in San Francisco is another indictment of the current system. As well as enabling drivers to find destinations and fares, a good geographic knowledge was thought to create a good impression on passengers, particularly visitors. One suggestion was for more practical geography training, through taking drivers out into the field. Some, but not all, instructors practice this at present.

Safety was another area where a need was identified for more training. One stakeholder also called for an advanced course for drivers after a year or two; this could be held in conjunction with the entry-level course, allowing participants to benefit from the input of the experienced drivers.

More generally, there was a desire to use training to give taxi driving the status of a proper career, reducing turnover. There was universal admiration for the London model of extensive training. Some stakeholders urged for more stringent training to create a shortage of drivers, forcing companies to compete for them.

One alternative suggestion was to significantly raise the price of medallions to as much as \$20,000, and make them transferable, as in New York City. This was seen as a way to improve the status of a taxi driving career, give drivers an income to retire on, and raise money to support the transportation system. However, cities that have adopted this system, such as New York and Boston, are currently struggling with the legacy of

recovering high medallion prices through fares. San Francisco has so far managed to avoid this mistake.

None of the stakeholders had major complaints about the courtesy of taxi drivers. In general, drivers were considered to treat their passengers well, and visitors were thought to receive a favorable impression of the city through them.

Around 1,500-1,600 complaints a year are handled by the Taxi Detail. Most of these are dealt with by admonishment or referral to a 'remedial class' at the Police Department, with a handful of serious cases going to the Taxi Commission. We heard no complaints about how this part of the system functions at present.

There was a desire from the hospitality industry for stricter grooming standards, and perhaps a uniform. An easy comparison might be made to Tokyo, where not only are all drivers uniformed, but all seats are covered in white fabric which is changed whenever soiled. Other suggestions were for a uniform livery for all cabs, and for comment cards to be distributed to passengers. These would serve the dual purpose of putting the driver on notice that he/she might be being monitored, and form the basis of awards for 'driver of the year.' While comment cards are required in all cabs at present, this regulation is not enforced.

## **SENIOR ISSUES AND PARATRANSIT**

A key issue identified by senior representatives was the prejudice of drivers that seniors and paratransit users will be taking short trips, will not tip well and will need time-consuming assistance with bags and getting in and out of the vehicle. Consequently, it was suggested, drivers are reluctant to take fares (whether radio calls or street hails) at grocery stores, clinics and other locations with a high proportion of seniors.

The implication of this, the study team was told, is that an increase in medallion numbers on its own would do little to improve service to these groups. Instead, the root problem may lie in the independent contractor status of drivers, meaning they cannot be directed to take certain fares or serve certain groups.

One suggestion was to enable paratransit scrips to be used towards a tip, combating the perception among drivers that paratransit users do not tip.

Another was for Muni to use its leverage to demand better taxi service for its clients, considering it contributes \$7-8 million to the taxi industry each year through the paratransit program. This could take the form of performance standards for calls accepted or response times, with penalties for firms who failed to meet these.

It was noted that more ramp taxis are now available, and that while long waits are common, the same is true for any taxi. However, we heard complaints that, since there is no requirement for ramp taxis to substantially dedicate their time to people with mobility

problems, many of them spend long periods 'wasted' in the airport holding lots. We also heard calls for more active enforcement of the requirement to take at least three wheelchair-bound passengers per shift. This problem would appear to be readily solvable, and it is surprising that it even exists.

The reliability of ramp cabs was identified by both industry and senior representatives as a serious problem. The ramp cab system is a "shambles," one stakeholder told us. Given problems in securing spare parts, they could be out of service for a period of weeks. It was suggested that Muni should require cab firms to hold stringent service agreements as a condition of the paratransit program. The reliability and cost of the vans was identified as a significant barrier to uptake of ramp taxi permits. In addition, despite a city-run lease back program, we heard that many firms were frustrated with the high maintenance costs of the ramp cabs, and wanted to pull out of the program.

One suggestion was to require all taxis to be wheelchair accessible. Although this would be expensive, it was pointed out that newer, cheaper models were coming on to the market. Alternatively, all firms could be required to participate in the ramp cab program.

Several stakeholders saw the extension of paratransit to all firms as one of the greatest achievements of the Mayor's Taxi Task Force. However, from the industry side, it was seen as a financial drain, with firms only receiving 90-95 cents back for each \$1 in scrip. Added to this are the administrative costs of dealing with the scrips, although these will be lessened with the shift to magnetic cards.

## **FARES**

Fares were not seen as a pressing issue that this study needed to address, either by the taxi industry or by other stakeholders. However, there was some concern that fares in the city were already high, and should not be increased further, particularly as they are higher than in many other cities with better service.

There was little support for fare deregulation, other than in specific instances such as a surcharge for radio calls.

Unsurprisingly, some drivers called for fare increases to be tied to the cost of living in San Francisco, and the automotive price index.

## **TAXI COMMISSION**

The establishment of the Taxi Commission was generally welcomed by the stakeholders we spoke to. It was seen as particularly important to have regulators who had an interest in taxis, and who could focus exclusively on the issue, rather than being forced to juggle competing priorities.

However, a number of serious flaws were identified regarding how the Commission currently operates. A lack of staff was one of these, making it difficult to conduct studies or other work. Although the Commission has a budget for two staff persons, no one has been appointed so far; any work needed is at present handled by the Taxi Detail. The one applicant approved by the Commission was vetoed by the Mayor's office. It is also unclear what, if any, publicity is being given to these vacancies. We heard no satisfactory explanation as to why these posts remain unfilled.

Another complaint was that the Commission remains too mired in detailed matters to take the lead on important policy issues. It was suggested by some that this might be a deliberate ploy to frustrate progress by drivers or cab firms averse to change.

In particular, there was concern that the current process of revoking medallions, particularly for non-fulfillment of the driving requirement, requires a full hearing at Commission meetings, which can take up to two hours even if the facts are not in dispute. Many stakeholders felt that due process should not be at the expense of allowing the Commission to tackle the fundamental issues. They pointed out that in any case, the Commission would never be able to handle more than a tiny fraction of the revocation cases that the Taxi Detail had prepared, if each required a full hearing at a Commission meeting.

It was further alleged that some Commissioners were totally unresponsive to the constituency they were supposed to represent. Many were selected on the basis of their ties to the mayor, rather than their expertise in taxi issues, the study team was told. Some stakeholders complained at the political power play that goes on at the Commission; one

suggestion was for half the Commissioners to be appointed by the Board of Supervisors, rather than all being within the Mayor's remit.

A number of stakeholders called for the Commission to be subsumed into the Municipal Transportation Agency, together with Muni and the Department of Parking and Traffic. This would be permitted under Proposition E, passed by voters in 1999. Stakeholders considered the move would aid integration with other modes, and ensure that the Commission was not dominated by the special interests of taxi firms and other industry players. However, there was significant concern that the Authority already had too much to deal with, and that it would not see taxis as a priority. A subcommission, reporting to the MTA, was suggested as one way to resolve this.

## **TAXI SHARING**

There was virtually unanimous support for this concept, particularly at peak times. It was seen as a way to improve both availability and the efficiency of the system, as practiced in many major cities around the world.

The one dissenting stakeholder argued that it would detract from the speed and convenience of a taxi, and commented that a shared taxi was called a bus.

A lack of incentive to the driver to carry a double fare was seen as the key barrier to implementation. Suggestions included a flat fare for all passengers, an additional head charge, or for all passengers to pay 75% of the metered fare or even the full metered fare.

Hotel doormen could be asked to group passengers by destination, it was suggested, allowing passengers to jump the line if they were willing to share. The only caveats were that sharing should not be forced on passengers, who should retain the choice to take a taxi on their own if they so desired.

The creation of shared taxi routes was one of the recommendations of the Mayor's Taxi Taskforce, but has not yet been implemented. The absence of a 'champion' scheme, and the lack of Taxi Commission staff, were seen as two of the key reasons for this.