



## MEMORANDUM

DATE: December 27, 2018

TO: SFMTA Board of Directors  
Cheryl Brinkman, Chairman  
Malcolm Heinicke, Vice Chairman  
Gwyneth Borden, Director  
Amanda Eaken, Director  
Lee Hsu, Director  
Cristina Rubke, Director  
Art Torres, Director

FROM: Edward D. Reiskin   
Director of Transportation

SUBJECT: Report on Taxi Medallion Rules at San Francisco International Airport

### **Introduction**

On October 16, 2018, the San Francisco Municipal Transportation Agency Board approved a series of reforms to taxicab regulations in an attempt to strengthen the industry and to maintain the value of purchased taxi medallions. One key reform was the delegation of authority to the Director of Transportation to limit which types of taxi medallions can pick up at San Francisco International Airport (SFO). As a condition of the delegation of this authority, the Director shall issue a report to the Board prior to implementation of new rules at SFO, and quarterly reports to track progress in meeting our policy goals. The following report provides a brief background regarding taxi operations at SFO, policy goals, description of the SFO medallion rules, implementation timeline, and key metrics.

### **Background: Taxi Operations at SFO**

Currently, approximately 3,300 taxi trips leave SFO with passengers each day based on data gathered from July 9-15, 2018. At the peak hour of an average day, 275 taxis typically depart from SFO with passengers.

Four taxi holding lots are available to taxis at SFO, with a maximum capacity of 427 cabs. The curbs at the terminals have additional capacity of 49 cabs. In total, SFO can accommodate 476 cabs on site. These staging areas are often at full capacity in off-peak hours and sit at more than 80% occupancy for the majority of the day. This oversupply leads to an average driver wait of 1½ to 2 hours for a



fare, increasing up to 3 hours at less busy times. Additionally, when the holding lots are full, taxis wishing to enter are turned away, and they often circle the terminal waiting for an opening, which contributes to congestion at SFO.

The following classes and numbers of medallions are currently in operation with no limits on pick-ups at SFO:

Medallion Type	Total in Service
<p><b>Corporate:</b> Prior to Prop-K (1978), medallions could be owned by a corporation and were freely transferable. Corporations can hold more than one medallion and there is no driving requirement. The corporation cannot change ownership by more than ten percent or the medallion will revert to the City. Currently, these medallions cannot be transferred or surrendered for consideration.</p>	<p><b>83</b> medallions held by 25 corporations</p>
<p><b>Pre-K:</b> Prior to Prop-K (1978), medallions could be held by anyone and could be held by more than one person, and were freely transferable. Individuals can hold more than one medallion and there is no driving requirement. Currently, these medallions cannot be transferred or surrendered for consideration.</p>	<p><b>176</b> medallions held by 133 individuals</p>
<p><b>Post-K Earned:</b> These medallions were issued after 1978 at no cost to taxi drivers based on the waiting list. They are limited to one per taxi driver and can only be held by an individual. There is a driving requirement and these medallions can be surrendered for consideration if the medallion holder is at least 60 years old or has a permanent disability, and if there is a buyer. These medallions are not transferable.</p>	<p><b>569</b></p>
<p><b>Purchased:</b> These medallions were purchased under the Medallion Sales Pilot Program that started 2010 and the Medallion Transfer Program that replaced the Medallion Sales Pilot Program in 2012. Any individual who purchased a medallion under either program may retransfer their purchased permit for sale, upon identifying an eligible buyer, with no restriction on age or disability.</p>	<p><b>558</b></p>
<p><b>Ramp Taxis:</b> These medallions operate in wheelchair accessible ramp vehicles. Some medallions are operated by drivers and some are leased to color schemes. Ramp Medallions cannot be transferred or surrendered for consideration.</p>	<p><b>42</b></p>
<p><b>8000-Series:</b> These medallions are leased by SFMTA to the taxi companies for a monthly use fee. These medallions cannot be transferred or surrendered for consideration.</p>	<p><b>14</b></p>



## Policy Goals

The policy goals of the medallion rules at SFO are:

1. Support Purchased medallions by prioritizing their pick-ups at SFO
2. Bring taxi supply to San Francisco
3. Incentivize wheelchair accessible ramp taxi pick-ups for paratransit customers and general public wheelchair users

## Industry Feedback

Staff initially proposed that Purchased medallions have exclusive pick-up access at SFO. That concept was vetted with the taxi industry at Taxi Task Force and Taxi Town Hall meetings, and feedback was received through email as well.

Based upon taxi industry feedback, staff developed compromise rules, which prioritize Purchased medallions at SFO while still allowing access to Post-K medallions.

## SFO Medallion Rule Changes and Timeline

### **Phase 1: Start Date February 1, 2019**

- **Purchased** medallions can pick-up at SFO at all times with expedited access.
- **Post-K Earned** medallions can pick-up at SFO at all times without expedited access.
- **Corporate, Pre-K** and **8000 Series** medallions and **spare vehicles** are prohibited from pick-ups at SFO at all times.
- **Ramp Taxi** medallions can pick-up at SFO at all times without expedited access. Ramp taxi drivers that meet wheelchair pick-up requirements will have expedited access.

Through use of management of the queue in the taxi lots, **Purchased** medallions will be given access to expedited pick-ups at SFO. **Post-K** medallions will be placed in a separate line, with priority given to Purchased medallions.

The existing short system, that provides head of line privilege upon return to SFO for drivers who provide a trip within a short geographic distance from the airport, will continue to operate unchanged.

Should SFO staff determine that there is a need for additional taxis, SFO retains the right to invite Corporate, Pre-K and 8000-series taxis to the airport as necessary.



## Optional Phase 2: (If necessary)

If there is a notable increase in congestion and an increase in taxis being turned away because the lots are full, SFO staff may change **Post-K** access to SFO:

- Alternating days on odd/even basis by medallion number
- At SFO discretion, return to non-odd/even when demand for taxis is high and additional supply is needed

## Phase 3: Digital Queue (Start Date: Estimated at 12-18 months)

SFO has an existing phone application, TaxiQ, which currently allows drivers to participate in SFO's distance-based short system (providing head-of-line privileges upon return to the Airport for drivers who receive a "short" fare), provides with real-time information about space availability in the holding lot and provides information about flight schedules. The TaxiQ app will be redeveloped to include virtual queue functionality, to manage all taxi pick-ups at SFO. Taxi drivers wishing to pick up fares at SFO will be required to have the app. To pick up at SFO, each taxi driver will request permission to pick up at SFO on the app. If the taxi lot has available capacity, the app will immediately grant permission to enter the lot. If the lot does not have capacity, the driver would be added to a "virtual queue." The virtual queue will provide drivers with a reserved place in line, and will alert them when their turn is approaching. This will allow drivers to continue accepting fares in the city while waiting for their turn at SFO. The app will prioritize Purchased medallions over other medallion types allowed to pick-up at SFO, following the same business rules as detailed above. The app will allow a more efficient recalibration, if needed, to ensure that the policy goals are being met.

SFO is willing to support the redevelopment of the app, which will likely require a competitive solicitation. It's important to note here that SFO had a plan to add this type of virtual queue functionality to its existing TaxiQ app and was working with a vendor in summer 2017, but the taxi industry strongly opposed the virtual queue functionality, and SFO pivoted away from its plans at that time.

The development of the competitive solicitation process and business rules for the new digital queue app is anticipated to be more efficient because of the effort that SFO has already invested in the first taxi queue app.

## Alternatives Considered

Staff has worked with SFO to consider a range of options, with key consideration given to the enforcement and administration of the new rules. The following alternatives were considered and are not being pursued at this time.



### **Limit pickups to Purchased Medallions Only**

The original intention of the SFO reforms was to limit pickups to solely Purchased and Ramp medallions, which represents approximately 600 taxicabs of the total 1,442 taxicabs currently permitted to pick up at SFO. Based upon feedback from the taxi industry, staff has included opportunities for Post-K Earned medallions to continue to serve SFO, while still prioritizing purchased medallions.

### **Rotational Allowance (All Days)**

Purchased medallions, and Ramp medallions that met the prior month wheelchair pick-up requirements, would be allowed to serve SFO on all days and at all times. Other types of medallions would be allowed to serve SFO on a set schedule. Other medallion types would be segmented into groups by vehicle number. The number of groups and schedule could be adjusted, but an illustrative example would be a five-group, five-day rotation. Each of the five groups would be allowed to pick up at SFO on one day out of five, in a rotation such that 1/5 of other medallion types are allowed at SFO on any given day.

### **Rotational Allowance (Busy Times Only)**

Purchased medallions, and Ramp medallions that met the prior month wheelchair pick-up requirements, would be allowed to serve SFO on all days and at all times. Other types of medallions would be allowed to serve SFO on days that are typically busier. This could be just Fridays, or Fridays and Sundays, or Fridays, Sundays and Mondays. Medallions would be grouped into even and odd medallion numbers, and would alternate which group would be allowed into SFO on each busy day so as not to overwhelm the system.

### **Short System Benefits**

Currently, SFO has implemented a “Short System” in the taxi lots that allows drivers who complete “short trips” within a geofence area to skip the queue and head to the front of the line. This system was implemented to deter taxi drivers from refusing short fares after waiting in the queue for such a long time by allowing them to return to the front of the line to seek a longer fare. Staff considered allowing Purchased medallion holders to have two “short trips” per shift, or by allowing Purchased medallions to simply have short access at all times. However, SFO strongly indicated that allowing this type of access would overload the Short System, so it was not deemed viable.

### **Comparison to other cities**

Managing taxi supply at airports is common, and staff reached out to two California airports (San Diego and Los Angeles) to develop an understanding of their systems. San Diego does not have “airport only” medallions per se, instead the San Diego International Airport issues separate permits to taxis that are permitted by San Diego Metropolitan Transit System. MTS permitted taxis may operate in 9 cities and unincorporated areas of San Diego County. In total, there are 361 taxis

permitted to operate at the San Diego Airport. Of the 361 airport permits, 89 are able to operate on all days, while there are 136 “A” and 136 “B” permits. These permits may only operate on predetermined days that are “A” or “B.” Los Angeles allows all taxis to operate at Los Angeles, but they are only allowed to operate one out of every five days. Taxis are assigned lettered permits A-E, with prescheduled days allowing one of the five permit types in for the day. Only 20% of the fleet is allowed to serve the Airport on a given day, which helps with congestion and prevents the drivers from waiting too long for a fare.

Many airports operate closed systems, whereby a single or couple taxi companies are given exclusive access to airport pickups through a competitive bidding process. Seattle has a single taxi company providing on-demand service under a concession agreement. Washington-Dulles is another example of a closed system where two companies provide on-demand service under a concession agreement.

## **Metrics**

To measure the effectiveness of the reforms, staff is proposing the analysis of the following metrics:

### 1. Reduced wait times at SFO

This metric can be measured using data generated at SFO. To enter and exit the taxi lot, drivers must scan a card, and the time of each event is recorded. Staff will consider this effective if the average wait time for purchased medallions decreases 10%.

### 2. Increased SFO trips for Purchased medallions

Currently, all SFO trips are spread evenly across all classes of medallions, as there are no controls on which classes of medallions may wait in the queue. Staff will consider this effective if Purchased medallions generate 10% more SFO trips per month.

### 3. Increased fare revenue for purchased medallion holders

This metric will measure if the average fare income generated Purchased medallion taxis. This metric will be compared to fare revenue of Purchased medallions before and after the implementation. A 10% increase in average monthly fare revenue for Purchased medallions will be considered effective.

### 4. Improved taxi supply in San Francisco proper

This metric was better aligned with the original proposal to limit pick-ups at SFO to only Purchased and Ramp medallion holders, which would have potentially reduced overall wait



times in the lot at SFO and brought more supply to San Francisco proper. With the compromise rules, staff does anticipate some increase in taxi supply in San Francisco because 8000 Series, Pre-K and Corporate medallions will no longer have access to SFO for pick-ups, so there will be more supply available to the City. This metric will be measured by an increase in taxi trips starting in San Francisco proper. A 5% increase in taxi trips originating in San Francisco will be considered effective.

#### 5. Increased Ramp taxi pick-ups

With the new ramp taxi incentive program at SFO, ramp taxi drivers have an incentive to increase paratransit and general public wheelchair pick-ups. A 10% increase in wheelchair pick-ups will be considered effective.

Staff will provide a quarterly report, commencing the first quarter after implementation.