

1 [Increasing the gate fee that may be charged by "full-service" taxicab companies from \$91.50  
2 to \$110, providing for annual adjustments to the gate fee cap, and ratifying gate fees  
3 previously charged retroactive to January 1, 2003.]

4 **Ordinance amending the San Francisco Police Code by adding Section 1137.1, to:**  
5 **increase the gate fee that may be charged by "full-service" taxicab companies, as**  
6 **defined in the ordinance, from \$91.50, as authorized by Board Resolution No. 605-06, to**  
7 **\$110; provide for annual adjustments to the gate fee cap ~~establish an expiration date;~~**  
8 **and, ratify gate fees previously charged retroactive to January 1, 2003.**

9 Note: Additions are *single-underline italics Times New Roman*;  
10 deletions are *~~strikethrough italics Times New Roman~~*.  
11 Board amendment additions are double underlined.  
Board amendment deletions are ~~strikethrough normal~~.

12 Be it ordained by the People of the City and County of San Francisco:

13 Section 1. **Findings.**

14 (a) Full-service taxicab companies, as defined herein, furnish upwards of ninety  
15 percent of taxi-provided paratransit transportation services in the City and County. Such  
16 companies also provide most of the taxi-related transportation service in numerous  
17 neighborhoods in the south, southeast, and western portions of the City and County. Full-  
18 service companies typically operate large fleets of taxis utilizing computer-aided dispatch,  
19 global positioning technology, and/or dispatch centers with a proven and effective citywide  
20 reach in order to shorten response time, provide higher levels of customer satisfaction, and,  
21 during emergencies, ensure the availability of fleets of transportation vehicles as a  
22 supplement to the homeland security needs of the City and County. These companies have  
23 historically been able to schedule regular replacement of their vehicles and acquire, maintain,  
24 and operate wheelchair-accessible vans which, for various reasons, are more expensive to  
25 acquire and operate when compared to their sedan counterparts. These companies also

1 enter into collective bargaining agreements with unionized employees and provide permanent  
2 staff with compensation packages including health, welfare, and retirement benefits.

3 (b) The majority of "gas and gate" lease opportunities for taxi drivers are provided by  
4 full-service taxicab companies.

5 (c) Since 1999, the formula and procedures set forth in Sections 1135.1 and 1137 of  
6 Article 16 of the Police Code have failed to result in regular and adequate gate cap increases  
7 consistent with, at a minimum, increases in the Consumer Price Index, the standard  
8 referenced in those sections.

9 (d) As a consequence, the gate cap increases adopted since 1999 have not only failed  
10 to keep up with the general rate of inflation, they have proved seriously inadequate when  
11 compared to price and cost indices specifically tailored to businesses providing transportation  
12 services in a metropolitan area like San Francisco.

13 (e) Revenues generated by the payment of gate fees on a per-shift basis have  
14 traditionally produced a significant portion of the overall revenues of full-service taxicab  
15 companies that, in addition to the basic "motor vehicle for hire" transportation, provide a wide  
16 range of important services to the people of the City and County.

17 (f) Since 1999, as the gate cap regulatory process has stagnated and gate fees,  
18 measure in constant dollars, have actually declined, the operating costs of taxicab companies  
19 providing a full range of services have substantially increased. These increases include,  
20 among others: the cost of financing and maintaining adequate business premises for office  
21 operations, vehicle maintenance and parking; new vehicle acquisition, including wheelchair-  
22 accessible vans and alternative fuel automobiles; liability and workers' compensation  
23 insurance; increased employee costs, including the expense of adding staff needed to support  
24 such services as paratransit operations and to ensure the free flow of performance and  
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1 accounting data to the City; central radio communication facilities; and, the cost of advanced  
2 technology, such as computer-aided dispatch, credit card processing, global positioning  
3 equipment, and related systems. In addition, these companies are now struggling to  
4 participate in a health care delivery system for taxi drivers that, even at minimum levels,  
5 threatens to impose a new financial burden for which a revenue source cannot be identified.

6 (g) As a result of the "regulatory lag" in gate cap increases outlined above, many if not  
7 all of the full-service taxicab companies have suffered and are in danger of continuing to  
8 suffer substantial business losses, declining revenue, and increasing operational expenses,  
9 thereby jeopardizing their financial stability and potentially forcing them, in the very near  
10 future, into insolvency. At a minimum, increasing costs may compel these companies to  
11 curtail if not eliminate transportation services which are critical to both disadvantaged  
12 individuals citywide and numerous neighborhoods already suffering from perceived  
13 transportation deficiencies.

14 (h) The failure or the continuing impaired financial operation of full-service taxicab  
15 companies threatens the health, welfare, and safety of the people of the City and County.

16 (i) Because the revenue losses referenced herein are contributing substantially to the  
17 imminent risk of financial collapse of the few operating full-service taxicab companies, waiting  
18 for the biannual gate cap review process to correct those deficiencies is no longer an option.  
19 Instead, an increase in the gate cap for full-service taxicab companies is compelled by  
20 circumstances that threaten the continued provision of numerous important public services.

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1 Section 2. The San Francisco Police Code is hereby amended by adding  
2 Section 1137.1, to read as follows:

3 **SEC. 1137.1. TEMPORARY GATE CAP INCREASE FOR FULL-SERVICE COMPANIES.**

4 (a) (b) Definitions. For purposes of this Section:

5 1. The term "full-service" taxicab company shall mean any holder of a color scheme permit  
6 issued pursuant to Section 1125 that satisfies the following requirements:

7 (A) It has submitted all information required by the Controller's rules and regulations for the  
8 three most recent years for which information is required;

9 (B) All taxicabs, when in actual operation under the taxicab company's color scheme, are  
10 covered by workers' compensation insurance, with evidence of such coverage submitted to the Taxicab  
11 Commission no later than the effective date of this ordinance;

12 (C) The company has provided more than 1,500 paratransit trips in each of the three months  
13 immediately preceding the effective date of this ordinance and continues to provide that minimum level  
14 of paratransit service during each month for which the gate fee authorized in this Section is charged;  
15 and,

16 (D) The company operates its own taxicab dispatch service pursuant to a permit issued  
17 pursuant to Section 1127.

18 2. The term "gate fee" shall be defined as provided in Section 1135.1(c) of Article 16 of this  
19 Code.

20 (b) (e) Gate Fee Increase. Notwithstanding any provision of Sections 1135.1, 1137, or other  
21 applicable provisions of Article 16 of this Code to the contrary,

22 1. From and after the effective date of this ordinance, a full-service taxicab company may  
23 charge an average gate fee to taxi drivers not to exceed \$110.00 for a shift of 10 hours or longer. The  
24 cap shall be prorated at \$11.00 per hour for shifts shorter than 10 hours. The average gate fee shall be  
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1 determined by adding together the gate fees charged by the company for all available shifts during a  
2 given one-week period and dividing that total by the number of available shifts during the week.

3 2. On January 1, 2009, and on each succeeding one-year anniversary date thereafter,  
4 for purposes of adjusting the average gate fee authorized hereunder for full-service taxicab  
5 companies, the Taxi Commission (or its successor) shall determine and publish the increase  
6 in the Consumer Price Index for the preceding 12 months, as made available by the U.S.  
7 Department of Labor. Thereafter, the average gate cap that a full-service taxicab company  
8 may charge shall be increased by the percentage increase in the CPI, if any, rounded down to  
9 the nearest dollar.

10 If any full-service taxicab company contends that increases in the average gate cap  
11 measured by the CPI are inadequate to provide a fair return on investment and capital,  
12 supporting financial and operating data may be submitted to the Controller for review. If the  
13 Controller determines that an additional specific increase in the average gate cap is  
14 appropriate and necessary, a certification to that effect shall be made and transmitted to the  
15 Taxi Commission, or its successor, the effect of which shall be to authorize additional  
16 increases in the gate cap for each taxicab company to which the certification applies.

17 ~~The increased gate fee authorized by this Section shall expire effective January 1,~~  
18 ~~2010, or if the powers and duties of the Taxi Commission are transferred to the Board of~~  
19 ~~Directors of the Municipal Transportation Agency in the manner provided by law, upon a~~  
20 ~~resolution of the Agency's Board of Directors so providing, whichever occurs first.~~

21 3. In view of the findings set forth above, the average gate fees actually charged to taxi drivers  
22 by a full-service taxicab company from and after January 1, 2003 through and including the effective  
23 date of this ordinance are hereby declared to be fair, reasonable, and in compliance with any  
24 applicable provision of Section 1135.1, as amended.

1            ~~(c)~~ **Operative Effective Date.** *This Section shall become operative effective on the first*  
2 *day of the month following the effective date ~~final approval~~ of this ordinance in accordance with*  
3 *law.*

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APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
THOMAS J. OWEN  
Deputy City Attorney