DRAFT Taxi Upfront Fare Pilot Program Rules
for discussion at the
5/5/22 Taxi Outreach Meeting

Introduction

In September 2021, the SFMTA Board authorized the Director of Transportation to create a one-year Upfront Fare Pilot Program (Pilot) intended to test the concept of providing customers with a flat rate fare through a taxi e-hail application. Under the Pilot, the customer will have the option of choosing the advance, upfront fare or pay for the trip based on the meter amount. The upfront fare provided by a taxi e-hail app will be based on the estimated taximeter amount, using an algorithm based on trip distance and time. Additionally, in April 2022, the SFMTA Board amended the Transportation Code to allow the Pilot to also test upfront fares that originate with 3rd party dispatch entities, which are not based on taxi meter rates but that are generated by 3rd party dispatch entities and subsequently dispatched through taxi e-hail apps.

The Pilot will allow taxi e-hail apps to offer an upfront fare to customers before the customer begins the trip. The customer will have the option of choosing the upfront fare through the taxi e-hail app or they may choose to request a cab through traditional phone dispatch or street hail and simply pay for the trip based on the meter amount. The upfront fare generated by taxi e-hail apps will be based on the estimated meter amount, using an algorithm to calculate the upfront fare based on trip distance and time. Allowing the taxi industry to provide customers with an upfront fare will help eliminate the price uncertainty and meter anxiety that some riders may now face. Additionally, the Pilot will allow taxi e-hail apps to offer upfront fares that have originated with 3rd party dispatch entities that are not based on taxi meter rates.

Pilot Goals and Outstanding Questions

Goals
The SFMTA has identified seven goals for the Taxi Upfront Fare Pilot to guide implementation, craft metrics, and determine the ultimate success of the Pilot. These goals are as follows:
1. Allow taxis to offer services in line with current trends in the for-hire transportation industry.
2. Increase taxi e-hail app trips
3. Increase taxi drivers' fare income
4. Improve customer service by:
   o offering upfront fares and booking through the e-hail app
   o relieving meter anxiety for customers by providing cost certainty for taxi trips
   o allowing customers the ability to price shop for similar on-demand services

5. Test driver and customer satisfaction with upfront fare trips originated by taxi e-hail apps and those originated by 3rd party dispatch entities that are not based on taxi meter rates.
6. Assess impacts, if any, on traditional taxi trips by allowing 3rd party dispatch trips.
7. Test how upfront fares originated by taxi e-hail apps and by 3rd party dispatch services compare to SFMTA's meter rates.

Outstanding Questions

SFMTA staff have determined that the following questions remain on how the transition to upfront pricing may work. During the Pilot, staff will work to understand the following topics better and may adjust program rules if necessary to address the following:

- Paratransit payment card user customer integrations
- Determine if existing paratransit fraud protections are sufficient
- Concerns from taxi drivers that their earnings may significantly differ during the Pilot
- How to handle changes in destination after the trip has begun

Metrics of Success

During the Pilot, the SFMTA will collect and monitor the Pilot data, including upfront fare trips originated by taxi e-hail apps, upfront fare trips originated by 3rd party dispatch services and other relevant data. Staff will use this data to determine if the Pilot is succeeding and can proceed to subsequent phases. Staff may also use the data to identify areas of concern and may use data as a basis to update program rules. Data will also be used to assess compliance with program rules by e-hail app providers.

Staff want to provide maximum flexibility during the Pilot and therefore have identified broad metrics of success to allow for changes to the Pilot program based on industry and community feedback. SFMTA wants to allow room for innovation and testing of changes to help the industry grow and adapt to the changing business environment and changing consumer preferences.

Staff will evaluate the status of the Pilot program over a one-year time frame. Interim guidance may be given as needed, including rules for future phases of the Pilot. SFMTA will meet quarterly with the taxi industry to report on the Pilot.

Increase Taxi E-hail App Trips by 10%
The SFMTA will use the change in the number of taxi e-hail app trips to measure the satisfaction with the program by customers and drivers. As both riders and drivers must proactively opt-in to an upfront fare trip, an increase in trips using the e-hail upfront pricing system will signal that the Pilot is successful and that the upfront fare system is popular. Staff will be measuring both the total number of e-hail trips under the Pilot and the proportion of taxi trips that are e-hails as compared to total taxi trips a proxy for how successful the upfront pricing system is for both customers and drivers. The baseline shall be considered the six months preceding the beginning of the Pilot launch.

Staff will also track the total number of trips originated by taxi e-hail apps as compared to the total number of trips originated by 3rd party dispatch services.

Increase Taxi Driver Income by 10%
The SFMTA will track overall taxi driver fare income during Pilot and compare it to baseline fare income during the six months period preceding the Pilot launch. The SFMTA will track fare income for trips originated by taxi e-hail apps and for trips originated by 3rd party dispatch services.

Increase in the Number of Drivers
The SFMTA will track the number of taxi drivers as a proxy for the success of the Pilot. As the agency estimates an increasing number of trips after the launch of this Pilot, the number of drivers willing to serve trips should inform how successful the new pricing system is with drivers. Additionally, if more trips are being served there will need to be an increased number of drivers to serve these trips.

Complaints
The SFMTA will track the number of complaints about upfront fare trips by drivers and passengers, distinguishing between the number of complaints for trips originated by taxi e-hail apps and for trips originated by 3rd party dispatch services.

Impact on Traditional Taxi Trips
The SFMTA will track the impact of allowing trips that originate with 3rd party dispatch entities on traditional taxi trips (street hails, phone dispatch and paratransit taxi trips).

Estimation of Meter Rates
The Pilot will test how close the upfront fares originated by taxi e-hail apps match the taxi meter rate. Because SFMTA is also allowing trips that originated with 3rd party dispatch services under the Pilot that are not required to adhere to taxi meter rates, SFMTA will track how closely the fares for those trips match taxi meter rates for informational purposes.

Program Rules

Initial Pilot Structure
The Upfront Fare Pilot is optional for Taxi Color Schemes, Dispatch Companies, and taxi e-hail apps. All Color Schemes and Dispatch Companies affiliated with a taxi e-hail app must all agree to the terms of the Pilot and apply to participate in the Pilot as a group. The SFMTA requires these entities agree to participate collectively so that all rides hailed from a particular taxi e-hail app offer the same customer service and functionality. The entire taxi fleet using a taxi e-hail app as part of this Pilot must be uniform to provide clarity to riders.

Phase 1

In the first phase of the Upfront Fare Pilot, an upfront fare may only be given by e-hail through a mobile app. The SFMTA will collect data on the efficacy of this Pilot using the agency's trip data system. The trip data is collected through the agency's Taxi Application Programming Interfaces (APIs), which have been updated to allow for the collection of new data fields, including an upfront fare. The SFMTA will use this data as a primary source of information as part of assessing the success of the Pilot.

In Phase 1, Paratransit debit card trips are not a required part of the Pilot. Some taxi apps may include the Paratransit debit card system in the upfront fare Pilot, and some may not. The agency will work with its Paratransit broker and the disability community to understand how the Pilot may affect riders and trip costs. For taxi apps that do include Paratransit debit card users in the Pilot, qualitative information will be tracked to determine how well the Pilot works. Staff will determine if existing fraud detections are sufficient and that all trip data is correctly flowing through the SF Paratransit Debit Card Central System ("DCCS"). Staff will also track that the costs to the Paratransit Debit Card system do not change significantly or unexpectedly.

Trip data will continue to flow from the taxi industry to the SFMTA. This data will be a primary source of information to determine if the Pilot is functioning successfully. New data fields in the updated Taxi APIs will allow the SFMTA to better track the source and type of taxi hail, the upfront fare, and what the meter fare would have been. Testing to ensure data is transmitting correctly will be required before the taxi industry is approved to begin offering upfront fares.

The SFMTA will use this data to track how well upfront fares for trips that originate with taxi e-hail apps match meter fares. Staff will monitor the difference between the upfront fare and equivalent meter rates throughout the Pilot with the goal of having only a small difference between the fares. As stated above, the Pilot will also allow taxi e-hail apps to offer upfront fares that have originated with 3rd party dispatch entities that are not based on taxi meter rates and will track fares for those trips as compared to taxi meter rates for informational purposes.

When customers enter the vehicle during this Pilot, they should not see the meter engaged. The meter should display the rate given to the customer through the mobile application or should say "e-hail fare". This is to avoid confusion for customers.

Upfront Fare Pilot Requirements	Notes	Complete
1. Upfront Pricing Pilot materials must be submitted jointly by taxi e-Hail application provider and affiliated dispatch services.	*The app must allow an upfront pricing option for all taxis dispatchable by the app. All self-attestation forms must be signed. All mobile application companies **and** dispatch services must be in good standing with the SFMTA at the time the Pilot begins.*	☐
2. The mobile application must be an SFMTA approved E-Hail application.	*See Revised Taxi E-Hail Requirements May 12, 2021 and Revised Paratransit Checklist March 2022.*	☐
3. Dispatch services and mobile applications must transmit all e-hail trip information to SFMTA's Electronic Taxi Access System (ETAS). This e-hail trip information can be transmitted by directly integrating with ETAS, interfacing with the existing In-Taxi Equipment, or flowing through another system that has already integrated with ETAS.	*Mobile applications and dispatch services must be transmitting data using SFMTA's Taxi APIs Version [@3.2]. Data fields now include Meter_Fare_Amount, Upfront_Pricing, and Promo_Rate. These fields will be used during the Pilot to compare upfront fare prices with meter fares.*	☐
4. The Meter fare must continue to be calculated for trips and transmitted to the SFMTA.	*SFMTA will require that both the Meter_Fare_Amount and Upfront_Pricing API fields be reported for each trip as stated in Requirement 3.*	☐
5. Mobile applications will include a description of how they will offer and display upfront fare to customer within the app and during the ride.	*The applicants must include what language will be provided to the customer regarding the upfront fare within the mobile app. Language should state that upfront fare offered is only valid to the destination entered and at the current time of booking.*	☐
6. The meter should not visibly increase during the ride.	*Customers should see the upfront fare prepopulated on the meter or the words "e-hail fare" on the meter, or equivalent.*	☐

7. The fare charged to passengers must be the exact same fare the driver's payment is derived from.	*Drivers may not be paid on a lower fare than what is shown and charged to the passenger.*	☐
8. All 3rd party dispatch trips shall be considered taxi trips.	*All state and local regulations for taxis must be abided by, including for trips that originate with 3rd party dispatch entities. 3rd party dispatch is allowed as long as taxi trips continue to flow through an approved taxi mobile application company and all data is transmitted in the format specified by the SFMTA. E-hail app providers are responsible for adherence to program rules by their 3rd party partners.*	☐
9. Dispatch companies must report the fees charged to drivers. If fees change during the Pilot, that must be reported to SFMTA.	*Dispatch companies must inform the SFMTA what fees are charged to drivers before launching the pilot and any time the fees charge after. This includes any fees for 3rd party dispatch trips.*	☐
10. Meter and a Half fares must be included automatically in the upfront fare originated through taxi e-hail apps.		☐
11. Drivers must have the ability to opt out of servicing 3rd party originated trips. Drivers cannot be penalized if they choose not to accept 3rd party trips.		☐
12. 3rd party originated trips are not eligible to service pick-ups at SFO.		☐