

# Case Study: Impact of Transportation Network Companies in San Francisco



## Project Results

- HMR found that up to \$1.5 million in revenue was being lost on an annual basis due to unpermitted TNC activity taking place at San Francisco International Airport.
- HMR estimated that up to \$500,000 was being lost on an annual basis due to TNC drivers failing to apply for business licenses.
- HMR found a strong correlation between the rise in TNC activity and a subsequent 47 percent reduction in paratransit ridership from January 2013 to March 2014, likely due to a lack of available paratransit equipped vehicles as taxi franchises scaled back fleet sizes.
- HMR encouraged the City to participate in the CPUC's rulemaking process to further evaluate and potentially adopt more stringent regulations over TNCs.

## Project Summary

Transportation Network Companies (TNCs) emerged as a popular alternative to conventional taxi services as the professionalization of ridesharing occurred with the application of online-enabled platforms. Although the California Public Utilities Commission (CPUC) exerted preemptive authority over TNCs in 2013, the San Francisco Board of Supervisors inquired about the impact of TNCs on the local community.

HMR was tasked with outlining operational profiles between the taxi industry and TNCs including an analysis of benefits, challenges and risks. Specifically, we were asked to assess what, if any, impacts there have been on the taxi industry, paratransit services, and transportation access. We were also asked to evaluate what regulatory developments were occurring in other jurisdictions given the nascent nature of the TNC industry.

One challenge in conducting this investigation was that TNCs do not disclose much operational data in an effort to protect proprietary information.

To conduct the analysis, HMR obtained operational statistics and information from SFMTA and the City's taxi franchises and conducted research on TNC websites for operational information such as pricing, insurance coverage, and accessibility.

Although the CPUC retained preemptive authority over TNCs, HMR was able to identify up to \$2 million in revenue that could be recovered by the City through particular oversight, including the application of airport permits for TNCs and enforcing business license requirements for TNC drivers.

## Service and Topics Highlighted

Transportation, Transportation Network Companies, Sharing Economy, San Francisco