

Notes Toward A Compromise Transferability Plan
by
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Proposition K worked well but has one major weakness.

The main problem is that of aging drivers who have no exit strategy or retirement.

- 1. The Heidi or UTW solution to his problem would be to simply take the medallions away from medallion holders when they become too old to drive. The idea is that they should have saved their money when they had the chance. But, the fact is that many of them won't have saved enough. A certain amount of them would end up poor and homeless.**
- 2. The MHA solution would be to either let medallion holders hang on to the medallion until they die or enable them to sell the medallions at auctions.**
- 3. Allowing the medallion holders to keep their medallions until they die seems unfair to working drivers on the List because it slows the List down.**
- 4. Putting the medallions up for auction is definitely unfair to the drivers on the list. Few working drivers would be able to save enough money to compete in an open auction and the medallions would end up actually being owned by people like Lazar, Yellow Cab and Tariq as well as loan companies and banks. The actual income of the new owners would be severely reduced and the average driver would have little hope of ever owning a cab.**
- 5. Cab service would also be hurt because the pool of profession drivers on the list would quickly disappear. Drivers who could get into another line of work would soon do. They would be replaced by drivers that don't know what they are doing, don't know the streets and don't stick around long enough to learn.**

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My compromise would be to sell the medallions at a fixed rate or a Fair Market Value instead of at an auction.

- 1. The rate would be set high enough to give an incentive for owners to sell but low enough for the drivers on the List to afford to buy it at low interest rates.**
- 2. Drivers on the List would not have to show high credit ratings. In a cash business few drivers build up credit. The fact that the drivers have lived up to the Daly-Ma requirements should be enough to qualify them as good risks.**
- 3. Since the cab companies want to get into the banking business, why not let them? Luxor and the other companies could provide the drivers with low interest loans in exchange for keeping the cab in the respective company's fleet. There would be little risk involved. If the driver defaulted on the loan, the company could simply re-sell the medallion to the next driver on the list.**
- 4. The city would of course take a percentage of the sale - after all that is sole reason why we have our current cab crises. Hopefully, this percentage would be consistent with the 5% transferability rates charged in the rest of the country.**
- 5. Be that as it may, half of whatever rate the city does charge should go toward creating benefits for the drivers.**

I guess that's it. I can go into more detail later. Under my plan there is something for everybody but nobody gets a lot. Remember the Golden Mean.

