

THIS PRINT COVERS CALENDAR ITEM NO. : 11

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Taxis and Accessible Services

BRIEF DESCRIPTION:

Requesting the Board to amend Transportation Code Sections 1103 and 1116 to authorize transferring taxi medallions to the first 150 qualified taxi drivers on the taxi medallion waiting list (“waiting list”) at a discounted medallion price of \$150,000, and to provide that the SFMTA will no longer issue taxi medallions to drivers on the medallion waiting list for the cost of an application fee.

SUMMARY:

- Between 1978 and 2012, taxi medallions were distributed to drivers in the order of their seniority on the waiting list at the cost of an initial application fee to get one’s name placed on the waiting list and a subsequent application fee when the name rose to the top of the list and the qualifications of the applicant were examined.
- As part of the Taxi Medallion Sales Pilot Program (“Pilot Program”), 60 medallions were distributed to the waiting list, to match the 60 medallions that were sold by the SFMTA (as opposed to being transferred by an existing medallion holder).
- In addition, 232 medallions were transferred by individual medallion holders to drivers on the waiting list during the Pilot Program. Drivers were sent offer letters for these medallions in order of their seniority on the waiting list.
- On August, 21, 2012, the Board adopted amendments to the Transportation Code to convert the Pilot Program into a permanent medallion distribution program. As part of these amendments, the medallion price was raised from \$250,000 to \$300,000, and a relinquishment amount of \$200,000 was established.
- Prior to the Pilot Program, medallions distributed to the list were not transferrable, and returned to the SFMTA (or predecessor agency) without consideration when the driving requirement could no longer be met by the holder.
- The August 21 Transportation Code amendments did not address whether or not taxi medallions would continue to be distributed to the list for the cost of an application fee. It also allowed, but did not require, the SFMTA to sell medallions that were returned to the SFMTA for any reason, and, with the approval of the SFMTA Board, to sell new medallions. At that hearing, many drivers on the list requested clarification on the status of the waiting list.
- Staff recommends that 150 medallions be transferred to the first 150 qualified applicants on the waiting list at a price of \$150,000 each, and that no further medallions be distributed to applicants on the waiting list for the cost of the application fee.

ENCLOSURES:

1. SFMTAB Resolution
2. Proposed Transportation Code amendments

APPROVALS:

DIRECTOR _____

DATE

11/13/12

SECRETARY _____

11/13/12

ASSIGNED SFMTAB CALENDAR DATE: November 20, 2012

PURPOSE

Requesting the Board amend Transportation Code Sections 1103 and 1116 to authorize transferring taxi medallions to the first 150 qualified taxi drivers on the taxi medallion waiting list (“waiting list”) at a discounted medallion price, and to provide that the SFMTA will no longer issue taxi medallions to drivers on the medallion waiting list for the cost of an application fee.

GOAL

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.4: Improve relationships and partnerships with our stakeholders.

This proposal would improve the SFMTA’s relationship with taxi drivers by providing a transition from the 34 year-old system of medallion distribution under Proposition K to the newly-adopted Medallion Transfer Program.

DESCRIPTION

History of the Waiting List

Proposition K (“Prop K”) was passed by the voters on June 30, 1978. It required that San Francisco taxi medallions be issued only to working taxi drivers. The San Francisco Police Department accepted 183 applications for “Post-K” medallions on July 3, 1978.

The language of Prop K did not give clear procedural guidance, and the Police Department struggled to implement its requirement for public convenience and necessity hearings for the first few years. To resolve the matter, in December, 1982 the Police Commission adopted Resolution 1026 to establish biannual public convenience and necessity hearings. At that time, medallion applicants were required to re-file their applications prior to each hearing in order to be considered for a medallion.

Medallion applicants objected to paying a new application fee and losing their applicant seniority at each new public convenience and necessity hearing. Accordingly, in May, 1983 the Police Commission created the taxi medallion waiting list by adopting Resolution 616. Resolution 616 superseded Resolution 1026, and provided that a medallion applicant need only file their application one time and their priority on “the list” would be preserved for all future public convenience and necessity hearings.

Between 1983 and 2012, taxi medallions were distributed to drivers in the order of seniority on the waiting list. The cost to the taxi driver to acquire a medallion under this system consisted of an initial fee to get one’s name on the waiting list (ranging from \$200 in 1999 to \$450 in 2009), and a subsequent application fee when the name rose to the top of the list and the qualifications of the applicant were examined (from \$550 in 1999 to \$1,794.50 today). In order to receive a medallion, the driver must prove that he or she is a “full-time driver”, who has driven at least 800 hours per year during four out of the previous five years.

Up until the point that the SFMTA established the Pilot Program, holders of these medallions could not transfer them, nor could they relinquish them for consideration. Thus, while there was no front-end cost to acquire a medallion (except for the application fee), there was no opportunity for end-of-use benefit. A medallion was generally held until the holder died, at which point the medallion returned to the SFMTA or predecessor agency with no consideration to the holder.

Between 2001 and 2012, medallions have been distributed to taxi drivers on the waiting list at the average rate of 65 per year. Until the waiting list was recently reduced by half (see below), approximately half of the

applicants qualified to receive a medallion. Thus, distributing an average of 65 medallions per year moved the list an average of 130 spaces annually over the past 12 years. Currently, people who are receiving medallions under the existing waiting list system have been on the waiting list for 16 years.

By March 1, 2009, when the SFMTA acquired jurisdiction over taxi regulation, the waiting list had more than 3,300 names of applicants.

In December, 2009, the SFMTA closed the waiting list to new applicants in anticipation of the Taxi Medallion Sales Pilot Program, which proposed using a system of driver permit seniority to distribute medallions after the waiting list was exhausted. Between 2009 and 2012 the waiting list was reduced to 2,800 through processing applications, *i.e.* issuing medallion permits to qualified individuals on the waiting list.

In August, 2012, SFMTA Taxi Services reduced the waiting list by about half by removing the names of people who did not hold driver permits, as required by regulation. There are currently 1,439 names on the waiting list. Following this clean-up, applicants for medallions are qualifying at a rate of about 66 percent, meaning that there are probably approximately 950 qualified taxi driver applicants on the current waiting list. Over 550 of these applicants signed up for the waiting list between 1996-1998, when the Taxi Commission issued over 500 new medallions during Mayor Brown's administration. Accordingly, a third of all applicants, and by projection more than half of qualified applicants, have been on the waiting list for 14 years or more.

Medallion Transfers and the Waiting List

As part of the Pilot Program, 60 medallions were distributed to the waiting list, to match 60 medallions transferred by the SFMTA, medallions that would have otherwise gone to individuals at the top of the list as nontransferable medallions under the Prop K system. In addition, 232 medallions were transferred by individual medallion holders to drivers in order of their seniority on the waiting list during the Pilot Program.

The initial Pilot Program legislation prescribed the process for setting the Medallion Sale Price, and placed an upper limit of \$400,000 on the price. After consultation with private lenders and members of the taxi industry, the Director of Transportation set the price at \$250,000. That price was selected because it represented an amount that could be financed by the lending institutions and that could be repaid by a taxi driver using the income from the medallion permit.

On August, 21, 2012, the Board adopted amendments to the Transportation Code to convert the Pilot Program into a permanent medallion distribution program. As part of these amendments, the price, now called the Medallion Transfer Price, was raised from \$250,000 to \$300,000.

The August 21 Transportation Code amendments did not address whether or not the SFMTA would continue to distribute taxi medallions to the list for the cost of an application fee, as has been the practice under Proposition K. While the legislation allowed the SFMTA to continue to distribute returned medallions in that fashion, it also allowed the SFMTA to transfer returned medallions under the Medallion Transfer Program. The legislation also allowed the SFMTA, with the approval of the SFMTA Board, to transfer newly-issued medallions under the Medallion Transfer Program. At that hearing, many drivers on the list requested clarification on the status of applicants on the medallion waiting list.

Waiting List Proposal

The challenge presented by the new Medallion Transfer Program is to transition between a 34 year-old system of medallion distribution under which no one had to make a personal financial investment and under which no one was able to transfer or relinquish a medallion for financial gain, to a system where all new medallion owners will be required to pay \$300,000 for their medallion, including the requirement of coming up with a down payment for the medallion financing, and will have the ability to transfer their medallion and receive

\$300,000. Federal lending rules require at least 20% equity in business loans. Accordingly, a \$300,000 medallion will require a \$60,000 down payment, and will be able to be transferred for \$300,000.

A down payment assistance program was developed under the Pilot Program for any driver who acquires a medallion from an individual medallion holder. Pursuant to that program, 15 percent of the transfer proceeds (\$37,500) are held in the seller's name in a high-yield (four percent) certificate of deposit to subsidize the driver's down payment, and the driver remained responsible for at least five percent of the loan amount (\$12,500). Funds from the certificate of deposit are released to the seller when the borrower repays the loan principal, with the accrued interest periodically paid to the seller.

The SFMTA is working toward establishing a revolving fund that will provide collateral in order to continue providing down payment assistance to those drivers who acquire medallions directly from the SFMTA in the permanent Medallion Transfer Program.¹ However, even with down payment assistance, a minimum \$15,000 down payment will now be required of the driver due to the increase in the medallion transfer price. For a taxi driver who relied in good faith upon the prior system that was in place until the establishment of the pilot program two years ago, it may be difficult to identify \$15,000-\$60,000 to make a down payment to purchase a medallion.

Staff therefore recommends that the Board adopt a discounted medallion price for qualified applicants who are high on the waiting list. Staff recommends that the first 150 qualified medallion applicants be offered a medallion at a discounted price.

Staff has confirmed with San Francisco Federal Credit that a discounted medallion price of up to \$230,000 would not require a down payment from the driver as there would be sufficient equity in the asset for the lender to proceed with the loan. However, staff recommends that the discounted price be considerably lower than \$230,000 because the people who are very high on the waiting list also have relied upon the system that has been in place for decades to plan their personal affairs, and they were imminently expecting their income to double from the medallion revenue, albeit for a nontransferable medallion under that system. The price should be low enough to allow these drivers to enjoy substantial new income above and beyond the medallion loan payments. Accordingly, staff recommends a discounted medallion price of \$150,000 to the first 150 applicants on the medallion waiting list. These sales would realize \$22,500,000 of new revenue to the SFMTA as compared to the proceeding under the existing "Prop K" medallion distribution system. However, from an opportunity cost perspective, discounting at that level would forego revenue in the amount of \$22,500,000.

In order to facilitate this program, San Francisco Federal Credit Union has also agreed to waive its \$795 loan fee to further reduce the burden of the unexpected outlay of cash for this group of applicants. The other approved medallion lender, Montauk Credit Union, does not charge a loan fee.

The City Attorney has reviewed this report.

ALTERNATIVES CONSIDERED

¹ Montauk Credit Union, a medallion lender approved by the SFMTA, will not be able to participate in the down payment assistance program for medallions acquired directly from the SFMTA, because they are not permitted to accept municipal deposits under the laws of New York State.

This issue has been discussed in town hall meetings during most of calendar year 2012, and at nearly every meeting of the Taxi Advisory Council since 2011. Most recently, Town Hall meetings were conducted on October 9 and 30, 2012, and were well-attended. Many alternatives as to how to handle the applicant waiting list were considered.

At the Town Hall meetings, the following suggestions were made as alternatives to the proposal described above:

- Apply the discounted price to more than 150 applicants.
- Provide a staggered discount so that people very high on the list would pay the least, and gradually increase the price for applicants lower on the list.
- Offer a price of \$50,000 to all applicants on the list.
- Offer a very low medallion price but make the medallion non-transferable so that it would be returned to the SFMTA when the medallion holder stops driving a taxi or dies.
- Implement a charge of five dollars per shift for all taxi drivers to collect revenue and do not put a price on medallions.

The proposal described herein was selected as the alternative that could provide the most significant benefit to the largest possible number of medallion applicants on the waiting list, while minimizing foregone SFMTA revenue.

Staff has consulted with the approved medallion lenders to identify pricing alternatives and their implications for financing. Other medallion transfer prices have been considered, ranging from \$60,000 to \$230,000. This price range was selected for analysis because as long as the discounted price is below \$230,000, the driver can secure a loan for the entire amount and would not need to make a down payment. With a current medallion transfer price of \$300,000, lenders can issue a loan for up to \$230,000 to finance the purchase of a medallion. Drivers who buy at this price would have 20% equity in the medallion upon purchase. See Table below:

Price	Down Payment Requirement	Loan Amount	Monthly Payment	Loan Term	Current Interest Rate	Payment/Net Income Ratio^[1]	Total Discount (150 Medallions)
\$60,000	\$0	\$60,000	\$900	7 years	6.49%	20.0%	\$36,000,000.00
\$100,000	\$0	\$100,000	\$165	12 years	7.74%	23.6%	\$30,000,000.00
\$150,000	\$0	\$150,000	\$827	5/30 balloon ^[2]	5.25%	18.4%	\$22,500,000.00
\$200,000	\$0	\$200,000	\$1,102	5/30 balloon ^[3]	5.25%	24.5%	\$15,000,000.00
\$230,000	\$0	\$230,000	\$1,267	5/30 balloon ^[3]	5.25%	28.2%	\$10,500,000.00
\$300,000	\$60,000	\$240,000	\$1,326	5/30 balloon ^[3]	5.25%	29.5%	\$0.00

The price of \$150,000 is recommended as the preferred price alternative by staff given the loan terms offered by the approved lenders, because the driver's monthly payment, and the ratio between the payment and net monthly income is lowest at that price. The \$150,000 price also minimizes the foregone revenue to the agency.

² A “5/30 balloon” type loan was selected for this analysis in order to achieve the lowest possible monthly payment. With this type of loan, the borrower makes 60 monthly payments (five years). The monthly payment amount is amortized over 30-years (thus the 5/30). At the end of the five-year term, the remaining balance (or balloon) would need to be refinanced or paid in full. The borrower could also pay the loan down faster or pay it off early without any penalties, at any time.

The recommendation to offer this price to at least 150 people on the waiting list relates to our estimation of the time it would take to save up for a down payment on a regularly priced medallion--for those with adequate lead time it would not be a hardship to prepare their financial lives for this substantial investment. But for those who could have otherwise expected a medallion under the Prop K system within two to three years, this proposal addresses challenges that may be posed by the requirement that they produce a substantial down payment for a medallion in the short term.

FUNDING IMPACT

The proposed discount to the first 150 qualified applicants on the waiting list would yield \$22,500,000 of new revenue, and would represent a discount of \$22,500,000 as compared to transferring these medallions at the full price of \$300,000.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

None.

The City Attorney has reviewed this calendar item.

RECOMMENDATION

Staff recommends that the Board adopt amendments to Transportation Code Sections 1103 and 1116 to authorize transferring taxi medallions to the first 150 qualified taxi drivers on the taxi medallion waiting list at a discounted medallion price of \$150,000, and to provide that the SFMTA will no longer issue taxi medallions to drivers on the medallion waiting list at the cost of the application fee.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, Between 1978 and 2012, taxi medallions were distributed to drivers in the order of their seniority on the waiting list for the cost of an application fee; and,

WHEREAS, As part of the Taxi Medallion Sales Pilot Program (“Pilot Program”), during 2010 and 2011, 60 medallions were distributed to the waiting list, to match 60 medallions sold by the SFMTA; and,

WHEREAS, In addition to 60 medallions sold directly by the SFMTA as part of the Pilot Program, an additional 232 medallions were transferred to drivers on the waiting list by individual medallion holders; and,

WHEREAS, On August, 21, 2012, the Board adopted amendments to the Transportation Code to convert the Pilot Program into a permanent medallion distribution program; and,

WHEREAS, As part of the August, 21 amendments, the medallion price was raised from \$250,000 to \$300,000; and

WHEREAS, The August 21 Transportation Code amendments did not address whether or not taxi medallions would continue to be distributed to the list for the cost of an application fee, as has been the practice under Proposition K; and

WHEREAS, Members of the taxi industry have requested clarification on the status of the waiting list; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors amends Transportation Code Sections 1103 and 1116 to authorize transferring taxi medallions to the first 150 qualified taxi drivers on the taxi medallion waiting list at a discounted medallion price of \$150,000, and to provide that the SFMTA will no longer issue taxi medallions to drivers on the medallion waiting list at the cost of the application fee.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of November 20, 2012.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

[Taxi Medallion Waiting List]

Resolution amending Section 1116 of Article 1100 of Division II of the San Francisco Transportation Code to require the SFMTA to transfer 150 taxi medallions to drivers on the waiting list, in order of seniority, at a price \$150,000, and amending Section 1102 to define the term "reduced medallion transfer price."

NOTE: Additions are [begin addition] single-underline Times New Roman [end addition] ;
deletions are [begin deletion] ~~strike through Times New Roman~~ [end deletion] .

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 1100 of Division II of the Transportation Code is hereby amended by amending Section 1102, to read as follows:

Sec. 1102. **DEFINITIONS**

For purposes of this Article the following words and phrases shall have the meanings set forth below:

- (a) **"A-Card"** or **"Driver Permit"** shall mean a permit issued by the SFMTA to operate a Taxi or Ramp Taxi in the City.
- (b) **"A-Card Seniority"** shall mean the seniority status of each Driver Permit Holder based on the original issuance date of the Driver Permit, or the issuance date of the most recent Driver Permit in accordance with the terms of Section 1103(c)(3)(B).
- (c) **"Administrative Probation"** shall mean the status of being substantially out of compliance with this Article according to a written determination of Administrative Probation issued by the SFMTA.

(d) **"Application Fee"** shall mean shall mean a fee in an amount established by the SFMTA Board, due upon application for a permit, and including any late payment penalties or interest for failure to pay in accordance with the requirements of this Article of any other regulation adopted by the SFMTA Board.

(e) **"Citation"** shall mean a notice informing an individual or entity who is a member of the public or a Permit Holder that he or she has violated any statute, ordinance or regulation governing the operation or licensing of Motor Vehicles for Hire.

(f) **"Color Scheme"** shall mean either the design or trade dress of a vehicle used as a Taxi or Ramp Taxi that is distinct to the fleet of a Color Scheme business that provides taxi service, or a business that provides taxi-related services to affiliated Drivers and Medallion Holders, including any owner, manager, employee, lessee and any agent of such business.

(g) **"Color Scheme Permit"** shall mean a permit issued by the SFMTA, to operate a Color Scheme in the City.

(h) **"Complaint"** shall mean a document issued by SFMTA upon receipt of the Respondent's request for a hearing on a Citation, Notice of Nonrenewal, Notice of Inactive Status, or Notice of Summary Suspension, which shall contain information about each alleged violation or basis for nonrenewal, inactive status, or summary suspension.

(i) **"Controlled Substance Testing Program"** shall mean a program adopted by the SFMTA Board to comply with California Government Code Section 53075.5.

(j) **"Dispatch Service"** shall mean any person, business, firm, partnership, association or corporation that receives communications from the public regarding taxi service for the purpose of forwarding such communications to motor vehicle for hire drivers, and shall include any owner, manager, employee, lessee and any agent of said service. "Dispatch Service" shall not include any service through which the public is able to communicate directly

with Drivers, and shall not include any effort on the part of a Driver to market his or her services to the public.

(k) **"Dispatch Service Permit"** shall mean a permit issued by the SFMTA to operate a Dispatch Service in the City.

(l) **"Driver"** shall mean either a person who holds a Driver Permit issued by the SFMTA to operate a Motor Vehicle for Hire or a person engaged in the mechanical operation and having physical charge or custody of a Motor Vehicle for Hire while said Motor Vehicle for Hire is available for hire or is actually hired.

(m) **"Driver Fund Retransfer Contribution"** shall mean the percentage of the Medallion Transfer Price to be contributed by the SFMTA to the Driver Fund upon the retransfer of a Transferable Medallion.

(n) **"Driver Permit" or "A-Card"** shall mean a permit issued by the SFMTA to operate a Taxi or Ramp Taxi.

(o) **"Driver Roster"** shall mean a daily shift schedule listing the shift assignment, Driver's name, Vehicle Number and Medallion number, if different, and the hours worked for that shift.

(p) **"Electric Vehicle Taxi Medallion"** shall mean a permit issued by the SFMTA to a Color Scheme that meets SFMTA's performance standards to operate a particular battery-switch electric vehicle on a full-time basis, subject to conditions imposed by the SFMTA, for a fixed term of three to five years.

(q) **"Found Property"** shall mean any personal property found in or about a Motor Vehicle for Hire by a Driver or delivered to a Driver, Color Scheme or Dispatch Service by any person who has found such property.

(r) **"Full-Time Driver" or "Full-Time Driving"** shall mean any Driver actually engaged in, or the activity comprised of (respectively) the mechanical operation and physical

charge and custody of a Taxi or Ramp Taxi which is available for hire or actually hired for at least 156 four-hour shifts or 800 hours during a calendar year.

(s) **"Gas and Gates Medallion"** shall mean a Medallion that is operated by a Color Scheme that owns the Taxi or Ramp Taxi vehicle, schedules the Drivers of the vehicle, and makes regular payments to the Medallion Holder in consideration for the use of the Medallion.

(t) **"Gate Fee"** shall mean any monetary fee or other charge or consideration, or any combination thereof, paid by a Driver who is not a Taxi or Ramp Taxi Medallion Holder for the privilege of driving a Taxi or Ramp Taxi for any period of time, and for receipt of all services provided in connection with such privilege, whether said fee, charge or consideration is set orally or in writing, and regardless of the terms of payment.

(u) **"Hearing Officer"** shall mean an individual designated by the Director of Transportation to conduct hearings under Sections 1117 and 1120 of this Article.

(v) **"In-Taxi Equipment"** shall mean hardware and software that enables the real-time processing of paratransit debit card transactions and consisting of, at a minimum, a Taximeter, magnetic swipe reader, user interface (display and function buttons), high speed receipt printer, GPS receiver, cellular modem and antennae (cellular and GPS).

(w) **"Key Personnel"** shall mean a Taxi Permit Holder who works in an administrative capacity or performs functions integral to a Color Scheme or Dispatch Service, who is a bona fide employee on the payroll of the Color Scheme or Dispatch Service and who works on-site at the Color Scheme's or Dispatch Service's principal place of business.

(x) **"Lease"** shall mean an otherwise lawful written agreement that for consideration authorizes the temporary operation of a Taxi or Ramp Taxi Medallion by a Driver or Color Scheme other than the Taxi or Ramp Taxi Medallion Holder.

(y) **"Lease Fee"** shall mean any monetary fee or other charge or consideration, or any combination thereof, charged by or paid to a Taxi or Ramp Taxi Medallion Holder for the privilege of operating that Medallion during a particular shift, or for any period of time.

(z) **"Medallion"** shall mean a permit issued by the SFMTA to operate a particular Taxi or Ramp Taxi vehicle in the City.

(aa) **"Medallion Holder"** shall mean the person or entity to which a Medallion was issued.

(bb) **"Medallion Surrender Payment"** shall mean the amount of money paid by the SFMTA to a Medallion Holder in exchange for surrender of his or her Medallion so that the SFMTA may transfer it to a new Medallion Holder.

(cc) **"Medallion Transfer Allocation"** shall mean the percentage of the Medallion Transfer Price that shall be paid to the SFMTA from the proceeds of the retransfer of a Medallion.

(dd) **"Medallion Transfer Price"** shall mean the fixed price paid by the Transferee for the transfer or retransfer of a Medallion, to be set by the SFMTA in accordance with this Article.

(ee) **"Medallion Transfer Program"** shall mean the program allowing the SFMTA to transfer Surrendered Medallions at the Medallion Transfer Price and allowing certain Medallion Holders to retransfer their Transferable Medallions at the Medallion Transfer Price in accordance with the terms of Section 1116 of this Article.

(ff) **"Model Year"** shall mean a model year designated by the manufacturer at the time of first assembly as a completed vehicle.

(gg) **"Motor Vehicle for Hire"** shall mean every type of privately owned motor vehicle, as defined in the Vehicle Code, which is available for hire and over which the City may exercise jurisdiction, except as otherwise specified in this Article.

(hh) **"Motor Vehicle for Hire Permit"** shall mean a permit issued by the SFMTA for the operation of an identified vehicle for the purpose of transporting passengers for a price, including Taxi or Ramp Taxi Medallions and Non-Standard Vehicle permits, and does not include Dispatch Service, Color Scheme or Driver Permits.

(ii) **"Non-Standard Vehicle"** shall mean a privately owned, motor-propelled passenger carrying vehicle which may be legally operated on the streets of the City under all applicable state and local laws and regulations, and which is not defined elsewhere in this Article.

(jj) **"Notice of Denial"** shall mean a notice informing an applicant for a permit that the SFMTA has decided to deny the application for the permit under Section 1117 of this Article.

(kk) **"Notice of Grant"** shall mean a notice informing an applicant for a permit that the SFMTA has decided to grant the application for the permit under Section 1117 of this Article.

(ll) **"Notice of Inactive Status"** shall mean a notice informing an applicant for a permit that the SFMTA no longer deems the application active due to the occurrence of one or more of the events described in Section 1103(b) of this Article.

(mm) **"Notice of Nonrenewal"** shall mean a notice informing a Permit Holder that the SFMTA has determined that the permit will not be renewed in accordance with Section 1105(a)(5)(B) of this Article.

(nn) **"Notice of Summary Suspension"** shall mean a notice informing a Permit Holder that the SFMTA has decided to summarily suspend the permit in accordance with Section 1121 of this Article.

(oo) **"O.E.M."** shall mean any equipment installed on a vehicle when the vehicle was initially manufactured.

(pp) "**Paratransit Broker**" shall mean the contractor retained by SFMTA to administer the Paratransit Program.

(qq) "**Paratransit Coordinating Council**" shall mean the Community Advisory Committee that advises the SFMTA regarding paratransit services.

(rr) "**Paratransit Debit Card**" shall mean the fare media issued through the Paratransit Program for use in taxis or other vehicles that are associated with the Paratransit Program.

(ss) "**Paratransit Program**" shall mean the SFMTA program to provide transit services for people unable to independently use public transit because of a disability or disabling health condition.

(tt) "**Participating Color Scheme**" shall mean a Color Scheme that has entered into an agreement with the SFMTA for the operation of Medallions that are sold and purchased in accordance with Section 1116(o) of this Article.

(uu) "**PCI DSS**" shall mean the Payment Card Industry Data Security Standard, which is a worldwide information security standard assembled by the Payment Card Industry Security Standards Council to help organizations that process card payments prevent credit card fraud.

(vv) "**Permit Fee**" shall mean a fee in an amount established by the SFMTA Board, required to be paid by a permit applicant for permit issuance or renewal, including any late payment penalties or interest for failure to pay in accordance with the requirements of this Article and any other regulations adopted by the SFMTA Board.

(ww) "**Permit Holder**" shall mean any person, business, firm, partnership, association or corporation which holds any permit issued by or under the authority of the SFMTA to drive, operate or cause to be operated any Motor Vehicle for Hire or to operate any Dispatch Service or Color Scheme pursuant to this Article, and any agent of such Permit

Holder including, but not limited to, any owner, manager, employee or lessee of such Permit Holder.

(xx) "**Police Department**" shall mean the Police Department of the City and County of San Francisco.

(yy) "**Qualified Lender**" shall mean a lender approved by the Director of Transportation to finance the transfer of Medallions under the former Taxi Medallion Sales Pilot Program or the Taxi Medallion Transfer Program.

(zz) "**Ramp Taxi**" shall mean a Taxi that is specially adapted with access for wheelchair users.

(aaa) "**Ramp Taxi Medallion**" shall mean a permit issued by the SFMTA to operate a particular Taxi vehicle that is specially adapted with access for wheelchair users.

(bbb) "**Ramp Taxi Program**" shall mean the SFMTA program that oversees the delivery of transportation services to individuals whose disabilities require the use of vehicles equipped with a ramp.

(ccc) "**Rates of Fare**" shall mean the fees and charges that are authorized by the SFMTA Board that may be charged to the public by a Permit Holder in consideration for transport by a Motor Vehicle for Hire.

[begin addition] (ddd) "**Reduced Medallion Transfer Price**" shall mean the \$150,000 price paid by 150 Driver Permit Holders at the top of the Waiting List for the transfer of a Medallion in accordance with Section 1116(g) of this Article.

[end addition] ([begin deletion] ~~ddd~~ [end deletion] [begin addition] eee [end addition])

"**Renewal Fee**" shall mean a fee in an amount established by the SFMTA Board, payable as a condition for renewal of a permit, and including any late payment penalties or interest for failure to pay in accordance with the requirements of this Article or any other regulation adopted by the SFMTA Board.

([begin deletion] ~~eee~~ [end deletion] [begin addition] fff [end addition]) **"Respondent"** shall mean a person or entity to whom a Notice of Nonrenewal under Section 1105(a)(5)(B), Notice of Inactive Status under Section 1103(b)(4), Notice of Summary Suspension under Section 1121, Citation under Section 1119(a), or Citation for a violation listed under Section 1118(a) is delivered.

([begin deletion] ~~fff~~ [end deletion] ggg) **"Response Time Goals"** shall mean the measure of industry performance expressed by the time elapsed between the time a Dispatch Service receives a request for service to the time that a Taxi or Ramp Taxi actually arrives at the location specified by the customer for pick up. The currently applicable Response Time Goals are as follows:

- (1) 70% of the time, a Taxi or Ramp Taxi will arrive within 10 minutes of the service call.
- (2) 80% of the time, a Taxi or Ramp Taxi will arrive within 15 minutes of the service call.
- (3) 99% of the time, a Taxi or Ramp Taxi will arrive within 30 minutes of the service call.

([begin deletion] ~~ggg~~ [end deletion] [begin addition] hhh [end addition]) **"Single Operator Part-time Taxi Medallion"** shall mean a permit issued by the SFMTA to a Driver who qualifies on the basis of A-Card Seniority to operate a particular hybrid, CNG or electric taxi vehicle, or other vehicle as authorized by the SFMTA, for a fixed period of years on a part-time basis, and in accordance with permit conditions set by the SFMTA.

([begin deletion] ~~hhh~~ [end deletion] [begin addition] iii [end addition]) **"SFMTA"** shall mean the San Francisco Municipal Transportation Agency of the City, or any predecessor agency with regulatory jurisdiction over Motor Vehicles for Hire, or its authorized designee.

([begin deletion] ~~iii~~ [end deletion] [begin addition] jjj [end addition]) **"Surrendered Medallion"** shall mean a Medallion surrendered to the SFMTA in exchange for receipt of the Medallion Surrender Payment in accordance with Section 1116 of this Article.

([begin deletion] ~~jjj~~ [end deletion] [begin addition] kkk [end addition]) **"Taxi"** shall mean a vehicle operated pursuant to a Taxi or Ramp Taxi Medallion that is legally authorized to pick up passengers within the City with or without prearrangement, of a distinctive color or colors and which is operated at rates per mile or upon a waiting-time basis, or both, as measured by a Taximeter and which is used for the transportation of passengers for hire over and along the public streets, not over a defined route but, as to the route and destination, in accordance with and under the direction of the passenger or person hiring such vehicle.

([begin deletion] ~~kkk~~ [end deletion] [begin addition] lll [end addition]) **"Taxi Medallion Sales Pilot Program"** shall mean the former program adopted by the SFMTA Board of Directors for the transfer of certain Medallions at an established price to a transferee who is qualified to hold a Medallion under these regulations.

([begin deletion] ~~lll~~ [end deletion] [begin addition] mmm [end addition])

"Taximeter" shall mean a device attached to a Motor Vehicle for Hire which mechanically or electronically calculates the fare to be charged to the passenger, either on the basis of distance traveled or for waiting time, or a combination thereof, and upon which the amount of the fare is indicated by means of numerals in dollars and cents.

([begin deletion] ~~mmm~~ [end deletion] [begin addition] nnn [end addition])

"Transferable Medallion" shall mean a Medallion that is transferable because it has been transferred at least once in accordance with Section 1116 of this Article. Medallions that have never been transferred but are held by Medallion Holders who are eligible to transfer their Medallions under the provisions of Section 1116(a)(1) or (a)(2) are not Transferable Medallions.

([begin deletion] ~~mm~~ [end deletion] [begin addition] ooo [end addition])

"Transferee" shall mean a Driver Permit Holder who qualifies under Section 1116(c) of this Article as a recipient of the transfer or retransfer of a Medallion.

([begin deletion] ~~eee~~ [end deletion] [begin addition] ppp [end addition])

"Transferor" shall mean a Medallion Holder who qualifies under Section 1116(d) of this Article to retransfer his or her Medallion.

([begin deletion] ~~ppp~~ [end deletion] [begin addition] qqq [end addition])

"Vehicle Number" shall mean the unique identifying number associated with each Taxi or Ramp Taxi vehicle.

([begin deletion] ~~eee~~ [end deletion] [begin addition] rrr [end addition])

"Waiting List" shall mean a list of applicants for Taxi or Ramp Taxi Medallions for whom such Medallions are not yet available, maintained in the order of receipt of complete applications from qualified applicants.

Section 2. Article 1100 of Division II of the Transportation Code is hereby amended by amending Section 1116, to read as follows:

SEC. 1116. TAXI MEDALLION TRANSFER PROGRAM.

(a) Surrender for Consideration.

(1) The following natural persons are eligible to surrender their Medallions to the SFMTA for consideration in accordance with this Section:

(A) Any Medallion Holder, whether or not he or she is subject to the Full-Time Driving Requirement, who has demonstrated to the satisfaction of the SFMTA that he or she has a bona fide disability that permanently prevents him or her from satisfying the Full-Time Driving requirement, or

(B) Any Medallion Holder who has attained the age of 60.

(2) A Medallion Holder who is subject to the Full Time Driving Requirement must demonstrate that, as of the date that the Medallion is surrendered, he or she has been a Full Time Driver for four of five consecutive calendar years within the meaning of Section 1104(c)(3).

(3) No Medallion Holder against whom the SFMTA has filed a Notice of Violation, Notice of Summary Suspension, or Notice of Nonrenewal prior to completion of the surrender is eligible to surrender his or her Medallion for consideration until any resultant administrative hearing, administrative appeal, or court proceeding is concluded and the Medallion Holder has served any term of suspension imposed and paid any administrative fine imposed. In the event that the Notice of Violation seeks revocation of the Medallion, the Medallion Holder is not eligible to surrender the Medallion for consideration unless and until the administrative hearing and any resultant administrative appeal or court proceeding is concluded upon a determination that the Medallion will not be revoked.

(4) This Section does not confer on a Medallion Holder a vested right to surrender a Medallion for consideration. The SFMTA Board of Directors may decide at any time that the Medallion Transfer Program is terminated, suspended or otherwise not operational, and that no further surrenders by Medallion Holders eligible under this Section 1116 are permitted.

(b) Medallion Surrender Payment. As consideration for surrender of a Medallion in accordance with this Section, the SFMTA shall make a Medallion Surrender Payment to the Medallion Holder in an amount equal to two-thirds of the current Medallion Transfer Price; provided, however, that the Medallion Surrender Payment shall never exceed \$200,000.

(c) Qualified Medallion Transferees. Upon surrender, the SFMTA may transfer the Surrendered Medallion under the Taxi Medallion Transfer Program to a Transferee – a Driver Permit Holder who meets all requirements of this Article to be a Medallion Holder, and who

acknowledges and agrees that the Transferable Medallion is subject to the provisions of this Section. The SFMTA shall make offers of transfer to such Transferees in the order of seniority on the Waiting List, and then in the order of A-Card Seniority.

(d) Retransfer.

(1) A Medallion that was transferred under the Taxi Medallion Sales Pilot Program, or is transferred under the Medallion Transfer Program, is a Transferable Medallion and a Transferee is eligible to retransfer the Transferable Medallion at any time in accordance with this Section, regardless of age or disability status. The Transferee may not convey the Transferable Medallion by gift, bequest or in any manner other than by a bona fide retransfer in accordance with this Section. A Transferable Medallion shall expire upon the death or mental incompetence of the Medallion Holder, upon the foreclosure by a Qualified Lender under subsection 1116(o), or upon revocation of the Medallion.

(2) In all instances in which retransfer of a Medallion is allowed under this Section, the SFMTA may elect to purchase the Medallion from the Medallion Holder instead of allowing the Medallion Holder to retransfer the Medallion.

(3) If the SFMTA chooses at any time to prohibit the future retransfer of Transferable Medallions, it shall, at the request of a Medallion Holder who holds a Transferable Medallion, and upon ten days notice to a Qualified Lender who has a security interest in the Transferable Medallion, purchase the Medallion at the Medallion Transfer Price paid by the Medallion Holder. At the request of a Qualified Lender who has complied with the requirements of Section 1116(n) of this Article, the SFMTA will deduct from the payment made to any Medallion Holder under this Section 1116(d)(3) an amount sufficient to satisfy any outstanding balance on a loan made by the Qualified Lender and secured by an interest in the Medallion, and shall immediately remit that amount to the Qualified Lender. Upon receipt of this amount, the Qualified Lender shall comply with Section 1116(n)(3) and release

its security interest in the Medallion. Upon purchase of the Medallion under this Section 1116(d)(3), the SFMTA shall reissue the Medallion to the Medallion Holder. The reissued Medallion shall not be a Transferable Medallion, and the Medallion Holder will be subject to all the provisions of this Article, including Section 1105(a)(4), which provides that permits issued under this Article are not transferable or assignable.

(4) Any Transferee who receives a down payment loan from a Qualified Lender that is secured by funds from the Transferor as required by written agreement with SFMTA must operate the Transferable Medallion as a Gas and Gates Medallion until the Transferee repays the entire amount of the down payment loan.

(e) Fixed Medallion Transfer Price. A Surrendered Medallion may be transferred by the SFMTA, and a Transferable Medallion may be retransferred under the supervision of the SFMTA, at a price established by the SFMTA. The initial Medallion Transfer Price shall be \$300,000. The Director of Transportation may reset the Medallion Transfer Price based upon his or her determination that commercially relevant factors, including but not limited to the commercial loan terms available to Medallion applicants, the affordability of the monthly payments under such loans, and the anticipated business revenue to be generated from a Medallion, warrant resetting the Price. The Director of Transportation shall present his or her recommendation for a new Medallion Transfer Price to the SFMTA Board for approval. The Director of Transportation may adjust the Medallion Transfer Price without SFMTA Board approval no more frequently than annually in accordance with the percentage by which the Consumer Price Index for Urban Wage Earners for the San Francisco Bay Area has increased since the Medallion Transfer Price was last set or adjusted. Any changes to the Medallion Transfer Price shall be subject to the restrictions set forth in any agreement between the SFMTA and a Qualified Medallion Lender described in Section 1116(m)(3).

(f) Distribution of Medallion Retransfer Proceeds.

(1) The Transferor shall distribute to the SFMTA the Medallion Transfer Allocation at the time of retransfer. The Medallion Transfer Allocation shall be twenty percent of the Medallion Transfer Price.

(2) Notwithstanding Subsection (f)(1) above, in the event that a Transferee is required to retransfer a Transferable Medallion within ten years of the transfer, or most recent retransfer, due to any of the following involuntary surrender events: (1) revocation; (2) disability that prevents compliance with the Full-time Driving Requirement, (3) death of the Medallion Holder; or, (4) foreclosure upon the Transferable Medallion in the event of default of any outstanding loan against the Medallion, the Driver Fund Retransfer Contribution shall be waived and the Transferor shall distribute to the SFMTA the following reduced Medallion Transfer Allocation at the time of retransfer:

Year of Involuntary Event	Percent of Medallion Transfer Allocation Due Upon Involuntary Surrender
1	0%
2	5%
3	10%
4	15%
5	20%
6	35%
7	50%
8	75%
9	90%
10	100%

(g) Medallion Sales by City. [begin addition] As part of the Medallion Transfer Program, and notwithstanding the provisions of Section 1116(e) of this Article, the SFMTA shall transfer 150 medallions that are returned to the SFMTA for any reason, with the exception of Surrendered Medallions and Transferable Medallions, to Transferees at the Reduced Medallion

Transfer Price of \$150,000. Transfers made at the Reduced Medallion Transfer Price shall be made in the order of seniority on the Waiting List, and shall be made in accordance with and subject to the requirements of this Code. [end addition] [begin deletion] ~~As part of the Medallion Transfer Program~~ [end deletion] [begin addition] After completing the transfer of 150 Medallions at the reduced Medallion Transfer Price [end addition] , the SFMTA [begin addition] shall [end addition] [begin deletion] ~~may~~ [end deletion] transfer Medallions that are returned to the SFMTA for any reason [begin deletion] ~~and, upon authorization of the SFMTA Board, may transfer newly issued Medallions~~ [end deletion] to Transferees at the Medallion Transfer Price. [begin addition] Upon authorization of the SFMTA Board, the SFMTA may transfer newly-issued Medallions to Transferees at the Medallion Transfer Price, or may transfer newly-issued Medallions to Transferees at the Reduced Transfer Price in order to complete the transfer of 150 medallions at that price. [end addition] [begin deletion] ~~The SFMTA may continue to issue Medallions to applicants in accordance with Sections 1103 and 1104 of this Article during the pendency of the Medallion Transfer Program.~~ [end deletion]

(h) Taxi Medallion Retransfer Procedures.

(1) Retransfer of a Medallion may only be accomplished by a transaction that complies with all requirements of this Article. Retransfer of a Medallion to a Transferee is not effective until the retransfer is approved by the Director of Transportation.

(2) The Director of Transportation may require a Transferee to provide documentation in a form satisfactory to the SFMTA of the source of the funds used to transfer the Medallion.

(3) The Director of Transportation may establish such procedures as he or she deems appropriate to carry out the Medallion Transfer Program.

(i) Transferable Medallions Subject to all Regulations. A Medallion transferred or retransferred pursuant to this Section remains subject to all applicable laws and regulations and may be suspended or revoked for cause.

(j) Ramp Taxi Medallions. If any Ramp Taxi Medallion Holder who would qualify to surrender a Medallion notifies the SFMTA that he or she elects to surrender the Medallion, the SFMTA shall exchange the Ramp Taxi Medallion for a Medallion that is not a Ramp Taxi Medallion to be surrendered by the Medallion Holder. Such exchange shall not diminish the size of the Ramp Taxi fleet. No Ramp Taxi Medallion shall be surrendered pursuant to this Section.

(k) Driver Fund and Driver Fund Retransfer Contribution. The SFMTA shall establish a Driver Fund. The SFMTA shall make a Driver Fund Retransfer Contribution to the Driver Fund upon retransfer of a Transferable Medallion and may, in its sole and absolute discretion, elect to deposit other monies into the Fund. The Driver Fund Retransfer Contribution shall be five percent of the Medallion Transfer Price, and is subject to change upon the recommendation by the Director of Transportation and the approval of the SFMTA Board. Monies in the Driver Fund may be expended by the SFMTA.

(l) Taxi Medallion Sales Pilot Program Advisory Council.

(1) The SFMTA shall establish a Taxi Advisory Council ("Advisory Council"), which shall monitor the issues that arise during the Taxi Medallion Sales Pilot Program, evaluate the effects of the Pilot Program on all sectors of the taxi industry, and provide advice to the SFMTA Board of Directors and the Director of Transportation.

(2) The Advisory Council shall consist of 15 members appointed by the Director of Transportation. Three of the members shall be representatives of each of the following companies: Yellow Cab Cooperative, Luxor Cab Company and DeSoto Cab Company. Three of the members shall be representatives of other Color Scheme Permit Holders. Three of the members shall be Medallion Holders who do not represent a Color Scheme, and who are not employed as managers, dispatchers, cashiers, mechanics, or administrative staff of a Color Scheme. Three of the members shall be Drivers who are not

Medallion Holders and who are not on the Waiting List. Three of the members shall be Drivers who are not Medallion Holders and who are on the Waiting List. Members shall serve for a term of two years and shall serve at the pleasure of the Director of Transportation. In the event that a vacancy occurs during a member's term, the Director of Transportation shall appoint a successor for the unexpired term.

(3) The Advisory Council shall prepare and provide to the Director of Transportation, no later than March 31, 2011, a report containing its assessment of the Taxi Medallion Sales Pilot Program and its recommendations regarding a long-term Medallion Reform Program. The Advisory Council shall be staffed by personnel from the SFMTA.

(4) The Advisory Council shall terminate by operation of law two years year after the date that all members have been appointed, unless the SFMTA Board by resolution extends the term of the Council.

(m) Medallion Lender Qualification.

(1) A Transferee of a Medallion may enter into a loan agreement to finance the transfer or retransfer of a Medallion only with a Qualified Lender. A Qualified Lender shall not assign, sell or otherwise transfer the Qualified Lender's rights under the loan agreement and ancillary documents with respect to more than 90% of the original loan balance without the express, written consent of the Director of Transportation.

(2) A Qualified Lender must be a financial institution chartered by a state government or the federal government, and may not impose any penalties or otherwise constrain the payment of the balance owed on the loan prior to the expiration of the loan term. The Director of Transportation shall adopt rules setting forth additional requirements for designation by the SFMTA as a Qualified Lender. If the SFMTA determines that a lender has failed to meet or maintain the requirements to be a Qualified Lender, the SFMTA shall deny

the application to become a Qualified Lender or suspend or revoke the lender's current status as a Qualified Lender.

(3) All Qualified Lenders must enter into a written agreement with the SFMTA, in a form approved by the SFMTA. The agreement shall include, at a minimum, the Qualified Lender's acknowledgement of the provisions of this Section, the Qualified Lender's agreement to be bound by these provisions, and the SFMTA's promise not to set the Medallion Transfer Price below the highest Medallion Transfer Price paid by a Medallion Holder to whom a Qualified Lender made a loan that is still outstanding.

(n) Security Interests.

(1) Qualified Lender's Security Interest. Notwithstanding any other provisions herein to the contrary, a Transferee may encumber a Transferable Medallion with a security interest pursuant to an agreement entered into with a Qualified Lender to finance the transfer or retransfer of the Medallion.

(2) Filing Security Interests. A Qualified Lender wishing to evidence a security interest in a Transferable Medallion shall file a notice of the security interest with the SFMTA in a form approved by the SFMTA within ten business days of closing the relevant loan transaction, and shall provide to the SFMTA a copy of the promissory note, loan agreement, security agreement, any other underlying contracts or documents memorializing the terms and conditions of the debt that is secured by the Transferable Medallion, and any documents memorializing the perfection of the security interest. The SFMTA will not recognize any security interest in a Transferable Medallion that is not filed and reported in compliance with this rule.

(3) Release of Secured Interest. Upon repayment of the loan secured by an interest in a Transferable Medallion, the Qualified Lender must file notice of release of the

secured interest within five business days of the release with the SFMTA along with any underlying contracts or documents memorializing the terms and conditions of the release.

(o) Foreclosure and Retransfer of Transferable Medallions.

(1) If the Transferee defaults under the agreement with the Qualified Lender beyond any applicable notice and cure period, notwithstanding any other provisions herein to the contrary, the Qualified Lender may foreclose upon its security interest and possess the foreclosed, Transferable Medallion as an owner of the Transferable Medallion with full right, title, and interest thereto, except that Lender shall not be permitted to operate the Medallion. If the Qualified Lender intends to foreclose on the security interest, the qualified Lender shall notify the SFMTA without delay once the Qualified Lender determines the date on which it intends to foreclose. The notice shall include the name of the Medallion Holder, the intended date of foreclosure, and the contact information for the representative of the Qualified Lender to whom inquiries may be made.

(2) Provided that the Qualified Lender has provided notice to the SFMTA under Section 1116(o)(1), upon foreclosure in accordance with applicable law and the terms of the security agreement between the Qualified Lender and the Medallion Holder, the Qualified Lender may Retransfer the Transferable Medallion pursuant to the provisions of this Section to the Transferee identified by the SFMTA at the Medallion Transfer Price. The Qualified Lender shall retain sufficient proceeds of such retransfer sale to satisfy Medallion Holder's debt to the Qualified Lender as determined by reference to the unpaid balance under the loan agreement between the Medallion Holder and the Qualified Lender. The Qualified Lender shall then, without delay, remit the applicable Medallion Transfer Allocation, to the extent possible in light of the remaining retransfer proceeds, to the SFMTA.

(p) Disciplinary Revocation and Retransfer.

(1) In the event that the SFMTA brings disciplinary revocation proceedings against a Transferable Medallion the SFMTA shall provide notice of the filing of such proceedings to any Qualified Lender holding a secured interest in the Transferable Medallion if the Qualified Lender has complied with all notice and reporting requirements of Section 1116(n).

(2) Disciplinary revocation of a Transferable Medallion shall not affect the validity of the lien of a Qualified Lender against the Medallion. Any retransfer of the Transferable Medallion after revocation for any reason shall be subject to the lien of the Qualified Lender.

(3) Conduct of Retransfer. Upon revocation of a Transferable Medallion for any reason, the SFMTA may proceed to transfer the Medallion to the next qualified applicant in accordance with the procedures set forth in this Section. If the SFMTA elects not to transfer the Transferable Medallion in accordance with this Section, it must nevertheless satisfy any outstanding balance on a loan secured by a Qualified Lender if the security interest is on file with the SFMTA under Section 1116(n), and shall do so within three months of the revocation, or, if the Medallion Holder files an action challenging the revocation, within three months of the date of the final judgment in that action.

(4) Disbursement of Retransfer Proceeds. At the time of any retransfer of the revoked Transferable Medallion, the outstanding balance of the loan secured by a secured interest of a Qualified Lender on file with the SFMTA shall be satisfied with the retransfer proceeds after deducting the expenses of the retransfer and the applicable Medallion Transfer Allocation. Any remaining proceeds shall be disbursed to the former Medallion Holder or his or her designees.

(5) Continued Operation After Revocation. Upon revocation of the Transferable Medallion, the SFMTA shall repossess the Medallion. If the Transferable

Medallion cannot be repossessed, the SFMTA shall issue a temporary Medallion to replace the Transferable Medallion until the SFMTA is able to repossess it. The Transferable Medallion need not be in the possession of the SFMTA in order to proceed with retransfer or other disposition of the Medallion. Upon revocation, and until the Transferable Medallion is distributed to a new Medallion Holder, the Medallion shall continue to be operated by the Participating Color Scheme with which it is affiliated.

(q) Participating Color Schemes. Any Color Scheme Permit Holder who wishes to participate in the Medallion Transfer Program as a Participating Color Scheme must enter into a written agreement with the SFMTA. The agreement shall include, but need not be limited to, the agreement of the Color Scheme Permit Holder to allow Medallions transferred under this Section to affiliate with the Color Scheme in accordance with all applicable rules and regulations, and to continue to operate any such affiliated, Transferable Medallion during the period commencing on the revocation of such Medallion and ending on the retransfer or other disposition of the Medallion by the SFMTA, and at any other time upon the request of the SFMTA. During such periods of operation, the Color Scheme shall continue to make the payments that would otherwise have been payable to the Medallion Holder to the SFMTA in accordance with the agreement between the SFMTA and Participating Color Schemes.

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

By: _____
Mariam M. Morley
Deputy City Attorney

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of November 20, 2102.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency