

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Taxis and Accessible Services

BRIEF DESCRIPTION:

Authorizing the Director to issue up to 120 new taxi permits in 2013 and up to an additional 200 new taxi permits in 2014; to offer such medallion permits to qualified applicants on the medallion waiting list, or lease medallion permits directly to drivers or to color scheme permit holders; establishing that all taxi medallion permits shall be operated with a hybrid, electric or compressed natural gas vehicles; and amending Transportation code Section 1116 to reduce the Medallion Transfer price to \$250,000, reduce the Reduced Medallion Transfer price to \$125,000, and change the Medallion Surrender Price to \$200,000.

SUMMARY:

- The SFMTA executed a contract professional services contract with Hara and Associates for a study of taxicab supply and demand and a best practices study of taxi regulation. Dr. Dan Hara will present the supply and demand study and the schedule for completion of the full contract scope of work.
- Hara and Associates has concluded that an additional 800 taxis could eventually be needed to develop and support a latent demand for taxi service. It is not possible to deploy a large number of taxis instantaneously and therefore staff recommends a gradual increase of taxis.
- Taxi Services staff has other initiatives to develop public confidence, including a public outreach campaign, improved taxi driver training, new universal taxi toplights, and an information technology project to allow all taxis to be 'e-hailed' on any smart phone 'app' that dispatches San Francisco taxis.
- When the Board implemented the Medallion Transfer Program, it established a price of \$300,000. This was an increase from the \$250,000 medallion price previously established for the Pilot Program. The Board established a Reduced Medallion Transfer price of \$150,000 for the first 200 qualified applicants on the waiting list.
- Staff recommends that the Medallion Transfer Price be reduced to \$250,000, and that the Reduced Medallion Transfer be set at \$125,000.
- If authorized, there are alternatives available for the distribution of additional permits. Staff recommends offering such permits to those on the medallion waiting list and/or to lease them directly to drivers and/or color schemes.

ENCLOSURES:

1. Resolution
2. Best Practices Study of Taxi Regulation: Managing Taxi Supply
3. Transportation Code amendments

APPROVALS:

DATE

DIRECTOR _____

4/11/13

SECRETARY _____

4/11/13

ASSIGNED SFMTAB CALENDAR DATE: April 16, 2013

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PURPOSE

Requesting the Board to authorize the Director of Transportation to issue up to 120 new taxi permits in calendar year 2013, and up to an additional 200 new taxi permits in calendar year 2014, in accordance with the recommendations of the supply and demand study by Hara and Associates; requesting the Board to authorize the Director of Transportation to offer such permits to qualified applicants on the medallion waiting list and/or to lease such medallion permits directly to drivers and/or to color scheme permit holders; and requesting the Board to adopt legislation amending Transportation Code Section 1116 to reduce the Medallion Transfer Price to \$250,000 and to the Reduced Medallion Transfer Price to \$125,000, and to change the Medallion Surrender Price from two-thirds of the medallion Transfer Price with a cap of \$200,000, to \$200,000.

GOAL

Goal 2: Make transit, walking, bicycling, taxi, ridesharing, and carsharing the preferred means of travel.

Objective 2.1: Improve customer service and communications.

Objective 2.3: Increase use of all non-private auto modes.

Goal 3: Improve the environment and quality of life in San Francisco.

Objective 3.2: Increase the transportation system's positive impact to the economy.

Objective 3.4: Deliver services efficiently.

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.4: Improve relationships and partnerships with our stakeholders.

DESCRIPTION

Taxicab Supply and Demand/Taxi Best Practices Study

On January 3, 2012, the SFMTA executed a contract for professional services with Dan Hara and Associates, Inc. for a Best Practices Studies of Taxi Regulation. The Scope of Work for the Best Practices Study includes the following Tasks:

Task 1: Taxi User Survey--principally among San Francisco residents.

Task 2: Stakeholder Interviews—including industry representatives, the San Francisco International Airport, the Hotel Council and Restaurant Association, the Paratransit Broker and Paratransit Coordinating Council the Mayor's Office of Disability, SF Travel, the Mayor's Office, members of the Board of Supervisors, and members of the SFMTA Board of Directors.

Task 3: Gap Analysis of Industry Best Practices Compared to San Francisco--a summary report of best regulatory practices comparing San Francisco to five other jurisdictions comparable in terms of geography, population, size of transit system and levels of tourism. The subject matter areas identified for comparison are:

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- Organizational structure of a taxi regulator
- Administrative enforcement
- Illegal vehicle enforcement
- Medallion sales
- Vehicle safety and quality
- Technology
- Geographical distribution
- Company standards and accountability
- Driver rights and duties
- Industry monitoring and reporting requirements
- Enforcement and discipline
- Driver training
- Driver security
- Permitting system structure
- Availability and responsiveness of taxi service
- Payment processing options
- Leasing regulations, especially limits on monthly lease fees and controls on subleasing.

Task 4: Taxicab Supply and Demand Study—the work product will include a methodology that uses international best practices in the taxi industry. The contractor will then apply that methodology to determine 1) whether there is currently a need for additional taxis in San Francisco to meet demand, and 2) how to ensure citywide distribution of taxi services.

Task 5: Taxi Meter Rate Algorithm--the work product will include an algorithm that uses international best practices in the taxi industry to assess whether there is a need to adjust San Francisco's taxi meter rates. The contractor will then apply the algorithm to determine whether there is currently a need to adjust San Francisco's taxi meter rates.

Task 6: Taxi Gate Fee Algorithm--the work product will include an algorithm that uses international best practices in the taxi industry to assess whether there is a need to adjust San Francisco's cap on "gate fees"- the lease fee that drivers pay per shift to use the taxi vehicle. The contractor will then apply the algorithm to determine whether there is currently a need to adjust San Francisco's gate fee regulation in order to ensure a reasonable rate of return on investment to taxi companies.

Task 7: Development of Performance Standards--performance measures for SFMTA Taxi Services to drive improvements to the safety, quality, reliability and availability of San Francisco taxi service to the public.

Dr. Hara will report on the completion of Tasks 1, 2 and 4 (elements required to complete the supply and demand study) and the status and anticipated completion of the full scope of work.

Taxicab Supply and Demand Conclusions

Number of Medallions Needed to Meet Demand

Hara and Associates has concluded that an additional 800 taxis could eventually be needed in San Francisco to develop and support a latent demand for taxi service (600 additional to the 200 previously authorized in 2012). However, in order to support this nearly 50 percent increase in the current number of taxis, taxi demand would have to be developed over time. Further, it is not possible to deploy a large number of taxis instantaneously because of limitations on vehicle availability, vehicle financing, delays associated with vehicle “hack-up” time, driver hiring and scheduling, vehicle and taximeter inspection schedules, and the medallion applicant qualification process.

The gradual increase in the number of taxis needed to alleviate a chronic shortage of taxi service will begin to reassure taxi customers that taxicabs are an available and reliable transportation option, and this in turn will support the release of additional medallions. SFMTA Taxi Services staff has also planned other initiatives to develop public confidence in the taxi supply, including a public outreach campaign, improved taxi driver training, new universal taxi toplights, and an information technology project to allow all San Francisco taxis to be ‘e-hailed’ on any smart phone ‘app’ that dispatches San Francisco taxis.

Should the Board decide to authorize issuance of these permits to operate a taxicab in San Francisco, there are different alternatives available as to how to issue such permits. They could be issued as full-time medallions or part-time single operator permits, they could be issued as permanent medallions or temporary permits for the lifetime of a taxi vehicle, and they could be made subject to transfer by the SFMTA to individual medallion holders, or they could be leased by the SFMTA to taxi companies or to individual taxi drivers. Likely, staff would pursue some combination of these alternatives.

Full-time Permanent Medallions Offered in Order of Medallion Waiting List Seniority

At its meeting of November 20, 2012 the Board authorized the SFMTA to offer 200 medallions to qualified individuals at the top of the medallion waiting list at the discounted price of \$150,000 each. Newly authorized full-time permanent medallions will provide an opportunity to make this discounted offer to taxi drivers high on the waiting list. For reasons discussed below with regard to leasing, staff recommends having an option of placing a requirement on these medallions that they must be operated under a gas-and-gates model for at least the first three years. For reasons discussed below with respect to medallion pricing, staff recommends that the discounted price offer be reduced to \$125,000.

Staff also recommends that any new taxi medallion permits, whether transferred or leased, conform to the vehicle standards that have been adopted for the issuance of permits in the past: that they be operated with a hybrid, electric or compressed natural gas vehicle, except that if a vehicle costs more than \$25,000, other fuel choices may be authorized by the SFMTA depending on other vehicle performance factors such as passenger capacity, accessibility and/or fuel efficiency.

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Medallions Leased by SFMTA

A San Francisco taxi medallion represents the right to operate a single taxi vehicle in San Francisco. Sometimes that right is leased out by the medallion holder, either directly or through a taxi company, to a non-medallion holding driver.

There are three principal types of leasing in the taxi industry. The first two make up the “gas and gates” system, under which (i) a medallion is leased by the medallion holder to a color scheme company, and (ii) the color scheme company in turn leases the medallion to drivers by the shift. The third type of lease, called an “affiliate lease”, is (iii) where the medallion holder leases the medallion directly (or through an illegal broker) to a driver who takes responsibility for performing all the functions that a color scheme company would otherwise perform, and who pays a color scheme a nominal fee to be allowed to use that company’s paint colors and “radio” (dispatch service).

It is estimated that approximately half of San Francisco taxi medallions are currently being operated pursuant to the latter type of lease, independent “affiliate” leases either directly to non-medallion holding taxi drivers or indirectly to drivers through illegal medallion brokers. The significant benefits of an affiliate lease to the driver-lessee are (1) the ability to schedule one’s own driving shifts, (2) the ability to control vehicle acquisition and maintenance, (3) the ability to hire one’s drivers of choice to share the vehicle, and (4) the convenience of being able to transfer control of the vehicle between drivers in a location other than the business property of the taxi company.

The “affiliate” provides his or her own vehicle, is expected to pay for vehicle maintenance, and often purchases auto liability and workers compensation insurance. (Some color schemes require that the monthly affiliation fee include the company’s auto liability and/or workers’ compensation insurance, so that the company can be sure that an affiliate lease vehicle operating under its “colors” actually holds required insurance coverage.) The affiliate lessee also hires and schedules his or her own drivers. Sometimes these functions are performed by a lease-holding driver, but in many cases they are performed by illegal medallion brokers, who collect medallions from non-driving medallion holders and then charge either per-shift fees or monthly affiliate lease payments to drivers. By regulation the affiliate must operate under the colors of an existing “color scheme” permit holder, and must use the dispatch system of its chosen color scheme.

Monthly medallion lease prices (whether paid for a monthly ‘gas and gates’ lease by a company to a medallion holder or a monthly affiliate lease paid by a driver) are not regulated, and they have reached unsustainable levels. Most economic inputs to the San Francisco taxi industry are regulated (such as meter rates charged to the public and gate fees charged by companies to taxi drivers). Other economic inputs are constrained by the number of hours in a day or in a shift, the speed a vehicle can drive on City streets, and the minimum operating expenses of maintaining a taxi vehicle in conformance with state and local for-hire vehicle requirements. But notwithstanding the fact that the operating expenses of a taxi have increased substantially since 2009 and the fact that the taxi cannot drive any more miles during a 24-hour period than it could in 2009, lease prices for non-medallion holding drivers have escalated from \$4,500 per month in 2009 to over \$5,500 today. This does not include the cost of vehicle purchase, maintenance or insurance. Considering that under current regulated gate fee limits a taxi vehicle can only generate \$6,240 per month gross revenue per vehicle, these lease rates are not sustainable.

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Given the inflation of monthly affiliate lease rates and the lack of oversight of affiliates by medallion holders or color schemes, it is inevitable that in many existing affiliate leases, shift drivers are being overcharged for the use of the vehicle and are being put into the position of having to drive excessively long hours or be particularly aggressive to make even a small profit for a driving shift. Experience has shown instances where the taxi vehicle has been loaned out to friends and relatives, with or without drivers' licenses or taxi driver permits, for the opportunity to make a few dollars. Because all operating revenues are consumed by medallion lease prices, there is no economic incentive in this system to spend money on newer vehicles, vehicle repairs or insurance. In addition, the price competition from excessive monthly medallion lease rates require gas and gates companies to raise their monthly medallion payments to keep medallions in the gas and gates system, diverting financial resources away from their vehicle and dispatch quality. In short, to ensure public safety and customer service, the direct lease of medallions by the SFMTA to either drivers or companies, with accompanying oversight, incentives and penalties, will encourage better taxi service in San Francisco, as compared to the unregulated medallion lease model through which approximately half the fleet is currently operating.

By regulating the costs of a lease through a direct lease with the SFMTA: (1) lease rates can be set at a level that ensures reasonable compensation to all parties who operate and maintain the vehicle; (2) driver accountability can be maintained through lease terms and conditions; (3) standards can be set as to who qualifies for the limited privilege of holding a lease; and (4) the market for brokers of medallions for lease can be broken. By doing so, we will be able to ensure that responsible lease drivers are well-rewarded for providing excellent service to the residents and visitors of San Francisco.

Recently the SFMTA experimented with the direct lease of temporary operating permits to companies (color scheme permits) and individuals (single operator permits). The Hara and Associates study reveals broad support among taxi drivers for direct lease of medallions to drivers.

Leasing reform has been the subject of several taxi town hall meetings, and as a result, staff is developing regulations governing the leasing of medallions by medallion owners and companies in order to end the abuse of lease drivers, the black market in leased medallions and the safety and service issues that result from such practices. However, many lease drivers highly value the ability to operate pursuant to an affiliate lease because it provides flexibility and independence from company management. Accordingly, staff recommends that the Board begin the process of leasing reform by providing the Director of Transportation the option of leasing medallions directly to qualified drivers.

Single Operator Permits

The first 50 single operator permits were authorized by the Board at its meeting of August 21, 2012. These permits are required to be operated at least 40 but not more than 90 hours per week. The intention was to serve "peak time" demand for taxis without creating excess taxi capacity during slow times. These permits were issued to an individual taxi driver based on driver permit seniority, but a single operator driver is also permitted to schedule additional drivers for shifts during times that he or she does not drive. In designing these permits Taxi Services determined that allowing extra shifts beyond the primary operator's shifts was necessary because initial calculations showed that vehicle operation expenses required at least 90 hours of operation to make the single operator permit economically viable.

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These permits have come to be called “senior operator permits” because they have been issued to people based on driver seniority, not the waiting list, and the first group of 50 permits went to people with about 30 years experience as San Francisco taxi drivers. The highly experienced drivers who have received these permits do not tend to be ‘airport players’; preliminary data indicates that greater than 95 percent of all single operator trips begin somewhere other than the San Francisco airport. Additionally, the single operator permit creates the ability to “flex” the size of the taxi fleet by increasing the authorized hours of operation during periods of extraordinarily high demand to meet short-term needs, such as special event weekends. The single operator permit is very popular with the drivers who are eligible for them because it guarantees older drivers adequate working shifts and allows them to select the times and days that they choose to work. It also provides at least two other drivers an opportunity to work during peak time shifts when they can make more money.

Staff’s initial assessment of the economic model for this permit was that it required 90 hours of operation to be sustainable given the operating costs of a vehicle. However, when these unprecedented permits were issued, some companies spontaneously responded by designing all-inclusive packages for these senior operators so they wouldn’t have to undertake all of the responsibilities of a color scheme (vehicle acquisition and maintenance, driver hiring and scheduling, and procurement of insurance). The packages, surprisingly, included a \$1,000 per month payment to the permit holder. This was a significant help to these elder drivers that will help them transition into retirement. It also proves that 90 hours per week is more hours than is strictly required to operate a single vehicle at a profit.

This is significant because the Hara and Associates report envisions a true ‘single operator’ permit model with the ability to operate no more than 60 hours per week by a single individual. Staff will be exploring that option with the industry in order to reach an appropriate single operator model for these part-time permits.

It should be noted, however, that there is also value in expanding the “senior” operator permits so long as there is an aging population of drivers who did not sign up for the waiting list. So long as the waiting list continues to exist as the sole mechanism for distributing permanent medallions there will continue to be a small and diminishing population of senior drivers who cannot hope to get a medallion in their lifetime. For the same reasons that the SFMTA sought to give medallion holders relief through the Medallion Transfer Program to allow elderly medallion holders to stop driving and retire with dignity, the “senior” operating permit should be recognized for its ability to transition non-medallion holding senior drivers into more relaxed and flexible driving schedules and eventual retirement so that they do not have to “drive ‘til they die.”

Medallion Pricing

When medallions were first made transferable in the Taxi Medallion Sales Pilot Program (“Pilot Program”), the price for a taxi medallion was fixed at \$250,000. This price was established in consultation with the participating financial institutions, which conducted considerable research and analysis on the appropriate medallion price based on taxi medallion income and compliance with the institutions' credit underwriting standards and regulatory requirements. This research and analysis was necessary as part of the due diligence that the financial institutions owed to their financial regulators to justify the sustainability of the new taxi medallion loan program. A credit union representative has

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informed staff that its initial research and analysis of taxi driver income and medallion value has been validated over time as actual data has been collected through audits of outstanding loans.

All medallions that have been transferred to date under the Pilot Program were transferred at the \$250,000 price.

On August 21, 2013, the Board established a Medallion Transfer Price of \$300,000 when it implemented the Medallion Transfer Program, which increased the price by \$50,000. On November 20, 2013, the Board additionally established a Reduced Medallion Transfer Price of \$150,000 for the first 200 qualified medallion applicants on the taxi medallion waiting list.

At the outset of the Taxi Medallion Sales Pilot Program, in order to support the viability of medallion financing, the SFMTA provided qualified medallion lenders with a contractual guarantee that the SFMTA would not lower the fixed medallion transfer price below the price of any transferred medallions still subject to an outstanding medallion loan. Thus, if the SFMTA decided to lower the medallion transfer price, it would first have to re-acquire any medallions that had been sold at the former (higher) price, and on which loans from a qualified lender were still outstanding.

No medallions have been transferred at the \$300,000 price, pending finalization of new contracts, procedures and a down payment assistance program for the permanent Medallion Transfer Program. With this groundwork now completed, medallion transfers under the permanent Medallion Transfer Program may begin at any time. However, once any medallion is transferred at the price of \$300,000, the SFMTA will no longer have the option of reducing the price to maintain medallion value unless it is willing to re-purchase those medallions that were transferred at the higher price.

Medallion prices have not taken into consideration the prospect of the issuance of several hundred new medallions over the next few years. If the Board accepts the Hara and Associates' recommendation to issue several hundred new medallions over the next two years, the Board should also consider a price adjustment to ensure that San Francisco taxi medallions retain their value and market demand. Given the increased competition posed by many new medallions as well as new legal and illegal on-demand transportation providers that have recently proliferated, reducing the medallion price would also ensure that taxi medallion holders can maintain payments on medallion loans while still earning a reasonable living.

Finally, if the Medallion Transfer Price is reduced from \$300,000 to \$250,000, staff recommends that the discounted offer be reduced accordingly from \$150,000 from \$125,000, to represent one half of the price.

Last fall, the Board approved a medallion Surrender Price of two-thirds of the Medallion Transfer price, with a cap of \$200,000. Staff recommends that the Surrender Price be fixed at \$200,000, and that it not be set as a proportion of the Medallion Transfer price. If the Board reduces the Medallion Transfer Price to \$250,000 and leaves the Surrender Price to be set at two-thirds of that amount, a medallion holder who surrenders his or her medallion would receive \$165,000, \$35,000 less than a person who transfers a medallion to another individual. Staff believes that whether a medallion is surrendered or transferred, the gross yield to the medallion holder should be equal. Under the proposed pricing structure, a "Post-K" medallion holder who surrenders his or her medallion, and a "transferable" medallion holder who transfers

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his or her medallion to a driver, would both receive the same pre-tax amount from the transfer or surrender.

Future medallion price adjustments may periodically be made in accordance with the procedures in Transportation Code Section 1116, based on changes to the Consumer Price Index.

Staff recommends that medallion prices be reduced to \$250,000 for the Fixed Medallion Transfer price, \$125,000 for the Reduced Medallion Transfer price, and \$200,000 for the Surrender price.

The City Attorney has reviewed this report.

ALTERNATIVES CONSIDERED

The Board could elect not to issue additional taxi permits. However, there has been general recognition that there is an undersupply of taxis in San Francisco and broad support for the issuance of new permits. The question to date has been how many permits to issue to meet demand, and to answer this question a contract was entered into with Hara and Associates for an objective study.

Similarly, the Board could direct the issuance of a greater number of permits; however the capacity of the market to absorb permits at a pace faster than staff recommends is questionable. In addition, because of notice requirements, if the direction of the Board is to increase the number of permits, staff would have to return to the Board for action at a future meeting.

The Board could decide not to alter the current Medallion Transfer Price, Reduced Medallion Transfer Price and Surrender Price. However, given the anticipated issuance of several hundred additional medallions and the current climate of competition from other legal and illegal on-demand transportation providers, this price adjustment would serve to maintain medallion value and demand and ensure that taxi driver income remains sufficient to maintain medallion loans. Medallion prices may be adjusted upwards (or downwards) in accordance with the procedures established in Transportation Code Section 1116, by an annual review of changes to the Consumer Price Index.

FUNDING IMPACT

The amount of revenue that would be expected from this proposal differs depending in part on whether the Board reduces medallion transfer prices. Without any change in existing prices, this proposal would yield \$66,000,000 (\$30,000,000 for 200 medallions transferred at \$150,000, and \$36,000,000 for 120 medallions transferred at \$300,000).

If the prices are altered in accordance with this staff recommendation, the revenue generated would be \$55,000,000 (\$25,000,000 for 200 medallions transferred at \$125,000, and \$30,000,000 for 120 medallions transferred at \$250,000).

If any of these permits were leased instead, it would be necessary to establish a monthly lease price to determine the revenue impacts. A recommendation of a monthly lease price will be presented to the Board as part of proposed leasing regulations at a future meeting.

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OTHER APPROVALS RECEIVED OR STILL REQUIRED

Staff has submitted this item to the Planning Department for environmental review under the California Environmental Quality Act (CEQA) and has received a categorical exemption for this project.

RECOMMENDATION

Staff recommends that the Board authorize the Director to issue up to 120 new taxi permits in 2013 and up to an additional 200 new taxi permits in 2014; to offer such medallion permits to qualified applicants on the medallion waiting list, or lease medallion permits directly to drivers or to color scheme permit holders; establishing that all taxi medallion permits shall be operated with a hybrid, electric or compressed natural gas vehicles; and amending Transportation code Section 1116 to reduce the Medallion Transfer price to \$250,000, reduce the Reduced Medallion Transfer price to \$125,000, and change the Medallion Surrender Price to \$200,000.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS
RESOLUTION No. _____

WHEREAS, The SFMTA executed a contract for professional services with Hara and Associates, Inc. for a supply and demand study regarding the number of taxicabs necessary to meet demand; and

WHEREAS, Following stakeholder interviews and surveys of passengers, taxi industry representatives, travel and tourism industry representatives and policy makers, the supply and demand study concluded that San Francisco could eventually support an additional 800 taxicabs; and

WHEREAS, The supply and demand study recommended the distribution of some taxicab permits as single operator permits and through direct lease to drivers from the SFMTA; and

WHEREAS, On August 21, 2012, the Board established a Fixed Medallion Transfer Price of \$300,000 when it implemented the Medallion Transfer Program, increased from the \$250,000 medallion price that had been established for the Taxi Medallion Transfer Pilot Program; and

WHEREAS, On November 20, 2012, the Board established a Reduced Medallion Transfer Price of \$150,000 for the first 200 qualified medallion applicants on the taxi medallion waiting list; and

WHEREAS, Increased competition from a large issue of new taxicab medallions and new on-demand transportation providers may affect medallion value and medallion demand among taxi drivers; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to issue up to 120 new taxi permits in calendar year 2013, and up to an additional 200 new taxi permits in calendar year 2014; and, be it further

RESOLVED, That San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to offer such medallion permits to qualified applicants on the medallion waiting list to be operated as gas and gates medallions for at least the first three years, or to lease such medallion permits directly to drivers or to color scheme permit holders on a full-time or part-time basis and, be it further

RESOLVED, That all new taxi medallion permits, whether transferred or leased, shall be operated with a hybrid, electric or compressed natural gas vehicle, except that if a vehicle costs more than \$25,000, other fuel choices may be authorized by SFMTA Taxi Services depending on other vehicle performance factors such as passenger capacity, accessibility and/or fuel efficiency and, be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors amends Transportation Code Section 1116 to reduce the Fixed Medallion Transfer Price to \$250,000; the Reduced Medallion Transfer Price to \$125,000, and to change the Medallion Surrender Price to \$200,000.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 16, 2013.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

[Medallion Transfer Price]

Resolution amending Section 1116 of the Transportation Code to lower the initial Medallion Transfer Price from \$300,000 to \$250,000, lower the Reduced Medallion Transfer Price from \$150,000 to \$125,000, change the Medallion Surrender Price from two-thirds of the Medallion Transfer Price, with a cap of \$200,000, to \$200,000, and amending Section 1102 of the Transportation Code to delete reference to the current Reduced Medallion Transfer Price.

NOTE: Additions are single-underline Times New Roman;
deletions are ~~strike-through Times New Roman~~.

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.

~~(ddd)~~—"**Reduced Medallion Transfer Price**" shall mean the ~~\$150,000~~ price paid by 200 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.

~~(eee)~~—"**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.

~~(fff)~~—"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.

~~(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.

~~(hhh)~~—"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.

~~(iii)~~—"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.

~~(jjj)~~—"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.

~~(kkk)~~—"**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.

~~(lll)~~—"**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.

~~(mmm)~~—"**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.

~~(nnn)~~—"**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.

~~(ooo)~~—"**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.

~~(ppp)~~—"**Transferor**" shall mean a Medallion Holder who qualifies under Section [1116](#)(d) of this Article to retransfer his or her Medallion.

~~(qqq)~~—"**Vehicle Number**" shall mean the unique identifying number associated with each Taxi or Ramp Taxi vehicle.

~~(H)~~—"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 SOMA for consideration in accordance with this Section:

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

(B) Any Medallion Holder, except a Ramp Taxi Medallion Holder or a Single Operator Part-time Taxi 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 SOMA 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 in the amount of \$200,000 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 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(m), 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(l) 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(l)(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~~ \$250,000. 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(k)(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. As part of the Medallion Transfer Program, and notwithstanding the provisions of Section 1116(e) of this Article, the SFMTA shall transfer 200 medallions that are returned to the SFMTA for any reason, with the exception of Surrendered Medallions, Ramp Taxi Medallions, and Transferable Medallions, to Transferees at the Reduced Medallion Transfer Price of ~~\$150,000~~ \$125,000. 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. After completing the transfer of 200 Medallions at the reduced Medallion Transfer Price, the SFMTA shall transfer Medallions that are returned to the SFMTA for any reason to Transferees at the Medallion Transfer Price. 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 200 medallions at that price.

(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) 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.

(k) 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.

(l) 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.

(m) 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(m)(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.

(n) 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(l).

(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(l), 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.

(o) 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 April 16, 2013.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency