

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 13-230

WHEREAS, Affiliate leasing of taxi medallion is a relatively new business model that has spread rapidly in San Francisco over the past ten years among taxi medallion holders; and,

WHEREAS, The rapid increase in affiliate leases and the proliferation of illegal medallion brokers has been an ongoing regulatory concern for San Francisco's taxi regulators since at least 2007; and

WHEREAS, The best practices study being conducted by Hara Associates (Hara Report) recommends the elimination of medallion brokers in order to create greater accountability in the taxi system; and

WHEREAS, Taxi Services staff recommends adopting the Hara Report recommendations for taxi medallion leasing restrictions; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors amends Transportation Code, Division II, Article 1100, Sections 1102, 1106, 1109, and 1113 to specify the manner in which a medallion holder may operate, or arrange for the operation of, a taxi medallion.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of October 15, 2013.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

FILE NO.

RESOLUTION NO.

[Medallion Leases]

Resolution amending Sections 1102, 1105, 1106, 1109, and 1113 to specify the manner in which a Medallion Holder may operate, or arrange for the operation of, the Medallion.

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:

* * * *

(s) **"Gas and Gates Medallion"** shall mean a Medallion that is operated by a Color Scheme that owns and maintains the Taxi or Ramp Taxi vehicle, purchases insurance for the vehicle, hires and schedules the Drivers of the vehicle, collects the gate fees daily, issues receipts to the Drivers, and makes regular payments to the Medallion Holder or to the SFMTA in consideration for the use of the Medallion, or a Medallion that is operated by the Medallion Holder who owns and maintains the vehicle, purchases insurance for the vehicle, hires and schedules the Drivers of the vehicle, collects the gate fees daily, and issues receipts to the Drivers.

(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 a daily shift ~~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.

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(x) **"Lease"** shall mean an otherwise lawful written agreement between a Color Scheme and a Medallion Holder 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~~ in accordance with Section 1109(e)(1).

(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, pursuant to Section 1109(e), ~~during a particular shift, or for any period of time.~~

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Section 2. Article 1100 of Division II of the Transportation Code is hereby amended by amending Sections 1105 and 1106, to read as follows:

SEC. 1105. GENERAL PERMIT CONDITIONS.

(a) Conditions Applicable to All Permits.

(1) Permits Required. No person, business, firm, partnership, association or corporation shall drive, or operate or cause to be operated any Motor Vehicle For Hire within the City, nor shall any person, business, firm, partnership, association or corporation operate any Dispatch Service or Color Scheme, without a permit issued by the SFMTA authorizing such driving or operation in accordance with this Article.

(2) Permits Held By Businesses; Taxi Medallions Held by Individuals.

(A) Any permit issued to a business pursuant to this Article shall be registered in the name of and with contact information for at least one natural person who complies with all permit requirements except those that by their nature can have no application to a natural person.

(B) No Taxi or Ramp Taxi Medallion shall be issued except to a natural person and in no case to any business, firm, partnership, association or corporation, and no Medallion shall be issued to, or in the name of, more than one person.

(3) Permits a Privilege. Permits granted pursuant to this Article constitute a privilege and are not the property of the Permit Holder.

(4) Permits Not Transferable. Except as expressly provided in this Article or in permit conditions, no permit issued pursuant to this Article shall be transferable or assignable, either expressly or by operation of law.

(5) Duration of Permits.

(A) Unless earlier revoked or suspended, all permits shall expire one year following their issuance or renewal, or on another date as specified by the SFMTA.

(B) As a condition of renewal, a Permit Holder must pay the applicable Renewal Fee, meet the eligibility requirements required for new applicants listed in Section 1104, and may be required to sign a statement under penalty of perjury affirming eligibility for the permit; provided, however, that nay holder of an Electric Vehicle Taxi Medallion that was approved prior to December 6, 2011 may renew the permit for use in a battery switch vehicle without paying a Renewal Fee.

(6) Compliance with Laws and Regulations. Every Permit Holder shall comply with, and shall ensure that their affiliated vehicles, employees, Permit Holders, lessees, Dispatch Service and Color Scheme shall comply with the provisions of this Article, the San Francisco Charter and Municipal Code, the California Vehicle Code, California Worker's Compensation laws, the Americans with Disabilities Act, and all regulations adopted by the Oakland and San Francisco International Airports, San Francisco Department of Public Health, and any other governmental jurisdictions through which the Permit Holders traverse.

(7) Cooperation with Lawful Orders. Every Permit Holder shall cooperate with and obey any lawful request or order of a Parking Control Officer, peace officer or the Director,

including, but not limited to, providing upon request the Permit Holder's name, the permit number, official identification, and any documents required by this Article to be in the Permit Holder's possession. All Permit Holders shall respond to routine SFMTA or Police Department inquiries within 24 hours, and shall immediately respond to any SFMTA or Police Department emergency request.

(8) Cooperation with Regulatory Agencies; False Statements. Every Permit Holder shall at all times, fully cooperate with a Parking Control Officer, Peace Officer or the Director, or his or her designee, on all matters relating to regulatory compliance at all times, including but not limited to timely compliance with requests for the inspection of records. Permit Holders shall not hinder, delay the production of, or withhold information or records, or knowingly make false or misleading statements to a peace officer or to the SFMTA or withhold information on any matter relating to regulatory compliance. No Permit Holder shall make any false claim or false request for payment or approval to the SFMTA, its contractors or employees.

(9) Continuous Operation Requirement; Temporary Suspension; Revocation.

(A) With the exception of Non-Standard Vehicle Permit Holders and Medallion Holders who obtained their Medallion prior to June 6, 1978, all Permit Holders shall operate or arrange for the operation of their permit on each day of the year, or other dates or times during which the permit conditions require operation of the permit. Non-Standard Vehicle Permit operation shall be in accordance with the times and dates of required operation specified in the permit.

(B) Permit Holders may temporarily suspend permit operations only with the prior written approval of the SFMTA. SFMTA approval is not required in the case of bona fide emergencies, natural disasters or other similar major events beyond the control of the Permit Holder.

(C) Upon written request the SFMTA may grant permission to suspend a permit for good cause shown for a period not to exceed 90 days in a 12 month period. The SFMTA may, in its sole and absolute discretion, allow another Permit Holder to operate the permit during the period of temporary suspension if the other Permit Holder is qualified and such operation would be in the public interest. This subparagraph (C) does not suspend the application of the Full-Time Driving requirement.

(D) If a permit is not operated for a period of 15 calendar days in violation of applicable permit conditions, the SFMTA shall notify the Permit Holder that the permit will be revoked if operation of the permit is not resumed within five calendar days of the notice. If permit operation is not resumed within five days of the notice, as determined by the Permit Holder's substantial compliance with all permit conditions, then SFMTA may immediately revoke the permit.

(E) This subsection (9) does not require any Permit Holder to drive continuously.

(10) Gifts and Gratuities. No Permit Holder or agent of a Permit Holder may accept or solicit gifts and/or gratuities or anything of value from any Driver, other than Gate Fees, Lease Fees, payments for goods actually received, or other payments authorized by this Article. A Permit Holder or agent of a Permit Holder shall issue a receipt for any payment received from a Driver.

~~(11) Lease of Taxi and Ramp Taxi Medallions. Reserved.~~

(11) Participation in Paratransit Program. Each Color Scheme, Dispatch Service, Medallion Holder and Driver must participate in and shall at all times operate subject to and in compliance with the regulations of the SFMTA's Paratransit Program.

(12) Shift Change at Color Scheme Required for Gas and Gates Vehicles; Unattended Vehicles. All Permit Holders shall ensure that taxi vehicles operated pursuant to a Gas and Gates Medallion that they operate begin and end all shifts at the Color Scheme's place of business, except with the prior written approval of the SFMTA. When a vehicle is not

being operated for hire, the Permit Holder shall either leave the vehicle at the Color Scheme's place of business or make a written request for SFMTA approval of an alternative location that is off the public street and sidewalk. No Taxi vehicle may be left unattended on a public street for more than four hours.

(1314) Current Address Required; Emergency Contact Notification. All Permit Holders shall keep contact information current with the SFMTA. All Medallion Holders and Drivers shall keep contact information current with their Color Schemes. Every natural person who holds a permit from the SFMTA pursuant to this Article shall give written notice to the SFMTA within ten days of any change of residence address, and shall accept mail at the address provided to the SFMTA. Color Scheme and Dispatch Service changes of address are subject to the prior written approval of the SFMTA. No Permit Holder may use a post office box as a current address.

(1415) Service of Process. All Permit Holders agree to accept service of process, official notices, and correspondence ("service of process") from the SFMTA as a condition of retaining a permit. Color Schemes must accept service of process from the SFMTA on behalf of any Permit Holder affiliated with that Color Scheme.

(1516) Payments Due. No permit shall be issued or renewed until the applicant has paid all fines, fees, taxes, liens, judgments or other debts owing to the City.

(1617) Response Time Goals. All Permit Holders shall make best efforts to comply with Response Time Goals at all times.

(1718) Operation by Driver Permit Holders. No Permit Holder shall knowingly allow the use of a Taxi or Ramp Taxi vehicle as a motor vehicle for hire by any person who does not hold a Driver Permit and California driver's license.

(1819) Retaliation. No Permit Holder shall retaliate against another individual or entity for the exercise of any right provided by this Article.

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SEC. 1106. CONDITIONS APPLICABLE TO COLOR SCHEME PERMITS.

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(l) Spare Vehicles.

(1) A spare vehicle may operate with a Medallion borrowed from a Taxi or Ramp Taxi. Spare vehicles shall only be used to replace temporarily disabled Taxi or Ramp Taxi vehicles. During any time a spare vehicle is operating, the Taxi or Ramp Taxi it is replacing shall be available for inspection by the SFMTA.

(2) During any time a spare vehicle is in operation as a Motor Vehicle For Hire, the Taxi or Ramp Taxi it is replacing shall be available for inspection by the SFMTA.

(3) Color Schemes with which one or more Ramp Taxis are affiliated shall maintain at least one Ramp Taxi spare vehicle for every three spare non-Ramp Taxi vehicles. If three or fewer Ramp Taxi Medallions are affiliated with a Color Scheme, only one Ramp Taxi Medallion may be used in a spare Taxi vehicle at any time. For each additional three Ramp Taxi Medallions, or any fraction thereof, affiliated with a Color Scheme, an additional Ramp Taxi Medallion may be used in a spare Taxi.

(4) Each Color Scheme shall be issued a series of "spare numbers" at the ratio of one spare number for every five vehicles operating at that Color Scheme.

(5) All spare vehicles shall be kept at the Color Scheme's place of business or other location approved by SFMTA when not in actual use with a Medallion.

(6) Once a vehicle is designated as a spare, it may not be re-introduced to the fleet except by approval of the SFMTA. All spare vehicles must be owned by the Color Scheme and shall be registered and insured as required by all applicable law.

(7) Color Schemes may not operate or allow another entity or individual to drive or operate lease a spare vehicle, ~~whether on a per shift, weekly, monthly, or other basis,~~ unless such vehicle is using a Medallion which is not in use in any other vehicle. Any Color Scheme found

to be violating this Section shall be deemed to be operating a vehicle without a permit. Each day of unauthorized operation under this Section shall be a separate offense.

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(p) Color Scheme Obligations Related To Drivers.

(1) Each Color Scheme shall ensure that every Driver starts and ends each shift at the Color Scheme's principal place of business, except with the prior written approval of the SFMTA.

(2) Each Color Scheme shall ensure that every affiliated Driver holds a valid A-Card.

(3) A Color Scheme shall not charge an applicant for a Driver Permit for the statement of affiliation required by Section 1103(c)(1)(F).

(4) A Color Scheme shall issue receipts for any payments ~~payment~~ received from any Driver ~~for fuel, Gate Fees, Lease Fees or other payments~~. A Color Scheme shall accept payment of Gate Fees by credit or debit card, and shall impose no charge or fee on Drivers who pay their Gate Fees by credit or debit card.

(5) Medical Certification of Drivers. Every Color Scheme shall ensure that all affiliated Drivers undergo any medical examination required by the SFMTA in accordance with SFMTA requirements.

(6) A Color Scheme shall offer cashiering services, through a third-party merchant account holder that conforms to PCI DSS standards, to any Driver for credit and debit card transactions collected by that Driver as payment of taxi fare while that Driver was driving a vehicle affiliated with that Color Scheme. A Color Scheme may charge a Driver a fee for the cashiering service, which shall not exceed 3.5 percent of the total amount of the credit or debit card transactions presented to the Color Scheme. A Color Scheme must require its third-party merchant account holder to deposit the proceeds of the Driver's credit and debit card transactions, minus the fee of up to 3.5 percent, in an account of the Driver's choice

within one business day. A Color Scheme may not require a Driver to use its merchant account holder, and may impose no charge for credit and debit cashing services in addition to the 3.5 percent fee on Drivers who choose to use the Color Scheme's third-party merchant account holder to cash credit and debit card payments.

(7) Each Color Scheme shall inform every Driver operating a Gas and Gates Medallion of the applicable state and federal laws governing maximum driving hours for the operators of a commercial passenger-carrying vehicles, and must inform every Driver of his or her obligation to comply with such laws.

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Section 3. Article 1100 of Division II of the Transportation Code is hereby amended by amending Section 1109, to read as follows:

SEC. 1109. CONDITIONS APPLICABLE TO TAXI AND RAMP TAXI MEDALLIONS.

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(d) **Corporate Medallion Holders.**

(1) **Permits Void in Event of Transfer or Sale of Permit Holder.** Any Medallion held by a Permit Holder that is not a natural person shall be deemed null and void and revoked if any of the following circumstances has occurred since the issuance of the Medallion:

(A) If the Medallion Holder is or was sold or transferred at any time after June 6, 1978. For the purposes of this Section, a sale or transfer occurs upon a cumulative sale or transfer of either 10 percent or more of the stock or other ownership of the Medallion Holder, or 10 percent of the Permit Holder's assets since June 6, 1978, unless such sale or transfer has the prior written approval of the SFMTA.

(B) If the management or control of the Permit Holder is or has been transferred for consideration since the issuance of the permit;

(C) If the Medallion Holder's rights to receive income derived from the a Lease lease of a permit or an agreement authorized by Section 1109(e) (2) is assigned, transferred or sold.

(e) Medallion Operation.

(1) A Medallion Holder may arrange for the continuous operation of the Medallion in compliance with Section 1105(a)(9) only as follows:

(A) By entering into a Lease with a Color Scheme under which the Color Scheme will operate the Medallion as a Gas and Gates Medallion.

(B) By operating the Medallion himself or herself as a Gas and Gates Medallion. A Medallion Holder who elects to operate the Medallion pursuant to this Section 1109(e)(1)(B) must comply with the following:

(i) The Medallion Holder must file an operation plan with the SFMTA in a form to be determined by the SFMTA. The SFMTA shall make a form of operation plan available to Medallion Holders no later than November 15, 2013.

(ii) The Medallion Holder is prohibited from charging any Gate Fee other than the Gate Fee posted for that shift by the Color Scheme with which the Medallion is affiliated, and is prohibited from charging Drivers any amounts other than a Gate Fee.

(iii) The Medallion Holder is responsible for compliance with all requirements imposed upon Color Scheme permit holders by Section 1106, subsections (i), (j), (k), (n), (o)(1), (o)(3), (p)(2), (p)(4), (p)(5), (p)(7), (q) and (t).

(iv) At least 50% of the hours relied upon by a Medallion Holder for the purpose of establishing compliance with the Full-Time Driving requirements must be driven in the vehicle in which the Medallion is being operated , except to the extent that the operation in a different vehicle has been authorized in advance, in writing, by the SFMTA.

(2) Notwithstanding Section 1109(e)(1), a Medallion may be operated under a written agreement between a Medallion Holder and a Driver if the agreement was executed prior to

October 1, 2013 and the vehicle operated under the Medallion was purchased before October 1, 2013; provided, however, that the Medallion Holder must file an operation plan subject to the review and approval of the SFMTA no later than February 1, 2014 in a form to be determined by the SFMTA, the operation plan must demonstrate that the Medallion Holder will meet the Full-Time Driving requirement, if applicable, during the lease term, and the Medallion may be operated pursuant to the agreement only until the vehicle assigned to the Medallion is replaced with another vehicle.

Section 4. Article 1100 of Division II of the Transportation Code is hereby amended by amending Sections 1113 and 1114, to read as follows:

SEC. 1113. TAXI AND RAMP TAXI EQUIPMENT REQUIREMENTS.

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(p) ~~Vehicle Title. The principal vehicle authorized for the operation of a Taxi or Ramp Taxi Medallion may be registered only in the name of the Medallion Holder, or Color Scheme, and/or a Driver holding a valid lease for the vehicle that meets the requirements of this Article. If the vehicle is registered to the Driver, the registration must also include the name of the Medallion Holder or Color Scheme.~~

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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 October 15, 2013.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency