

THIS PRINT COVERS CALENDAR ITEM NO. : 13

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Administration, Taxis and Accessible Services

BRIEF DESCRIPTION:

Requesting the San Francisco Municipal Transportation Agency Board of Directors to adopt amendments to Transportation Code, Division II, Article 1100 governing Motor Vehicles for Hire, to amend regulations governing the Taxi Medallion Sales Pilot Program to further define the circumstances under which a Medallion Holder is eligible to sell his or her Medallion, and to clarify that failure to timely complete the purchase of a Medallion does not affect the applicant's A-Card (Driver Permit) Seniority or the applicant's position on the Waiting List.

SUMMARY:

- The Board of Directors has adopted a series of regulatory amendments to implement the Taxi Medallion Sales Pilot Program (Pilot Program), including but not limited to rules and procedures for financing Medallion purchases and the clarification of the various parties' rights during all stages of that process.
- The attached proposed regulations are presented for the SFMTA Board's consideration and adoption as amendments to Transportation Code Division II, Article 1100 to clarify the circumstances under which a Medallion Holder is eligible to sell a medallion, and the failure to timely complete a purchase of a Medallion by a Medallion purchase applicant does not affect the applicant's A-Card (Driver Permit) seniority or the applicant's position on the Waiting List for a Medallion.

ENCLOSURES:

1. SFMTAB Resolution
2. Proposed Amendments to Article 1100

APPROVALS:

DATE

DIRECTOR OF DIVISION

PREPARING ITEM _____

FINANCE _____

EXECUTIVE DIRECTOR/CEO _____

SECRETARY _____

ADOPTED RESOLUTION

BE RETURNED TO Chris Hayashi

ASSIGNED SFMTAB CALENDAR DATE: _____

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PURPOSE

To adopt regulations to govern the implementation of the Taxi Medallion Sales Pilot Program, to clarify the circumstances under which a Medallion Holder is eligible to sell a medallion, and to clarify that the failure to timely complete a purchase of a Medallion by a Medallion purchase applicant does not affect the applicant's A-Card (Driver Permit) seniority or the applicant's position on the Waiting List for a Medallion..

GOAL

Goal 1: Customer Focus: To provide safe, accessible, clean, environmentally sustainable service and encourage the use of auto-alternative modes through the *Transit First* Policy.

Objective 1.1: Improve safety and security across all modes of transportation.

Adoption of these amendments would advance the implementation of the Taxi Medallion Sales Pilot Program by clarifying regulations to govern the financing of Medallion purchases. By advancing the Pilot Program, these proposed regulations make it possible to execute Medallion sales transactions in an orderly fashion so that senior and disabled Medallion Holders may sell their Medallions and stop driving without suffering a complete loss of income.

Goal 3: External Affairs/Community Relations: To improve the customer experience, community value, and enhance the image of the SFMTA, as well as ensure SFMTA is a leader in the industry.

Objective 3.1: Improve economic vitality by growing relationships with businesses, community, and stakeholder groups.

The Taxi Medallion Sales Pilot Program is a needed reform that will improve the San Francisco taxi industry, as well as other modes of transportation that interact with taxis, for all stakeholders. These proposed amendments will improve the implementation of the Pilot Program by clarifying the eligibility of Medallion sellers and by reassuring Drivers that an unsuccessful attempt to buy a Medallion will not adversely affect their position on the Waiting List.

Goal 4: Financial Capacity: To ensure financial stability and effective resource utilization.

Objective 4.1: Increase revenue by 20 percent or more by 2012 by improving collections and identifying new sources.

The implementation of the Taxi Medallion Sales Pilot Program through the adoption of these regulations is likely to result in substantial new revenue to the SFMTA from the sale of Taxi Medallions.

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DESCRIPTION

Taxi Services staff brought regulations to the SFMTA Board of Directors at its meeting of April 20, 2010 for the purpose of implementing the Taxi Medallion Sales Pilot Program. Because this Pilot Program is unprecedented, it is important to be very clear about the parameters of the program. These proposed amendments are for the purpose of making the following clarifications to the regulations governing the Pilot Program:

1. During public comment on the item, a question was raised about the effect of amended Section 1106(b)(6), that was amended to provide that an application to purchase a Medallion would become inactive if the intended purchaser is not able to conclude the purchase transaction within a specified period of time. Members of the public commented that the language appeared to have the effect of removing a person from the Medallion Waiting List if they prove unable to finance or otherwise complete a Medallion purchase. Amendments are offered to that section to clarify that a person's failure to complete a Medallion purchase does not affect their eligibility to remain on the Waiting List for a Medallion.
2. The proposed regulations amend section 1109(e)(1)(A) to clarify that:
 - A. A Medallion Holder against whom disciplinary revocation proceedings are pending as of May 21, 2010 (the effective date of the April 20 regulations adopted by the Board) is not eligible to sell the Medallion until the revocation proceedings are concluded in the Medallion Holder's favor; and
 - B. Eligibility to buy or sell a Medallion is dependent upon filing of completed notice of intention to participate in the Pilot Program to the SFMTA by May 14, 2010.

The City Attorney's Office has reviewed this report.

ALTERNATIVES CONSIDERED

If the proposed amendments are not adopted, there will be some ambiguity about eligibility to participate in the Taxi Medallion Sales Pilot Program that could create inefficiencies and conflict in the implementation of the program..

FUNDING IMPACT

The implementation of the Taxi Medallion Sales Pilot Program is likely to result in substantial new revenue to the SFMTA from Taxi Medallion sales. These proposed amendments will increase the efficiency of the implementation of the Program and could also save the agency money by avoiding potential litigation.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

None.

RECOMMENDATION

Staff recommends that the SFMTA Board adopt the proposed amendments to Transportation Code Division II, Article 1100.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The implementation of the Taxi Medallion Sales Pilot Program (Pilot Program) requires a body of regulations, forms and procedures for successful implementation, including but not limited to rules and procedures for financing Medallion purchases and the clarification of the parties' rights during all stages of that process; and

WHEREAS, Taxi Services staff, in consultation with the City Attorney's Office and participating financial institutions, and after reviewing the applicable regulations from other jurisdictions, has developed proposed regulations to govern the financing of Medallion purchases; and,

WHEREAS, In preparation implementation of the Pilot Program, Taxi Services staff recommends further clarifying the circumstances under which a Medallion Holder is eligible to sell his or her Medallion; and

WHEREAS, In response to questions raised at public comment before the Board of Directors at its April 20, 2010 meeting, Taxi Services staff recommends that the Board adopt an amendment clarifying that failure to timely complete the purchase of a Medallion does not affect the applicant's A-Card (Driver Permit) Seniority or the applicant's position on the Waiting List; now, therefore, be it

RESOLVED, The Board of Directors approves and adopts amendments to Article 1100 of Division II of the Transportation Code, regulating Motor Vehicles for Hire.

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

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

[Taxi Medallion Sales Pilot Program.]

Resolution amending Article 1100 of Division II of the San Francisco Transportation Code by amending Section 1109(e) to further define the circumstances under which a Medallion Holder is eligible to sell his or her Medallion, and amending Section 1103(b)(6) to clarify that failure to timely complete the purchase of a Medallion does not affect the applicant's A-Card Seniority or the applicant's position on the Waiting List.

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 1103 to read as follows:

SEC. 1103. PERMIT APPLICATIONS

(a) Application Forms

Application for any permit issued pursuant to this Article shall be made to the SFMTA on a form provided by the SFMTA. The applicant shall provide such information and documents as the SFMTA requires, which may include a physical examination and/or background check of the applicant. The SFMTA shall record the date and time that a complete application, including the Filing Fee, is received.

(b) Applications Deemed Active

Every application for a permit shall be deemed to remain active and shall be considered until the earliest of the following events:

- (1)** The applicant withdraws the application in writing;
- (2)** The applicant is determined to be ineligible for the permit by the SFMTA;
- (3)** The applicant receives a permit;

(4) The SFMTA determines that the applicant has engaged in fraud, misrepresentation or other serious misconduct in connection with the permit application process; or

(5) The SFMTA attempts to contact the applicant at the mailing address listed on the application on at least two separate occasions and the applicant fails to respond within 30 days of the second notice.

(6) The SFMTA has offered a Medallion for purchase to the applicant, and the applicant fails to complete the purchase of the Medallion within the deadlines established by the Director of Transportation pursuant to Section 1109(e)(6)(C). Failure to complete the purchase of the Medallion within the applicable deadlines will have no effect upon the applicant's A-Card seniority or the applicant's position on the Waiting List of Medallion applications.

(c) Additional Requirements Applicable to Driver Permit Applications

(1) Application Requirements

In addition to complying with all applicable requirements of this Section 1103, each applicant for a Driver Permit shall:

(A) Provide his or her fingerprints; and

(B) Take and pass a written examination; and

(C) Take and pass a physical examination if required by the SFMTA; and

(D) Certify that the applicant has successfully completed an SFMTA-approved Driver training course; and

(E) Enclose two recent photographs of the applicant of passport photo size, taken no more than 12 months prior to the time of application; and

(F) Enclose a statement of affiliation signed by the applicant, the Color Scheme and the Dispatch Service associated with the Color Scheme. The applicant's choice of Color Scheme shall be subject to the approval of the SFMTA, which may deny such request if in the SFMTA's

judgment the proposed affiliation could be detrimental to the Driver, the Color Scheme or to the public.

(G) Reserved: Controlled Substance Testing Program.

(2) Driver Qualifications

Each applicant for a Driver's Permit must:

(A) Be a resident of the United States;

(B) Be clean in dress and person;

(C) Be free of any disease, condition, infirmity, or addiction that might render the applicant unable to safely operate a motor vehicle or that otherwise poses a risk to public health and safety;

(D) Hold a valid California driver's license of a class sufficient for the lawful operation of the motor vehicle to be driven;

(E) Have the physical capacity to operate a motor vehicle for at least four hours per day;

(F) Have no prior convictions of a crime that would, in the judgment of the SFMTA, present a risk to public safety if the permit is granted, including but not limited to convictions involving sexual assault, the use of a vehicle in the commission of a felony, fraud, violence against a person, reckless disregard for public safety, two or more recent convictions of drug-related offenses, or two or more recent convictions of driving under the influence, whether or not such convictions occurred while driving a Motor Vehicle for Hire. The SFMTA may, in its discretion, issue a permit notwithstanding prior convictions if, following review of an individual case, it determines that the applicant or Permit Holder does not pose a current risk to public safety;

(G) Have attained the age of 21;

(H) Speak read and write the English language;

(I) Reserved: Controlled Substance Testing Program.

(d) Additional Requirements Applicable to Taxi and Ramp Taxi Medallion Applications

(1) Waiting List

In the absence of any other preference specified in this Article, applicants for a Medallion shall be processed and considered by the SFMTA in the order of receipt of the Waiting List application, and then in order of A-Card Seniority. The SFMTA shall maintain a Waiting List of Medallion applications arranged in chronological order by the date that each complete Medallion application, including Filing Fees, was received from a qualified applicant. Each applicant for a Taxi or Ramp Taxi Medallion shall have held a valid Driver Permit for a minimum of two consecutive years prior to applying for a Medallion.

(A) Every applicant for a Taxi or Ramp Taxi Medallion must continuously maintain a valid Driver Permit in order to maintain his or her position on the Waiting List.

(B) The SFMTA may periodically require applicants to execute written statements to reaffirm their desire to keep their applications active.

(C) As of December 16, 2009, the SFMTA shall no longer accept applications for the Waiting List. When there are no more qualified applicants on the Waiting List, the SFMTA shall offer Medallions to Driver Permit Holders who meet all other requirements of this Article in order of A-Card Seniority.

(e) Additional Requirements Applicable To Ramp Taxi Medallion Applications

(1) Limitation on Acceptance of Other Permits

No person to whom a Ramp Taxi Medallion is issued may accept any other Medallion for a minimum of three years after receipt of the Ramp Taxi Medallion. If a Ramp Taxi Medallion Holder becomes eligible for a Taxi Medallion during his or her first three years as a Ramp Taxi Medallion Holder, and so long as the Ramp Taxi Medallion Holder remains otherwise qualified, the Ramp Taxi Medallion Holder's application shall be kept active and shall be considered for a Taxi Medallion before other qualified applications after the three year period has elapsed.

(2) Notice of Intent to Leave the Ramp Taxi Program

(A) Upon completion of a minimum of 30 months as a Ramp Taxi Medallion Holder, the Permit Holder may elect to leave the Ramp Taxi program at any time by filing six months' advance written notice of the Permit Holder's intent to leave the program with the SFMTA ("Notice of Intent"). The date that the SFMTA receives the Notice of Intent shall be deemed the date of the Notice.

(B) Notice of Intent Effective Date; Qualification for New Permit

The Permit Holder's decision to leave the Ramp Taxi Program shall become effective six months after the Notice of Intent is filed. Except as provided by subsections (C) and (D) below, upon completion of the six month notice period, the Ramp Taxi Medallion shall expire by operation of law, and the Permit Holder shall no longer be precluded from accepting another Motor Vehicle for Hire Permit.

(C) If, at the completion of the six-month notice period, the Permit Holder is not yet eligible for a Taxi Medallion, or if no such Taxi Medallion is available, the Permit Holder may elect to remain in the Ramp Taxi program for any period of time until a Taxi Medallion becomes available.

(D) The Permit Holder's decision to leave the Ramp Taxi Program shall become inoperative if, prior to expiration of the of the six-month notice period, the Permit Holder files a statement of his or her decision to withdraw the Notice of Intent. The Permit Holder shall be required to file a subsequent Notice of Intent if he or she later decides to leave the Ramp Taxi Program. The same requirements governing the Permit Holder's initial Notice of Intent, including the full six-month notice period, shall apply to any subsequently filed Notice of Intent to leave the Ramp Taxi Program.

(f) Additional Requirements Applicable to Non-Standard Vehicle Permit Applications

(1) An applicant may request a Non-Standard Vehicle class of permit for any vehicle(s) that is not otherwise included within another class of Motor Vehicle for Hire permits.

(2) If a Non-Standard Vehicle permit applicant proposes to operate along fixed routes within the City, such fixed routes shall be specified in the permit application. Fixed routes proposed for a permit must be approved by the SFMTA and shall be included in the Non-Standard Vehicle permit as a permit condition. Consideration of such routes by the SFMTA shall include evaluation of their impact on public transit.

(g) Additional Requirements Applicable To Dispatch Service Permit Applications

(1) Submission of Emergency Plans

Applicants for Dispatch Service Permits or permit renewal shall submit a "Standard Emergency Plan for Drivers and Dispatchers" to follow in an emergency. Such plan is subject to SFMTA approval. SFMTA may require revisions to such Emergency Plan in order to coordinate with the emergency plans of the City, other Permit Holders and the Paratransit Program. Such plan shall include emergency communication protocols between Dispatch Services and their Color Scheme affiliates and the emergency evacuation of the public from the City, including but not limited to paratransit customers.

(2) Lost and Found Protocol Compliance

No application for a Dispatch Service Permit shall be approved or renewed if a Dispatch Service Permit applicant cannot demonstrate knowledge of and ability to adhere to SFMTA's protocol for the handling of Found Property.

(h) Additional Requirements Applicable To Color Scheme Permit Applications

Reserved.

Section 2. 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**

(a) Affiliation With Color Scheme Required; Color Scheme Change

(1) A Medallion Holder shall be deemed affiliated with a particular Color Scheme when the SFMTA approves his or her application pursuant to this Article, and shall entitle the Medallion Holder to the right to the use of that Color Scheme's trade dress and place of business. Color Schemes shall not unreasonably withhold the use of the trade dress and place of business once affiliation has been approved.

(2) Affiliation with a Color Scheme and/or the failure of a Color Scheme to comply with this Article does not relieve the Medallion Holder of his or her responsibility to comply with all requirements of this Article applicable to the Medallion Holder.

(3) A Medallion Holder may apply to the SFMTA for a change in affiliation. The applicant's choice of Color Scheme shall be subject to the prior approval of the SFMTA. A Medallion Holder's request for affiliation with a Color Scheme shall be approved unless the Color Scheme is on Administrative Probation pursuant to Section 1118(g). The SFMTA may delay or deny a change in Color Scheme affiliation by a Medallion Holder if a court of competent jurisdiction issues a temporary or permanent order to prohibit or delay the transfer.

(4) A Medallion Holder who purchases his or her Medallion in accordance with subsection (e) must affiliate with a Participating Color Scheme.

(b) Use of Dispatch Service

All Medallion Holders affiliated with a Color Scheme must utilize the same Dispatch Service.

(c) Full-Time Driving Requirement

(1) Every Medallion Holder subject to the provisions of this section 1109(c) shall be a Full-Time Driver.

(2) Exception for Certain Permits

Notwithstanding any contrary provision in this Article, the requirements set forth in this Subsection 1109(c) shall not apply to any person holding a Medallion issued on or before June 6, 1978.

(3) Declaration Required

No permit to operate a Taxi or Ramp Taxi shall be granted unless the Medallion Holder shall declare under penalty of perjury his or her intention actively and personally to engage as a Full-Time Driver.

(4) Qualifying Vehicle

All Medallion Holders must drive the Taxi or Ramp Taxi associated with their Medallion when complying with Subsection 1109(c) unless that vehicle is unavailable.

(5) Medallion Holders Responsible for Documenting Compliance

A Medallion Holder has the responsibility to maintain his or her own business records, including Waybills. Only written Waybills completed in compliance with all requirements may be used to meet the Full-Time Driving requirement. Failure of a Color Scheme to maintain business records, including Waybills, as required by this Article shall not excuse a Medallion Holder from proving that he or she has satisfied this Subsection 1109(c) or any other requirement.

(6) Partial Years

During the year that a Medallion is first issued or any year in which operation of the Medallion was temporarily suspended with the approval of the SFMTA in accordance with Section 1105(9), the number of driving hours required to meet the Full-Time Driving Requirement shall be reduced by the same proportion as

the ratio of the Permit Holder's excused driving hours to the hours remaining in the calendar year.

(7) Exception for Color Scheme Key Personnel

(A) Alternative Driving Requirement

Medallion Holders who are designated as "Key Personnel" by a Color Scheme may satisfy the Full-Time Driving requirement by driving 120 hours per year and performing 1,500 hours of work per year as Key Personnel for the Color Scheme.

(B) Written Designation of Key Personnel

Each Color Scheme seeking to designate one or more of its employees for a calendar year pursuant to this Subsection 1109(c)(7) must file a written designation by December 1st of the preceding year. A Permit Holder may not be designated as Key Personnel by more than one Color Scheme during a calendar year. The SFMTA will only recognize as Key Personnel only those Medallion Holders named in a completed designation form filed by the Color Scheme as of December 1st.

(C) Number of Key Personnel Designated at a Color Scheme

Each Color Scheme will be entitled to designate Key Personnel in accordance with the number of Medallions affiliated with that Color Scheme. The number of Medallions affiliated with a particular Color Scheme for a calendar year shall be determined as of December 1st of the previous year, based on the records of the SFMTA. Only individuals already holding a Medallion by December 1 of that year may be considered for Key Personnel designation. The number of designated Key Personnel at a Color Scheme may not be increased or decreased during the subsequent calendar year even if the number of Medallions affiliated with that Color Scheme changes during the year.

A Color Scheme with 1 to 10 Medallions may not designate anyone as Key Personnel.

A Color Scheme with 11 to 20 Medallions may designate one person.

A Color Scheme with 21 to 40 Medallions may designate two people.

A Color Scheme with 41 to 60 Medallions may designate three people.

A Color Scheme with 61 to 80 Medallions may designate four people.

A Color Scheme with 81 to 100 Medallions may designate five people.

A Color Scheme with 101 to 150 Medallions may designate six people.

A Color Scheme with 151 to 200 Medallions may designate seven people.

A Color Scheme with 201 to 300 Medallions may designate eight people.

A Color Scheme with 301 to 400 Medallions may designate nine people.

A Color Scheme with over 400 Medallions may designate nine people, plus one additional person for every 100 Medallions over 400.

(D) Statement of Work by Key Personnel

No later than February 1st of each year, each Color Scheme that has designated one or more employees as Key Personnel must submit a written Statement of Work on a form provided by SFMTA, demonstrating the number of hours during the previous calendar year that each of its designated Key Personnel worked on tasks related to the business of the Color Scheme, including but not limited to, office duties, dispatching, cashiering, or performing management duties. The Statement of Work shall be signed under penalty of perjury by both the Color Scheme and the Medallion Holder designated as Key Personnel. The Color Scheme shall be responsible for submitting proof of employment with the Statement of Work, which shall consist of state or federal tax forms filed with the appropriate regulatory agency. A Medallion Holder and/or Color Scheme that submit a falsely sworn Statement of Work shall be subject to automatic revocation of his or her Permit.

(E) Partial Completion of Requirements

If a Medallion Holder performs at least 750 hours of work as designated Key Personnel for the a Color Scheme during the year but less than 1,500 hours, the Permit Holder shall be entitled to partial credit against the Full-Time Driving requirement on a pro rata basis. The credit shall correspond to the percentage of 1,500 hours that the designated Permit Holder worked for the company in such capacity. If a Permit Holder does not perform at least 750 hours of work as designated personnel for the Color Scheme during the year, the Permit Holder shall not be entitled to any credit against the Full-Time Driving requirement.

(F) Ramped Taxi Permit Holders Ineligible

Ramped Taxi Permit Holders are not eligible to be designated as Key Personnel.

(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 lease of a permit is assigned, transferred or sold.

(e) Taxi Medallion Sales Pilot Program

(1) Qualified Taxi Medallion Sellers

(A) Any natural person who: (1) has attained or will attain the age of 70 as of December 31, 2010,; or (2) has demonstrated to the satisfaction of the SFMTA that he or she has a bona fide disability that permanently prevents him or her from satisfying the Full-Time Driving requirement, and who, by May 14, 2010, has notified the SFMTA of his or her interest in participating in the Taxi Medallion Sales Pilot Program, is eligible to sell his or her Medallion in accordance with this subsection (e). This subsection (e)(1)(A) does not confer on a Medallion Holder who meets the age or disability requirements of this subsection a vested right to sell a Medallion. The SFMTA Board of Directors may ~~declare~~ decide at any time that the Taxi Medallion Sales Pilot Program is terminated, suspended or otherwise not operational, and that no further sales by ~~eligible~~ Medallion Holders eligible under this subsection (e)(1)(A) are permitted. No Medallion Holder against whom a revocation proceeding is filed prior to completion of the sale of the Medallion is eligible to sell his or her Medallion under this subsection (e)(1)(A) unless and until the revocation proceeding and any resultant administrative appeal or court proceeding is concluded upon a determination that the Medallion will not be revoked.

(B) Any Purchaser of a Medallion under this subsection (e) is eligible to sell the purchased Medallion in accordance with this subsection (e). The Purchaser may not transfer ownership of the Medallion by gift, bequest or in any manner other than by a bona fide sale in accordance with this subsection (e). A Medallion purchased under this subsection (e) shall expire upon the death or mental incompetence of the Medallion Holder, upon the foreclosure by a Qualified Lender under subsection (e)(14), or upon revocation of the Medallion under Section 1120 of this Article.

(C) In all instances in which sale of a Medallion is allowed under this subsection (e), the SFMTA may elect to purchase the Medallion from the Qualified Seller or to allow the Qualified Seller to offer the Medallion for sale to a Qualified Purchaser.

(2) Qualified Taxi Medallion Purchasers

The SFMTA shall authorize Medallion sales under the Pilot Program only to Driver Permit Holders who meet all eligibility requirements for Medallion ownership in Sections 1103 and

1104 of this Article and who acknowledge and agree that the Medallion purchased is subject to the provisions of this subsection (e). The SFMTA shall make offers of sale to such Qualified Purchasers in the order of seniority on the Waiting List, and then in the order of A-Card Seniority.

(3) Fixed Medallion Sale Price

Any Medallion sold pursuant to this subsection (e) shall be sold under the supervision of the SFMTA at a price established by the SFMTA. The initial Medallion Sale Price shall be established by the Director of Transportation after a public hearing and shall not exceed \$400,000. In setting the initial Medallion Sale Price, the Director of Transportation shall consider the commercial loan terms available to Medallion applicants, the affordability of the monthly payments under such loans, the anticipated business revenue to be generated from a Medallion, and other commercially relevant factors. Upon setting the initial Medallion Sale Price, the Director of Transportation shall notify the SFMTA Board of Directors and the public of the Medallion Sale Price. The Director of Transportation may adjust the Medallion Sale Price no more frequently than annually in accordance with the percentage increase in the Consumer Price Index for Urban Wage Earners for the San Francisco Bay Area since the date that the Medallion Sale Price was last set or adjusted. The Director of Transportation may increase or decrease the Medallion Sale Price at any time in accordance with the procedure for setting the initial Medallion Sale Price, subject to the restrictions set forth in any agreement between the SFMTA and a Qualified Medallion Lender described in Section 1109(e)(12)(C).

(4) Medallion Transfer Fees

The seller of a Medallion shall pay to the SFMTA the Medallion Sale Transfer Fee and the Driver Fund Transfer Fee at the time of sale. The SFMTA shall deposit the Driver Fund Transfer Fee into the Driver Fund.

(5) Medallion Sales by City

As part of the Taxi Medallion Sales Pilot Program, the SFMTA may sell up to 60 Medallions that have been returned to the SFMTA for any reason to Qualified Purchasers at the Medallion Sale Price. The SFMTA shall be responsible for payment of the Driver Fund Transfer Fee for each such Medallion sold. The SFMTA shall continue to issue Medallions to applicants in accordance with Sections 1103 and 1104 of this Article during the pendency of the Taxi Medallion Sales Pilot Program.

(6) Taxi Medallion Purchase and Sale Procedures

(A) Sale of a Taxi Medallion may only be accomplished by a purchase and sale transaction that complies with all requirements of this Article. Transfer of a Medallion upon sale to a Qualified Purchaser is not effective until the transfer is approved by the Director of Transportation.

(B) The Director of Transportation may require a Medallion purchaser to provide documentation in a form satisfactory to the SFMTA of the source of the funds used to purchase the Medallion.

(C) The Director of Transportation may establish such purchase and sale procedures and other procedures as he or she deems appropriate to carry out the Taxi Medallion Sales Pilot Program.

(7) Purchased Medallions Subject to all Regulations

A Medallion purchased pursuant to this subsection (e) remains subject to all applicable laws and regulations and may be suspended or revoked for cause.

(8) Resale of Medallions

Medallions acquired pursuant to this subsection (e) are eligible for resale by the Purchaser in accordance with the provisions of this subsection (e).

(9) Ramp Taxi Medallions

If any Ramp Taxi Medallion Holder who would qualify to sell a Medallion under subsection (e)(1) notifies the SFMTA that he or she elects to sell the Medallion, the SFMTA shall exchange the Ramp Taxi Medallion for a Taxi Medallion to be sold by the Medallion Holder.

Such exchange shall not diminish the size of the Ramp Taxi fleet. No Ramp Taxi Medallion shall be sold pursuant to this subsection (e).

(10) Driver Fund

The SFMTA shall establish a Driver Fund. The SFMTA shall deposit all Driver Fund Transfer Fees into the Driver Fund and may, in its sole and absolute discretion, elect to deposit other monies into the Fund. Monies in the Driver Fund may be expended by the SFMTA.

(11) Taxi Medallion Sales Pilot Program Advisory Council

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

(B) The Advisory Council shall consist of 15 members appointed by the Director of Transportation. Three of the members shall be representatives of each of the following companies: Yellow Cab Cooperative, Luxor Cab Company and DeSoto Cab Company. Three of the members shall be representatives of other Color Scheme Permit Holders. Three of the members shall be Medallion Holders who do not represent a Color Scheme, and who are not employed as managers, dispatchers, cashiers, mechanics, or administrative staff of a Color Scheme. Three of the members shall be Drivers who are not Medallion Holders and who are not on the Waiting List. Three of the members shall be Drivers who are not Medallion Holders and who are on the Waiting List. Members shall serve for a term of two years and shall serve at the pleasure of the Director of Transportation. In the event that a vacancy occurs during a member's term, the Director of Transportation shall appoint a successor for the unexpired term.

(C) The Advisory Council shall prepare and provide to the Director of Transportation, no later than December 31, 2010, a report containing its assessment of the Taxi Medallion Sales Pilot Program and its recommendations regarding a long-term Medallion reform program. The Advisory Council shall be staffed by personnel from the Taxi Services section of the SFMTA.

(D) The Advisory Council shall terminate by operation of law two years year after

the date that all members have been appointed, unless the SFMTA Board by resolution extends the term of the Council.

(12) Medallion Lender Qualification

(A) A Purchaser of a Medallion may enter into a loan agreement for the purchase 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.

(B) 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.

(C) 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 subsection (e), the Qualified Lender's agreement to be bound by these provisions, and the SFMTA's promise not to set the Medallion Sale Price below the highest Medallion Sale Price paid by a Medallion Holder to whom a Qualified Lender made a loan that is still outstanding.

(13) Security Interests

(A) Qualified Lender's Security Interest. Notwithstanding any other provisions herein to the contrary, a Medallion Purchaser may encumber a Medallion with a security interest pursuant to an agreement entered into with a Qualified Lender to finance the purchase of the Medallion.

(B) Filing Security Interests. A Qualified Lender wishing to evidence a secured

interest in a Taxi Medallion shall file a notice of the security interest with the Taxi Services Section of 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 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 Medallion, and any documents memorializing the perfection of the security interest. The SFMTA will not recognize any secured interest in a Medallion that is not filed and reported in compliance with this rule.

(C) Release of Secured Interest. Upon repayment of the loan secured by an interest in a Medallion, the Qualified Lender must file notice of release of the secured interest within 5 business days of the release with Taxi Services Section of the SFMTA along with any underlying contracts or documents memorializing the terms and conditions of the release.

(14) Foreclosure and Transfer of Medallion

(A) If the Purchaser defaults under the agreement with the Qualified Lender beyond any applicable notice and cure period, and the Qualified Lender intends to foreclose on the security interest, the qualified Lender shall notify the Taxi Services Section of the SFMTA at least 14 days prior to the date on which the Qualified Lender 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.

(B) Provided that the Qualified Lender has provided notice to the SFMTA under subsection (e)(14(A), 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 sell the Medallion pursuant to the provisions of this subsection (e) to the Qualified Purchaser identified by the SFMTA at the Medallion Sales Price. After payment to the SFMTA of the Medallion Sale Transfer Fee and the Driver Fund Transfer Fee, the Qualified Lender shall disburse the proceeds of the sale in compliance with applicable law.

(15) Disciplinary Revocation and Resale

(A) In the event that the SFMTA brings disciplinary revocation proceedings under

Section 1120 of this Article against a Medallion that has been sold in accordance with this subsection (e), the SFMTA shall provide notice of the filing of such proceedings to any Qualified Lender holding a secured interest in the Medallion if the Qualified Lender has complied with all notice and reporting requirements of this subsection (e).

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

(C) Conduct of Sale. Upon revocation for any reason, the SFMTA shall identify the next qualified applicant and proceed to sell the Medallion in accordance with the procedures set forth in this subsection (e).

(D) Disbursement of Sale Proceeds. At the time of sale of the revoked Medallion, the outstanding balance of the loan secured by a secured interest of a Qualified Lender in such Medallion on file with the SFMTA shall be satisfied with the Medallion sale proceeds after deducting the expenses of the sale and the Medallion Sale Transfer Fee and the Driver Fund Transfer Fee. Any remaining proceeds shall be disbursed to the former Medallion Holder or his or her designees

(E) Continued Operation During Resale. Upon revocation of the Medallion, the SFMTA shall repossess and sell the Medallion. If the Medallion cannot be repossessed, the SFMTA shall issue a temporary Medallion to replace the Medallion during the pendency of the resale. The Medallion need not be in the possession of the SFMTA in order to proceed with resale. Upon revocation, and until the Medallion is transferred to a new Medallion Holder, the Medallion shall continue to be operated by the Participating Color Scheme with which it is affiliated.

(16) Participating Color Schemes

Any Color Scheme Permit Holder who wishes to participate in the Taxi Medallion Sales Pilot 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 purchased under this subsection (e) to affiliate with the Color Scheme in accordance with all applicable rules and regulations, and to

continue to operate any such affiliated Medallion during the period commencing on the revocation of such Medallion and ending on the resale of the Medallion, 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 May 4, 2010.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency