

**Taxi Medallion Sales Pilot Program**

Relevant Sections from Article 1100 of the SF Transportation Code

*6/18/2010*

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## **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 if the Driver has been issued a new Driver Permit in accordance with Section 1108(b)(5) after failure to timely renew his or her Driver Permit.

(j) **"Driver Fund Transfer Fee"** shall mean five percent of the fixed price for the sale of a Medallion as determined in accordance with this Article.

(w) **"Medallion Sale Price"** shall mean the fixed price for the sale of a Medallion as determined by the SFMTA in accordance with this Article.

(x) **"Medallion Sale Transfer Fee"** shall mean fifteen percent of the fixed price for the sale of a Medallion as determined by the SFMTA in accordance with this Article.

(gg) **"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 1109(e) of this Article.

(kk) **"Qualified Lender"** shall mean a lender approved by the Director of Transportation to finance the purchase of Medallions under the Taxi Medallion Sales Pilot Program. (ll) "Qualified Purchaser" shall mean a Driver Permit Holder who meets all the requirements for purchase of a Medallion under Section 1109(e)(2).

(mm) **"Qualified Seller"** shall mean a Medallion Holder who meets the requirements of Section 1109(e)(1)(A) or 1109(e)(1)(B).

(uu) **"Taxi Medallion Sales Pilot Program"** shall mean the program adopted by the SFMTA Board of Directors for the purchase and sale of certain Taxi Medallions at an established Medallion Sale Price to a purchaser who is qualified to hold a Medallion under these regulations.

## **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 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.

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## SEC. 1104. ELIGIBILITY

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### (c) Eligibility for a Medallion

(1) Applicants for a Taxi or Ramp Taxi Medallion must meet the eligibility requirements listed in Section 1103(c)(2)(A) through 1103(c)(2)(H) and be in compliance with any Controlled Substance Testing Program adopted by the SFMTA Board.

(2) Each applicant for a Taxi or Ramp Taxi Medallion shall submit all completed application materials, including Waybills and forms, and take any written, oral or practical examination required by the SFMTA within 45 calendar days of the date of the notice informing the applicant of the availability of a Medallion.

(3) Before issuing a Taxi or Ramp Medallion, in addition to all other eligibility requirements, the SFMTA must determine that the applicant has been a Full-Time Driver during any four of the five calendar years immediately preceding the calendar year in which the hearing is held. The driving requirement for the year in which the application is heard may be pro-rated from the date of application. This requirement may only be satisfied by driving a Taxi or Ramp Taxi for which a permit has been issued by the SFMTA. Only written waybills completed in compliance with Section 1109(c)(5) may be used to establish eligibility for a Medallion for the purposes of this Section.

(4) No applicant for a Taxi or Ramp Taxi Medallion shall be eligible to receive a Medallion if he or she holds a Medallion as an individual or if he or she is a shareholder in a corporation that holds one or more Medallions.

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## SEC. 1108. CONDITIONS APPLICABLE TO DRIVER PERMITS

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### (b) Renewal of Driver's Permits

(5) Lapse of Active Permit Status; New Application; A-Card Seniority

A Driver Permit Holder who fails to renew his or her Driver Permit within the deadline for renewal set by the SFMTA may renew his or her Driver Permit upon submission of a new Driver Permit application and completion of all requirements for a new Driver Permit. If the Driver Permit Holder submits the new Driver Permit application and completes the requirements within two years of the renewal deadline, he or she shall retain A-Card Seniority based on the original issuance date of the Driver Permit. A Driver Permit Holder who fails to renew by the renewal deadline and fails to submit a new Driver Permit application and complete the requirements within two calendar years

after the renewal deadline may likewise apply for a new Driver Permit, but he or she shall have an A-Card Seniority date as of the date of the most recent Driver Permit.

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

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

\* \* \*

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

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### **(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 years 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 decide at any time that the Taxi Medallion Sales Program is terminated, suspended or otherwise not operational, and that no further sales by Medallion Holders 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.