Agenda: Item 7

Gov. Code § 53075.5 and Amendments Required to Article 16 To Bring San Francisco Into Compliance [INFORMATION]
November 25, 2008

At the meeting of the Taxi Commission on Tuesday, November 25, 2008 the following resolution(s) and finding(s) were adopted:

**RESOLUTION NO. 2008-XX**

WHEREAS, the San Francisco Taxi Commission desires to bring local taxicab regulation into full compliance with state law; and

WHEREAS, San Francisco must provide a policy for entry into the business of taxicab employment in compliance with Gov. Code § 53075.5; and

WHEREAS, San Francisco must provide a policy for permit renewal for drivers that complies with Gov. Code § 53075.5; and

NOW THEREFORE BE IT RESOLVED, that the Taxi Commission directs the City Attorney to prepare legislation that will ensure that San Francisco is in full compliance with Gov. Code § 53075.5, and recommends that the Board of Supervisors pass this legislation; and

BE IT FURTHER RESOLVED, that the Taxi Commission directs the Executive Director to adopt procedures the issuance and renewal of permits that is in full compliance with Gov. Code § 53075.5 and provide the Commission with a summary of the procedures and their implementation within ninety (90) days of the passage of amendments to Article 16.

**AYES:**

**NOES:**

**ABSENT:**

**RECUSED:**

Respectfully submitted,

Jordanna Thigpen
Executive Director
TO: Honorable Commissioners  
FROM: Jordanna Thigpen  
RE: Gov. Code § 53075.5 and Amendments Required to Article 16  
DATE: 10.31.8

The Taxi Commission remains out of compliance with a number of state law provisions.

A copy of California Government Code § 53075.5 is attached.

The ordinance does several important things, as detailed below. It generally requires SF to adopt an ordinance for the regulation of taxicabs. We are in compliance with this requirement, because we have adopted Article 16 and other provisions of the Business & Tax Code. The question is, whether we have adopted the specific provisions that are necessary.

A Policy for Entry into the Taxicab Business as a Driver (and Maintaining that Status:)
out of compliance

We have adopted a policy in the form of Article 16. However, Government Code § 53075.5 requires these provisions for the policy:

- Employment or an offer of employment (letter from taxicab company with intent to hire) that provides evidence of drug testing for employee drivers – out of compliance
- Drivers must show proof of negative drug/alcohol test results upon permit renewal – out of compliance
- Driver permits are void upon termination of employment – out of compliance
- The permit shall state the name of the employer – out of compliance
- Taxicab companies are supposed to tell the City when a driver is no longer employed with them – out of compliance
- Drivers are supposed to return the permit to the City when they are no longer working – out of compliance

As you can see, the City and the taxicab industry are out of compliance with every single provision relating to issuance of a driver permit in the City and County of San Francisco.
Establishing Rates of Fare: in compliance

MPC § 1135 and 1137 regulate rates of fare and the setting of rates of fare. We are in compliance with this provision.

A Mandatory Controlled Substance and Alcohol Testing Certification Program: out of compliance

- Drivers must test negative for controlled substances and alcohol within thirty days before beginning employment – out of compliance
- Drivers must show proof of negative test results upon renewal of permit – out of compliance
- The City must provide a list of certified testing facilities to drivers seeking a permit or renewal of a permit – out of compliance
- In the case of self-employed independent contractors, the driver shall report the results directly to the City, and the City shall inform the employer of record. In the case of employees, the results shall be reported to the employer – out of compliance
- Independent contractors shall pay for tests themselves – out of compliance

The City and the taxicab industry are out of compliance with every provision relating to drug and alcohol testing in the State of California.

Signage in Taxicabs – out of compliance

California Vehicle Code § 27908 provides as follows:

27908. (a) In every taxicab operated in this state there shall be a sign of heavy material, not smaller than 6 inches by 4 inches, or such other size as the agency regulating the operation of the taxicab provides for other notices or signs required to be in every taxicab, securely attached and clearly displayed in view of the passenger at all times, providing in letters as large as the size of the sign will reasonably allow, all of the following information:

(1) The name, address, and telephone number of the agency regulating the operation of the taxicab.

(2) The name, address, and telephone number of the firm licensed or controlled by the agency regulating the operation of the taxicab.

Our current rules require only that the driver carry a 3” x 5” ID card (Rule 6.B.5) and do not mandate such a sign in the vehicle, and therefore we are out of compliance.

Drinking Alcoholic Beverages in Motor Vehicle, Passengers and Drivers – in compliance

Vehicle Code §§ 23221, 23223 prohibits drinking and possession of open containers of alcohol in a motor vehicle by passengers and drivers. However, Vehicle Code § 23229 excepts drivers of taxicabs. This means that passengers can drink from an open container while riding in a taxicab, but the driver cannot. There is no specific rule prohibiting the drinking of alcoholic beverages by passengers, but we do not allow drinking by drivers. Therefore, we are in compliance.
Driving in Excess of 10 Hours Per Shift – in compliance

California Vehicle Code § 21702 provides as follows:

21702. (a) No person shall drive upon any highway any vehicle designed or used for transporting persons for compensation for more than 10 consecutive hours nor for more than 10 hours spread over a total of 15 consecutive hours. Thereafter, such person shall not drive any such vehicle until eight consecutive hours have elapsed.

Regardless of aggregate driving time, no driver shall drive for more than 10 hours in any 24-hour period unless eight consecutive hours off duty have elapsed.

(b) No person shall drive upon any highway any vehicle designed or used for transporting merchandise, freight, materials or other property for more than 12 consecutive hours nor for more than 12 hours spread over a total of 15 consecutive hours. Thereafter, such person shall not drive any such vehicle until eight consecutive hours have elapsed.

Regardless of aggregate driving time, no driver shall drive for more than 12 hours in any 24-hour period unless eight consecutive hours off duty have elapsed.

The Commission does not have a specific rule regarding this issue, but does enforce this provision of the Vehicle Code as to drivers and medallion holders. No medallion holder or applicant receives credit for any hours worked in violation of this section.

Solutions

The solutions are as follows:

- We need to amend Article 16 to provide that permits shall only be issued to drivers who meet the requirements of Gov. Code § 53075.5. See attached memorandum entitled “Driver Permit Issuance and Renewal”
- We need to amend Article 16 to provide that permits shall only be issued to color schemes that meet the requirements of Gov. Code § 53075.5 and meet standards to be developed by the Commission. We must enhance company permit renewal standards to protect those that are complying with the law and investing in the San Francisco taxi industry. See attached memorandum entitled “Color Scheme Business Operations”
- To ensure the safety of the public and the workforce, we must adopt provisions requiring affirmative reporting from taxicab companies, medallion holders, and drivers of convictions for driving a taxicab vehicle under the influence, and require companies to view drivers’ DMV records on at least an annual basis as part of their business practices. Depending on the circumstances, conviction should not automatically result in suspension or revocation of a permit.
California Government Code § 53075.5.

(a) Notwithstanding Chapter 8 (commencing with Section 5351) of Division 2 of the Public Utilities Code, every city or county shall protect the public health, safety, and welfare by adopting an ordinance or resolution in regard to taxicab transportation service rendered in vehicles designed for carrying not more than eight persons, excluding the driver, which is operated within the jurisdiction of the city or county.

(b) Each city or county shall provide for, but is not limited to providing for, the following:

(1) A policy for entry into the business of providing taxicab transportation service. The policy shall include, but need not be limited to, all of the following provisions:

(A) Employment, or an offer of employment, as a taxicab driver in the jurisdiction, including compliance with all of the requirements of the program adopted pursuant to paragraph (3), shall be a condition of issuance of a driver's permit.

(B) The driver's permit shall become void upon termination of employment.

(C) The driver's permit shall state the name of the employer.

(D) The employer shall notify the city or county upon termination of employment.

(E) The driver shall return the permit to the city or county upon termination of employment.

(2) The establishment or registration of rates for the provision of taxicab transportation service.

(3) (A) A mandatory controlled substance and alcohol testing certification program. The program shall include, but need not be limited to, all of the following requirements:

(i) Drivers shall test negative for each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, before employment. Drivers shall test negative for these controlled substances and for alcohol as a condition of permit renewal or, if no periodic permit renewals are required, at such other times as the city or county shall designate. As used in this section, a negative test for alcohol means an alcohol screening test showing a breath alcohol concentration of less than 0.02 percent.

(ii) Procedures shall be substantially as in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, except that the driver shall show a valid California driver's license at the time and place of testing, and except as provided otherwise in this section. Requirements for rehabilitation and for return-to-duty and followup testing and other requirements, except as provided otherwise in this section, shall be substantially as in Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations.

(iii) A test in one jurisdiction shall be accepted as meeting the same requirement in any other jurisdiction. Any negative test result shall be accepted for one year as meeting a requirement for periodic permit renewal testing or any other periodic testing in that jurisdiction or any other jurisdiction, if the driver has not tested positive subsequent to a negative result. However, an earlier negative result shall not be accepted as meeting the pre-employment testing requirement for any subsequent employment, or any testing requirements under the program other than periodic testing.

(iv) In the case of a self-employed independent driver, the test results shall be reported directly to the city or county, which shall notify the taxicab leasing company of record, if
any, of positive results. In all other cases, the results shall be reported directly to the employing transportation operator, who may be required to notify the city or county of positive results.

(v) All test results are confidential and shall not be released without the consent of the driver, except as authorized or required by law.

(vi) Self-employed independent drivers shall be responsible for compliance with, and shall pay all costs of, this program with regard to themselves. Employing transportation operators shall be responsible for compliance with, and shall pay all costs of, this program with respect to their employees and potential employees, except that an operator may require employees who test positive to pay the costs of rehabilitation and of return-to-duty and followup testing.

(vii) Upon the request of a driver applying for a permit, the city or county shall give the driver a list of the consortia certified pursuant to Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations that the city or county knows offer tests in or near the jurisdiction.

(B) No evidence derived from a positive test result pursuant to the program shall be admissible in a criminal prosecution concerning unlawful possession, sale or distribution of controlled substances.

(c) Each city or county may levy service charges, fees, or assessments in an amount sufficient to pay for the costs of carrying out an ordinance or resolution adopted in regard to taxicab transportation services pursuant to this section.

(d) Nothing in this section prohibits a city or county from adopting additional requirements for a taxicab to operate in its jurisdiction.

(e) For purposes of this section, "employment" includes self-employment as an independent driver.
TO: Honorable Commissioners  
FROM: Jordanna Thigpen  
DATE: 10.31.8  
RE: Color Scheme Business Operations

As a result of two revocation cases over the past year, and multiple problems that have arisen from the use of brokers, unlicensed drivers, and conditions at business premises, the Taxi Commission and the San Francisco Police Department Taxi Detail are very concerned about the ability of certain color schemes to operate within the scope of current regulations, and to comply with local, state, and federal requirements.

We propose enhancing the requirements to apply for or renew a color scheme permit in the City and County of San Francisco. The proposal is modeled after the requirements imposed by other jurisdictions in the State of California (ie, Orange County, Marin County, Los Angeles County, etc.)

There are a couple of ways of manifesting these new requirements. One way is to withdraw all current color scheme permits by a certain date in the next three to six months, and re-issue permits only to companies that meet the new requirements.

Another way is to allow companies until June 30, 2008 (the annual renewal deadline) to comply with the new requirements, and only issue permits at that time to companies that meet the requirements.

Current General Requirements to Operate a San Francisco Taxi Company (Color Scheme)

Current requirements can be divided into three categories: city, state, and federal. This information is offered as background information, but we will be adding it to our website.

CITY REQUIREMENTS:

Permitting Requirements:

The Taxi Commission requires a color scheme permit. It also requires compliance with existing rules (Section 5 of the Rules and Regulations is applicable to color schemes.) There are also several Municipal Police Code Article 16 provisions that apply. In addition, the Commission has adopted several procedures/policies application to color schemes, such as the Clean Air Taxi Program, designation of a manager, and compliance with procedures that the Executive Director establishes pursuant to charter-mandated responsibility to regulate the industry.
Other City departments also have several legal requirements for operation of a taxicab business. These include permitting requirements such as a business license required by the **Treasurer’s Office**, but also include compliance with certain laws, such as the Health Care Security Ordinance, the Paid Sick Leave Ordinance, the Minimum Wage Ordinance, and more.

Although the Commission does not regulate whether or not a company has the legal right to do business under a particular name, companies are encouraged to ensure that the name they have chosen is not trademarked or otherwise protected from use before they seek to do business under that name. Depending on the corporate status of the business, a fictitious business name statement may be required by the Treasurer’s Office as well.

As to compliance with other laws, taxicab companies must visit the **Office of Labor Standards Enforcement**’s website for full information regarding Healthy San Francisco and other legislated programs.

**Premises Requirements**

There are many requirements that inure to a business involving automobiles in the City and County of San Francisco. Primarily, the taxicab company must ensure that the space it intends to occupy is properly zoned. Information about zoning can be obtained through the City **Planning Department’s Zoning Center**. Although the Commission does not regulate leases between parties, companies are strongly encouraged to ensure that they have the legal right to occupy their claimed location, to avoid litigation and possible interruption of service to the public.

If the company is conducting automotive repair or dismantling, an entire set of environmental regulations applies through the San Francisco **Department of the Environment** and the San Francisco **Fire Department**. The Fire Department also requires permits for parking lots and is responsible for ensuring compliance with building codes with regards to fire safety. If money is being collected from vehicles parking at the lot, the **Police Department** must issue a separate permit.

The City has an **Office of Small Business** to assist companies with questions regarding permits and legal requirements, and has many programs designed to assist companies as they improve their business practices, such as the **Department of the Environment’s Green Business Program**.

**STATE REQUIREMENTS**

The State of California regulates employment in California above and beyond the City’s regulations. In particular, the State’s **Department of Industrial Relations** regulates labor standards, the provision of worker’s compensation for employees, and workplace safety standards regulated by Cal-OSHA requirements, while the **Employment Development Department** enforces tax laws regarding the employment status of taxicab drivers. California courts have repeatedly held that for purposes of tax reporting and withholding and for worker’s compensation purposes, California taxicab companies are employers and taxicab drivers are employees. Companies are strongly advised to seek legal counsel on this important issue and to ensure they comply with the law. Locally, the Commission requires that companies “comply with state law” with regards to worker’s compensation. As always, clerical or mechanical employees are in a different category of employment and companies are encouraged to comply with laws as to those employees as well.

The **DMV** requires specialized permits for automobile dismantling and for other specialized reasons. Companies are encouraged to visit the DMV’s website for more information.

Since 1996, the State of California has required that local jurisdictions ensure that all taxicab companies are complying with Government Code § 53075.5. This Section requires that all cities and counties in San Francisco provide a mandatory controlled substance and alcohol testing program for all employee drivers. The program may be administered by a certified testing facility with the results reported to the regulatory agency.
So far, the Commission has not adopted any rules or procedures in accordance with Government Code § 53075.5 and our local Article 16 remains out of compliance with state law.

**FEDERAL REQUIREMENTS**

Companies are encouraged to comply with the federal tax laws enforced by the Internal Revenue Service with regards to both employment status of workers and reporting of business income.

Companies are also subject to certain federal Department of Labor regulations under certain circumstances.

**Proposed New Application for Color Schemes**

The attached application procedure is proposed as the new standard for first-time and renewal of color scheme permits. Transfer of color schemes to new individuals will result in the transferee filling out an application as if he were applying for a new permit.

MPC § 1125, which governs color scheme permits, or an alternative section, will have to be amended to provide for certain grounds on which a permit may be denied (i.e., status as a registered sex offender.)
TO: Honorable Commissioners  
FROM: Jordanna Thigpen  
DATE: 10.31.8  
RE: Driver Permit Issuance and Renewal

To comply with state law, several substantive changes are necessary to the process by which driver permits are issued and renewed in San Francisco.

First, the Commission must address the requirements of Gov. Code § 53075.5. Drivers must submit evidence of a clean drug test that was taken in the last thirty days at a certified facility. If they are employee drivers of a company, the company must pay for the test, while if they are independent contractors, they are responsible for paying for the test.

If drivers are independent contractors, the certified facility will report the results directly to the City.

It is also recommended that drivers be required to submit a DMV printout every year upon renewal, to demonstrate a clean driving record. This is a practice already in place at the larger companies and therefore, drivers are already being required to obtain copies at their own expense (for $5.00 each) and produce them annually to receive a valid ID card from those companies.

Therefore, the changes that are necessary are as follows:

1. new drivers must present the following documents as a condition of receiving a permit:
   a. A valid CA driver’s license
   b. A copy of a clean drug test from a certified facility
   c. A DMV printout for the past five years
   d. An offer of employment with a company that complies with the law regarding drug and alcohol testing, and holds a valid permit issued by the City

2. Each year, drivers must present the following as a condition of permit renewal:
   a. A copy of a clean drug test from a certified facility
   b. A DMV printout for the past three years
   c. A valid CA driver’s license
   d. Evidence of employment with a company that complies with the law regarding drug and alcohol testing, and holds a valid permit issued by the City

New drivers and those renewing after April 30 of each year must still complete the steps of taxi school, background checks, etc. The City may continue to issue temporary permits to those drivers that complete the steps but for whom the results of background check do not immediately issue.
The City itself is out of compliance with Gov. Code § 53075.5, because it is not ensuring that certain administrative actions occur with regards to the issuance and renewal of the permits, and it is not providing a list of certified drug testing facilities to drivers. Also, the City is not taking permits back upon termination of employment, nor is it printing the name of the employer on the A-card, or requiring that companies comply with the law.

**Recommendation:** Article 16 and the Commission’s procedures for issuing and renewing A-cards must be amended to comply with the law. MPC § 1089 governs driver’s applications and it is recommended that this section include reference to the above-listed documents.
INTRODUCTION

California Government Code § 53075.5 requires local jurisdictions to regulate taxicabs. The City and County of San Francisco has delegated this function to the San Francisco Taxi Commission.

Before operating a taxicab service in San Francisco, a taxicab company must apply for and obtain a “Color Scheme Permit” from the City and County of San Francisco.

BASIC ELIGIBILITY REQUIREMENTS

To be eligible for a San Francisco Taxi Commission Color Scheme Permit, a sole proprietor, partner, or corporate officer must:

1. Be at least 18 years of age
2. Not be a registered sex offender pursuant to California Penal Code § 290
3. Not be on formal probation/parole or have received any conviction (or plea of guilty or nolo contendere) in any state for any of the following: murder, robbery, pandering, pimping, crimes related to the sale or transportation of controlled substances, crimes involving the use of a weapon, or any other offense involving moral turpitude or any crime that is substantially related to the qualifications, functions, or responsibilities of a taxi company owner.
4. Not have been convicted (or plea of guilty or nolo contendere) in any state for a felony within eight (8) years of application.
5. Not have been convicted within five (5) years of application (or plea of guilty or nolo contendere) in any state or any final administrative determination of a violation of any statute, ordinance, or regulation reasonable and rationally pertaining to the same or similar business operation which would have resulted in suspension or revocation of the Color Scheme Permit under Taxi Commission Rules and Regulations.
6. Not have falsified material information on any application for a Taxi Commission permit within the past five (5) years.
7. If renewing a permit, not have had a permit suspended or revoked in the past five (5) years.

This information serves as a guide. For further information, please refer to the Taxi Commission/Ramped Taxi Rules and Regulations, or contact the Taxi Commission at (415) 503-2181.

SUMMARY OF FEES

<table>
<thead>
<tr>
<th>Type of Permit</th>
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<tr>
<td>New Color Scheme</td>
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<tr>
<td>1-5 Medallions</td>
<td>$1225 + $3 BPA = $1228.00</td>
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<tr>
<td>6-15 Medallions</td>
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<td>50+ Medallions</td>
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<td>Color Scheme Renewal</td>
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<td>1-5 Medallions</td>
<td>$811 + $3 BPA = $814.00</td>
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<tr>
<td>50+ Medallions</td>
<td>$4,149 + $3 BPA = $4152.00</td>
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STEPS TO OBTAINING A SAN FRANCISCO TAXI COMMISSION COLOR SCHEME PERMIT

Step 1: Request a San Francisco Taxi Commission Color Scheme Permit Application Package

The Commission will provide a Color Scheme Permit Application Package. This package consists of an application form and a list of additional required documents.

Under existing law, only taxicab permit (medallion) or dispatch permit holders are eligible to apply for a color scheme permit.

Important Note: Companies with more than three partners or corporate officers should list only the top three officers on their application. The remaining partners/officers should be listed as an attachment. Only the top three principal partners or officers are required to submit to fingerprinting.

Step 2: Pay applicable fees

All fees must be payable to “San Francisco Taxi Commission.”

Step 3: Fingerprinting

First time applicants (owners, top three partners, or corporate officers) must submit to having a background check conducted by the San Francisco Police Department. The Taxi Commission’s civilian personnel will not see the specific results of the background and will only be informed whether or not the individuals meet the requirements. The SFPD will provide applicants with a receipt.

Step 4: Submit an Application Package to the Taxi Commission Office.

Color Scheme Permit Applications will only be accepted by appointment. All applicants must submit to an interview with Taxi Commission personnel to ensure the operation of the color scheme will be performed according to existing law. All applicants are required to be present and produce either a valid driver’s license or state-issued photo identification.

Applicants must bring the following to their application appointment:

- Completed Taxi Commission Color Scheme Permit Application with required attachments
- Check for appropriate amount
- Live Scan Fingerprint receipt (new applicants only)
- California driver’s license or California ID card

The Taxi Commission will not accept incomplete applications.

Step 5: Obtain Taxi Commission Approval

The Taxi Commission will vote on whether or not to approve the color scheme. If the color scheme is approved, additional steps are still necessary before operation can begin.

Step 6: Obtain GTU approval on all vehicles under new color scheme

Once GTU has inspected and approved every vehicle in the fleet and communicated that approval to the Taxi Commission, the color scheme may begin operating in San Francisco.
COLOR SCHEME PERMIT APPLICATION

Additional Documents Checklist

Specific documents must be submitted annually with each renewal package

☐ Copy of DMV Pull Notice Contract

☐ Copy of Company Anti-Drug Policy

☐ Current Fictitious Business Name Statement

☐ Copy of Current City Business Permit

☐ Check for Appropriate Amount for Application or Renewal

☐ If a partnership: copy of partnership agreement and list of additional partners not listed on application

☐ If a corporation: copy of the minutes from the most recent Board of Directors meeting; copy of the Articles of Incorporation (first time applicants) or Statement of Domestic Stock Corporation (if renewal); Copy of stock register showing distribution of corporate stock; list of additional corporate officers not listed on the application

☐ Copies of leases with all drivers and medallion holders intending to associate with the color scheme

☐ Completed Designated Manager Form

☐ Drivers Roster with Driver Names, Addresses, A-card Numbers, and Intended Status of Vehicle Operation (Gas and Gates, Long Term Lease, or Owner-Operated)

☐ Schedule of Fees (Gate Fees, Color Scheme/Radio Fees, etc.)

☐ Insurance Certificates: Liability Insurance for All Vehicles; Worker’s Compensation Insurance for All Employees

☐ For first time applicants, Vehicle Introduction Forms for all Vehicles Intending to Operate at the Color Scheme. For renewals, a current vehicle roster listing all vehicles operating at the color scheme.

☐ Blank Sample of Company Waybill and Receipt for Waybill