

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY**  
**SFMTA HEARING SECTION**

**SAN FRANCISCO MUNICIPAL  
TRANSPORTATION AGENCY,**

**vs.**

**JOHN RUSSO,**  
Respondent

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**STATEMENT OF DECISION**

**I. INTRODUCTION**

This case came on for administrative hearing pursuant to a Complaint by the San Francisco Municipal Transportation Agency (“SFMTA”) after the Complaint was sent to respondent John Russo on or about October 15, 2020. The SFMTA Complaint alleges that Mr. Russo had not taken the necessary measures to renew his status as a qualified taxi medallion holder, and on that basis the SFMTA’s Taxi Services had notified Mr. Russo on or about September 28, 2020, that his right to remain a medallion holder was being contested by the SFMTA.

Following that notice and the subsequent Complaint, a video-conference hearing was scheduled for Mr. Russo by this Hearing Section for July 13, 2021, under the provisions of Article 1100 of the SFMTA’s Transportation Code. That Article governs the rights granted to taxi medallion holders in San Francisco, as well as how hearings related to those rights are administered.

On July 13, 2021, Mr. Russo appeared via telephone at the time of this hearing, and the Taxi Services manager, Philip Cranna, and its witness, analyst Danny Yeung, appeared by video, along with the undersigned administrative hearing officer, and at that time testimony from each of the parties was received into evidence.

**II. THE COMPLAINT**

In its Complaint the SFMTA’s Taxi Services alleges that based upon “Post-K” provisions adopted by the Transportation Code (“TC”), taxi medallion holders are subject to a full-time driving requirement and must hold an active A-Card in order to retain their legal status as medallion holders. Additionally, the Transportation Code also requires that for an A-Card permit to be granted, a full-time driver must also have a valid California driver’s license.

In terms of Mr. Russo, the Complaint stated that because his A-Card had expired in approximately 2015, and had not been renewed, the medallion # 334 held by Mr. Russo was not eligible to be renewed on the basis relevant provisions of the Transportation Code, Article 1100.

The Taxi Services Complaint also noted that under the provisions of Article 1103(c)(2)(C) of the Transportation Code, a person applying for a permit must have a valid California driver's license as a condition for entitlement to have an A-Card.

### **III. APPLICABLE LAW**

Under the provisions of Article 1100 of the Transportation Code, the following statutory authority forms the relevant basis for this decision, including the Transportation Code's definitions of "A-Card," "Medallion Holder," "Notice of Nonrenewal," and "Permit Holder."

Also relevant to this case are these Article 1100 provisions:

- TC §1103(c)(2)(C), regarding driver qualifications
- TC §1103(c)(3), regarding the lapse of active permit status;
- TC §1105(a)(1), regarding permits required;
- TC §1105(a)(3), regarding permits as privilege, not property of the driver;
- TC §1105(a)(5)(A), regarding the duration of permits;
- TC §1105(a)(6), involving compliance with laws and regulations;
- TC §1109(a)(1), re required affiliation with Color Scheme;
- TC §1109(c)(1), regarding the full-time driving requirement;
- TC §1109(e)(1)(A), involving various aspects of medallion operation;
- TC §1116, covering surrender of medallions for consideration.

### **IV. TESTIMONY**

#### **A. SFMTA TESTIMONY AND EVIDENCE PRESENTED: DANNY YEUNG:**

Danny Yeung, an administrative analyst in the SFMTA's Taxi Services, testified to the preservation and reliability of the exhibits offered by Taxi Services at the hearing. The exhibits included a driver profile of Mr. Russo (Exh. A), the Division's Notice of Nonrenewal (Exh. B), and an email from Mr. Russo, dated October 7, 2020, contesting the SFMTA's basis for its Notice of Nonrenewal (Exh. C). Mr. Yeung stated that the evidence of record established that Mr. Russo's A-Card had expired in approximately 2015, and had not been renewed since that time.

#### **B. JOHN RUSSO:**

Mr. Russo testified that he continues to be a resident, living in Connecticut since 2015, and that he continues to be disabled due to neurological conditions in his back, and that currently he is not physically capable of driving a taxi cab on a full-time basis.

Mr. Russo testified that as recently as early 2020, his medallion (# 334) had been used by Flywheel Cab, as a basis for other taxi drivers to drive legally within the city, pursuant to the provisions of the Transportation Code that allow the leasing of a medallion holder's permit to a cab company's non-medallion drivers. Generally, Mr. Russo testified that he wants to retain his

medallion as source of retirement income, noting that before the onset of the 2020 pandemic, he had received some modest monthly lease payments of approximately \$300 for the use of his medallion by drivers at Flywheel.

Mr. Russo confirmed that he currently has a Connecticut driver's license, and that he would not be able to obtain a California driver's license unless he was able to come to California, which he is financially unable to do, and particularly during the current pandemic.

Mr. Russo further testified that some years ago he was advised by Paige Stanfield, the Taxi Services manager at that time, that because he was disabled at that time, he did not need to renew his A-Card on an annual basis.<sup>1</sup> Up until that time, he testified that he had kept all of his taxi-related permits current. He also testified that Ms. Stanfield advised him that he could not have a California driver's license while retaining a Connecticut driver's license, because each person is allowed to have only one driver's license at a time.

In addition to the exhibits offered in this case by the SFMTA, the following documents offered by Mr. Russo were reviewed and admitted in the record:

- *Slone v. Taxi Commission*, U.S.C.A, 9<sup>th</sup> Cir., Motion to Dismiss Appeal, Case No. 08-16726, 8/10/2010
- *Slone v. Taxi Commission*, U.S.C.A, 9<sup>th</sup> Cir., Stipulation in Support of Motion to Dismiss Appeal, Case No. 08-16726, 8/6/2010
- Email from Paige Stanfield to Chas. Rathbone, 3/27/2017
- Medallion Holders Assn. (MHA), Template of Arguments for Prop. K Medallion Holders, 6/7/2021 (9 pp.)
- Email from John Russo, July 12, 2021

## V. FINDINGS

### A. RESPONDENT RUSSO WITHOUT CALIFORNIA DRIVER'S LICENSE AND CURRENT A-CARD

Based upon the testimony adduced at the hearing and upon the evidence of record, I find that the respondent John Russo has not lived in California for at least the past five years and, accordingly, has not been in a position to renew his cab driver's A Card over that length of time. In addition, Mr. Russo does not have a California driver's license, and has no means of moving back to California nor the intention to move here. As a result he is not eligible to obtain a current A-Card as that driver's permit is defined by the SFMTA's Taxi Services.

By his own admission, Mr. Russo can no longer drive a taxi on any sustained basis. Because Mr. Russo cannot drive, his A-Card cannot be renewed pursuant to the provisions of TC §§ 1103 and 1105, as noted above. Without a current California driver's license, an A-Card cannot be maintained, and without a current A-Card, a taxi driver's cannot hold on to a taxi medallion in

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<sup>1</sup> I note that the email from Paige Stanfield to Charles Rathbone, dated March 27, 2017, does mention that his medical disability exempts him from the requirement to renew his A-Card. That email is part of this record and is accepted into evidence.

San Francisco. On that basis the nonrenewal of this medallion is appropriate here under the circumstances.

## **VI. EQUITABLE CIRCUMSTANCES RELATING TO DECISION**

While current conditions nullify any monetary transfer value of any held medallions in San Francisco, that situation may change in 2021 or 2022, and it remains possible for medallion transfers to someday resume, and for some medallion holders to enjoy a surrender value of their medallions when the moratorium on transfers no longer obtains.

Currently, and at least since 2016, there has been no market for medallions in San Francisco, largely due to the influx of TNC operations and the litigation between the San Francisco Federal Credit Union and SFMTA. That litigation has resulted in a moratorium in the sale and transfer of taxi medallions due to an established fixed price of medallion surrender as set forth in TC §1116(b)—which greatly exceeds the current market price of a local taxi medallion. As long as the litigation continues, the medallion surrender price apparently will remain at \$200,000, based upon the TC §1116 price of a medallion to a new transferee of \$250,000. At this legislatively fixed price, medallion transfers are not expected to occur here until such time as conditions dramatically change, perhaps following the conclusion of the current litigation.

As noted here, there is no indication that the surrender and transferring of medallions will dramatically change as long as the current litigation continues to lock-in the established medallion transfer price. In the meantime, the SFMTA Board of Directors may change the provisions of TC §1116(a)(5), but no such changes to Article 1100 of the Transportation Code will be considered until later this year, or until sometime in 2022.

Until the medallion surrender program is ended by the Board of Directors, TC §1116(a)(1)(A) provides a certain ongoing “eligibility” for the surrender of their medallions to any drivers with disabilities that prevents the full-time driving requirement for both “Pre-K” and “Post-K” medallion holders, as mandated by TC §1116(c)(1). Mr. Russo has testified that he has held a prominent location high on the ‘surrender list.’

Respondent Russo may now be unable to drive a taxi on a full-time basis, and on that basis may someday be a potentially eligible candidate under the current provisions of TC §1116 to surrender his medallion for some monetary consideration. That there is no current market for medallion transfer in San Francisco is a condition artificially influenced by the aforementioned litigation, and under most scenarios the resulting transfer moratorium cannot continue indefinitely.

On the basis of this apparent uncertainty in expectations on the part of medallion holders for some eventual surrender value in their medallions, our Hearing Section officers would have preferred to defer the revocation of this and other medallions—if provisions within section 1120 of the Transportation Code would have permitted these hearings to be postponed until such time as the MTA Board of Directors has an opportunity to make a definitive decision on the issues of surrender, or until the current litigation between the Federal Credit Union and the SFMTA was resolved to then allow medallion surrender and transfer.

But inasmuch as our Hearing Section does not have the inherent authority to ignore the explicit permit renewal provisions of Article 1100 the Transportation Code, and because there is no current transfer value in any taxi medallion in this jurisdiction, and none on the near horizon, our Hearing Section has determine that in nonrenewal cases of this nature, we have no other recourse than to follow the existing Transportation Code provisions, regardless of the equitable considerations that have been outlined here.

## **VII. ORDER**

By reason of the Findings stated above, the Taxi Services' Notice of Nonrenewal is upheld, and medallion #334 is hereby revoked by the explicit operation of the provisions of the Transportation Code.

Dated this 9<sup>th</sup> day of September, 2021



James Doyle  
Neutral Hearing Officer  
Manager (Acting)  
SFMTA Hearing Section

## **RIGHT OF REVIEW**

Under the provisions of the San Francisco Transportation Code, a decision of a hearing officer is a final administrative decision. Any party or entity adversely affected by this decision may seek review of the decision by filing an Appeal in accordance with the provisions and the 15-day timeline set forth in the rules provided by the San Francisco Board of Appeals.