

**THIS PRINT COVERS CALENDAR ITEM NO. : 15**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Taxis and Accessible Services

**BRIEF DESCRIPTION:**

Requesting that the Board of Directors authorize the Director of Transportation to amend the agreements entered into by and between the SFMTA and various Color Schemes to extend the deadline for payment of Fiscal Year 2015 medallion permit renewal fees from December 31, 2014 to May 31, 2015.

**SUMMARY:**

- Annual taxicab permit renewal fees are due June 30 of each year.
- In 2014, many Color Schemes requested an extension of time to satisfy the medallion permit renewal fee obligation for Fiscal Year 2015.
- In September, 2014, the Board authorized the Director to enter into agreements to pay Fiscal Year 2015 medallion permit renewal fees by December 31, 2014.
- In addition to its debt for the Fiscal Year 2015 medallion permit renewal fees, DeSoto Cab Company also had an outstanding debt for its 8000 Series Monthly Taxi Medallion Use Fees which was added to its agreement.
- DeSoto Cab Company is current on all fees except its Fiscal Year 2015 medallion permit renewal fees.
- Several Color Schemes were unable to meet their obligation to complete payments by December 31, 2014 and have requested an extension of time to pay.

**ENCLOSURES:**

1. SFMTAB Resolution
2. Agreement to Pay Past Due Permit Fees

APPROVALS:

DATE

DIRECTOR \_\_\_\_\_

2/23/15

SECRETARY \_\_\_\_\_

2/23/15

**ASSIGNED SFMTAB CALENDAR DATE:** March 3, 2015

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### **PURPOSE**

Requesting that the Board of Directors authorize the Director of Transportation to amend the agreements entered into by and between the SFMTA and various Color Schemes to extend the deadline for payment of Fiscal Year 2014-15 medallion permit renewal fees from December 31, 2014 to May 31, 2015.

### **GOAL**

Goal 1: Create a safer transportation experience for everyone.

Goal 2: Make transit, walking, bicycling, taxi, ridesharing, and carsharing the preferred means of travel.

Objective 2.1: Improve customer service and communications.

Objective 2.3: Increase use of all non-private auto modes.

Goal 3: Improve the environment and quality of life in San Francisco.

Objective 3.2: Increase the transportation system's positive impact to the economy.

Objective 3.4: Deliver services efficiently.

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.4: Improve relationships and partnerships with our stakeholders.

### **DESCRIPTION**

Annual taxicab permit renewal fees, which include renewal fees for medallion, color scheme, and dispatch service permits, are due June 30 of each year.

Transportation Code Division II Section 1105(a)(5)(B) provides that as a condition of renewal, a Permit Holder must pay the applicable renewal fee. Section 1105 also states that, "[n]o permit shall be issued or renewed until the applicant has paid all fines, fees, taxes, liens, judgments or other debts owing to the City." (Transp. Code § 1105(a)(15).)

The practice of SFMTA Taxi Services had been to allow a Color Scheme to pay the medallion permit renewal fees for all medallions affiliated with the Color Scheme, even though the medallion renewal fee is the responsibility of the individual medallion holder, not the responsibility of the Color Scheme. This practice was adopted to ease the administrative burden for both the taxi industry and SFMTA Taxi Services.

The practice of allowing Color Schemes to pay the medallion renewal fees on behalf of their Medallion Holders worked well until the industry experienced an economic downturn due to a variety of factors, including increased competition and higher insurance costs.

In June of 2014, many Color Schemes requested an extension of time to pay the medallion permit renewal fees for Fiscal Year 2014-15.

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This issue was brought before the SFMTA Board on September 16, 2014 and the Board authorized the Director of Transportation to enter into agreements with Color Schemes for payment of Fiscal Year 2015 medallion permit renewal fees by December 31, 2014. These agreements provide that if the Color Scheme fails to make timely payment, the SFMTA may, after issuing a Notice of Default and allowing the Color Scheme 30 days to cure, place the Color Scheme on Administrative Probation. A Color Scheme under Administrative Probation may not execute new affiliations with Medallion Holders or Drivers.

In January 2015, Taxi Services staff determined that several taxi companies were in breach of the agreement because they had not paid all amounts due under the agreement. As part of its agreement, DeSoto Cab Company also had to pay delinquent 8000 Series Taxi Medallion Use Fees. While Desoto Cab Company is current on all fees related to its 8000 Series Taxi Medallion Use Fees, it remains delinquent on its Fiscal 2014-15 medallion permit renewal fees.

In recognition of the financial issues surrounding the taxi industry, staff is proposing a one-time extension through May 31, 2015 to allow the companies to complete their payments.

**Permit Renewals for Fiscal Year 2014-2015**

Below is a list of Color Schemes that were unable to meet the obligation to pay their Medallion Holders' medallion permit renewal fees for Fiscal Year 2014-2015 by December 31, 2014. Included is the amount originally owed under the agreements which were signed in October of 2014, the amounts paid through February 2015, and the amounts currently owed. Pending approval by the SFMTA Board, an amendment to the current written agreements between the SFMTA and each indebted Color Scheme will be executed that requires all amounts owed to be paid in full by May 31, 2015. (See enclosed agreements.)

<b>Color Scheme Name</b>	<b>Total Amount Owed Under Signed Agreement from October 2014</b>	<b>Amount Paid</b>	<b>Total Amount Currently Due</b>
Arrow/Checker Cab	\$93,150.50	\$2,007	\$91,143.50
DeSoto Cab Company	\$129,200	\$0	\$129,200
Gold Star Cab Company	\$38,133	\$0	\$38,133
Luxor Cab Company	\$106,036.50	\$50,509.50	\$55,527
Yellow Cab Company	\$458,939	\$300,000	\$158,939
American	\$11,038.50	\$3,038.50	\$8,000

**Permit Status**

At this time, the SFMTA has renewed all medallions for the 2014-15 Fiscal Year, and each Color Scheme has been allowed to operate all medallion permits affiliated with its Color Scheme. Medallion Permit Renewal is now the sole responsibility of the Medallion Holder, and all payments for a particular medallion must be received prior to renewal for the next fiscal year. If the Board authorizes the SFMTA to amend the existing agreements to extend the deadline for payment until May 31, 2015, and a Color Scheme does not make the required payment by that date, the SFMTA may, in addition to pursuing its remedies under the agreement, decline to renew that Color Scheme's Permit, and its Dispatch Permit as well, for Fiscal Year 2016 until all fees are paid in full.

**ALTERNATIVES CONSIDERED**

Taxi Services staff considered requiring immediate payment from Color Schemes as well as placing non-compliant Color Schemes on Administrative probation, but recognized the legitimate financial hardship the industry is suffering due to external pressures. Staff believes that an extension of time for the payment plan option is the better alternative.

**FUNDING IMPACT**

None.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney has reviewed and approved this report.

**RECOMMENDATION**

Requesting that the Board of Directors authorize the Director of Transportation to amend the agreements entered into by and between the SFMTA and various Color Schemes to extend the deadline for payment of Fiscal Year 2015 medallion permit renewal fees from December 31, 2014 to May 31, 2015.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, Annual taxicab permit renewal fees are due June 30 of each year; and,

WHEREAS, On September 16, 2014, The SFMTA Board of Directors authorized the Director of Transportation to enter into agreements to pay Fiscal Year 2015 medallion permit renewal fees by December 31, 2014; and,

WHEREAS, Due to economic pressures, some Color Schemes were unable to meet the obligation to pay Fiscal Year 2015 medallion permit renewal fees by the December 31, 2014 deadline; now therefore be it

RESOLVED, That the Board of Directors authorizes the Director of Transportation to amend the agreements entered into by and between the SFMTA and various Color Schemes to extend the deadline for payment of Fiscal Year 2015 medallion permit renewal fees from December 31, 2014 to May 31, 2015.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of March 3, 2015.

\_\_\_\_\_  
Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency

## First Amendment to Agreement to Pay Past Due Permit Fees

THIS AMENDMENT (this “Amendment”) is made as of March 3, 2015, in San Francisco, California, by and between [full name of cab company] (“Debtor”), and the City and County of San Francisco, a municipal corporation, acting by and through the San Francisco Municipal Transportation Agency (“SFMTA or “City”).

### RECITALS

WHEREAS, SFMTA and Debtor have entered into the Agreement (as defined below); and

WHEREAS, SFMTA and Debtor desire to modify the Agreement on the terms and conditions set forth herein to extend the term of the Agreement and to extend the date by which the debt owed by Debtor to SFMTA must be paid in full;

NOW, THEREFORE, Debtor and SFMTA agree as follows:

**1. Definitions.** The following definitions shall apply to this Amendment:

**1a. Agreement.** The term “Agreement” shall mean the Agreement to Pay Past Due Permit Fees between Debtor and SFMTA.

**1b. Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

**2. Modifications to the Agreement.** The Agreement is hereby modified as follows:

**2a.** Section 2 of the Agreement, entitled “Payments,” currently reads as follows:

Debtor acknowledges and agrees to pay the indebtedness hereunder to SFMTA, in full, by December 31, 2014.

Such section is hereby amended in its entirety to read as follows:

Debtor acknowledges and agrees to pay the indebtedness hereunder to SFMTA, in full, by May 31, 2015.

**2b.** Section 3 of the Agreement, entitled “Term of the Agreement,” currently reads as follows:

The term of this Agreement shall be from August 19, 2014 through December 31, 2014.

Such section is hereby amended in its entirety to read as follows:

The term of this Agreement shall be from August 19, 2014 through May 31, 2015.

**3. Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

**4. Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Debtor and SFMTA have executed this Amendment as of the date first referenced above.

**CITY**

**DEBTOR**

Recommended by:

[full name of cab company]

\_\_\_\_\_  
Edward D. Reiskin  
Director of Transportation

\_\_\_\_\_  
[name of authorized representative]  
[title]

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Approved as to Form:

Dennis J. Herrera  
City Attorney

By: \_\_\_\_\_  
Mariam M. Morley  
Deputy City Attorney

Dated: \_\_\_\_\_

Authorized by:

MUNICIPAL TRANSPORTATION  
AGENCY BOARD OF DIRECTORS  
Resolution No: \_\_\_\_\_

Adopted: \_\_\_\_\_

Attest: \_\_\_\_\_  
Roberta Boomer, Secretary  
SFMTA Board of Directors

## **First Amendment to Agreement to Pay Past Due Permit Fees**

THIS AMENDMENT (this “Amendment”) is made as of January 20, 2015, in San Francisco, California, by and between DeSoto Cab Company (“DeSoto”), and the City and County of San Francisco, a municipal corporation, acting by and through the San Francisco Municipal Transportation Agency (“SFMTA or “City”).

### RECITALS

WHEREAS, SFMTA and DeSoto have entered into the Agreement (as defined below); and

WHEREAS, SFMTA and DeSoto desire to modify the Agreement on the terms and conditions set forth herein to extend the date by which that portion of the debt owed by DeSoto to SFMTA that is set forth in Section 1(a) of the Agreement must be paid in full;

NOW, THEREFORE, Debtor and SFMTA agree as follows:

**1. Definitions.** The following definitions shall apply to this Amendment:

**1a. Agreement.** The term “Agreement” shall mean the Agreement to Pay Past Due Permit Fees between DeSoto and SFMTA.

**1b. Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

**2. Modifications to the Agreement.** The Agreement is hereby modified as follows:

Section 2 of the Agreement, entitled “Payments,” currently reads as follows:

**2. Payments.**

(a) DeSoto acknowledges and agrees to pay in full the debt described in subparagraph 1(a), above, on or before December 31, 2014, and

(b) DeSoto acknowledges and agrees to pay the debt described in subparagraph 1(b), above, in 12 payments of \$34,333.00. Payments are due on the first day of the month, beginning on October 1, 2014 and ending on September 1, 2015.

(c) DeSoto acknowledges and agrees that this Agreement does not affect its obligation to pay, on the 20th day of the month for the upcoming month, its Taxi Medallion Use Fees for the month of October 2014, and for each month thereafter that it continues to operate one or more of SFMTA’s “8000 series” Medallions, in accordance with the terms of DeSoto’s Use Agreement with the SFMTA.

Such section is hereby amended in its entirety to read as follows:



2. Payments.

(a) DeSoto acknowledges and agrees to pay in full the debt described in subparagraph 1(a), above, on or before May 31, 2015, and

(b) DeSoto acknowledges and agrees to pay the debt described in subparagraph 1(b), above, in 12 payments of \$34,333.00. Payments are due on the first day of the month, beginning on October 1, 2014 and ending on September 1, 2015.

(c) DeSoto acknowledges and agrees that this Agreement does not affect its obligation to pay, on the 20th day of the month for the upcoming month, its Taxi Medallion Use Fees for the month of October 2014, and for each month thereafter that it continues to operate one or more of SFMTA's "8000 series" Medallions, in accordance with the terms of DeSoto's Use Agreement with the SFMTA.

3. **Effective Date.** The modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, DeSoto and SFMTA have executed this Amendment as of the date first referenced above.

**CITY**

**DEBTOR**

Recommended by:

DeSoto Cab Company

\_\_\_\_\_  
Edward D. Reiskin  
Director of Transportation

\_\_\_\_\_  
Hnsu Kim  
President, DeSoto Cab Company

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Approved as to Form:

Authorized by:

Dennis J. Herrera  
City Attorney

MUNICIPAL TRANSPORTATION  
AGENCY BOARD OF DIRECTORS  
Resolution No: \_\_\_\_\_

By: \_\_\_\_\_

Adopted: \_\_\_\_\_

Mariam M. Morley  
Deputy City Attorney

Attest: \_\_\_\_\_  
Roberta Boomer, Secretary  
SFMTA Board of Directors

Dated: \_\_\_\_\_