

THIS PRINT COVERS CALENDAR ITEM NO. : 12

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Taxis and Accessible Services

BRIEF DESCRIPTION:

Requesting that the Board of Directors ratify all past taxicab medallion permit renewals that were granted without timely payment of renewal fees or payment of other monies owed to the San Francisco Municipal Transportation Agency (SFMTA), authorize the Director of Transportation to enter into agreements with Color Schemes for the payment of Fiscal Year 2014-15 medallion permit renewal fees, to authorize the Director of Transportation to enter into an agreement with DeSoto Cab Company for payment of its past due 8000 Series Monthly Taxi Medallion Use Fees, and to request that the Board amend Transportation Code Section 320 to implement a temporary reduction of the 8000 Series Taxi Medallion Use Fee through June 2016.

SUMMARY:

- Annual taxicab permit renewal fees are due June 30 of each year.
- SFMTA Taxi Services’ practice has been to allow each Color Scheme to make a single payment covering the medallion permit renewal fees for all affiliated permits.
- In 2012, due to an economic downturn within the taxi industry, many Color Schemes requested extensions of up to three months to pay these fees. The SFMTA approved these requests, and all Color Schemes paid the fees owed.
- In 2013, numerous Color Schemes again requested extensions of time to pay their 2013-14 Medallion Holders’ medallion permit renewal fees. Again, the SFMTA approved these requests, and all Color Schemes paid the fees owed.
- In 2014, many Color Schemes requested an extension of time to satisfy the medallion permit renewal fee obligation. The SFMTA approved these requests on the condition that each Color Scheme execute an agreement requiring payment in full by December 31, 2014.
- In addition to its debt for the 2014-15 medallion permit renewal fees, DeSoto has an outstanding debt for its 8000 Series Monthly Taxi Medallion Use Fees from November 2013 through present.
- Beginning January 2014, SFMTA staff reduced the 8000 Series Monthly Taxi Medallion Use Fees from \$2,000 per vehicle per month to \$1,000.

ENCLOSURES:

1. SFMTAB Resolution
2. DeSoto Agreement
3. Agreement to Pay Past Due Permit Fees
4. Transportation Code Section 320 amendment

APPROVALS:

DATE

DIRECTOR _____

9/8/14

SECRETARY _____

9/8/14

ASSIGNED SFMTAB CALENDAR DATE: September 16, 2014

PURPOSE

Requesting that the Board of Directors ratify all past taxicab medallion permit renewals that were granted without timely payment of renewal fees or payment of other monies owed to the San Francisco Municipal Transportation Agency (SFMTA), authorize the Director of Transportation to enter into agreements with Color Schemes for the payment of Fiscal Year 2014-15 medallion permit renewal fees, authorize the Director of Transportation to enter into an agreement with DeSoto Cab Company for its past due 8000 Series Monthly Taxi Medallion Use Fees, and to request that the Board amend Transportation Code Section 320 to implement a temporary reduction of the 8000 Series Taxi Medallion Use Fee through June 2016.

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 has 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 2012 many Color Schemes requested extensions of up to three months to pay these annual fees. The SFMTA approved these requests, and all Color Schemes paid all the amounts due.

In June 2013, numerous Color Schemes again requested an extension of time to pay the medallion renewal fees and promised to make installment payments to satisfy the debt. Again, the SFMTA approved these requests, and all Color Schemes paid all renewal fees for Fiscal Year 2013-14.

In January of 2014, in order to further alleviate the rising costs of doing business during the economic downturn, the SFMTA Taxi and Accessible Services Division reduced the 8000 Series Monthly Taxi Medallion Use Fee from \$2,000 per vehicle per month to \$1,000. Under both the old and new payment schedules, \$100 of each payment is diverted to the Driver Fund being maintained by the SFMTA for the benefit of taxi drivers.

In June of 2014, despite the SFMTA Board's action on May 20, 2014 lowering the medallion permit renewal fee for 2014-15 from \$1,410 to \$1,000, and waiving the Color Scheme and Dispatch permit renewal fees and the metal plate fee for Fiscal Year 2014-15, many Color Schemes again requested an extension of time to pay the medallion permit renewal fees. The SFMTA approved these requests with the caveat that each Color Scheme must execute a written agreement with the SFMTA requiring payment in full by December 31, 2014.

Past Due Amounts

In addition to the medallion renewal fees for FY2014-15, DeSoto also has a debt for 8000 Series Monthly Taxi Medallion Use Fees. DeSoto has not paid its monthly Taxi Medallion Use Fees for its thirty-two 8000 Series medallions since November 2013. While its unpaid medallion renewal fees for FY 2014-2015 are due and payable by December 31, 2014, the written agreement between with DeSoto Cab Company and the SFMTA will also require DeSoto to pay its past due 8000 Series Monthly Taxi Medallion Use Fees in the amount of \$412,000 in equal monthly installments of \$34,333 beginning October 1, 2014 and ending November 1, 2015. DeSoto Cab Company has signed the agreement.

The SFMTA does not intend to allow payment plans for medallion renewal fees into FY 2015-2016 and beyond. Rather, the SFMTA will enforce the statutory deadline of June 30. In addition, the SFMTA will change its procedure to place the responsibility for payment on the individual permit holder, which will make the practice consistent with the current Transportation Code

Permit Renewals for Fiscal Year 2014-2015

Below is a list of Color Schemes that requested, and received, an extension of time to pay their Medallion Holders' medallion permit renewal fees for Fiscal Year 2014-2015. Also included is the amount originally owed, the payments made since July 1, 2014, and the amounts currently owed. Pending approval by the SFMTA Board, a written agreement between the SFMTA and each indebted Color Scheme will be executed that requires all amounts owed be paid in full by December 31, 2014.

Table 1: Fiscal Year 2014-15 Medallion Renewal Fees Owed by Color Scheme

Color Scheme Name	Total Amount Owed as of July 1, 2014	Amount Paid	Total Amount Currently Due
Arrow/Checker Cab	\$104,364	\$11,214	\$93,151
Citywide Cab Company	\$110,385	\$0	\$110,385
DeSoto Cab Company	\$138,483	\$9,2830	\$129,200
Gold Star Cab Company	\$38,133	\$0	\$38,133
Green Cab Company	\$10,035	\$0	\$10,035
Luxor Cab Company	\$156,546	\$50,510	\$106,037
Town Taxi Cab Company	\$103,361	\$34,357	\$69,004
Yellow Cab Company	\$555,939	\$97,000	\$458,939
American	\$11,039	\$0	\$11,039
Metro	\$21,074	\$0	\$21,074
National/Veteran's	\$73,256	\$1004	\$72,252
Eco Taxi	\$5,018	\$0	\$5,018
Max Taxi	\$14,049	\$0	\$14,049

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 subject to the above payment schedule.

8000 Series Monthly Taxi Medallion Use Fee

Beginning January 1, 2014, the SFMTA reduced the 8000 Series Monthly Taxi Medallion Use Fee from \$2,000 to \$1,000 dollars. While this temporary reduction was discussed at the Board on February 18, 2014, the SFMTA did not finalize the process by seeking the Board's approval for the reduction. The intent of the reduction was that it be temporary, but extend until economic conditions for the taxi industry improve. For this reason, the SFMTA proposes not only to maintain this temporary fee reduction, but also to extend this reduction throughout the length of the SFMTA's two-year budget cycle, which ends June 30, 2016. At the end of this period, the SFMTA will revisit the issue of whether the fee should revert back to its initial \$2,000, or whether the temporary reduction

should become permanent. The decision will be based on the economic conditions of the taxi industry at that time.

ALTERNATIVES CONSIDERED

Taxi Services staff considered requiring immediate payment from Color Schemes before renewal of the taxi medallions, but recognized the legitimate financial hardship the industry is suffering due to external pressures. Given that all Color Schemes paid SFMTA in the past, staff felt that the payment plan option was the better alternative.

Additionally, Taxi Services staff considered allowing the 8000 Series Monthly Taxi Medallion Use Fee reduction to sunset on October 1, 2014, and staff had discussions with taxi industry stakeholders about this matter. The consensus amongst industry representatives queried is that the reduced monthly Use Fee allows the Color Schemes to achieve a measure of economic stability, which is important to the overall stability of the industry. Staff agrees with this analysis, and therefore believes that the temporarily reduced Use Fee structure is the better alternative.

FUNDING IMPACT

None

OTHER APPROVALS RECEIVED OR STILL REQUIRED

None.

RECOMMENDATION

Requesting that the Board of Directors ratify all past taxicab medallion permit renewals that were granted without timely payment of renewal fees or payment of other monies owed to the San Francisco Municipal Transportation Agency (SFMTA), authorize the Director of Transportation to enter into agreements with Color Schemes for the payment of Fiscal Year 2014-15 medallion permit renewal fees, authorize the Director of Transportation to enter into an agreement with DeSoto Cab Company for payment of its past due 8000 Series Monthly Taxi Medallion Use Fees, and to request that the Board amend Transportation Code Section 320 to implement a temporary reduction of the 8000 Series Taxi Medallion Use Fee through June 2016.

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, Although the annual medallion permit renewal fee is the responsibility of the Medallion Holder, not the responsibility of the Color Scheme, the practice of SFMTA Taxi Services has been to allow the Color Schemes to pay the medallion renewal fees for medallions affiliated with the Color Scheme; and,

WHEREAS, In 2012 and 2013 Color Schemes requested and were granted by the SFMTA, an extension of time to pay the medallion renewal fees; and,

WHEREAS, In June of 2014, many Color Schemes requested and were again granted permission by the SFMTA an extension of time to pay the medallion permit renewal fees for Fiscal Year 2014-2015; and,

WHEREAS, DeSoto Cab Company also owes past due amounts for Monthly Taxi Medallion Use Fees (8000 Series); and

WHEREAS, All permits for Fiscal Year 2014 and 2015 as well as all direct lease permits have been issued as of July 1, 2014 and are currently operational; now therefore be it

RESOLVED, That the SFMTA Board of Directors ratify all past permit renewals that were granted without timely payment of renewal fees or other monies owed to the San Francisco Municipal Transportation Agency (SFMTA); and therefore be it further

RESOLVED, That the Board of Directors ratify the SFMTA's actions in renewing medallions for the 2014-2015 fiscal year despite not receiving payment of the medallion renewals fees by the due date of June 30, 2014; and therefore be it further

RESOLVED, That the Board of Directors authorize the Director of Transportation to enter into agreements with Color Schemes for the payment of Fiscal Year 2014-15 medallion permit renewal fees and additionally, to authorize the Director of Transportation to enter into an agreement with DeSoto Cab Company for payment of its past due 8000 Series Monthly Taxi Medallion Use Fees; and therefore be it further

RESOLVED, That the Board of Directors amend Transportation Code Section 320 to implement a temporary reduction of the 8000 Series Taxi Medallion Use Fee through June 2016.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 16, 2014.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

RESOLUTION NO.

[Taxi Medallion Use Fees]

Resolution approving a temporary reduction in the monthly fee for use, by a color scheme, of a taxi medallion held by the SFMTA.

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 300 of Division II of the Transportation Code is hereby amended by amending Section 320, to read as follows:

SEC. 320. TAXI PERMIT FEES.

The following is the schedule for taxi-related permit and permit renewal fees:

Permit Type*	Current Fee	FY 2015 Proposed Effective July 1, 2014	FY 2016 Proposed Effective July 1, 2015
Driver Permit Application	\$152.00	\$252.00	\$265.00
Permit <u>Medallion</u> Holders Applications	\$1,863.00	N/A	N/A
Ramp Taxi Applications	\$766.00	N/A	N/A
Monthly Ramp Taxi Medallion Use Fee	\$500.00	\$500.00	\$500.00
Monthly Taxi Medallion Use Fee (8000 series)	\$2,000.00/ \$100.00 to Driver Fund	\$2,000.00/ \$100.00 to Driver Fund	\$2,000.00/ \$100.00 to Driver Fund
Medallion Waiting List Applications	\$505.00	N/A	N/A
Dispatch Applications	\$5,688.00	\$5,688.00	\$5,972.00
Color Scheme Change	\$608.00	\$608.00	\$638.00
Lost Medallions	\$227.00	\$100.00	\$105.00
Metal Medallions	\$71.00	N/A	N/A
New Color Schemes - 1 to 5	\$1,805.00	\$1,805.00	\$1,895.00

<u>Medallions</u>			
New Color Schemes - 6 to 15 Medallions	\$2,647.00	\$2,647.00	\$2,779.00
New Color Schemes - 16 to 49 Medallions	\$5,299.00	\$5,299.00	\$5,564.00
New Color Schemes - 50 or more Medallions	\$6,621.00	\$6,621.00	\$6,952.00
Taxi Wraps - Fee is per vehicle/month	\$162.00	N/A	N/A
<u>Renewal Application:</u>			
Driver Renewals	\$98.00	\$98.00	\$103.00
<u>Permit Medallion</u> Holders Renewals	\$1,410.00	\$1,000.00	\$1,010.00
Ramp Taxi Renewals	\$244.00	N/A	N/A
Color Scheme Renewal - 1 to 5 <u>Medallions</u>	\$1,485.00	\$1,485.00	\$1,559.00
Color Scheme Renewal - 6 to 15 Medallions	\$2,182.00	\$2,182.00	\$2,291.00
Color Scheme Renewals - 16 to 49 Medallions	\$4,534.00	\$4,534.00	\$4,761.00
Color Scheme Renewals - 50 to 149 <u>Medallions</u>	\$6,802.00	\$6,802.00	\$7,142.00
Color Scheme Renewals - 150 or More <u>Medallions</u>	\$9,069.00	\$9,069.00	\$9,522.00
Dispatch Renewals	\$6,284.00	\$6,284.00	\$6,598.00

Notwithstanding the fee listed above for "Monthly Taxi Medallion Use Fee (8000 Series)," said fee shall be \$1,000 until June 30, 2016.

*In order to recover the cost of appeals, a \$5.00 surcharge will be added to the above amounts effective July 1, 2014, and \$6.00 will be added to the above amounts effective July 1, 2015.

Section 2. Effective Date. This ordinance shall become effective 31 days after enactment. Enactment occurs when the San Francisco Municipal Transportation Agency Board of Directors approves this ordinance.

Section 3. Scope of Ordinance. In enacting this ordinance, the San Francisco Municipal Transportation Agency Board of Directors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the Transportation Code that are explicitly shown in this ordinance as additions or deletions in accordance with the "Note" that appears under the official title of the ordinance.

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 September 16, 2014.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

AGREEMENT TO PAY PAST DUE PERMIT FEES

FOR VALUE RECEIVED, the undersigned [name of Color Scheme], a California [e.g., corporation, sole proprietorship] (“___” or “Debtor”), hereby promises to pay to the order of the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, represented by the Director of Transportation, acting through the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (“SFMTA” or “City”), the amount of _____ Dollars and No Cents (\$ _____).

1. Debtor’s Obligation. This Agreement evidences an indebtedness of the Debtor for failure to make timely payment of the Medallion Permit Renewal Fees for fiscal year 2014-15 in the amount of \$____.00.

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

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

4. Effective Date of Agreement. This Agreement shall become effective when it is fully executed.

5. Terms of Payment.

(a) Amounts due under this Agreement shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) Debtor waives the right to designate how payments will be applied pursuant to California Civil Code Sections 1479 and 2822.

6. Default.

(a) Any failure to pay in full any payment required under this Agreement when due shall constitute an event of default under this Agreement.

(b) Upon the occurrence of any event of default, Debtor shall, within thirty (30) days after receipt of written notice from SFMTA, cure such default. If, after the 30-day cure period, Debtor has not cured the default, the entire unpaid balance shall, at the option of the SFMTA, become immediately due and payable without any necessity for written notice by SFMTA to Debtor and without further demand.

(c) Upon the occurrence of any event of default, SFMTA may exercise all rights and remedies available under this Agreement and otherwise available to SFMTA at law or in equity. Debtor acknowledges and agrees that, notwithstanding the provisions of Transportation Code Section 1122(a), SFMTA’s remedies include the right to declare, in writing, that Debtor is on Administrative Probation. Debtor shall remain on Administrative Probation and shall be barred from executing new affiliations with Drivers or Medallion Holders until the debt described in paragraph 1, above, is paid in full.

(d) If an event of default shall occur, SFMTA may pursue all rights and remedies available under this Agreement, or as may otherwise be available to SFMTA.

(e) Any failure by SFMTA to assert its rights upon the occurrence of an event of default, or the waiver by SFMTA of its rights upon any event of default, shall not constitute a consent to or waiver of its rights with respect to any other event of default.

7. Debtor's Waiver.

(a) Debtor expressly agrees that this Agreement or any payment hereunder may be extended from time to time, and that SFMTA may accept further security or release any security for this Agreement, all without in any way affecting the obligations of Debtor under this Agreement.

(b) No extension of time for payment of this Agreement or any portion hereof made by agreement by SFMTA with any person now or hereafter liable for the payment of this Agreement shall operate to release, discharge, modify, change or affect the original liability of Debtor under this Agreement, either in whole or in part.

(c) The obligations of Debtor under this Agreement shall be absolute and Debtor waives any and all rights to offset, deduct or withhold any payments or charges due under this Agreement for any reason whatsoever.

(d) Debtor hereby waives (i) notice of acceleration; (ii) notice of costs, expenses, and losses thereon; (iii) diligence in taking any action to collect any sums owing under the Agreement; (iv) presentment for payment, demand, protest, and notices of dishonor and/or protest; (v) the benefits of all waivable exemptions; and (vi) all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Agreement, in whole or in part, whether before or after maturity and with or without notice.

8. Notices.

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, or by e-mail, and shall be addressed as follows:

To City: Director of Taxis and Accessible Services
 SFMTA
 1 South Van Ness Ave., 7th Floor
 San Francisco, CA 94103

E-mail: kate.toran@sfmta.com

To Debtor: [Name and Title of Signatory]
 Name of Color Scheme
 address
 address
 E-mail:

9. Conflict of Interest. Through its execution of this Agreement, Debtor acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2

of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts that constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

10. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Debtor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the Services provided under this Agreement. Debtor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Debtor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Debtor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Debtor's use of profit as a violation of this section.

11. Limitations on Contributions. Through execution of this Agreement, Debtor acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Debtor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Debtor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Debtor's board of directors; Debtor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Debtor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Debtor. Additionally, Debtor acknowledges that Debtor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Debtor further agrees to provide to City the names of each person, entity or committee described above.

12. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

13. Severability. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to

effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

14. Modification of Agreement. This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved by the parties.

15. Construction. All paragraph captions are for reference only and shall not be considered in construing this Agreement.

16. Agreement Made in California; Venue. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

17. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

18. Assignment. Debtor's obligations under this Agreement may not be assigned or assumed in whole or in part without the prior written consent of the SFMTA, which consent shall be given or withheld by the Director of Transportation at the sole discretion of the SFMTA.

19. Cost and Attorneys Fees. In the event of litigation arising from the enforcement of the terms and conditions of this Agreement, the prevailing party shall be entitled to recover its reasonable costs and expenses, including reasonable attorneys' fees.

20. Entire Agreement. This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 14, "Modification of Agreement."

CITY

San Francisco
Municipal Transportation Agency

Edward D. Reiskin
Director of Transportation

Approved as to Form:

Dennis J. Herrera
City Attorney

By: _____
Mariam Morley
Deputy City Attorney

AUTHORIZED BY:

**MUNICIPAL TRANSPORTATION
AGENCY BOARD OF DIRECTORS**
Resolution No: _____

Adopted: _____

Attest: _____
Roberta Boomer, Secretary
SFMTA Board of Directors

DEBTOR

[Name of Color Scheme]

[name of signatory]
[title]

AGREEMENT TO PAY PAST DUE PERMIT FEES

FOR VALUE RECEIVED, the undersigned DeSoto Cab Company, Inc ("DeSoto"), hereby promises to pay to the order of the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation represented by the Director of Transportation, acting through the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY ("SFMTA" or "City"), in the amount of \$541,200.00 (five hundred and forty-one thousand two hundred dollars).

1. DeSoto's Obligation. This Agreement evidences an indebtedness of DeSoto for failure to make timely payment of the following:

(a) Medallion Permit Renewal Fees for fiscal year 2014-15 in the amount of \$129,200.00; and

(b) Taxi Medallion Use Fees for November 2013 through September 2014 in the amount of \$412,000.00 in accordance with the Use Agreement between DeSoto and SFMTA dated October 2013.

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.

3. Term of the Agreement. The term of this Agreement shall be from September 3, 2014 through December 31, 2015.

4. Effective Date of Agreement. This Agreement shall become effective when it is fully executed.

5. Terms of Payment.

(a) Amounts due under this Agreement shall be paid in currency of the United States of America that at the time of payment is lawful for the payment of public and private debts.

(b) DeSoto waives the right to designate how payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Payments made under this Agreement shall be applied first to satisfy the debt owed for medallion permit renewal fees for

fiscal year 2014-15, then to the debt owed for unpaid taxi medallion use fees; provided, however, that SFMTA will have the right, in its sole discretion, to change the order and method of the

6. Default.

(a) Any failure to pay in full any payment required under this Agreement when due shall constitute an event of default under this Agreement.

(b) Upon the occurrence of any event of default, DeSoto shall, within thirty (30) days after receipt of written notice from SFMTA, cure such default. If, after the 30-day cure period, DeSoto has not cured the default, the entire unpaid balance shall, at the option of the SFMTA, become immediately due and payable without any necessity for written notice by SFMTA to DeSoto and without further demand.

(c) Upon the occurrence of any event of default, SFMTA may exercise all rights and remedies available under this Agreement and otherwise available to SFMTA at law or in equity. DeSoto acknowledges and agrees that, notwithstanding the provisions of Transportation Code Section 1122(a), SFMTA's remedies under this Agreement include the right to declare, in writing, that DeSoto is on Administrative Probation. Immediately upon such a declaration, DeSoto shall be barred from executing new affiliations with Drivers or Medallion Holders, and DeSoto shall, at the option of the SFMTA, remain on Administrative Probation until the debt described in paragraph 1(a)-(c), above, is paid in full.

(d) Any failure by SFMTA to assert its rights upon the occurrence of an event of default, or the waiver by SFMTA of its rights upon any event of default, shall not constitute a consent to or waiver of its rights with respect to any other event of default.

7. DeSoto's Waiver.

(a) DeSoto expressly agrees that this Agreement or any payment hereunder may be extended from time to time, and that SFMTA may accept further security or release any security for this Agreement, all without in any way affecting the obligations of DeSoto under this Agreement.

(b) No extension of time for payment of this Agreement or any portion hereof made by agreement by SFMTA with any person now or hereafter liable for the payment of this Agreement shall operate to release, discharge, modify, change or affect the original liability of DeSoto under this Agreement, either in whole or in part.

(c) The obligations of DeSoto under this Agreement shall be absolute and DeSoto waives any and all rights to offset, deduct or withhold any payments or charges due under this Agreement for any reason whatsoever.

(d) DeSoto hereby waives (i) notice of acceleration; (ii) notice of nonpayment; (iii) notice of costs, expenses, and losses thereon; (iv) diligence in taking any action to collect any sums owing under the Agreement; (v) presentment for payment, demand, protest, and notices of dishonor and/or protest; (vi) the benefits of all waivable exemptions; and (vii) all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Agreement, in whole or in part, whether before or after maturity and with or without notice.

8. Notices.

Unless otherwise indicated elsewhere in this Agreement, all written notices and other written communications sent by the parties may be by U.S. mail, or by e-mail, and shall be addressed as follows:

To City: Director of Taxis and Accessible Services
SFMTA
1 South Van Ness Ave., 7th Floor
San Francisco, CA 94103

E-mail: kate.toran@sfmta.com

To DeSoto: Hansu Kim
President
Desoto Cab Company
555 Selby Street
San Francisco, CA 94124

E-mail: Hansusf@gmail.com

9. Conflict of Interest. Through its execution of this Agreement, DeSoto acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts that constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

10. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, DeSoto may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the Services provided under this Agreement. DeSoto agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event DeSoto violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit DeSoto from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider DeSoto's use of profit as a violation of this section.

11. Limitations on Contributions. Through execution of this Agreement, DeSoto acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on

which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. DeSoto acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. DeSoto further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of DeSoto's board of directors; DeSoto's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in DeSoto; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by DeSoto. Additionally, DeSoto acknowledges that DeSoto must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. DeSoto further agrees to provide to City the names of each person, entity or committee described above.

12. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

13. Severability. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

14. Modification of Agreement. This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved by the parties.

15. Construction. All paragraph captions are for reference only and shall not be considered in construing this Agreement.

16. Agreement Made in California; Venue. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

17. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no

presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

18. Assignment. DeSoto's obligations under this Agreement may not be assigned or assumed in whole or in part without the prior written consent of the SFMTA, which consent shall be given or withheld by the Director of Transportation at the sole discretion of the SFMTA.

19. Cost and Attorneys Fees. In the event of litigation arising from the enforcement of the terms and conditions of this Agreement, the prevailing party shall be entitled to recover its reasonable costs and expenses, including reasonable attorneys' fees.

20. Entire Agreement. This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 14, "Modification of Agreement."

CITY

San Francisco
Municipal Transportation Agency

Edward D. Reiskin
Director of Transportation

Approved as to Form:

Dennis J. Herrera
City Attorney

By: _____

Mariam Morley
Deputy City Attorney

AUTHORIZED BY:

MUNICIPAL TRANSPORTATION
AGENCY BOARD OF DIRECTORS

Resolution No: _____

Adopted: _____

Attested:

Roberta Boomer, Secretary, SFMTA Board
of Directors

DESOTO

(Signed by Hansu Kim)

Hansu Kim
President DeSoto Cab Company

