





MEMORANDUM

DATE: December 21, 2018

TO: SFMTA Board of Directors
Cheryl Brinkman, Chairman
Malcolm Heinicke, Vice Chairman
Gwyneth Borden, Director
Amanda Eaken, Director
Lee Hsu, Director
Cristina Rubke, Director
Art Torres, Director

THROUGH: Edward D. Reiskin 
Director of Transportation

FROM: Kate Toran 
Director of Taxis and Accessible Services

SUBJECT: Corporate and Pre-K Taxi Medallions

Purpose:

This report provides additional information about the Corporate and Pre-K medallions, which were discussed at the October 16, 2018 MTA Board meeting as part of the medallion reform package.

Background: Proposition K

Prior to the enactment of voter passed Proposition K in 1978, San Francisco taxi medallions were freely transferable. At the time, taxis were regulated by the San Francisco Police Department. There was an initial cost at permit issuance, and there was also a secondary market where medallion holders could sell medallions at market value. Individuals could hold multiple medallions. Because there was no driving requirement, often times medallion holders were not taxi drivers.

Prior to the enactment of Proposition K, taxi drivers who did not hold medallions were required to make lease payments at prices set by medallion holders. Taxi drivers had limited ability to determine the terms of the lease payments, as they did not control prices, and demand to drive a taxi was strong at the time. To reform the industry and limit the ability for a small number of investors to extract big profits on taxi permits, and to assist taxi drivers, Proposition K was passed by voters.



Proposition K significantly changed taxi permit requirements with the creation of the Post-K medallion class. The primary requirement of Proposition K was that taxi permits be held by working taxi drivers. To ensure that medallions were held by working drivers, medallion holders were required to fulfill a yearly driving requirement of at least 800 hours, and the permits could not be sold, assigned or transferred. The medallion holder had to be a natural person and could only hold one permit. Under Proposition K, once the permit holder died, the medallion reverted to the SFMTA and was then re-issued to the next driver on the Prop-K waitlist. The Prop-K waitlist was based upon seniority and drivers paid a fee to have their name placed on the list.

The overriding policy goal of Proposition K was to issue permits to actual drivers, unlike the Pre-K and Corporate medallions, which could be held by non-drivers.

Proposition K also allowed for Pre-K medallions to be held by either by individuals or corporations. The corporations could continue to hold medallions so long as the corporation did not transfer or change ownership of a cumulative total of 10% or more of its shares or assets. Once the 10% threshold is crossed, all of the permits that the corporation holds become null and void, and the corporation must then forfeit all of its permits to SFMTA. The 10% threshold gave corporations some leeway in their structure so as not to be unduly burdensome upon them under the transition to Proposition K requirements. Although Proposition K allowed medallions to be held by corporations, a major consideration was to prevent corporate ownership of medallions in perpetuity, so the 10% threshold was created.

While allowing Corporate and individually held Pre-K medallions to continue operating, Proposition K ended the transferability of either class of medallions. By ending the transferability of Pre-K and Corporate medallions, and by limiting any changes to corporate ownership to 10%, it appears that these classes were meant to wind down in favor of the new scheme. However, these medallions continue to operate currently.

Proposition A:

In 2007, Proposition A was passed, which led to the 2009 transfer of regulatory authority of the taxicab industry to the San Francisco Municipal Transportation Agency, and the regulations regarding Pre-K, Corporate and Post-K medallions continued until the advent of the medallion sales program.

Conclusion:

At the October 16, 2018 meeting, staff recommended that Corporate and Pre-K medallions not be renewed at the end of the current permit term (June 30, 2019) based on the recommendation of the PFM/Schaller report. The findings of the report noted that only 17% of medallions earn a level of income that is financially sustainable, and therefore supply of medallions should better match the



demand for trips. The Board did not approve this recommendation and requested more information, which this report provides.

There are currently 83 Corporate medallions and 176 Pre-K medallions that have been in operation for over 40 years, since at least 1978, many for several years prior to that. It is staff's belief that Pre-K and Corporate medallions were intended to transition to Post-K medallions in short order, after the passage of Proposition K. These classes of medallions have continued to operate until today, and extract value from the taxi industry.

Staff estimates that over their lifetime, Corporate and Pre-K medallions have earned approximately \$1.6 million, per medallion. The largest corporate entity has made an estimated \$26 million over its lifetime. Because these medallions are generally not held by working drivers, this is passive income.

Given that these medallions have been in operation for over 40 years, and by estimates have been the class of medallions that has benefitted the most, in alignment with the PFM/Schaller report recommendation, staff originally recommended that these permits not be renewed at the end of the current permit term. However, after receiving feedback from industry stakeholders, staff does not recommend moving forward with this recommendation at this time.

Staff is not currently planning on bringing this recommendation back before the Board in the near future. Instead, Pre-K and Corporate medallions will be restricted from picking up at SFO, along with 8000 Series and Spares commencing February 1, 2019. Staff will study the effect, if any, that this change has on the Pre-K and Corporate medallions.

Enc. Corporate Medallion Holders Summary; Pre-K Medallion Holders Summary

Corporate Medallion Holders Summary, 12/20/18

Corporation	Last Name	First Name	# Medallions	City
Kenneth Barbieri Inc	Barbieri	Kenneth	3	San Jose
Chang's Inc.	Chang	Timothy	8	Alameda
Jeannon & Co.	Chang	Jimmy	1	San Francisco
Day & Day Taxi	Fong	Phillip	4	San Francisco
Golden Cab	Gee	Mei Wo	2	San Francisco
SKG Corp	Gold	Steven A.	1	San Francisco
Huey Inc.	Huey	Wayne	3	San Francisco
Bernie Hui & Company	Hui	Tony	1	Daly City
Howard Mock Jew	Jew	David	1	San Francisco
Veterans Cab Co Inc.	Josephson	Michael	16	Burlingame
Jimmy Chow Inc.	Lau	Mary	1	Pacifica
Universal Cab	Lee	Sidney C.	2	San Francisco
Kan Brothers, Inc.	Lee	Jennie K.	1	San Francisco
KKL, Inc.	Lee	Anita	1	San Francisco
Leung Transportation Co., Inc.	Leung	Ken	1	San Francisco
State Cab Co., Inc.	Lim	Serena Joy	11	San Francisco
Five Star Cab	Lu	Ralph	2	San Bruno
Twin Peaks Transport	Spain	Michael	2	San Francisco
Carward, Inc.	Wong	Hayward	6	San Francisco
Star Power	Wong	Hayward	7	San Francisco
Eagle Cab	Wong	Gordon	4	San Francisco
CW Transportation	Wong	Catalina K.	2	San Francisco
Tony Gor & Co., Inc.	Wong	Wayne	2	San Francisco
Bayshore Cab Incorporated	Wong	Matthew	1	San Lorenzo

Pre-K Medallion Holders Summary, 12/20/18

Last Name	First Name	# Medallions	City
Adams	David	1	San Francisco
Adler	Ilan	1	Berkeley
Alhadeff	Larry	3	Elk Grove
Alhadeff	Barry	1	Saratoga
Ambrose	Debra	1	Sacramento
Andrews	Richard	1	San Leandro
Angel	William	1	San Francisco
Araneo	Andrew	1	Eureka
Arena	Richard	1	Hayward
Arguelles	Minda (Lara) Siazon	1	San Francisco
Assael	Salomon	1	Parma, Italy
Atherton	Peter	1	Piercy
Beauford	James	1	Vallejo
Berstein	Charles	1	San Francisco
Bertran	Elizabeth Ann	1	Boulder Creek
Blair	Milton	1	Lakewood
Borge	Patricia Lee	1	Marana, AZ
Byers	Richard	1	San Francisco
Byrnes	Thomas	1	Los Angeles
Calou	Richard	1	San Diego
Carcache	Jose	1	Daly City
Carlos	Suzanne & Tom H.*	1	San Jose
Carvelli	Giuseppe	1	Los Angeles
Cavaleri	Yolanda & Bruno*	1	San Carlos
Chan	Check Yau	1	Mountain View
Chong	Edmond	1	San Francisco
Cuevas	Jose	1	San Leandro
Curiel	Blanca Curiel & Luis	1	South San Francisco
Decota	Barbara	1	San Rafael
Desai	Indumati	1	Millbrae
Desai	Arvind	1	Millbrae
Diamond	Mara	2	Orlando, FL
Doloso	David	1	Fairfield
Dong	Dennis	1	Fremont
Dwiri	Nathan	2	San Francisco
Falcon	William	2	Magalia
Faveti	Michael	1	Martinez
Fisher	Joan R.	1	Greenbrae
Flynn	Christopher	1	Gadsden, AL
Fogel	Richard	1	Oakland
Ford	John	1	Rowlett, TX
Fross	Daniel	1	San Rafael
Graf	Leonard	1	Eugene, OR
Graham	Ian	1	Petaluma
Gralnick	Neil	1	Jacksonville, OR
Gray	James	1	Santa Rosa
Greenbach Goldman	Michelle	1	San Francisco
Greenberg	Peter	2	Austin, TX
Guerrero	Manuel	1	Daly City

Hannan	Patrick	2	San Francisco
Haveman	Jackie	1	San Francisco
Hill	Robert	1	Redondo Beach
Hoffschildt	Rita	1	San Francisco
Hoffschildt	Ralph	1	San Francisco
Holvoet	Donald	1	Santa Rosa
Hopkins	Lance	1	Yreka
Howell	Sandy	3	San Jose
Jensen	Neil	1	Mountain View
Johansen	Rick	1	Roseville
Johns	Kenneth	1	Turlock
Johns	David	1	Turlock
Josue	Philip	6	Orinda
Josue	Art	4	Pacheco
Jue	Edwin	3	Sun City
Jue	Albert	1	Danville
Jue	Edith	1	Sun City
Jung	Louie & Nancy	1	San Francisco
Kimmey	Lawrence	2	Port Charlotte, FL
Kimmey	Karla	1	Port Charlotte, FL
Klaif	Martin	1	Afton, VA
Klein	Kenneth* and Dennis	2	Indio
La Rocca	Patrick	1	Novato
Laudenat	David	1	San Francisco
Lazar	John	2	Clayton
League	Nancy	1	Redwood City
Lee	George	2	San Francisco
Lee	Sai	1	San Bruno
Lee	Jung	1	San Francisco
Lembke	Arthur	1	Bedford, TX
Levin	Michelle	3	Lodi
Lo	Peter	1	So. San Francisco
Look	Ronald & Mimi*	1	San Francisco
Louie	Gaylord	1	NewHall
Maher	Janice M.	1	San Bruno
Margolis	James	1	San Francisco
Mazzuki	John	1	Reno, NV
Mellegard	Harlan	1	Hercules
Miller	Carolyn	1	Pacifica
Miller	Sheldon	1	San Francisco
Minoli	Patricia	1	Novato
Miyagishima	Yuji	2	Sparks, NV
Moise	Ronald	1	San Francisco
Molinsky	Larry Alhadeff & Maxine	2	Henderson, NV
Ngai	Ralph Kwok	1	San Francisco
O	Nam Che	1	Lancaster
O'Connor	Jeremiah	1	Vacaville
O'Sullivan	Patrick	1	San Francisco
Palazzi	James* and Sandra	3	Foster City
Parhomenko	William Lazar* & Dol	2	Tiburon
Patel	Kishor	2	Sparks, NV
Patel	Pritkumar	1	Las Palma

Peckham	Elwyn	1	San Francisco
Peppars	Louis	1	Petaluma
Pines	Ditsa	1	Berkeley
Pitkoff	June	1	Carmel
Polemahasuppapole	Pole	1	Hillsborough
Quesada	Maureen	2	San Carlos
Race	Michael Race & Florence	1	Rohnert Park
Rivera	John	1	Liegh Aores, FL
Rosen	Stewart	1	Boonville
Rovens	Louis	1	San Francisco
Sadeghinejad	Mahmood	1	Moraga
Schaefer	Eric	1	Tucson, AZ
Scoma	Anthony C.	1	Davis
Seligson	Stuart	2	San Francisco
Sevilla	Michele	1	Walnut Creek
Shannon	Patrick	1	San Francisco
Singh	Zora	1	Dixon
Steele	Gary	2	Auburn
Steele III	James	1	Sparks, NV
Sung	Steve Myung	1	Foster City
Tehrani	Mostafa	1	Mill Valley
Unger	Doris	1	San Jose
Unger	Sonia	1	Novato
Van Houten	Kenneth	1	Sonoma
Waldman	Steve	1	San Francisco
Welch	Amy Chapman & Georgette*	6	Santa Rosa
Welch	Philip Welch IV & Ge	4	Sebastopol
Williams	Lawrence	2	Sonoma
Wise	Richard Wise & Estel	2	Santa Rosa
Zajda	Peter	1	Soquel
Zmudzinski	Paul	1	San Francisco