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**Germantown Cab Co.**

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October 3, 2011

Silvan B. Lutkewitte, III  
Chairman  
Independent Regulatory Review Commission  
14th Floor  
333 Market Street  
Harrisburg, PA 17101

Dear Chairman Lutkewitte:

Germantown Cab Company presents the following public comments on the proposed PPA regulations regarding the age of vehicles in operation and the hardships created by the proposed PPA vehicle inspection, assessments, and vehicle requirement policies. In their comments they have indicated that the policies they favor will simplify the rules governing our operation, but we seek to demonstrate that in fact their regulations create confusion, costs, and contradiction. Based on the hardships we outline below, the cost of the proposed regulations will range from **\$794,550 to \$4,616,550**. As a nonmedallion cab, unlike a medallion cab, we are not a property right. We are unable to borrow against our certificate to cover any regulatory expenses. Our certificate does not function in the same way as a medallion, and thus we would be left entirely exposed to these costs. If we are unable to cover these costs or borrow against our certificate these expensive regulations would leave us unable to remain in business.

**Assessments**

Currently under the PUC the cost of inspection is incorporated within the assessment. This is in contrast to the PPA's use of a separate fee for inspections and assessments. When the PPA took over the medallion program it forced our company to pay a per vehicle assessment that was equal to that paid by medallion operations even though we possess no more than 5% our operating authority within the City of Philadelphia. Two years ago, a 50% increase in assessments was levied on non-medallion operators even as the medallion assessment was only increased 25%. This makes us the highest paying certificate holder in Pennsylvania. Our certificate pays \$150,000 annually, as compared to a medallion certificate which pays \$1250.

In the PPA's "locally promulgated" regulations there was a requirement that nonmedallion operators elect the number of vehicles they intend to operate in the following year. In the current

regulations there is no formula for the assessment of our vehicles; thus we are left with no indication as to how our unique operation will be assessed. We do not operate single-certificate vehicles, but rather base the size of our fleet on the public's need for transportation. Without a formula that takes this into account, we are led to believe that for approximately 135 vehicles (at \$1500 per vehicle) we will have to pay \$202,500 once these regulations take effect. A lump sum payment of \$202,500, due upon ratification of the proposed regulations, would certainly put us out of business. We do not find anywhere in the body of the regulations where it states that we can self-designate which vehicles will be operated under the PPA's jurisdiction or that fluctuations in our fleet size will be recognized. This is in direct conflict with the PPA's public comments below:

"Partial-rights taxicab certificate holders are free to self-designate taxicabs as Authority or PUC only, in which case those taxicabs would not be subject to dual regulatory requirement. However, most partial-rights taxicab certificate holders opt to cross-designate their taxicabs to maximize the economic benefit of being able to operate inside and outside of Philadelphia. To the extent partial-rights taxicab companies choose to provide service within Philadelphia, they must adhere to the Authority's regulations and standards applicable to Philadelphia taxicab service. We do not believe this is an unfair requirement, nor is it inconsistent with the act."

Without the ability to self-designate vehicles, we would have to pay a per vehicle assessment to the PPA for all the vehicles we operate and would still have to pay an annual assessment to the PUC. This would burden us with twice the costs of a comparable medallion operation. In PPA comments at the Feb. 23, 2011 TLD Meeting (see **Exhibit 1**), it seems evident to us that the PPA is charging us higher fees in an attempt to regulate competition and effectively put a cap on our certificate.

For these reasons, we ask you to deny the proposed regulations. As we have detailed, the financial impact of the assessment policy would be insurmountable for our operation and would force us out of business.

*Initial Cost: \$202,500*

## **Inspections**

### **§ 1017.41. Attendance at scheduled inspection.**

- (a) The certificate holder or its attorney-in-fact shall attend each taxicab inspection conducted by the Authority, except field inspections as provided in § 1017.34 (relating to field inspections).
- (b) The attorney-in-fact must appear with the original power of attorney, which must be in compliance with § 1001.28 (relating to power of attorney).

Regardless of the inspection policy eventually adopted by the PPA, all of Germantown Cab's vehicles will continue to be subject to inspections under the PUC. Under the Medallion Act, medallion taxicabs were required to have their vehicles inspected by a PUC inspector at a centralized location. Nonmedallion vehicles were never included in this requirement; instead, they were treated the same as all other common carriers, as can be found in Chapter 29 of the PUC's regulations.

Nowhere in 53 Pa CS 5714a do we find a basis for PPA authority to inspect Germantown's vehicles. If the PPA is given this power, and we are forced to comply with their proposed inspection policy, we agree with IRRC's comments that this would "impose significant costs" on our operation, and would ultimately lead us to go out of business.

The PPA claims that there will not be a significant transition required of companies in order to come into compliance. This is not true, as we are not in compliance (and have not been required to be in compliance) with the old policy.

As noted earlier, Germantown was not required under the PUC to bring vehicles to a central location for inspections. The PPA claims that there will be no additional cost associated with the implementation of this rule, but this is entirely false in our case. Their requirements that the certificate holder or power of attorney be present for each inspection are particularly onerous for our operation. Our vehicles are not each operated by a separate certificate holder in the way a medallion operator's would be. Therefore we would not realistically be able to have the certificate holder present for each inspection and would have to provide a power of attorney. The cost of obtaining an original power of attorney for each driver is \$20 per vehicle, per inspection. Based on an estimated 135 vehicles being inspected biannually, this requirement will cost \$5,400 per year, assuming each vehicle passes on its first inspection.

The PPA claims that their facility's location "within minutes of Center City, the Philadelphia International Airport, and Philadelphia's sports stadium complex" makes it convenient for operators. However, we do not operate in these areas. The inspection station on Swanson Street is 28 miles from our facility in Norristown and 15 miles from our Germantown location. The inspections are held at 7:30am and 12:30pm which results in serious traffic delays for our drivers who travel to their facility, and the most lucrative time of day for our drivers is lost in order to make the trip. The drivers are independent contractors and we cannot force them to attend inspection without compensation. Our policy is to reimburse the driver \$40, plus an extra \$10 for gas. Therefore, each trip that our vehicles are required to make to the PPA's facility represents an expenditure of \$70. In addition, we do not charge the driver a vehicle lease for the day of inspection, which averages \$65 per day. These costs are all in addition to the \$75 cost of the inspection, assuming that it passes after only one inspection. The PUC has avoided putting this burden on the industry by doing inspections at our facility. This cuts costs and the time required to fix problems as repairs can be performed by our mechanics.

IRRC correctly pointed out in their comments that rather than sending a certificate holder, or power of attorney, a car owner can typically drop his/her car off at a garage and pick it up after

any work has been done. We would like to emphasize that not only does the PPA require someone to be present, but if a violation is found, they do not correct the problem like a private inspection station could. The vehicle must be taken elsewhere to have the work done and then returned to the inspection facility, thus incurring all of the costs outlined above once again. Because we have to bring the vehicles to their station, we must also abide by their hours. If one of our vehicles were to fail on a Friday, it could not be re-inspected until the following week, and even then we often must wait several days to be rescheduled. A private facility would allow us to obtain inspections every day of the week and the ability to choose a local station would enable us to send an hourly employee rather than a driver. In summary, the PPA's proposed 1017.32d seeks to force us to use their facility by mandating that it is the only agency that can affix a state inspection sticker. Under the PUC, we have been able to use private licensed garages for this purpose. Not only does the PPA's policy deprive local licensed garages of the income from state inspections, but it creates additional cost and consumes additional time in the ways we have outlined above. The cost of our vehicle inspections is doubled because the TLD's sticker that accompanies the state's stickers expires after six months (1017.32c) as opposed to being annual.

*Cost of Initial Compliance: \$210 per vehicle, per inspection (135 vehicles) = \$28,350*

#### **1017.21 Biannual inspection by Authority.**

It is clear to us that the PPA has the statutory authority to inspect medallion taxicabs twice a year, but we do not find anything in the statute that extends that authority to nonmedallion vehicles. Making nonmedallion operators comply with biannual inspections not only multiplies our costs as we have outlined, but it makes us **more heavily regulated than any medallion operation in the city or call/demand carrier in the state**. Under the proposed regulations, we would be subject to 3 inspections annually (2 PPA, 1 PUC), as well as routine field inspections by both agencies. In effect, at least one of our vehicles would be undergoing inspection every day of the year. This would make us more heavily regulated than any of our suburban competitors that operate under the PUC's jurisdiction, and would add an additional \$28,350 to our annual cost.

*Cost of Initial Compliance: \$210 per vehicle, per inspection (135 vehicles) = \$28,350*

#### **1017.32 TLD Inspection Sticker Required**

The PPA's comments in this section have misinterpreted our concerns. We are not arguing that we are exempt from the Commonwealth's vehicle inspection standards. The TLD inspection sticker in question is supplementary to the state and emissions inspection stickers issued by the Commonwealth. Not only are the stickers separate, but they are issued based on a different set of standards. Our concern is that if one of our vehicles failed the TLD inspection for one of the

additional requirements (even though it meets all Commonwealth standards) it would be placed out of service and we would no longer be able to operate the vehicle in PUC regulated territory.

The PPA's proposed regulations would interfere with business that is happening outside their jurisdiction and would be particularly harmful to the paratransit service we provide which is otherwise exempt from these regulations. In order to enforce its sticker policy, PPA inspectors regularly stop vehicles to ensure the proper sticker is on each car. The live stops do not take the nature of the trip into account, and too often occur when the driver is performing a trip outside the PPA's jurisdiction. This constant harassment halts business and reduces the driver's ability to perform his daily trips.

### **Conflicting Vehicle Age Requirements**

Under 5714A, it is clear that a medallion taxicab company cannot operate a vehicle which is more than eight years old. Because the PPA has classified GCC as a taxicab rather than a common carrier, the eight year requirement now applies to us. We would like regulation §1017.4 to specify "medallion," but whether or not this provision is changed, we would still need to comply with this regulation as it is a requirement under PUC 29.314(d).

The PUC requires that we remove all vehicles that are over eight years old by December 31, while the PPA won't issue a new inspection sticker after December 31 for vehicles over eight years old. This provision would allow vehicles that are over eight years old to continue operating from January until June 31 of the following year. The month the sticker expires depends on the timing of its previous inspection. For example, if a vehicle was inspected in September, it would receive a six month sticker that would expire at the end of March. This situation would grant me the ability to operate this vehicle for an additional three months. If enforced equally, this regulation would actually benefit GCC as it would grant a large portion of my fleet the ability to operate 6 months longer than under the PUC's regulations. Assuming that the PPA intends to allow us to self-designate vehicles, this would relieve a great deal of stress because we wouldn't have to replace all of our vehicles at once. The problem is that the PUC doesn't take the same position as the PPA. With The PUC, every vehicle under our certificate falls under their authority, and must comply with § 29.12:

"Common carriers shall comply with applicable provisions of 66 Pa.C.S. §§ 101—3515 (relating to Public Utility Code) not specifically referred to in this chapter. Failure of a carrier to comply with this chapter, the terms and conditions of the certificates of public convenience and a Commonwealth or municipal law, ordinance, franchise or regulation governing the operation of motor vehicles, is sufficient cause for the Commission to suspend the right and privilege of the carrier, and to proceed according to statute to revoke and rescind the carrier's rights and privileges."

According to the PPA, "Partial-rights taxicab certificate holders are free to self-designate taxicabs as Authority or PUC" (page79). This is not the case because regulations like this affect

our entire operation. We operate in a unified territory and GCC vehicles operate both in Philadelphia and Montgomery County.

Page 119 of the final order, § 1017.4 (a), notes the age limitation: "That language has been changed to follow the calendar year, as opposed to an October 1 through September 30 year. This change will clarify that a vehicle will not be ineligible to provide taxicab service until the completion of its eighth model year. We believe this will be easier for the industry to follow and that it will be consistent with PUC standards for calculating the age of a vehicle, which also uses the December 31 end date (see page 52 of PA Code §29.314 (d)). This change in the method to compute a vehicle's age will constitute a deviation from current practice in Philadelphia, which calculates age using the October 1 date."

As I have demonstrated above, the statement that this is "consistent with PUC standards" is simply not true. This regulation (§ 1017.4 (a)) is not consistent with the PUC. The PUC regulation, §29.314 (d), provides that "Unless otherwise permitted by the Commission, a vehicle may not be operated in call and demand service which is more than 8 model years." The difference is that the PPA will allow a vehicle to operate past the deadline as long as it passes inspection. Once completing the inspection that "taxicab" would be eligible to receive a TLD Inspection Sticker that will expire 6 months from the date it is affixed to the taxicab (§1017.32). The way this regulation is implemented, our vehicle would be in violation of PA Code §29.314 (d). Under the PUC, violating 29.314 carries a violation of \$500 per day. If we were to operate a vehicle in call or demand service that is eight model years beginning January 1<sup>st</sup> for the extra 6 months allowed under the PPA inspection policy each vehicle would carry a fine of up to \$91,000. We are currently operating 42 vehicles that are 8 years old, and if the regulations are approved, these vehicles will be inspected prior to Dec 31, 2011. *GCC could potentially violate the PUC regulations on 42 vehicles for approximately 182 days per vehicle, this would total 7,644 days and carry a fine of \$500 per day, totaling \$3,822,000.*

In order to bring a vehicle under compliance for the extra six months of possible PPA eligibility we would need to seek an additional waiver from the PUC. The process includes a rigorous multi-step process of applying for a waiver, providing a significant amount of information about each vehicle, and submitting to a thorough vehicle inspection in which the car must be found to have absolutely no violations. We have included a PUC document entitled, "Instruction to Obtain Waiver of Vehicle Age Requirements" (**Exhibit 2**) which describes this complicated process in detail. You will see that the process is not only extremely rigorous, but if a vehicle fails for any infraction, that vehicle is not eligible to be re-inspected until the next year.

#### **Section 1017.4 Mileage Parameters**

Currently over 50 of Germantown's vehicles would be out of compliance with the proposed parameters. Our conservative estimate of the cost to replace the cars that are out of compliance is \$300,000. That estimate is based on 50 vehicles needing to be replaced at a minimum of \$6,000

per vehicle. This places undue costs on our operation because many of those 50 vehicles that have more than 250,000 miles would still have operating life left under the PUC's eight year age limit, but we would be forced to retire these vehicles early. The PUC does not have a mileage requirement that is separate from the vehicle age requirement, but the Authority's mileage parameters would make the vehicle ineligible to receive a TLD inspection sticker. Therefore, even if the vehicle is still eligible by PUC standards we would be forced to retire it because when the PPA does their routine field inspections under 5714a, they will impound vehicles that do not have a TLD sticker. This has happened in the past, even with no evidence that our driver was operating point to point in Philadelphia and regardless of whether they were conducting call/demand or paratransit trips. The PPA's position is that every taxicab in Philadelphia must possess this sticker.

*Cost of Initial Compliance: \$300,000*

#### **1017.14 Taxicab numbering.**

The conflicts between the PUC and PPA requirements regarding vehicle age and mileage parameters become more problematic in the area of the sequential taxicab numbering requirement. As we have outlined, it would be common for a vehicle to be under the PUC's eight model year limit and yet exceed the PPA's mileage parameters. Germantown Cab operates under both jurisdictions, so we register our vehicle numbers with both agencies. Due to the requirement that taxicabs be assigned a sequential number, we would not be able to operate a vehicle if it were declared out of service by the PPA. Once a vehicle reached the 250,000 mile limit (even if it were under 8 model years), we would have to take it out of the sequential series of numbers. Because we register the vehicle numbers with both agencies, we would simply have to retire the vehicle in both jurisdictions.

This will be a problem for a large percentage of our fleet. The cost is not easily expressed in an exact amount as it would have such a wide-ranging negative effect on our operation. We would once again be at a disadvantage as compared to our competitors and would ultimately be forced out of business.

#### **1017.38 Change of Vehicle**

The statutory power of subsection (a) is clearly established in 5714a. However, we cannot find a basis for the power to enforce subsection (b) in the statute. Having a vehicle inspected before placing it on the road is a burdensome process and has a significant cost associated. This is a cost that does not exist under the PUC, and no suburban operator would bear this expense. Scheduling an inspection for a new vehicle can take up to a week, causing loss of income over that period. Germantown Cab replaces an average of 50 cars per year. Using the PPA's maximum allowed lease this represents \$570 per week. In addition, we incur the \$200 cost of a

new vehicle inspection, \$20 power of attorney, and we must pay for the gas and driver (\$50) required to have the vehicle brought to the PPA's facility.

*Cost of compliance: \$42,000*

### **Partitions**

Under the Medallion Act and Act 94 it is required that "each taxicab in the cities of the first class shall be equipped with a protective barrier for the protection of the driver, separating the front seat from the back seat." The PUC determined that Germantown was not subject to the Medallion Act and therefore did not need to have partitions in our vehicles. In contrast to Chapter 30, Chapter 29 of the PUC statute does not mention partitions

The requirement of partitions is something that our suburban competitors do not have to comply with. Due to the discomfort the partitions cause to those in the vehicle, they have cost our operation customers and drivers who would rather use a vehicle with no partition.

Approximately 80 of Germantown's vehicles are not equipped with a partition. Adding partitions would cost about \$450 per vehicle.

*Cost of compliance: \$36,000 (plus irreparable loss of customers)*

### **Meters**

Under Chapter 30, the PUC requires that "upon passing the accuracy test, a Commission numbered seal will be placed on the meter by a Commission enforcement officer. A taxicab may not be operated without this Commission seal. If the seal becomes broken or damaged, the vehicle shall be removed from service immediately by either the medallion holder or the operator." Under Chapter 29, the difference between the standards for medallion and nonmedallion meters can be seen in the following: "The responsibility for sealing the meter appurtenant equipment and for maintaining the seals in tact while the vehicle is in operation lies with the certificate holder."

This represents a change in requirements for our operation even though it is not a change for medallion operators. We would have the inconvenience of travelling up to 28 miles to their facility; this burden will not be shared by our suburban competitors.

*29.314(b)(3) "No meter affixed to a vehicle may be operated from a drive other than the transmission of the vehicle unless some other method is, upon petition, specifically approved by the Commission."*

Because we have to comply with the PUC regulation above, we incur an expense every time we change a transmission (at least 75 a year) in one of our vehicles. Every time this happens we already have the meter calibrated by a certified meter man who comes to our facility and seals



the meter. Under the proposed regulations we would then have to send the vehicle to the PPA's facility after having it calibrated, causing a major interruption to our daily operation.

The seals provided by the PPA are made of plastic and break easily. They are broken at least 30 times per year. Under the PUC, we have the ability to reseal the meter if it is found to be accurate. The PPA would require us to take the vehicle off of the road until it can be brought to their facility and inspected resulting in a loss of income from the vehicle.

As outlined in the "Inspections" section above, we incur a \$50 cost to send a driver to the facility, plus a \$20 power of attorney fee.

*Cost of compliance: 105 visits (\$70 cost) = \$7,350*

### **Additional Costs**

Our company is running at maximum capacity. In order to comply with the proposed regulations, we would need to hire at least three mechanics at a cost of \$150,000. We would also need to maintain a larger stock of parts to cover newer vehicle models, add lifts to our shop, stay open longer, and pay our employees more work hours. Each of these represents extra labor and energy costs. We believe our cost estimates are reasonable and they perhaps under estimate the ultimate price of these regulations.

### **Conclusion:**

We want to stress that there is no exaggeration when we say that the proposed regulations would force Germantown Cab out of business if implemented as they stand. The PPA has included no implementation or grace period in the regulations, as it claims that the regulations simply preserve the status quo. As we have detailed in this document and others, this is simply not true. Because they are not basing their conversion costs on Chapter 29 of the PUC they have ignored the costs we would incur for new requirements. The examples provided in this document, such as the requirement that we submit to inspections at the PPA's facility are based on invalid regulations, and are similar to those found in Chapter 30. Any serious cost comparison must take this into account. In addition to the direct costs of compliance, we would be forced to add staff and work hours in order to bring our operation into compliance. The requirements would cause irreparable loss of our customer base and devaluation of our certificate.

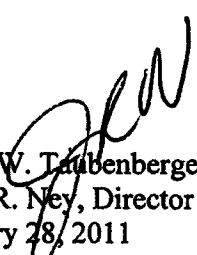
***The instant initial cost of the proposed regulations to Germantown Cab ranges from \$794,550 to \$4,616,550***

**Cost comparison of conversion from operating under the PUC in Philadelphia to operating under the PPA.**

<b>Category</b>	<b>PUC Cost</b>	<b>PPA Cost</b>
Assessments	\$10,000	\$202,500
Inspections	\$0.00	\$28,350
Bi-annual Inspection by Authority	\$0.00	\$28,350
Mileage Parameters	\$0.00	\$300,000
Change of Vehicle	\$0.00	\$42,000
Partitions	\$0.00	\$36,000
Meters	\$0.00	\$7,350
Additional Staff Required	\$0.00	\$150,000
Conflicting Regulations	\$0.00	\$3,822,000
<b>Total</b>	<b>\$10,000</b>	<b>\$4,616,550</b>

# **Exhibit 1**

# Memo

  
**To:** Alfred W. Taubenberg, Chairman, TLC  
**From:** James R. Ney, Director of Taxicab & Limousine Division  
**Date:** February 28, 2011  
**Subject:** Staff Response to Comments - February 23, 2011 TLC Meeting

## **From the Committee:**

Mr. Wagner raised questions regarding line item figures related to certain insurance costs.

REPLY: The line item for insurance under the limousine budget had a typo and the actual amount is \$31,500 not \$1,500. This consequently affected the numbers for Total Operating Expense which was changed from \$114,200 to \$144,200; for Total Expenses which was changed from \$465,101 to \$495,101; for Operating Profit which was changed from \$252,899 to \$222,899 and the Net Gain (Loss) from Operations was changed from \$163,507 to \$133,507.

## **Comments from the Public:**

A) Joseph Gabbay on behalf of Germantown Cab, Co. noted that the annual assessment fee for each partial rights taxicab is higher than the fee for medallion taxicabs. Mr. Gabbay disputed the fairness of the disparity in assessment.

STAFF RESPONSE: Partial rights taxicabs occupy a uniquely beneficial position among Philadelphia taxicabs. A partial rights cab may operate in designated areas of Philadelphia without the medallion required by taxicabs with city-wide taxicab rights. A medallion is currently valued on the open market for \$325,000 and one medallion permits one taxicab to operate. A partial rights taxicab company can operate a limitless number of taxicabs on one certificate.

Partial rights companies are able to service both their designated PUC areas and PPA regulated areas with the same taxicabs. Unfortunately, the day-to-day regulation of partial rights taxicab companies consumes a disproportionately large percentage of the Authority's resources. The Authority is tasked with maintaining the vitality of taxicab service in Philadelphia in the best interests of the public. The health of medallion taxicab service providers is an important component of that vitality.

The Authority's experience has been that far too many partial rights taxicabs intentionally and repeatedly provide taxicab service in areas of Philadelphia reserved for medallion taxicabs. Because the costs associated with operating medallion taxicabs is so much higher than partial rights taxicabs, it is very important to maintain the jurisdictional lines preserved

by Act 94. Customers statutorily reserved for medallion taxicabs should not be illegally serviced by partial rights taxicabs.

The Authority's efforts related to maintaining this jurisdictional distinction are burdensome and directly related to the intentional behavior of too many partial rights taxicab companies; the slightly higher assessment is intended to address that imbalance.

**B) Ron Blount, President of the Taxi Workers' Alliance made the following comments:**

(1) Asked why payroll, rent and other expenses have gone up for the Authority but fees for industry members have stayed the same.

STAFF RESPONSE: It is true that fees and assessments have not been raised in this proposed budget over those approved last year. Through certain operational efficiencies and other cost saving methods, the Authority believes it can adequately budget for no assessment or fee increases.

(2) Inquired as to why the Hospitality Initiative has been stagnant since 2006 and has yet to "go live".

STAFF RESPONSE: The hospitality system is operating largely as anticipated, although the Authority has withheld further payments to the vendor pending a restructuring of the contract, which the Authority believes will bring service enhancements favorable to the public and regulated parties. The need to address issues related to the Authority's regulations has stalled that review process, but it will continue upon final promulgation of the regulations.

(3) Stated that the Authority should bring in more vendors for credit card processing in an effort to save money for the drivers on credit card processing fees. Currently fees are 5% and that is too high.

RESPONSE: This is not an issue related to the budget.

By way of brief response, the Authority's vendor was selected pursuant to a public RFP process. While New York City went through a similar process and selected three providers, New York operates almost 14,000 taxicabs to Philadelphia's 1,600. There are also uncertainties in New York as to whether the multi-vendor system was the best option in the first place.

Also, the 5% maximum service fee charged in Philadelphia for these credit card transactions (not a fee to the Authority) is consistent with the maximum rates charged in other large cities:

Taxicab Credit Card Transaction Fee

New York City	5% of amount charged.
Chicago	5% of amount charged.
Boston	6% of amount charged.

(4) Requested that 1% of all credit card proceeds go to a driver relief fund for drivers who may have been injured while at work.

RESPONSE: This is not an issue related to the budget. The transaction fees related to credit card use in taxicabs are not payable to the Authority. Mr. Blount's concern relates to the fact that medallion owners and partial rights taxicab companies do not employ drivers, but instead "lease" taxicabs to the drivers who become independent contractors.

Through that arrangement, partial rights taxicab companies and medallion owners avoid a variety of issues related to the protection of employees, such as Workers' Compensation insurance. This is an issue that the legislature is reviewing and the Authority will remain actively involved in assisting all parties in the review of this important issue.

**C) Michael Henry**, on behalf of Germantown Cab, Co. made several comments.

(1) The Authority does not have the power to regulate non-medallion taxicabs.

STAFF RESPONSE: Act 94 is replete with examples of the legislature's intent to place partial rights taxicab companies (which provide service in that capacity entirely *within* Philadelphia) within the jurisdiction of the Authority. Because the difference between partial rights taxicabs and medallion taxicabs is often transparent to the public, it is very important that only one agency regulate each of those services in Philadelphia, which is exactly the framework established by Act 94.

(2) The Authority does not have the authority to allocate funds between the medallion taxicabs and non-medallion taxicabs.

STAFF RESPONSE: Again, Act 94 squarely addresses this issue and requires that all revenue derived from taxicabs be placed in the taxicab account created through that Act. There is no distinction made in that requirement between medallion and partial rights taxicabs, despite the fact that the initial balance in that account was funded entirely by medallion owners through the funds they originally paid to the PUC to buy their medallions.

(3) The Authority has not demonstrated any relationship between the fees it charges and the costs associated with administering those fees.

STAFF RESPONSE: The Authority disagrees. If approved, this proposed budget will be the Authority's 8<sup>th</sup> budget related to the regulation of taxicabs and limousines in Philadelphia. The allocations presumed in this budget are based on the Authority's experience regulating taxicab and limousines service providers since 2005, and the time and costs expended regulating taxicab and limousines, both as discrete areas and as a combined regulated community. The Authority's budget is as narrowly tailored as is prudent to address the Authority's direct and actual regulatory costs.

It is also worth noting that the assessments and fees recommended in this proposed budget are exactly the same as those currently in place in Philadelphia, but for a \$15 annual fee to certain limousine providers that will only become effective upon final promulgation of the

Authority's new regulations.

(4) Believes that the non-medallion taxicabs have to pay higher assessments than Medallion taxicabs because the Authority is trying to recover legal fees spent in defending claims made by non-medallion taxicabs.

STAFF RESPONSE: The reason for the distinction between the assessment of medallion taxicabs and partial rights taxicabs was identified above. Costs of legal services related to any specific issue, many of which are now performed in-house, are not factored into this assessment.

(5) The Authority has not listed the penalties and costs in the fee schedule making it impossible for industry members to know what they will have to pay for a violation.

STAFF RESPONSE: The Authority disagrees. The Board issued a penalty schedule at a Sunshine Act meeting as a guide to its Hearing Officers as to the most common regulatory violations.

(6) The Authority has spent twice what the legislature allowed for its Hospitality Initiative.

STAFF RESPONSE: The Authority disagrees. While Act 94 allocated \$2M for an unspecified "Hospitality Initiative", the Authority has properly employed the use of additional medallion funds for this initiative. Those medallion funds were directed to this initiative through the same budgetary process required for the release of existing medallion funds for any other purpose, including the identification of that expenditure in the Authority's FY 2006 (\$1.5 Million) and 2007 (\$560,000) budgets, which were submitted as required to the Appropriations Committees of the Senate and the House of Representatives.

(7) Non-medallion taxicabs have not benefited from the Hospitality Initiative.

STAFF RESPONSE: The money used to fund the Hospitality Initiative was derived 100% from funds generated by the PUC through the sale of medallions, which has had no affect on partial rights taxicabs.

**D) Mohammad Shukur** contested the fairness of a \$50 hearing cost fee since the \$50 fee will increase the cost of a \$100 penalty by 50% (paraphrasing).

STAFF RESPONSE: The Authority has charged a \$50 hearing fee for at least the last five fiscal years in order to try to recover some of the costs associated with the administrative hearing process.

Based on reasonable concerns of regulated parties the fee will no longer be charged at the time a hearing is requested, but instead will only be charged in the event the respondent is found liable after a hearing on the record. This procedure will remove a hurdle some regulated parties have had to navigate simply to have a hearing and is substantially similar to that used by courts and magistrates throughout the Commonwealth. The costs associated with conducting a hearing do not consistently fluctuate based on the penalty imposed by the

Hearing Officer.

C) Linda Jagiela spoke on behalf of Aries Limousine and made several comments.

(1) Fees have gone up for driver training making it very difficult to find limo drivers who are willing to pay for driver training and work on a part-time basis.

STAFF RESPONSE: There have been no fee increases in this proposed budget, including those related to driver training.

(2) Authority fees are substantially different from the fees charged by the PUC, for example: the Authority charges \$2,500 to protest the granting of new rights while the PUC does not charge any fee.

STAFF RESPONSES: The Authority and the PUC do operate on different scales and in different ways. The agencies also employ some different ways of raising revenue. The PUC's process relies substantially on the declared profits of the regulated community and involves a review of each company's financial information, among other revenue sources such as administrative penalties. The PUC did have annual flat fee medallion assessments in Philadelphia prior to the Authority's assumption of regulatory control.

Since April of 2005 the Authority has relied primarily on a flat fee basis and has modified many fees and assessments based on legitimate concerns of regulated parties, when appropriate to the individual circumstances and the overall mission of the Authority.

The \$2,500 protest fee was requested by certain regulated parties as a way of discouraging nuisance protests, which place an unfair burden on potential new carriers and the Authority's resources.

(3) Believes that fees should be reduced for companies, like hers, that only does a small amount of its business in Philadelphia.

STAFF RESPONSE: There is no way to police such a scenario. The taxicab and limousine service providers do compete with each other for clients, both within their service classification (taxicab or limousine) and without. The Authority is charged with the responsibility of protecting the rights and interests of those who have duly obtained a given set of rights from unfair (and illegal) competition from those who have not obtained those rights.

A limousine company that has paid a lower fee to provide service in Philadelphia based on the company's assurance that it is not likely to provide service entirely within Philadelphia on a "frequent" basis would be exceptionally difficult to regulate and would create a vibrant source of unfair competition for those who have paid the "full" service fee.

It is important to note that the Authority does not assess taxicab or limousine service that simply travels through Philadelphia or in cases when only one leg of the trip is in Philadelphia. The assessment at issue here is for limousine service providers who seek to provide service entirely within the City of Philadelphia.



**NOTICE TO TAXICAB AND LIMOUSINE INDUSTRY  
FROM  
PHILADELPHIA PARKING AUTHORITY - TAXICAB AND LIMOUSINE DIVISION  
FEE SCHEDULE - FOR APRIL 10, 2005 TO JUNE 30, 2006**

The table below lists the fees or assessments upon which the FY 2006 budget is based. The Authority may also charge for goods such as postings in taxicabs, training material and incidental services such as copying, computer access and record checks.

<b>Description</b>	<b>Fee</b>
Annual Medallion Fee beginning FY 2006	\$1,000/vehicle payable in 4 installments
Annual Fee for Partial Rights Cabs beginning FY 2006	\$1,000/vehicle payable in 4 installments
Annual Fee for Limousines - All Classes beginning FY 2006	\$200/vehicle
Annual Fee for a Remote Service Provider with No Vehicles Paying the Annual Fee beginning FY 2006	\$150/certificate
Daily Passes for Temporary Vehicles or Remote Service Providers beginning FY 2006	\$25/vehicle/day
Annual Fee for Dispatchers	\$2,000/certificate payable in 4 installments
Annual Renewal Fee for Driver Certificates	\$50
Driver Training Classroom Fee	\$50
Medallion Transfer Fees	\$750 or 1% of purchase price, whichever is greater
Annual Broker and Financial Service Provider Registration Fees	\$1,000
State Inspection Fee	\$40
Re-Inspection Fee	\$100
Dispatcher Application Fee	\$1,000
New Limousine Certificate Application Fee	\$5,000
New Limousine Certificate Application Protest Fee	\$2,500
Intra-Industry Adjudication Filing Fee	\$100
Lien Registration Fees	\$20/lien
PennDot Processing Fees (above PennDot costs)	TBD - estimated to be about \$20 per transaction on average
Communication Fees Associated with Hospitality Initiative	TBD - based upon proposals under review

## Approved Fee Schedule for the Fiscal Year beginning July 1, 2010

The table below lists the fees or assessments for the Taxicab & limousine Division for the Fiscal Year beginning July 1, 2010. The Authority may also charge for goods such as postings in taxicabs, training material and incidental services such as copying, computer access and record checks.

Fee Description	Fee
Annual Medallion Fee	\$1,250 / vehicle payable in 4 installments
Annual Fee for Partial Rights Cabs	\$1,500 / vehicle payable in 4 installments
Annual Fee for Limousines - All Classes 1 - 15	\$300 for the first 15 vehicles
Annual Fee for Limousines - All Classes 16 - 30	\$275 for the second 15 vehicles
Annual Fee for Limousines - All Classes 31 or more	\$250 for all additional vehicles
Daily Passes for Temporary Vehicles	\$30 / vehicle / day
Annual Fee for Dispatcher	\$2,500 / certificate payable in 4 installments
Dispatcher Change in Colors and Markings Scheme	\$500
Annual Renewal Fee for Driver Certificates	\$80
New Driver Certification with Classroom Training	\$130
New Driver Certification without Classroom Training	\$100
Medallion / Limousine Ownership Transfer Fees	\$2000 or 2% of purchase price, whichever is greater
Annual Financial Service Provider Registration Fees	\$1,000
New Dispatcher Application Fee	\$10,000
New Limousine Certificate Application Fee	\$10,000
New Limousine Certificate Application Protest Fee	\$2,500
Petition Filing fee for Regulation Waivers and Non-Waiver Petitions	\$200
New Car & Replacement Vehicle Transfers	\$200
PA State and TLD Semi Annual Inspections	\$75
Re-Inspection Fee at 3rd Inspection after 2 Failures	\$100
Return to Service Inspections (Inspect & Remove Out of Service Sticker)	\$20
Medallion Return after Sheriff Levy	\$200
Hearing Fee	\$50
Hearing Collateral (Returned to Appellant or Applied to Fine After Appeal)	\$100
Cab Replacement Postings (each)	\$10 (each posting)
Lien Registration Fees	\$20 / lien
PennDOT Processing Fees (above PennDOT costs)	\$20
Communication Fee Associated with Hospitality Initiative	\$18 per month
Taxi Technology Replacement Fund	\$25 per year
Replacement Registration Sticker	\$30
Bounced Check Fee	\$200
Voluntary Suspension of Medallion Rights	\$25
Additional Limousine Rights at time of Initial Application	\$2,500
Additional Limousine Rights after Initial Rights Granted by Board	\$5,000
Emission Waiver	\$100

# Exhibit 2

# Instructions to Obtain Waiver of Vehicle Age Requirements (Taxis or Limos)

As required by 52 Pa. Code §29.314(d) (taxi) and §29.333(e) (limo), **Vehicle and equipment requirements, Vehicle Age**, "Unless otherwise permitted by the Commission, a vehicle may not be operated in call and demand service which is more than 8 model years old."

As soon as a new calendar year causes a vehicle not to meet the **eight-year age** requirement, that vehicle may **not** be used in transportation service unless the following steps have first occurred.

## **Request for Waiver of Vehicle Age Requirements.**

The carrier must complete a request for waiver of vehicle age requirements. If the request is approved, a PUC Enforcement Officer (EO) will contact you to set a date for an inspection. Carriers should allow approximately 60 days for the request to be processed. Requests will be accepted beginning on July 1<sup>st</sup> of each year. We suggest that requests be filed no later than September 30<sup>th</sup> to ensure obtaining a waiver prior to December 31<sup>st</sup>.

## **Vehicle Inspection.**

The vehicle must pass an inspection performed by a certified PA Inspection Mechanic and observed by a PUC EO. To pass the inspection, the vehicle must have **NO** defects found. Carriers should allow 30 days to schedule and receive the inspection. To ensure obtaining a waiver prior to December 31<sup>st</sup>, the inspection should be scheduled prior to November 30<sup>th</sup>.

## **Certificate of Waiver.**

The carrier will receive a Certificate of Waiver signed by the Bureau of Transportation and Safety's Director or Motor Carrier Division's Chief of Enforcement. Carriers should allow 30 days for the official waiver to be issued.

**The request process for a Certificate of Waiver** requires that the following information must be filed, in addition to the request:

- (1) Reason and proof of a hardship that the carrier would encounter if permission is not given for an inspection and a newer vehicle must be purchased in order to comply with regulations (i.e. financial records).
- (2) List of Vehicles, including: Year, make, model and VIN# of the vehicle that the carrier is requesting to be inspected.
- (3) Proof of mileage (notarized affidavit or picture for each vehicle). High mileage, i.e. more than 200,000 miles on the odometer for taxicabs, will be considered a factor that weighs against the granting of an inspection for vehicles of nine or more model years of age. However, this presumption of a lack of fitness for a particular vehicle may be rebutted by the carrier by providing **evidence** that the vehicle is mechanically sound, passenger worthy, and aesthetically acceptable.

- (4) Proof of carrier's ownership of the vehicle (title, current registration card, notarized bill of sale, etc.).
- (5) A specific reason for each vehicle that explains why the vehicle is worthy of consideration for continued use in transportation service.
- (6) Pictures of both sides, front and rear of the vehicle's exterior.
- (7) Pictures of the vehicle's interior seats, dashboard and floor.
- (8) Maintenance records for the previous year.
- (9) Name, address and phone # of a certified inspection station for the inspection to occur. They must be agreeable to perform the inspection using a certified inspection mechanic, while a PUC EO observes. Additionally, the PUC EO will look at vehicle for passenger comfort and appearance, visual deficiencies (such as dents, gouges, taxi markings, etc.), and any other violations of PUC regulations.

Failure to provide all of the information requested above will result in denial of the request. The request and supporting information will be evaluated by the Motor Carrier Division and approval or disapproval of the request will be provided in writing within 60 days.

If the request for waiver of the 8-year age requirement is approved, the wheels-off inspection must be performed by a certified inspection mechanic at a certified inspection station of the carrier's choice. Scheduling of the inspection will be made with the carrier by the assigned EO.

The assigned EO must observe the inspection to determine if the vehicle is fit for public service.

A vehicle may not be inspected more than **once per year**.

The inspection must reveal **zero defects** to pass inspection. This includes the certified mechanic's inspection and the PUC EO's inspection for PUC passenger service.

If the inspection reveals any defects at the conclusion of the inspection, the vehicle will **not** be approved for service during that calendar year. The carrier must wait until the following calendar year, must complete another request for the 8-year vehicle age waiver, must pass an inspection, and must be approved for a waiver before the vehicle may be placed back in service.

If the vehicle passes the inspection, a Certificate of Waiver will be mailed to the carrier which lists the VIN# of the approved vehicle, the signature of the Chief or the Director, the expiration date of the waiver, and is stamped with the PUC Motor Carrier seal.

The waiver must be **carried on board the vehicle** at all times.

That vehicle will be permitted to be operated for the next calendar year, January 1<sup>st</sup> through December 31<sup>st</sup>.

**Carriers are required to file a request for waiver of the 8-year vehicle age requirement each year.**

**Pennsylvania Public Utility Commission  
Bureau of Transportation & Safety  
PO Box 3265  
Harrisburg, PA 17105-3265  
(717) 787-3834**

## **Request For Waiver of Vehicle Age Requirement**

**Circle One:    (Taxi)    (Limo)**

**Separate Requests must be completed for each type of transportation service (one request form may be used for all taxis and one request form may be used for all limos). You may not combine taxis and limos on the same request form.**

Please complete all parts of this request. Incomplete requests will be returned. All questions may be directed to the Motor Carrier Division's Compliance Office at (717) 787-3834.

- 1.    Name of Applicant/Carrier:**

\_\_\_\_\_

**PUC Authority Number A-**\_\_\_\_\_

- 2.    Trade Name:**

\_\_\_\_\_

- 3.    Physical Address (do not use P.O. Box)**

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State and Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
County

4. **Mailing Address** (if different from Physical Address)

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State and Zip Code

5. **Reason and proof of a hardship that the carrier would encounter if permission for an inspection is not granted.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

☐ **Verifying financial records (example: profit/loss statement) enclosed.**

6. **Year, Make, Model, and VIN# of each vehicle requested to be inspected.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. ☐ **Proof of mileage enclosed (provide at least one of the following):**

☐ **Notarized affidavit**

☐ **Picture of odometer - pictures must be on a compact disk (CD)**

8. ☐ **Proof of carrier's ownership of the vehicle(s) enclosed (provide at least one of the following):**

☐ **Title**

☐ **Current Registration Card**

☐ **Notarized Bill of Sale**

☐ **Other** \_\_\_\_\_

9. **Specific reason as to why each vehicle is worthy of consideration for continued use in transportation service.**

**VIN#**

**REASON**


10. ☐ **Pictures of vehicle(s) enclosed (provide all of the below); digital pictures must be provided on a compact disk (CD):**

- ☐ **Left side and right side of each vehicle's exterior**
- ☐ **Front and rear of the vehicle's exterior**
- ☐ **All interior seats**
- ☐ **Dashboard and floor**

11. ☐ **Maintenance records and copies of receipts or invoices for each vehicle for the previous year enclosed.**

12. ☐ **Name, address, and phone number of a certified inspection station for the inspection to occur.**


**You must sign the following Verification of Request.**



### **Verification of Request**

This verification of the request must be completed and signed by the applicant appearing on Line 1 of the request, by the named individual, all partners (if a partnership), or the President or Secretary (if a corporation).

I/we hereby state that the statements made in this request are true and correct to the best of my/our knowledge and belief.

The undersigned understands that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904 Relating to Unsworn Falsification to Authorities.

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(Print Name and Title)

---

(Signature)

---

(Date)

Cooper, Kathy

2885

**From:** Totino, Michaele  
**Sent:** Monday, October 03, 2011 10:00 AM  
**To:** IRRC  
**Cc:** Smith, James M.  
**Subject:** FW: IRRC Public Comment Submission on Inspections/Assessments  
**Attachments:** IRRC Public Comments.pdf

RECEIVED  
IRRC

201 OCT -3 A 10:28

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**From:** Joey Gabbay [<mailto:joey@germantowncab.com>]  
**Sent:** Monday, October 03, 2011 9:59 AM  
**To:** Totino, Michaele; Smith, James M.  
**Subject:** IRRC Public Comment Submission on Inspections/Assessments

Dear Mr. Smith and Ms. Totino,

We apologize for submitting this document so close to the deadline. We have learned a great deal through working on this project and we are hopeful that IRRC will find the evidence compelling as well.

This paper outlines the greatest impacts of the proposed regulations. The costs and problems contained in this letter will cause irreparable harm to our operation and we respectfully request that you give them your full consideration.

Can you please inform me as to when the blackout date begins. Thank you for your time and patience.

Sincerely,

Joseph Gabbay and everyone at Germantown Cab Company