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February 10, 2011

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

Re: Regulation 126-1 (IRRC# 2885)  
Philadelphia Taxicab and Limousine Regulations

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Dear Chairman Lutkewitte:

Attached to this letter are the comments of Simon and Everett Abitbol on the Philadelphia Parking Authority's (Authority) proposed regulations for taxicabs and limousines that were adopted by the Authority at its November 22, 2010 meeting and submitted to the Independent Regulatory Review Commission (IRRC) on December 28, 2010.

The Abitbol family is a major stakeholder in the Philadelphia taxicab industry. We own and operate in excess of 130 medallions and dispatch approximately 200 taxicabs as PHL Taxi. We also provide operating, financing, brokering and insurance services under PPA's current regulations to hundreds of additional cabs. At any time, we are likely to have a business interest in over 40% of the 1,600 medallions in service. We have been involved in the taxi industry, starting as a driver, for almost forty years.

This proposed rulemaking was initiated as a result of the decisions of the Supreme Court and more recently the Commonwealth Court in *Germantown Cab Co. v. Philadelphia Parking Authority*, 993 A.2d 933 (2010), which require the Authority to promulgate its regulations pertaining to taxi cabs and limousines in the same manner as Commonwealth agencies. When the regulation of taxicabs and limousines in Philadelphia was transferred from the Pennsylvania Public Utility Commission to the Authority by Act 94 of 2004 (P.L. 758, No.94), the Authority developed its first regulations with extensive input from the industry, but without submitting these regulations to the IRRC.

The existing regulations have been in effect for over five years and have been generally successful. They have improved the quality of vehicles and drivers and pushed corruption, graft, extortion and theft out of the industry that existed under the PUC's regime. The plaintiff in the Commonwealth Court case, *Germantown Cab*, has no interest in the City's 1,600 medallion cabs. Rather, it is a partial rights carrier, serving a small section of the City. *Germantown Cab* opposed the regulatory enhancements on partial rights cabs required by the Authority's 2005 regulations including vehicle and driver standards and the responsibility for tracking whether its

drivers were staying within its limited service territory. The requirements imposed on partial rights cabs in the proposed regulations are similar to those imposed by the existing regulations.

Even though the courts found that the PPA did not follow the correct procedures, the PPA did conduct extensive stakeholder outreach and research in developing the regulations it put into place in 2005. The PPA visited with numerous stakeholders individually and conducted numerous meetings with stakeholder working groups for drivers, medallion owners, limousine owners, the hospitality industry, financial service providers and others. The PPA staff visited other cities and examined their regulatory frameworks. The PPA staff had lengthy and numerous meetings with the PUC staff to address ensure a seamless transition. The PPA published draft regulations, advertising the regulations in local newspapers, and afforded stakeholders with an opportunity to submit written comments and/or to attend public input meetings. The entire process took over a year to complete. Every issue was discussed and vetted through a transparent process.

No similar process occurred with these proposed regulations. There were rumors and rumblings that the PPA felt compelled to take some action because of the court decision, but no one could have known that the PPA would just throw out regulations that have been in effect for over five years without any meaningful dialogue with stakeholders. No one could have imagined that PPA would have ignored its own existing regulations for amending regulations (see Section 3.k of the existing regulations) that calls for notice in newspapers, etc. We, a major stakeholder in the industry, did not even get an email about the proposed regulations.

Had the Authority elected to promulgate the existing regulations through the IRRC process without revisions, or had engaged in extensive outreach to discuss the proposed revisions, we may have been able to support this proposal. However, the Authority has made a number of significant additions and deletions to the existing regulation without repeating the collaborative process that it used to develop the first set of regulations. We cannot possibly identify every change that PPA made and would hope that the IRRC would hold the PPA responsible for cataloguing and explaining each change to its existing regulations before approving any changes. We also note that since the spring of 2006, PPA has information on every trip, every driver, every dispatched call, every mile driven, every dollar earned (excluding tips), yet provides no quantitative analysis of the problems it is trying to solve, whatever they may be, or how the proposed regulations might help taxicab service.

Our concerns with the new regulations are significant and numerous. Some of them include:

- Costly newer vehicles that will raise the cost of serving the public and are inconsistent with underlying legislation
- Restricting the number of taxi drivers and thus possibly reducing the availability of service to the public and barring people from earning a living
- New insurance requirements that do little to protect the public but will significantly increase the cost of cab service in Philadelphia
- Disregard for contracts between drivers, medallion owners and certified operators that will limit the ways in which taxi service may be provided
- Purging of existing regulations that protect cab drivers and owners from abuse, fraud, exploitation and criminal behavior that existed prior to the existing regulations

Section 5(a) of the Regulatory Review Act requires that an agency include in the Regulatory Analysis Form submitted with a proposed rulemaking an explanation of the proposed rulemaking, estimates of the direct and indirect costs that will be incurred under the rulemaking, an explanation of the financial and economic impact of the rulemaking and any special provisions included to aid small businesses. The Regulatory Analysis Form and the preamble for this rulemaking presented by the Authority lack any detailed explanation of the provisions included in this rulemaking and no discussion of new provisions that differ from the regulations adopted in 2005. Similarly, there is little discussion and no quantification of the costs associated with this rulemaking. In fact, in response to Question 20 that this proposed regulation will not impose new costs on the regulatory community. We respectfully disagree. The proposed revisions included in this rulemaking will impose significant costs on medallion owners and drivers, as well as the riding public. We estimate the cost to be \$22 million annually. These revisions may also negatively affect the level of service provided to public in Philadelphia. The extent of these costs and negative effects are discussed in our attached comments.

We have written the Authority and hope to begin a dialogue on the proposed revisions to try and reach some mutual agreement. To facilitate that process, we are requesting that IRRC include the following in its comments on the proposed regulations:

- Request that the Authority establish a working group that would include representatives from the industry and the public to discuss the new requirements included in this rulemaking and how to minimize any potential adverse effects on all affected parties.
- Require the Authority to provide the rational for and the fiscal impact of each of the proposed changes as is required by the Regulatory Review Act.
- Include the changes suggested in our comments, which will reduce the negative fiscal impacts of the regulation.

Additionally, we are requesting an opportunity to meet with the IRRC staff to discuss the attached comments and answer any questions they may have on how the taxicab and limousine industry in Philadelphia operates. To this end, we will be contacting the assigned analysts in the near future to set up a meeting.

Sincerely,

Everett Abitbol  
On behalf of the Abitbol Family of Companies

Cc: Standing Committee Chairmen

**Simon & Everett Abitbol**

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February 10, 2011

Dennis Weldon, Esquire  
General Counsel  
Philadelphia Parking Authority  
3101 Market Street  
Philadelphia., PA 19104

Re: Regulation 126-1 (IRRC# 2885)  
Philadelphia Taxicab and Limousine Regulations

Dear Mr. Weldon:

Attached to this letter are the comments of Simon and Everett Abitbol on the Philadelphia Parking Authority's (Authority or PPA) proposed regulations for taxicabs and limousines that were adopted by the Authority at its November 22, 2010 meeting and submitted to the Independent Regulatory Review Commission (IRRC) on December 28, 2010. On January 28, 2011, we sent you a letter indicating our intentions to submit comments and our willingness and desire to engage in discussions with the PPA and other stakeholders about the need for changes to the existing regulations. We also expressed our opinion that if the PPA in an "abundance of caution" needed to submit regulations to IRRC, that the appropriate action would have been for the PPA to submit to IRRC the existing regulations that have been in effect for over five years and were developed through a collaborative process with stakeholders. We retain this position.

Now that we have had a chance to review the proposed regulations more closely we respectfully recommend that the taxicab and limousine regulations proposed by the Philadelphia Parking Authority that were submitted to the Independent Regulatory Review Commission be withdrawn by the Authority until such time as:

1. The Authority meets with stakeholders and comprehensively discusses the needs for changes to its existing regulations as supported by actual data.
2. The Authority catalogues each and every addition, deletion and change it is proposing to its existing regulations and provides a justification for each addition, deletion and change.
3. The Authority has an independent legal assessment of whether its proposed regulations are consistent with Act 94 (transferring the regulatory responsibility from the PUC to the PPA) and the Medallion Act.
4. The Authority has an independent legal assessment performed on its authority to limit the number of drivers and bar people from making a living as cab drivers.

5. The Authority prepares a meaningful financial assessment of the effect that any change from its existing regulations will have on the industry, including drivers, owners and the riding public.

We are submitting these extensive comments on PPA's proposed regulations and the procedural defects in their preparation. Our comments start by focusing on defects that can cripple service and increase costs to service providers and riders, especially in the areas of vehicle age and mileage, limiting the driver pool, insurance and the relationship between drivers and medallion owners and operators, followed by numerous other concerns. We highlight some of the many items that exist in the current regulations that were deleted from the proposed regulations that are needed to make the medallion taxicab system operate free from corruption and fraud and in some cases are mandated by statute. Given the absence of any guide to additions, deletions and changes in the proposed regulations from the existing regulations and our understanding that as proposed these regulations are in violation of the Commonwealth's procedures regarding the promulgation of regulations, we reserve our rights to raise additional issues throughout the regulatory review process.

Finally, we have attempted to quantify the fiscal effect of the proposed regulations. Section 5(a) of the Regulatory Review Act requires that an agency include in the Regulatory Analysis Form submitted with a proposed rulemaking an explanation of the proposed rulemaking, estimates of the direct and indirect costs that will be incurred under the rulemaking, an explanation of the financial and economic impact of the rulemaking and any special provisions included to aid small businesses. In response to Question 20 states that this proposed regulation will not impose new costs on the regulatory community. We respectfully disagree. The proposed revisions included in this rulemaking will impose significant costs on medallion owners and drivers, as well as the riding public. We estimate the cost to be \$22 million annually. These revisions may also negatively affect the level of service provided to public in Philadelphia. As there is no study or discussion on how these regulations will increase ridership this means an increase in the rates charged probably will cause a loss in ridership, possibly initiating upward pressure on rates and further loss of ridership – a dangerous cycle.

We hope to have an opportunity to work with you in improving the regulations that currently exist and in gaining an understanding of your public interest goals that you hoped to accomplish through your proposed regulations. To this end, we will be contacting Mr. Ney to set up a meeting.

Sincerely,

Everett Abitbol  
On behalf of the Abitbol Family of Companies

Cc: Standing Committee Chairmen

**COMMENTS OF SIMON AND EVERETT ABITBOL**

**Re: Regulation 126-1 (IRRC# 2885)  
Philadelphia Taxicab and Limousine Regulations  
Proposed by the Philadelphia Parking Authority**

**February 10, 2011**

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**COMMENTS OF SIMON AND EVERETT ABITBOL<sup>1</sup>**  
**ON PROPOSED REGULATION #126-1**  
**REGARDING TAXICABS AND LIMOUSINES IN PHILADELPHIA**

**I. Executive Summary**

The process by which the Philadelphia Parking Authority (PPA or Authority) regulations were developed, the lack of any meaningful discussion of the need or reason in its filing for this wholesale change to a set of regulations that have served the public well for the past five years, the potential effect that that the proposed regulations have on the quality and cost of service and numerous questions that we as layman have identified as issues of legality make it imperative that these proposed regulations not be approved. We respectfully request that the taxicab and limousine regulations proposed by the Philadelphia Parking Authority (PPA or Authority) that were submitted to the Independent Regulatory Review Commission (IRRC) be withdrawn by the Authority or rejected by IRRC until such time as:

1. The Authority meets with stakeholders and comprehensively discusses the needs for changes to its existing regulations as supported by actual data.
2. The Authority catalogues each addition, deletion and change it is proposing to its existing regulations that it has had in place for over five years and provides a justification for each addition, deletion and change.
3. The Authority has an independent legal assessment of whether its proposed regulations are consistent with Act 94 (transferring the regulatory responsibility from the PUC to the PPA) and the Medallion Act of 1991.
4. The Authority has an independent legal assessment performed on its authority to limit the number of drivers and bar people from making a living as cab drivers.
5. The Authority prepares a meaningful financial assessment of the effect that any change from its existing regulations will have on the industry, including but not limited to drivers and the riding public.

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<sup>1</sup> The Abitbol family is major stakeholder in the Philadelphia taxicab industry. We own and operate in excess of 130 medallions and dispatch approximately 200 taxicabs as PHL Taxi. We also provide operating, financing, brokering and insurance services under PPA's current regulations to hundreds of additional cabs. At any time, we are likely to have a business interest in over 40% of the 1,600 medallions in service. Simon has been involved in the taxi industry, starting as a driver, for almost forty years.

If the Authority believes that the recent Commonwealth Court decision requires, for the stability of the industry, the submission of regulations to IRRC at this time, we would not object to the PPA submitting its existing regulations, which were developed with extensive stakeholder input. If the PPA believes that modifications to its existing regulations are needed to further the public interest, we would be willing to contribute to that process, in a timely manner that is separate from the PPA's reaction to the court decision.

We have prepared extensive comments on PPA's proposed regulations and the procedural defects in their preparation. Our comments start by focusing on defects that can cripple service and increase costs to service providers and riders, especially in the areas of vehicle age and mileage, limiting the driver pool, insurance and the relationship between drivers, medallion owners and operators, followed by numerous other concerns. We highlight some of the many items that exist in the current regulations that the PPA deleted from the proposed regulations that are needed to make the medallion taxicab system operate and in some cases are mandated by statute. Given the absence of any guide to additions, deletions and changes and our understanding that as proposed these regulations are in violation of the Commonwealth's procedures regarding the promulgation of regulations, we reserve our rights to raise additional issues throughout the regulatory review process. We continue to read the comments of others and look forward to entering into a discussion with these stakeholders and the PPA.

We have attempted to quantify the fiscal effect of the proposed regulations. In summary, we believe that these proposed regulations will increase the cost of taxicab service to the public by approximately \$22,000,000 annually. As there is no study or discussion on how these regulations will increase ridership this means an increase in the rates charged to customers and probably a loss in ridership, possibly initiating upward pressure on rates and further loss of ridership – a dangerous cycle.

We are committed to quality cab service in Philadelphia. We would like to explore objectively with the PPA and other stakeholders the motives behind many of PPA's changes to its regulations. If service and ridership can be improved by changing the vehicle standards, what standards provide the largest return? If passengers deserve greater insurance protection, what is most cost-effective to provide that protection? If drivers need health insurance, how can the PPA help these hard working people get this important benefit? There are a few easy answers. We would like to work with all concerned to improve cab service in Philadelphia. In New York, the two most recognized icons are the Statue of Liberty and the NYC Taxi. We would like to raise the profile of Philadelphia's cabs so that our residents and visitors think of them as favorably as the Liberty Bell.

## **II. Comparing the Proposed Regulations to Those of the PUC for Taxicabs (see Regulatory Analysis Form, Item 8)**

PPA states, “The proposed regulations are similar in kind to those currently used by the Pennsylvania Public Utility Commission to regulate taxicabs and limousines in the Commonwealth, outside of Pennsylvania<sup>2</sup>.” We respectfully disagree.

- Philadelphia is only place in the Commonwealth with a medallion system – one cab per medallion. Elsewhere certificate holders can add as many cabs as they want. Medallions lead to the need for driver provided vehicles, brokers, operators and lenders, not found elsewhere in the Pennsylvania.
- The proposed regulations for taxi vehicle standards do not conform to those for the rest of Pennsylvania of eight model years.
- Nowhere in the state is the number of cab drivers limited by the PUC.
- Nowhere else in the state are dispatchers regulated (a requirement of Act 94).
- The insurance requirements are not consistent with those imposed by the PUC on other taxi operations.

The Philadelphia taxi market is much different from the markets elsewhere in the state and as such should not need to mimic the PUC’s taxi regulations. Even though the PPA indicates that there is a similarity between the PUC’s regulations for taxicabs and PPA’s proposed regulations, the brief recap above of some of the differences shows this not to be the case.

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<sup>2</sup> The Commenter believes that PPA meant to say outside of Philadelphia.”

### **III. Comments on Substantive Sections of Proposed Regulations**

#### **A. Vehicle requirements (§1017)**

##### **1. Age and Mileage**

The PPA's proposed age and mileage parameters for taxicabs other than wheelchair accessible or hybrid vehicles are reproduced below.

##### ***§1017.3. Taxicab age parameters.***

***(a) Method of age computation. The age of a taxicab will be determined by comparing its model year to the current model year. A model year begins on the first day of each October. For example, a taxicab with a model year of 2008 would be four years old on October 1, 2012.***

***(b) Taxicabs generally.***

***(1) Except as provided in paragraph (2) and subsection (c):***

***(A) A taxicab that is five years old or older is not eligible for inspection as provided in § 1017.31 (relating to bi-annual inspections by the Authority) and must be removed from taxicab service prior to the date of the next scheduled biannual inspection.***

***(B) A vehicle may not be introduced for service as a taxicab, or reenter service after having been removed from taxicab service by the certificate holder if the age of the vehicle is one year old or older.***

##### ***§1017.4. Taxicab mileage parameters.***

***(a) Mileage at vehicle introduction. A vehicle may not be first introduced for taxicab service with a cumulative mileage registered on the odometer as follows:***

***(1) For a taxicab, 15,000 miles or more.***

***(b) Maximum mileage, A taxicab is not eligible for inspection as provided in §1017.31 (relating to bi-annual inspections by the Authority) and must be removed from taxicab service prior to the date of the next scheduled inspection when the cumulative mileage registered on the odometer is as follows:***

***(1) For a taxicab, 200,000 miles or more.***

***(c) Imputed mileage.***

***(1) A vehicle with an odometer reading that differs from the number of miles the***

*vehicle has actually traveled or that has had a prior history involving the disconnection or malfunctioning of an odometer or which appears to the Authority to have an inaccurate odometer reading based on prior inspection records, will be assigned an imputed mileage equal to 3,333 miles per month from the last reliable odometer recording through the date of inspection. If a reliable baseline odometer reading cannot be ascertained, the vehicle may not be introduced for service or continue in service as a taxicab.*

*(2) Except for taxicabs that are wheelchair accessible or hybrid vehicles, or both, if a taxicab is presented for inspection as provided in §1017.31 with a cumulative mileage registered on the odometer that will reach or exceed 200,000 during the two months immediately following the inspection date based on the imputed mileage calculations of paragraph (1), the taxicab will not be eligible for inspection and must be removed from taxicab service.*

This boils down to:

- A cab may not first enter service that is more than one year old or has more than 15,000 miles.
- A cab cannot remain in service after it is five years old or has more than 200,000 miles.
- A vehicle may not be reintroduced for service if ever put out of service after 1 year

These standards are significantly different than those currently in force that allows a vehicle to stay in service until it is either eight years old or has 250,000 miles and may not be brought into service with more than 135,000. The proposed standard is also inconsistent with the underlying statutes creating Medallion cabs and transferring regulatory authority for Philadelphia's taxis to the PPA. Stakeholders discussed using a different standard than eight years in what are now the existing regulations. We would be willing to discuss a legislative change that would reduce the age of vehicles as long as they were cost effective and necessary to improve service.

Even if the proposed language were found to be legal, we would still caution that it is not reasonable or in the public interest for several reasons.

- One-year old cars with less than 15,000 miles are not readily available. These standards require that medallion owners or drivers who provide their own vehicles purchase new rather than used vehicles.
- The standard vehicle that fits under the current regulations is Crown Victoria's that were previously in police service. These vehicles are usually well maintained, have little wear in the back seat and come equipped with extra heavy suspensions that provide comfort on the City's streets. The difference in cost between a used cruiser and a new vehicle is approximately \$23,000. The fiscal effect on the industry is discussed at Section VIII.



- \$30,000 vehicles will need to be financed unlike many current purchases. The estimate cost of financing is about \$750/year.
- Higher cost vehicles must be insured and as discussed above may need to be financed by the driver and or medallion owner. Owners, drivers and lenders cannot afford to be exposed to the risk of major collision damage to a \$30,000 vehicle. Lenders will require that vehicle purchasers have collision and comprehensive coverage. In addition, lenders are likely to demand liability increased insurance limits to protect them from their assets being used to pay an excess claim. We have spoken to our insurers and estimate that the collision and comprehensive coverage will cost at least an additional \$2,000 annually. It is too early to estimate what lenders might require as additional liability insurance, so this is just an unknown cost increase on taxi service caused by these proposed regulations.
- Newer is not necessarily in the public interest. In today's economy, we all must live within our means. We see municipal fleet operators holding onto vehicles longer in these tight economic times to control their costs. This decreases the supply of used vehicles often purchased for taxi service. Newer vehicles mean higher costs to owners, more expensive leases to drives and higher rates to the riding public. There is no evidence that these higher standards are necessary or in the public interest. The PPA has produced no evidence that links the quality of service to the age of the vehicle. .
- The vehicle standards are inconsistent with those required for limousines. Under the proposed regulations, limousines, allegedly a superior service to taxicab service, can come into service with 51,000 miles (no age requirement) and can stay in service until it is eight years old and has 350,000 miles.
- The proposed regulations that require newer vehicles and reduce the mileage limits are likely to reduce service. Taxis, particularly those driven by the vehicle owner, are likely not to cruise the streets or respond to remote calls for dispatch service, but rather stayed parked at transportation hubs, hoping to get a fare without putting on those precious few miles. This type of approach would keep these expensive new vehicles in service longer but would diminish service to neighborhood and during off-peak hours. This is just another example of how an arbitrary standard can reduce the quality of service.
- The real guarantee that quality vehicles are used to service the public is semi-annual inspections. The Authority needs regulations that only address the quality of the vehicle as it has the power to put a vehicle out of service at any time and especially at the two times per year the PPA thoroughly inspects the vehicle. Under the existing regulations, if there are subpar vehicles providing taxi service in Philadelphia, the Authority has only itself to blame. We believe that given these semi-annual inspections, no mileage requirement is

necessary.

Even if some change in vehicle mileage and age were to be approved, there needs to be a transition period and rules. Are vehicles in service permitted to stay in service under the existing regulations (i.e., a grandfather clause)? Vehicle owners relied upon the existing the regulations when purchasing the vehicle, which was then approved for taxicab service by the Authority.

Before imposing random new standards that might actually reduce the quality of service while increasing its cost, we request that PPA respond to these questions and then sit down with the industry.

- What is the vehicle age distribution for all cabs in service?
- What is the statistical correlation between age of the vehicle and service complaints and violations?
- What is the average mileage of vehicles currently in service?
- What is the statistical correlation between mileage of the vehicle and service complaints and violations?
- What is the cost analysis between new vehicles and current vehicles that are placed into service?
- How will the increase in vehicle costs and the associated insurance requirements effect lease rates to drivers?
- Will the new vehicle requirements keep drivers from providing their own vehicles and investing in their livelihood and the quality of taxicab service?
- How will the increased cost of vehicles and related costs affect the cost of taxicab service to the riding public?
- How will lease caps adjust to the introduction of these new costs?
- What data has the Authority provided that shows there is a readily available vehicle other than a new vehicle that qualifies for service?
- How many miles does a vehicle that is operated in the following manner incur per day, week, month and year: Owner Driver, DOV, two Drivers, and Daily shifts?

## **2. Make and Model (§1017.43.)**

The proposed regulations state:

### ***§1017.43. Approved Models and Conditions.***

***The Authority will publish a list of approved makes and models of vehicles permitted for use as taxicabs, which will be available at [www.philapark.org/tld](http://www.philapark.org/tld).***

We note that the Authority has not provided an initial list of approved vehicles as part of its filing. No one can know what vehicles will or will not be allowed to provide taxi service. We have nothing to compare to the existing fleet and whether certain vehicles already providing service would be forced out of service.

The proposed regulations also do not provide an open and challengeable system for amending the list. It appears that the Authority may unilaterally add or delete a make or model from the list. How can a vehicle owner ask for a waiver, other than for an antique vehicle (a provision that we suggest be eliminated). We appreciate the guidance that a thoughtful list provides, but effective regulation requires that there be a reasonable process to amend the list.

### **3. Hybrid/Green Vehicles (§1017.1(b))**

We strongly support the use of more environmentally friendly vehicles for the provision of taxi service. We, however, find the proposed regulations inadequate to achieve this goal. The proposed regulations define a hybrid vehicle as:

***§1017.1(b) Hybrid vehicle—Any motor vehicle that allows power to be delivered to the drive wheels by a non-gasoline energy sources, but which also incorporates the use of a gasoline combustion engine and which meets the applicable Federal motor vehicle safety standards. The primary source of power for the motor must be the non-gasoline energy source.***

This definition is both inadequate and unclear. How much ethanol must be included in a gasoline mix and how would that be enforced? Does a diesel vehicle qualify? Does a compressed natural vehicle that uses no gasoline qualify? Does an all-electric vehicle qualify? How does PPA enforce that the primary source of an electric hybrid vehicle is electricity and not gasoline, which is generally not the case? Why is there not a provision for high mileage gasoline powered vehicles? We recommend that Authority, working with stakeholders and environmental advisors, rewrite this definition with the intent of reducing the carbon footprint and dependence on foreign oil of the taxi industry.

The only incentives provided to cab owners and drivers (note that cab drivers are responsible for purchasing fuel for the vehicle) are:

***§1017.3 (c) Wheelchair accessible taxicabs and hybrid vehicles.***

***(1) A taxicab that is wheelchair accessible or a hybrid vehicle, or both, that is eight years old or older is not eligible for inspection as provided in §1017.31 (relating to bi-annual inspections by the Authority) and must be removed from taxicab service prior to the date of the next scheduled bi-annual inspection.***

***(2) A taxicab that is wheelchair accessible or a hybrid vehicle, or both, may not be introduced for service as a taxicab, or reenter service after having been removed from taxicab service by the certificate holder, if it is three years old or older.***

***(a) Mileage at vehicle introduction. A vehicle may not be first introduced for taxicab service with a cumulative mileage registered on the odometer as follows:***

***(1) For a taxicab, 15,000 miles or more.***

*(2) For a taxicab that is wheelchair accessible or a hybrid vehicle, or both, 35,000 miles or more.*

*(b) Maximum mileage, A taxicab is not eligible for inspection as provided in §1017.31 (relating to bi-annual inspections by the Authority) and must be removed from taxicab service prior to the date of the next scheduled inspection when the cumulative mileage registered on the odometer is as follows:*

*(1) For a taxicab, 200,000 miles or more.*

*(2) For a taxicab that is a wheelchair accessible or a hybrid vehicle, or both, 300,000 miles or more.*

These incentives are inadequate to encourage a green and energy-independent cab industry, and probably will collapse, given the illegal nature of the age limit for general taxicabs of less than eight years. We suggest that the Authority consider the following incentives.

- No mileage restrictions on green vehicles
- Priority in cab lines over traditional vehicles
- Waiver from the 28 inch leg room requirement and trunk space requirements (§1017.5(b)(21)).
- Waiver from the advertising ban (§1017.5(e))
- Reduced fees to the Authority
- Ability to post on outside that this is a green vehicle (this requires a change to §1017.12)

The incentives listed above are not sufficient to jump start investments in green vehicles. We, therefore, recommend that the PPA seek legislative approval to issue fifty additional medallions via an auction process, with the stipulation that these medallions may be attached only to a green vehicle. We believe that these fifty vehicles will demonstrate to the industry the business benefits of green vehicles and create an environment for others to follow. In addition, the revenue created from the sale of 50 medallions, projected to exceed \$15 million, can be used for other policy initiatives to improve taxi service.

#### **4. Wheelchair Accessible Vehicles (WAV)**

We support the goal of providing wheelchair accessible cabs. In 2005, the Legislature passed an act that included incentives and mandates for fifty wheelchair accessible cabs in Philadelphia. Governor Rendell vetoed the bill for reasons not associated with the accessible taxi service. The Authority has reached out to the industry to place accessible cabs into service without success.

As with hybrid cabs (see above), the proposed regulations offer few incentives to provide this necessary service. We therefore recommend that the Authority adopt

regulations that encourage accessible cabs including, in part:

- No mileage restrictions on accessible vehicles
- Priority in cab lines over non-accessible vehicles
- Waiver from the advertising ban (§1017.5(e))
- Reduced fees to the Authority
- Ability to post on outside that this is an accessible cab (this requires a change to §1017.12)

To ensure that customers needing this service can order a cab, the Authority's regulations should require that WAVs belong to a dispatch association with at least ten WAVs and that these dispatchers be so certified as WAV dispatchers.

We also recommend that the Authority request the legislature to increase the number of medallions by 50 (the same number in the 2005 legislation) to 80 (5% of the existing fleet equivalent to ADA standards in housing), requiring that each of these newly auctioned medallions be attached to an accessible vehicle and give priority to calls for accessible service. In addition, the revenue created from the sale of 50 to 80 medallions, projected to exceed \$15 to \$24 million, can be used for other policy initiatives to improve taxi service.

## **B. Drivers (§1021)**

Quality taxi drivers are a key component to quality taxi service and a viable taxi industry. Our operation includes a large training room devoted to providing extra training and meetings with our drivers. We believe that this facility is the only one of its kind in the City.

### **1. Number of drivers (§1021.3.)**

*§1021.3. Maximum number of taxicab driver's certificates.*

*(a) Maximum number established. Except as provided in section (c) or when necessary in the public interest, the Authority will issue no more than 3,000 taxicab driver's certificates.*

*(b) Taxicab driver certification suspended.*

*(1) The Authority will not issue new taxicab driver's certificates, except as provided in paragraph (2).*

*(2) Upon the conclusion of the driver designation period as provided in subsection (c), the Authority will accept applications for new taxicab driver's certificates as provided in §1021.5 (relating to standards for obtaining a taxicab driver's certificate) only when the number of taxicab drivers is below 3,000.*

This newly proposed regulation comes from nowhere, and without any discussion or supporting analysis. Where did 3,000 drivers come from? The PUC never limited the number of certified taxi drivers in Philadelphia when it was the regulatory agency and does not limit the number of drivers anywhere else in the Commonwealth. We question whether it is within the Authority's authority to restrict otherwise eligible people from seeking work as cab drivers (we respectfully request a legal analysis on this issue from the PPA and IRRC). Even if legal, is it in public interest to bar unemployed and underemployed people from joining this industry, especially when the economy flirts with double-digit unemployment?

We are told that there are typically in excess of 4,500 certified drivers by the PPA. Are 3,000 drivers adequate to provide quality service 24/7 throughout the City? We have done a quick analysis. The PPA is setting a maximum number of drivers, many who might not be available for a particular shift. The following analysis gives an idea what might be appropriate. Using 12-hour shifts, a single cab requires two drivers to provide weekday service and another two drivers for the weekend to provide 24/7 coverage – and this is assuming no vacations, holidays or sick days. There are 1,600 medallion cabs in Philadelphia (possibly more if others are added to meet the accessible cab needs). We estimate that there are approximately 200 partial rights cabs or 1,800 cabs in total. At four drivers per cab, 7,200 drivers would be needed. Three thousand drivers are less than two drivers per cab – not four. Even if the PPA expects each cab to operate only half of the time on average, two drivers are needed per cab or 3,600 drivers. Proponents of this cap might point out that about 450 of today's cabs are owner operated and therefore use only one driver (this reduces the maximum number of drivers needed to  $1,350 \times 4$  plus 450 or 5,850 drivers). But there is no prohibition from an owner operator leasing his vehicle. Sometimes owner operators are teams with two drivers owning and driving the cab

If an independent legal assessment finds that the PPA has the right to deny people the right to work, we request that the PPA develop an analysis about drivers.

- How many certified drivers exist (monthly average for each of the past 36 months)?
- How many were active?
- How frequently does a driver hit his/her maximum allowable hours under the current regulations?
- What is the distribution of hours worked by drivers and the distribution of revenue for each of the past thirty-six months?
- How many days per year (for each of the past three years) does the average driver work and what is the distribution?
- How many new applications to be drivers and certifications of drivers has PPA received each month of the past thirty-six months?
- How will PPA's proposed regulation (Section 1011.3) that a driver's certificate is not cancelled until it is expired for a year fit into the cap for new drivers?
- How does the PPA plan to attract new drivers to guarantee service to the

- public with driver training and certification generally closed?
- How will the PPA extract inactive drivers from the workforce of allowed drivers?
- Will more service and drivers be needed after the Barnes Museum opens or in response to the expanded convention center or airport or to the economic recovery?

The answers to the above questions will contribute towards understanding how many drivers the region needs and what type of ongoing process to attract drivers as needed. Given our experience in the taxicab industry and the possibility that a cap is illegal, we say let the marketplace determine the number of drivers.

## 2. Limit Entry (§1021.4 (a) (6), §1021.5(b) (6) and (8))

We concur that drivers must meet certain reasonable requirements to protect the public such as criminal and driver record checks. However, the proposed regulations impose restrictions to employment that unduly restrict a person's ability to drive a cab and might be illegal such as:

***§1021.4 (a) (6) The applicant does not have a driving history in the United States of America of at least one continuous year prior to the date of application.***

***§1021.5(b) (6) A certified copy of the applicant's criminal history report for each jurisdiction other than Pennsylvania in which the applicant resided during the five years immediately preceding the filing of the application. Each criminal history record shall be certified within 30 days of the filing of the application.***

***(8) A certified copy of the driver history report from each jurisdiction, other than Pennsylvania, in which the applicant was licensed during the five years immediately preceding the filing of the application. Each driver history report shall be certified within 30 days of the filing of the application.***

These regulations seem unnecessary given that the driver must prove his knowledge of the City and ability to speak and understand English. 1021.4 (a)(6) would prohibit a person who had driven a cab in Toronto, Canada for decades from moving to Philadelphia and getting a Pennsylvania driver's license and applying for a taxi driver's license for on year. If the Commonwealth says the person is fit to drive, why should the PPA impose a waiting period?

There also needs to be a simpler way of new resident to show his fitness to drive a cab than in producing the five-years of information from multiple jurisdictions. This seems particularly onerous to immigrants who might not be able to obtain such information from their previous country. Try to get a driver's record from Kazakhstan. If these people are in the country legally (probably an indication that they do not have a recent criminal record) and legally allowed to work and can pass the taxi driver's test, why should the PPA bar them from making a living?

### **3. Minimum Hours Driven (§1021.12 (b))**

The PPA's proposed regulations include a new item:

***§1021.12 (b): Each taxicab driver must provide a weekly average of at least 24 hours of taxicab service for each year the taxicab driver's certificate is issued and a minimum aggregate number of 1,248 hours of taxicab service each year.***

There never has previously been any minimum driving requirement for any taxi driver in the Commonwealth. Many drivers drive part time. Some are students. Others are police or firefighters. The equivalent of three full days a week might be onerous for someone driving as a secondary activity. The only reason we can fathom for this out-of-the-blue requirement is to make sure that there are enough drivers given the proposed cap of 3,000 drivers. No justification is provided. We request that you provide information on the distribution of hours worked and the statistical correlation between hours driven and service complaints and violations. Please make sure to adjust your statistical analysis for experience, as a very experienced driver might be an excellent driver even if he/she is only driving one shift a week.

Note that if all 3,000 drivers only drove 24 hours a week, then there would not be enough drivers to keep each cab on the street 25% of the day. This quick analysis shows how the regulation imposing a cap on the number of drivers and the minimum hours driven requirement falls woefully short of providing service to the public

The current regulations include a maximum number of hours of 14 hours per day and 84 hours per week. We understand these restrictions from a safety and quality of service perspective. Why would the PPA eliminate a safety-oriented regulation and seemingly replace it with a regulation that has no justification?

### **3. Benefits (1017.63(c))**

The proposed regulations state:

***1017.63(c) Upon investigation, the Authority may establish, by order, prevailing employee benefits for taxicab drivers, in addition to a minimum wage.***

We understand that the underlying statute provides PPA with the authority to establish a minimum wage or maximum lease for medallion cab service. We further note that as all taxi drivers are independent contractors that the minimum wage provision, applicable to employees, would not be applicable. This language does not include benefits and as such, the Authority has no such power.

Beyond being illegal, we have no idea upon whom the Authority would impose prevailing employee benefits for these independent contractors. What does establish benefits mean? Would the Authority make benefits available to drivers? Would owner operators have to buy benefits for themselves? What might these benefits include (health, life, long-term disability, dental, tuition, paid vacation, pensions)? Who pays for



these benefits? If the Authority had the power to establish benefits, given all the issues raised here, it should be by regulation and not by order. An issue as important as this issue cannot be mandated by an administrative order and requires the type of review that the IRRC process provides. For all the above reasons, this clause must be deleted from any final set of regulations.

We would be happy to work with the PPA on identifying group insurance or potential insurance options such as those used by the trucking industry that drivers could purchase.

#### **4. Taxicab Drivers are Independent Contractors (§1021.1(b))**

The proposed regulations need to reinforce the idea that taxicab drivers are independent contractors not employees. The regulations imposed on drivers ranging from not being allowed to reject a fare to dress code are all there because of the concern that if medallion owners or dispatchers were to impose similar requirements that these independent contractors who work when and where they want might become employees. Because of the independent relationship between medallion owners or dispatchers and drivers, the regulations regarding minimum wages are not applicable. Leases that make violations within the driver's control the driver's responsibility whether it is dirty cab when the vehicle is part of the lease or a dented fender when the driver provides the vehicle are all consistent with this independent contractor relationship. The Authority says at §1021.1(b) that a certificate holder may use more stringent standards in selecting a driver. If this is to occur, the Authority must create a process where the Authority approves of that new requirement (e.g., wearing bow ties or opening passenger doors or getting additional training) as a PPA approved enhancement to service and in the public interest to retain the independent contractor relationship.

Cab drivers have not been employees in Philadelphia for decades. This has been the case in other metropolitan areas as well. We, however, recognize the importance of professional and fairly compensated drivers and will work with PPA on developing regulations and programs that are fair to drivers, riders and certificate holders.

#### **C. Insurance (§1025.3(b))**

Insurance of taxicabs has been a major issue for decades in Philadelphia. In the 1980s, the lack of affordable insurance caused the industry in concert with the PUC to create the Philadelphia Area Taxicab Self-Insurance Program. This program collapsed and almost destroyed the taxi industry in Philadelphia. In 2003, the PPA held an insurance roundtable but without any resolution. For the past several years, insurance premiums for taxicabs have been relatively stable but expensive (about \$4,000 per cab). The PPA is now proposing major changes to the required coverage. We have discussed the proposed regulations with two of the insurance providers serving this market and provide the following comments. Based upon these comments, we recommend that no change be made to the existing regulations regarding insurance without a careful analysis of the issues and costs surrounding insurance requirements.

### **1. Increase in Liability Limits**

Liability covers claims against a taxi for its actions where it is at fault (e.g., a taxi driver causes a traffic accident). The PPA proposes to increase the liability insurance requirements from 15,000/30,000 to 20,000/40,000. Of all the proposed changes, this is the one that is probably the most affordable and provides the largest benefit to the riding public. We would be willing to discuss this further and explore the potential change in premium. Please also refer to the discussion about the effect car loans are likely to have on liability coverage requirements.

### **2. Increase in First Party Benefits (aka as PIP and Wage Loss)**

These benefits cover a driver's or a passenger's medical bills regardless of fault or other coverage and driver's wage loss. The intent is to provide injured parties with funds without the need to determine fault or liability. The proposal requires \$25,000/\$25,000 in PIP and wage loss, an increase from \$5,000/\$0, and would lead to large premium increases. Typically, other states do not require public livery vehicles to carry "PIP" or wage loss protection. This no fault type coverage was originally introduced in the 1970s as an alternative for private passenger accident victims to be reimbursed for medical and wage relief without the burden of proof of negligence or court ordered remedies. It is a very bad fit for public livery vehicles that are in the business of transporting passengers. The coverage was not designed to provide automatic coverage for the riding public. Pennsylvania auto insurance regulations mandate that public livery vehicles carry \$5,000 of PIP. We feel this is completely adequate, as an injured party still maintains a right of action against the tortfeasor for negligence.

One of the insurance companies we spoke with estimated that the proposed increase to the First Party Benefits limits will have the most impact in future claims. At the present time, as much as half on the claims being closed with payment are First Party Benefit claims. A large percentage of those claims closed are for the \$5,000 Limit for that coverage. If that \$5,000 limit is increased to \$25,000, it is reasonable to expect that a significant percentage of future First Party Benefit claims will also be for the policy limit. Based upon the above assumptions, they estimate that the initial rate increase could be as high as 200% to 300% of the current rates being charged. In other words, a taxi currently paying a \$4,000 annual premium could expect their annual premium to increase to between \$8,000 and \$12,000.

Note that the one of the insurers mentioned that Philadelphia taxi auto claims are ranked second behind Los Angeles for fraudulent medical claims. Until we get a handle on fraudulent claims in the region, increasing the First Party Limits is not prudent.

### **3. Other Pressing Insurance Problems**

Approximately 96% of the medallions are insured by carriers whom do not offer the protection of the Pennsylvania Guaranty Fund, in the event that the insurer fails. This represents a bigger risk to the riding public than any lower limits. Unfortunately, due to the high-risk nature of insuring taxicabs, the insurance is largely available only from high-risk insurers that do not participate in the fund. However, an alternative way of

providing an extra layer of protection would be to require a minimum financial rating as established by a nationally recognized insurer rating organization. The nationally used rating organization, A. M. Best, publishes independent financial letter ratings of all insurers. Various transit agencies such as, New York Transit Authority, require this of insurers. This method is nondiscriminatory and does not interfere with the insurer regulation provided by the Pennsylvania Insurance Department. Below is an example of a proposed regulation.

*All carriers must present evidence of insurance with an insurer carrying a current AM Best rating of B+ or higher. Should a carrier not possess a B+ or better rating, its reinsurer rating of B+ or better will suffice. The insurer must submit evidence that the B+ or better reinsurer is currently providing more than 50% of all first dollar claims.*

**D. Respecting Contracts and Providing Operational Flexibility  
(§1017.62)<sup>3</sup>**

Section 1017.62 deals with taxicab leases. Our largest disagreement is with subsection (c)(9) that prohibits the assignment of certain obligations placed on the certificate holder to the driver.

We know that the PPA knows how taxi service is actually delivered and the varied relationships between drivers and medallion owners. Some medallion owners are also drivers (owner/operator). Sometimes these cabs have only the single driver; sometimes multiple owner/operators (e.g., brothers that jointly own a medallion or might lease the cab out when not driving the vehicle personally). There are daily leases, shift leases and weekly leases. In many case, the lease-driver has purchased the vehicle and leases the medallion and its associated services. For insurance reasons these driver-owned-vehicle situations require that the title be transferred to the medallion owner. Sometimes the medallion owner is an active manager and other times the medallion owner might be located outside of the region, contractually assigning responsibilities for that medallion to the driver or an operator. These numerous types of relationships are unique to Philadelphia in Pennsylvania, in part because of the medallion system that causes the decentralized ownership structure of taxi medallions and businesses. The PPA's regulations need to respect this myriad of contractual relationships. The proposed regulations rather than fixing existing problems, chose to ignore contracts and impose requirements that disallow operating practices that promote quality service.

There is no player more important to quality cab service than the driver. It is our experience that when the driver provides his/her own vehicle and is responsible for the maintenance of the vehicle he/she drives, vehicle quality increases. Ultimately the

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<sup>3</sup> The proposed regulations omit the function of operator or lease manager. This function is critical to the City's taxicab operations.

medallion holder is responsible for violations other than those associated with the driver's or dispatcher's behavior or parking tickets which can be tracked by driver, but the public is better served when the PPA allows contracts that allows a medallion owner to have a contract with a de facto DOV that makes the driver responsible for vehicle related violations. Ideally, the regulations should allow the owner and medallion holder to register this relationship with the PPA so that the violation is imposed on the entity directly responsible for the vehicle. Further, issues such as a dirty cab should be driver and not vehicle violations. In New York, drivers carry a "rate card" that shows who is responsible for the vehicle.

The failure of these proposed regulations are too many enumerate. No DOVs or de facto DOVs. No contracts that allow medallion holders and drivers to agree who is responsible for the vehicle and its violations. We realize that contracts are complicated and that the PPA might be concerned that medallion owners might impose contracts on drivers that are unfair and unreasonable. We welcome the opportunity to draft a set of standard contracts or to establish a contract review process as a protection for drivers, while recognizing the multiple business situations that exist between drivers and medallion owners.

We commend the PPA for recognizing that drivers not medallion owners are responsible for parking tickets. We believe that the above recommendations are consistent with that type of enforcement sensibility, and offer our assistance in reworking the proposed regulations so that they reflect the varied ways in which drivers and medallion owners must conduct business.

#### **E. Dispatch**

##### **1. Radio (§1017.5(b)(3)) and §1019.8(a) (1)**

In June 2007, the PPA approved PHL taxis waiver from voice communications through a two-way radio. PPA has extended this waiver, numerous times and the waiver is still in effect (sample Copies attached). The proposed regulations ignore this success story of the mobile data terminals and how they coupled with infrequent cell phone usage is a superior solution to the 1950s radio technology. Radios are more dangerous to use when driving and create a noisy and unpleasant environment for passengers.

We recommend that you amend the two cited sections from your proposed regulations, adding language that allows a dispatcher to use either a two-way radio or another communication system that provides similar functionality as approved by PPA. This is consistent with the waiver that PHL Taxi has been operating under successfully for several years.

##### **2. Yellow Pages (§1019.8(a)(6))**

The proposed regulations require that every dispatcher have a display ad in the Yellow Pages. This is an antiquated form of advertising. We agree that dispatchers need to have a public presence if the public is to find them. We suggest that dispatchers be

given the choice of having a display ad in the Yellow Pages or on having a website. If the dispatcher chooses to use a website, the web page must provide the phone number and the ability to make a reservation on-line.

### **3. Scheduled Service (§1011.20)**

Section 1011.20 states:

*When offering nonexclusive taxicab service, owners and drivers of vehicles shall be prohibited from permitting or causing the taxicab to be operated on a fixed time schedule over a route of a scheduled route carrier or a public transit system so as to pass specific points in a regular manner, at regular intervals, for the purpose of picking up passengers unless that route is not then in operation. The purpose of this paragraph is to prohibit taxicab operations from interfering with scheduled service.*

Sometimes cabs are used by school districts, private schools or parents to transport students to and from school on a scheduled and non-exclusive basis. Is this prohibited by this section? What if a business or its employees have arranged to transport two employees in a shared cab to different locations every Wednesday night at 8:00 p.m.? Is this prohibited by this section? What if two passengers regularly arrive at a train station every Tuesday night at 10:00p.m.? Can they place a standing order for shared cab? In short, there are too many questions and not enough clarity in the proposed language.

### **4. Each Dispatcher May Use Only a Single Name (§1019.7(d))**

We do not disagree with the provision at §1019.7(d) that limits each dispatcher to the use of a single name and set of markings. We note that there might be transitional issues where dispatchers merge where there needs to be a temporary waiver.

### **5. Dispatch Equipment §1019.8(a)(8)**

The proposed regulations state that a dispatcher must:

*§1019.8 (a)(8) Operate and maintain a taxicab meter system approved by the Authority as provided in §1017.23 (relating to approved meters), including computer hardware and software, means of communication between the dispatcher and each taxicab meter and the Authority.*

In 2006, the PPA had every taxicab and dispatcher install a single set of equipment that provides for GPS coordinated dispatch, two way communications, credit card processing, tamper resistant meters, driver log-in and driver panic alerts. The PPA should be commended for this effort. As the initial equipment ages, these regulations need to provide dispatchers with the ability to install replacement equipment that meets the same functionalities. Dispatchers should be welcomed to continue using the PPA's default vendor, but a process is needed to request using other vendors' equipment and software. Such approval should be fairly automatic based upon the requirements

established by regulation by PPA.

## **F. Costs**

### **1. No fine schedule**

We note that these regulations include no fine schedule or insight into how fines are established. Possibly the greatest grievance certain members have had with the PPA's regulatory regime is how much higher its fines are than the PUC's fines for similar violations. We do not oppose stern fines but do oppose allowing the PPA to set fines without public review such as provided through the regulatory process. Also, with stern fines, there needs to be a curative period that exists in the current regulations but was omitted from the proposed regulations.

### **2. Cost of Inspections**

The proposed and existing regulations require that the PPA provide taxicabs with their State inspections. The regulations must further state that these inspections must be provided at or below the prevailing rate for State inspections.

### **3. Business Privilege License (§1011.7 (d))**

We believe that as state regulated industry, licensed thorough the PPA, that medallion cabs and other certificate holders do not require an additional City license to do business in the City as required by §1011.7 (d) of the proposed regulations.

## **G. Operations**

### **1. Attending Inspections (§1017.41)**

The proposed regulations at §1017.41 require that the certificate holder (i.e., in the case of Medallion cabs the medallion owner) be present at vehicle inspections or send his attorney-in-fact. We note that in cases where the driver is providing the vehicle and not the certificate holder, as discussed elsewhere in these comments, that the driver (vehicle provider) should attend in lieu of the certificate holder. Further, we suggest that the option of "attorney-in-fact" attending for the certificate holder be replaced by any duly authorized representative.

### **2. Impoundment of Vehicles and Equipment (§1017.52)**

Impoundment of vehicles must not violate basic rights of innocent until proven guilty or penalize medallion owners for the violations that are the responsibility of the driver.

### **3. Removal of Medallions (§1013.3)**

Why at §1013.3 must an owner deliver a medallion it has removed from a cab to the PPA in two days but a lender in five days? This is an example of internal

inconsistencies within the proposed regulations that require scrutiny by all stakeholders and the PPA.

#### **4. Key Employees**

Throughout the proposed regulations talk about key employees (department heads with discretion) meeting the same or similar standards to certificate holders. We have no problem with this standard (noting that we have no department heads), as we concur with the intent of keeping disreputable people out of the industry. We are concerned that the PPA has functionally limited us from having people who are not key employees do simple administrative functions such as attend a vehicle inspection or deliver a payment on behalf of a certificate holder. The regulations must allow people other than key employees perform these basic duties.

#### **5. Daily Inspections ((§1017.5(f) and (§1017.26))**

The proposed regulations require that the certificate holder inspect each taxicab (§1017.5(f) and meter (§1017.26) daily. These regulations totally disregard reality where medallions are leased weekly to drivers and/or drivers providing their own vehicles. They also are antiquated as the certificate holder's compensation is not tied to the meter and meters and trips can be monitored remotely. What is needed, is a set of regulations that make certificate holders or their operators responsible for vehicles, except when the vehicle is provided by the driver.

#### **6. Waivers §1011.3(a)(4)**

The proposed regulations states:

***§1011.3(a)(4) All other rights, including waivers issued as provided in §1005.18 (relating to petitions for issuance, amendment, repeal, or waiver of Authority regulations), will expire one year from the date of issuance or as otherwise provided by order at the time of issuance.***

We currently operate under a waiver that allows waives the requirement for a two-way radio for our dispatch company. We have been operating without radios successfully for years using the GPS enabled dispatch equipment provide by the PPA. Although the PPA might have reason to cancel the waivers, it has granted to neighborhood limousine services and partial rights cab operators, we see no reason for these regulations to eliminate all waivers.

#### **7. Triplicates versus Electronic Filings §1027.6(a)(1)**

The proposed regulations require the filing of an original and two copies when transferring a medallion. These documents of often in excess of fifty pages. If the PPA is addressing administrative rules in these regulations, they should eliminate paper filings all together and require electronic filings.

## **8. Assessment Payments (§1011.4(d))**

Section 1011.4(d) permits the Director to schedule appointments assessment payments and even imposes a rescheduling fee. This is not in keeping with current practice where the PPA issues an assessment notice along with a notice of any other outstanding payments and the certificate holder must pay the assessment. If the PPA has a need to meet with certain people at the time assessment payments are do, this section should spell out those conditions. This is an example of abuse on industry time and operations that occurs throughout these proposed regulations.

## **9. Interruption of Service Notice (§1011.13)**

***§1011.13. Interruptions of service. (a) An interruption of service by a common carrier for more than 48 hours shall be reported to the Director in writing within 72 hours of the beginning of the service interruption. The written statement must include the cause of interruption and its probable duration.***

This requirement should not apply to Medallion cabs. A driver of a cab that is leased exclusively to that driver for a month or a week or longer might be out of service do to illness or other personal needs. The PPA is able to track the level of activity of each cab, in almost real time and create reports about inactivity. We suggest that if the PPA identifies inactivity associated with a particular cab, that the PPA contact the medallion owner and dispatcher and request an explanation.

## **10. Accidents (1017.37)**

This section proposes numerous instances where an accident would force a cab out of service and require inspection before returning to service. These rules are too stringent. For example, they apply when the damage is in excess of \$500 – the cost of a fender bender. Re-inspections should be limited to when there is structural damage to the vehicle.

## **11. 5% Limit on Voluntary Suspensions §1011.14(e)**

This section of the proposed regulations state:

***(e) The Authority will not grant an application for voluntary suspension if the approval will result in a reduction of five percent or more of the aggregate number of authorized medallion taxicabs in Philadelphia.***

This arbitrary restriction sets up a first come-first serve protocol. If, for example, insurance was not available or there was a massive recalls on Crown Victoria's, this 5% rule would be inappropriate. In any case, why should voluntary suspensions be restricted at 5% or any particular number? If suspensions were occurring because of lack of business, why would any limit be reasonable? We recognize that certificates and medallions are issued to serve and would accept regulations that reasonably enforce



service requirements.

## **12. Maps (§1917.5(b)(22))**

§1917.5(b)(22) requires that each taxicab have a commercially produced map. This provision seems antiquated given that every taxicab is required to have a GPS system.

## **H. Parity between Different Ground Transportation Services**

We are pleased to see that the proposed regulations recognize the need to create a level playing field among transportation service providers in Philadelphia. Medallions are expensive and cannot have their business eroded by partial right cabs. The cap on the number of partial rights cabs is reasonable, but must also be allowed to shrink when Partial Rights cabs diminish their fleets without rebounding. Partial rights taxi operators must be held responsible for their cabs that provide service outside of their service area.

We are also pleased to see that limousines may not use meters, must charge by the hour with the lowest increment being a half hour. These regulations should explicitly state that limousine rates cannot be designed to compete with taxi rates. We find it curious that taxis need to be inspected twice a year and limousines only get at most one-quarter of their fleet inspected once a year. Why should limos be allowed to be eight years old and drive 350,000 miles while much stricter limits are imposed on cabs?

## **I. Miscellaneous Issues**

### **1. Language**

We found a lack of precision in language throughout these proposed regulations. Terms like “the owner of certificate of public convenience” e.g., Section 1011.2 Dispatcher) and referring to buying of certificates (section 1011.5(b)(2) causes us concern. It is our understanding that there is no property right associated with a certificate of public convenience. There might be value in a business that holds such a certificate. A dispatcher might be able to sell its business, subject to the buyer being qualified by the PPA to hold a dispatcher’s certificate. Medallions, on the other hand, are personnel property. It is the medallion and not the certificate of public convenience that is bought and sold. Buyers and lenders depend on the precision of language in the transaction of medallions. These numerous errors need to be corrected if there is to be order in the medallion market and other areas.

### **2. Advertising (§1017.5(e))**

Section 1017.5(e) bans advertising, except for rooftop. This is an unreasonable restriction. Taxicabs should be able to supplement income with internal and external advertising, as long as it meets some reasonable requirements. External advertising should be permitted as long as it does not unreasonably distract from the postings and markings on the cab. A dispatcher, for example, might pattern its entire color scheme and markings around the needs of a sponsor or the trunk and hood could contain

advertisement without disturbing any of the PPA's marking requirements. Internally, if someone had the ability to transmit messages via the MDT, it should be allowed. Postings that did not impair safe operation of the cab or quality of service (audio that could not be turned off by the passenger or at the passenger's request) should be allowed. Green vehicle markings should be encouraged. In short, the section on advertising should be written to allow it, subject to the PPA's approval, which should not be unreasonably denied.

### **3. Corporate Names on Fenders (§1017.12(a)(2))**

The proposed regulations require that the taxis be marked with the corporate name in five-inch letters on the front fenders. This is the same size as the "P" number, the instantly recognized identifier of each cab. Over 700 corporations own medallions in Philadelphia. What benefit is there in putting their names on the car? This used to be the rule under the PUC, but the PPA abolished this requirement in 2005. The corporate information is easily available from the PPA. What has occurred for the PPA to backtrack and re-impose this requirement?

### **4. Failure to Submit to Field Inspection (§1017.35)**

***§1017.35. Failure to submit to field inspection.***

***(a) Upon instruction by an Inspector, a taxicab driver must stop the taxicab and permit the Inspector to conduct a field inspection of the taxicab.***

***(b) If a taxicab driver fails to permit a full field inspection, the taxicab will be placed out of service immediately, as provided in § 1003.12 (relating to out of service designation).***

***(c) A person determined to have refused the direction of an Inspector to submit a taxicab to a field inspection will be subject to a \$1,000 fine and a cancellation of rights issued by the Authority or both.***

This section must be revised so that the vehicles are just put out of service and not impounded for this offence. Further, the rights being cancelled should be limited to the driver's certificate unless the driver is an owner operator.

### **5. Rates Posting (§1017.5(b)(6))**

The proposed regulations state that:

***§1017.5(b)(6) A taxicab must display the Authority's uniform taxicab rates proscribed pursuant to Chapter 1023 (relating to taxicab rates).***

Is this the same requirement shown below or is there also supposed to be a new external marking that includes rates.

***§1017.5(b) (24) In addition to other postings required by this subpart, a taxicab must have posted in the passenger compartment in a place easily observed by passengers, the following information:***

***(ii) The rates for service, in a format prescribed by the Authority.***

**6. Innocent until Proven Guilty (§1011.5)**

We strongly support efforts to keep criminals out of the taxicab industry. Section 1011.5 (particularly subsection d), allows the PPA to suspend the rights of individual arrested, pending the conclusion of the criminal proceedings. Many in the tax industry have come to the United States because a person is innocent until proven guilty. This section takes away a person's livelihood before proven guilty.

**7. Death or Incapacitation of Certificate Holder (Section 1011.15)**

This section must make it clear that Medallions are assignable by a will or other succession of personnel property. There needs to be a period under which a business or medallion owner can have the underlying certificate transferred as he or his will directs. This section requires input from stakeholders to ensure orderly continuation of business and the ability to finance of medallions.

**8. Number of Partial Rights Taxicabs (§1015.3(d))**

We applaud the PPA for setting a cap on the number of Partial Rights cabs that can be placed in service (§1015.3(d)). We question whether the maximum should be the number certified as of November 1, 2020. What is this number? Has it been stable for the past several years? We believe that the maximum number should be reviewed on an ongoing basis using the following language.

***A Partial Rights certificate holder may place a maximum number of taxicabs into service of the number it had certified by the PPA on November 1, 2010 or the number for which it pays an assessment in any subsequent years, whichever is less.***

#### **IV. Comments on Procedural Sections of Proposed Regulations**

Our focus was on the taxicab section of the proposed regulations. The dozens of pages on processes deserve attention. The taxi industry is a highly fragmented compilation of customers, drivers, medallion owners, dispatchers, lenders, insurers, brokers and operators. The PPA's processes must be accessible to all and allow for the informality that such a configuration requires. The very length of these procedural regulations are daunting. What is needed is a set of regulations that allow these entities to represent themselves or by their delegates (not necessarily lawyers) and is transparent, fair and nimble. These proposed regulations need to be viewed with these goals in mind.

##### **A. Sessions of the Authority (§1001.9)**

Section 1001.9 states that schedules for public meetings of the authority can be obtained from the General Counsel. We do not find this to be sufficient. We request that Authority meetings dealing with taxicab and limousine issues be: advertised in general newspapers and posted on the website at least one week in advance, have agendas published on the website at least two business days in advance of any meeting, and have email announcements sent with the agenda and notice of the meeting at least two business days in advance of any such public meeting.

##### **B. Posting of Orders**

The regulatory decisions of the PPA need to be available and transparent. We recommend that all orders, petitions, decisions and orders be posted on the PPA's website and that email notification be available whenever there is new information posted. We further recommend that the PPA be required to compile and maintain an easily electronically searchable compendium of all actions relating to the taxicab and limousine industry that is available on its website to the public without charge.

##### **C. Rulemaking Proceedings (§1011.112)**

The rulemaking process set for at §1001.112 and which seems to replace a much more open and comprehensive process in the existing regulations, is wholly inadequate and not in the spirit of IRRC oversight. There is no clarity when an action is a "rulemaking" versus a "regulation", both undefined terms in these proposed regulations. As stated below, we recommend that the old section be revised to include the IRRC process.

##### **D. Electronic Filing**

Certificate holders and other parties should be allowed to make filings to the PPA electronically without any paper filing and to serve all other parties of records in a proceeding electronically.

### **E. Electronic Payments**

The PPA requires that taxicab drivers accept credit cards. The PPA should permit all fines and fees to be paid by credit or debit card or by electronic transfer, either in person or online.

## **V. Comments on Deletions from Existing Regulations**

Without a comprehensive review by all stakeholders, there is no way to determine all of the good and even statutorily required items that have been omitted from these proposed regulations that are included in the existing regulations. We have highlighted a few of the deletions in the list below.

### **A. Advisory Committee**

The statute transferring regulatory authority for Philadelphia's taxicabs and limousines to the PPA requires the existence of a Taxi Advisory Committee and details its membership. The existing regulations establish this advisory group. The proposed regulations are mute on this matter.

### **B. Driver's Rights**

The existing regulations set forth a set of driver's rights that must be posted in every cab along with passenger's rights. These rights include disallowing service to disorderly, threatening or under aged passengers, requesting payment of an estimated fare in advance, asking a passenger not to eat or smoke or distract the driver, refusing to take more passengers than there are seats, refusing access to the front seat for safety purpose, refusing to transport certain animals and refusing to transport dangerous or unsanitary passengers. These important rights have been omitted from the proposed regulations. In fact, the proposed regulations make it an offence to discriminate by age (Section 1011.10) without referring to providing service to young children. Should a taxi driver be required to answer the hail of a two-year old?

### **C. Bribes**

The current regulations note that it is a criminal offence for a doorman or a dispatcher to require that a taxi driver pay that person for providing it a fair. Cab drivers should not have to pay these intermediaries for putting someone into a public conveyance. The proposed regulations are silent on this important protection to drivers and should not be lost. The existing regulations also make note the criminal nature of offering a bribe to a PPA official. This industry has had its problems in the past and we should do all we can to keep the industry clean.

#### **D. Operators/Lease Management**

The existing regulations recognize that some medallion owners are investors and have others operate their medallions. The existing regulations assure that such Operators meet the same requirements as medallion owners and hold these operators responsible for following all the same regulations such as registrations, licensing and bonding. The proposed regulations disregard this important player in the industry and create a loophole for disreputable people to provide taxicab service.

#### **E. Financial Service Providers**

The existing regulations require those who lend money using taxi medallions as collateral to meet certain requirements. The PPA should continue these or similar regulations to avoid lenders from exploiting less sophisticated small business people. The proposed regulations do retain the requirements for brokers.

#### **F. Driver Owns Vehicle (DOV)**

The existing regulations create a category for Driver Owns Vehicle (DOV). This category has not been used as expected, as insurers have required that the title of the vehicle be transferred to the medallion when the driver is providing the vehicle. Technically, therefore, the driver no longer "owns" the vehicle.

As discussed above, drivers providing vehicles frequently occurs and is good public policy. We suggest that PPA revisit this issue and (1) change the designation from driver owns vehicle to Driver Provides Vehicle (DVP) , (2) makes such drivers responsible for vehicle inspection and violations, and (3) provide a decal on all such vehicles so that the enforcement personnel will be able to identify such vehicles during an inspection.

We also require clarification about §1011.9 of the proposed regulations on whether a driver that leases a medallion and not a vehicle (driver provides the vehicle) is allowed to provide service in Philadelphia.

#### **G. Rate Reviews**

The existing regulations have a section (§34) that addresses setting of rates. This section has been purged and replaced by a few points at §1017.63. The current regulations recognize how fragmented the taxi industry is and that the PPA is the centralized warehouse for information and thus requires the PPA to initiate rate investigations at least once every four years. The PUC required taxi owners to file and the industry went ten years without a rate increase. The existing regulations require that the PPA consider the relationship between taxicab and limousine rates when setting taxicab rates. The proposed regulations do not address issues such as notice, data, surcharges or temporary rates. The PPA needs to go back to its own regulations regarding ratemaking.

## **H. Budget Process**

Act 94 and the existing regulations spell out the budgetary process for the PPA's taxi and limousine operations. This process includes review by both houses of the Legislature. This entire process is omitted from the proposed regulations, leaving us to ask whether PPA plans to follow the law before spending the Fund's money and imposing fees.

## **I. Curative Period**

The existing regulations allow a violator to correct the violation within a short period and pay an administrative fee rather than the fine. This process encourages offenders to fix a problem quickly. The goal of enforcement should be improving service not collecting fines. Any regulations should contain this type of a process, but it is omitted from the proposed version. This could possibly be because the PPA needs to administer the program differently. The violation is handed to the driver, but might cite the certificate holder. If the curative period began with notice to the violator (e.g., by email), the program would have a better chance of accomplishing its goals of encouraging violators to fix quickly the violation and therefore improve service to the public.

## **J. Adding New Medallions**

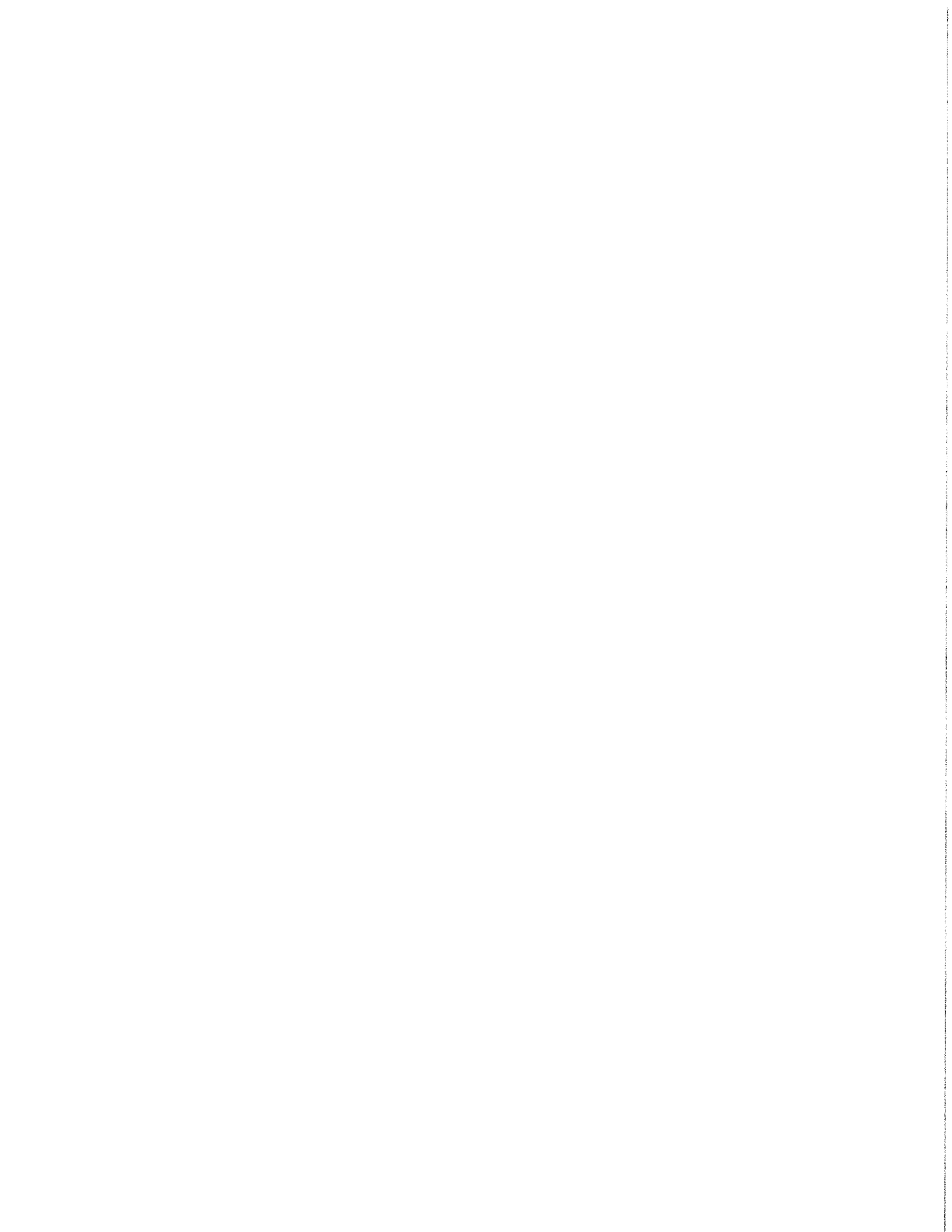
Unlike the underlying statute and the existing regulations, the proposed regulations make no mention that there is a cap of 1,600 medallions and that legislative approval is needed to pierce that cap.

## **K. Amending Regulations**

The existing regulations lay out a comprehensive process for amending the taxi and limousine regulations. The existing regulations require a comprehensive process that includes review by the Advisory Committee before being sent to the Authority's Board, public notice and, at least one public meeting and a public comment period. We recognize that such a process needs to be revised to include the IRRC process. The proposed regulations seem to try to avoid regulatory oversight by IRRC by making everything happen by fiat or administrative order.

## **L. Taxi Fund**

The enabling statute behind the medallion cab system in Philadelphia and the transfer of regulatory responsibility to the PPA establishes a First Class City Taxicab Regulatory Fund. The existing regulations at §3.j provides detailed regulations concerning the use and management of this Fund. The proposed regulations do not mention this critical resource. We ask that language similar to the language used in the existing regulations be inserted in the proposed regulations and that the PPA provides an accounting to date of the contributions to and withdrawals from the fund as part of its regulatory process. Understanding the cash on hand provides insight into what regulations might be subsidized by the fund. For example, the PPA paid





approximately \$4.5 million for the purchase and installation of the new equipment in taxicabs that makes meters tamper proof, allows for enhanced enforcement and responses to customer inquiries, provides GPS support and enhanced panic button to drivers, enables customers to use credit cards in every cab and improves dispatchers' ability to respond to customer calls for cabs.

#### **M. Appearance of Service**

The current regulations and underlining statutes make it clear that it is a crime to appear to be providing taxi service without authority in Philadelphia. This language was imperative in ridding Philadelphia of a plague of illegal and sometimes look-alike cabs. The proposed regulations omit any mention of this important enforcement and public safety issue.

#### **N. Enforcement of Credit Card Use**

The current regulations require that taxi drivers accept credit cards as a form of payment. The proposed regulations only mentions that the driver may not state a preference of cash or credit. Universal acceptance of credit cards and other noncash payments is vital to the taxi business and for quality service to the public.

#### **O. Enforcement of Dispatch**

Any regulations must make it clear that drivers are obliged to respond to dispatched requests for service as well as hails. Rejection of either is the worse offense a driver can commit. Without explicit regulations requiring drivers to respond to dispatches, dispatchers cannot ensure that these independent operators will respond to these calls for service.

#### **P. Temporary Driver's Certificates**

The existing regulations allow the PPA to issue temporary driver certificates in case of a critical shortage of drivers. If any cap to the number of drivers is imposed, then this type of a safety net is critical.

#### **Q. Political Contributions**

Section 3.0 of the existing regulations bar PPA employees from soliciting political contributions from those it regulates. We recommend that the existing language be retained in an effort to keep the regulation of taxicabs and limousines apolitical at an otherwise highly politicized agency.

## **VI. Changes are Required to Current Regulations**

The existing regulations are not perfect. There is always room for improvement. We could list many areas where the five years of experience indicate that improvement is necessary. For example, the current fine system increases with subsequent violations, but is executed by corporations and not medallion or cab. If a corporation owns ten cabs and three have a taillight problem, the fine increases each time and the third cab is put out of service based upon what happened to two other cabs. This is just not sensible.

The whole process for changing vehicles is also costly and time consuming. The goal needs to be to get the taxicab back on the street as quickly and efficiently as possible. The current and proposed regulations call for appointments to be scheduled sometimes weeks in advance in conjunction with PPA and a private entity known as Verifone for meter and equipment installation. In addition, all titles and registering of vehicles must be done in Harrisburg, over two hours away, which presents further logistical complications and added costs.

We also would hope to keep dispatchers from siphoning medallion cab business to other transportation providers, look for ways to improve the rolling stock in a cost effective manner, introduce green and wheelchair accessible vehicles, eliminate neighborhood limousines and develop incentives for superior service that do not violate the independent contractor status of the taxi driver.

These are examples of the types of changes we would hope to discuss with the PPA. Let us focus on what is not working and how to improve service without forcing rates up or drivers out of work. Let us collaborate to make Philadelphia's cab system one that meets the region's needs and is an asset to its economy.

## **VII. Comments on Regulatory Process Employed by PPA**

### **A. Wholesale Change to Existing Regulations Rather than Adopting Existing Regulations to Deal with Court's Decision**

In response to question 12 in its filing, PPA states, "The act of July 16, 2004, (P.L. 758, No. 94), *as amended*, 53 Pa.C.S. §§5701 *et seq.* (the "Act") transferred regulatory authority over Philadelphia taxicab and limousine service providers from the Pennsylvania Public Utility Commission to the Philadelphia Parking Authority. The Act permits the Authority to prescribe regulations, which it did in 2005 as a local agency. In 2009, the Pennsylvania Supreme Court overruled the Pennsylvania Commonwealth Court in the case of *Mount, et al v. Philadelphia Parking Authority*, 965 A.2d 226 (Pa. 2009), to determine that the Authority was a Commonwealth agency for purposes of judicial jurisdiction, but only when it acted in its capacity as a regulator of taxicab and limousine services in Philadelphia.

"In April 2010, in the case of *Germantown Cab Co. v. Philadelphia Parking Authority*, 993 A.2d 933 (Pa. Commw Ct. 2010) the Commonwealth Court determined that the Authority's taxicab and limousine regulations were invalid because they were not promulgated in accordance with the Commonwealth Documents Law. The *Germantown Cab Co.* case has been appealed to the Pennsylvania Supreme Court.

(*See, e.g.*, Pennsylvania Supreme Court Docket No. 213 EAL 2010.)"

Without expressing an opinion on the merits of the cases mentioned above, we concur with the PPA that submitting regulations through the IRRC process is a prudent step that would eliminate the uncertainty associated with this legal battle. We, however, contend that the PPA has used its legal setback as an excuse to submit a total rewrite of its existing regulations without stakeholder input. The taxicab industry and PPA have been working with the existing regulations for five years. People know, understand and have relied upon the current regulations. These regulations took over a year to develop with extensive input from the multiple stakeholders and with review of the PUC's regulations as well as those of several other major cities.

We suggest that if the PPA were concerned about the status of its existing regulations because of the court case, that PPA should have submitted the existing and functioning regulations without change to IRRC rather than a completely different document. With this procedural step put aside, PPA should then have based upon its five years as the industry's regulator and based upon the massive amounts of data it has collected, offered specific changes to improve the taxi service in the region. We fully support transparent efforts to improve the regulations under which we make business decisions and operate, and stand ready to participate in an open regulatory revision process. We question the wisdom of abandoning a regulatory system that has been in place for over five years with generally favorable results. This type of wholesale change,

disadvantages all stakeholders as they relearn the regulations and discover their imperfections.

**B. Wholesale Changes Rather than Focus on Partial Rights Cabs**

The plaintiff in the court case that has caused the PPA to take this action of abundant caution of filing regulations with the IRRC was Germantown Cab, a Partial Rights Cab. If filing regulations with the IRRC were precipitated by the plaintiff's victory in court, the proposed regulations should focus on Partial Rights Cabs and not a wholesale change to a generally well functioning set of regulations on Medallion cabs.

**C. The Proposed Process Follows Neither IRRC's Process or the PPA's Existing Regulations for Amending Regulations (section 3.k)**

The PPA has a regulation for amending its regulations. We, the industry, continue to operate under these regulations. We are inspected, pay fines and fees, are cited for violations, provide service, etc in accordance with the PPA's existing regulations. PPA has chosen to ignore its own regulations regarding the process to amend regulations.

**D. No "Red-lining"**

As stated above, the industry has been operating under the existing regulations for approximately five years. We acknowledge that improvements are possible to these regulations. Because of the wholesale replacement of one set of regulations with another, there was no "tracking" or "red-lining" of the changes. Stakeholders are left without any reference point to see what has changed from a set of long-operating regulations. We request that the PPA note every change in a manner that allows all involved, including IRRC, to appreciate the scope of changes PPA is proposing.

**E. No Supporting Discussion of Changes, Additions or Deletions**

The PPA has proposed sweeping changes to its existing regulations with barely a one word discussing the need or merits for these changes. Why did the PPA restrict the number of drivers or dispatchers? What drove the PPA change the insurance requirements on taxicabs? What is behind the change in vehicle requirements? Why did it delete the section on drivers' rights (e.g., request an estimated fare in advance)? Why remove the maximum driving time for drivers included in the current regulations? Without detailed supporting discussion by PPA for each change, the IRRC and stakeholders are left only with assumptions and must present comments without understanding (and possibly agreeing with) the PPA's reasoning.

**F. Vague References to Website Postings**

There are sections of the proposed regulations that mention information posted on the PPA's website. For example, the PPA is to post the makes and models of vehicles eligible for taxi service. We can accept this type of an administrative process, but only if an initial list is included in the proposed regulations and there is a process to amend both

by the PPA and by the request of stakeholders and the ability to protest changes to the list approved by the Authority. This would also apply to the establishment of fines.

#### **G. No Supporting Data for Changes, Additions or Deletions**

When the existing regulations were written, the PPA had a sparseness of hard data with which to work. Given its experience as the industry's regulator for half a decade and the installation of on-board data terminals in every medallion cab, the PPA should be in a position to support many of its proposed changes with data. However, in response to question 14 in its filing, the PPA states that no data studies were used to justify its proposed regulations. We submit that PPA needs to review its records and support its claims with answers to questions such as:

- Regarding the age and mileage of the vehicle:
  - What is the vehicle age distribution for all cabs in service?
  - As of last inspection, what was the mileage of each vehicle?
  - What is the statistical correlation between age and/or mileage of the vehicle and service complaints and violations?
- Regarding the number of drivers and minimum hours driven:
  - How many drivers' certificates has the PPA issued, currently?
  - What has the driver census been for each of the past five years?
  - For each of the past three years, what is the distribution of hours driven weekly by drivers? Please assess this monthly to account for seasonal variations.
  - What is the statistical correlation between number of hours driven and service complaints and violations?
- In regard to fiscal affects:
  - How many trips are provided by medallion cabs in each of the past three years?
  - How many trips were provided for each of the past three years?
  - What is the distribution of fares earned by the driver for each of the past three years?
  - How many hours have drivers driven in each of the past three years?

- In regard to service quality:
  - Are certain neighborhoods underserved and what is the metric of service?
  - What is the wait time for cabs at different times and different locations?
  - How many calls to dispatcher go unfilled?
  - How often do cab drivers reject requests of a dispatcher?

#### **H. Lack of Stakeholder Participation**

We have already noted how others and we were not included in the development of this new set of regulations. Stakeholder participation is necessary if the regulator is to gain a full understanding of the effect that proposed regulations have on the industry and the public. The regulations as proposed, ignore the effect on those who have worked so hard and invested so much to improve the quality of taxi service in Philadelphia and the effect that these regulations will have on the riding public. New vehicles, etc do not come without an expense that eventually appears in the fare box. Stakeholder participation assures that tradeoffs are balanced and that regulations are truly in the public interest.

## **VIII. Comments on Fiscal Note**

### **A. Assessment of PPA's Fiscal Note**

PPA's submission to IRRC states that there is no effect on the regulated industry. We disagree. Not only is there a fiscal effect on the industry but on the riding public.

### **B. Specific Fiscal Affects on the Regulated Community**

#### **1. Industry structure – who pays for what**

To understand the fiscal effect of these proposed regulations, one must understand who is responsible for what costs. Medallion owners are always responsible for medallion fees, the cost of insurance (other than collision insurance) and the cost of the medallion. The cost of the vehicle and the equipment is less definite. Sometimes a medallion owner has purchased the vehicle and the equipment and is responsible for its maintenance. In these cases, the medallion owner might be a driver and/or a leasor of a medallion and vehicle package to drivers. Other times, the driver or a set of drivers might have entered into a contract with a medallion owner where the driver has purchased the vehicle and equipment and is responsible for the vehicles maintenance (including collision insurance, if any) and transfers the vehicle to the medallion owner for the duration of the lease so that the medallion owner can purchase liability and first party insurance. Medallion owners usually pay for the fees charged by dispatchers, although when the driver is providing the vehicle, it often selects the dispatcher and pays the fee. Drivers are always responsible for gas, tolls and parking. Who is responsible for which violations is a point of contention about these proposed regulations?

Drivers pay medallion owners a lease. The amount of this lease is limited by the maximum lease that the PPA must set. The driver keeps all fares and tips,.

#### **2. Vehicle Standards and Need for Collision and Comprehensive Insurance**

Who pays for the cost of stricter age and mileage standards varies. There is no question that there is a cost. As a first step of estimating this cost, we have compare the cost of buying a three year old police cruiser to that of a new taxicab ready comparable vehicle (e.g., a Crown Victoria). The used vehicle currently costs about \$7,000 and has a useful taxi life of about 3.5 years with a 250,000-mile limit. The new vehicle costs about \$30,000 and has a useful taxi life of about five years. The annual amortization expense increases from \$2,000/year to \$6,000/year or \$4,000. There is also a financing cost of about \$750/vehicle annually. We expect a small offset in maintenance expenses of about \$500/year per cab.

We also expect that owners and lenders will require comprehensive collision insurance on these relatively more expensive vehicles. Owners, particularly owner

operators or drivers that provide vehicles, will not be able to take the uninsured risk of \$30,000. Lenders will not finance these purchases without the vehicle being insured. We have asked our insurance broker what collision insurance would cost with a \$1,000 deductible and have been told that such a policy would cost at least \$1,200/ year (4% of the original cost) and more likely \$2,000/year with any accident history.

### 3. Liability and First Party Insurance Premiums

As discussed above, liability and first party insurance premiums are expected to increase two to three times from the current rates of about \$4,000 to \$8,000 to \$12,000 annually.

### 4. Radios

This completely redundant and antiquated technology is not free. The typical radio costs about \$300. There is also a cost when the cab wants to switch from one dispatcher to another to reset frequencies or replace the unit. Each dispatcher must pay a fee of about \$1,500 monthly for repeater service. There is a set up fee of about \$20,000 and ongoing maintenance fee of about \$2,000 annually.

PHL Taxi currently operates successfully under a PPA waiver and uses no radios. If PHL had to reinstall the radio capabilities and equipment, there would be costs as outlined in the table below. This does not include down time.

<b>Estimated Cost to PHL Operations of Radio Requirement</b>		
	<b>Comment</b>	<b>Annual Cost</b>
<b>Repeater Fees</b>	\$1,500/mo	\$18,000
<b>Startup Cost Amortization</b>	\$20,000/7years	\$2,857
<b>Amortization of Radios</b>	\$300 amortized over five years plus \$50 installation fee (\$350 x 200 cabs / 5 years)	\$14,000
<b>System Maintenance</b>	\$2,000/year	\$2,000
<b>Total</b>		\$36,857 Or \$184/cab



The annual costs per cab are not overwhelming, but there is also an upfront cost of \$90,000 to PHL.

**C. Fiscal Analysis - Effect on Leases and Rates**

The table below summarizes some of the fiscal effect of the proposed regulations.

Annual Cost Increase per Cab		
Issue	Summary Discussion	Annual Cost Increase
Newer Vehicles	Estimated cost of the vehicle increases from \$7,000 to \$30,000 with expected service life extended from 3.5 to 5 years. Amortization increases from \$2,000 to \$6,000. \$750 for financing and \$500 savings in maintenance.	\$4,250
Collision and Comprehensive Insurance	A minimum of \$1,200 (\$30,000 times 4%). Likely higher based upon accident history.	\$2,000
Liability and PIP Insurance	Increase from \$4,000 to \$10,000 (2.5x). Lender's requirements on liability coverage not included	\$6,000
Total		\$12,250

If this cost is recovered through a weekly lease of a medallion including a fully outfitted vehicle over 50 weeks (some downtime), the lease would increase \$245/week from \$570 to \$815 or 43%. That is equivalent to about needing over 22 additional trips a week for drivers to break-even. Where are these trips coming from? Assuming no loss of ridership, a very unrealistic assumption, and 120 trips per week per cab, the average trip would increase by about \$2.00 or almost 20%. PHL taxis would have almost another \$200 in costs imposed annually by these regulations.

If the PPA is to ensure some type of parity with limousines, there needs to be an increase in limousine fares to avoid a decline in taxi ridership and a potential death spiral effect on the industry.

The \$12,250 per cab cost increase applies not only to the 1,600 medallion cabs but also to our estimated 200 Partial Rights cabs for a total financial effect of over \$22,000,000 annually.

## **IX. Conclusions**

Regulations should improve service to the public and align the public interest with the public interest wherever possible. Regulations should enhance the Commonwealth's economy and not cripple small businesses, unnecessarily bar entry and provide people with an opportunity to support their families. Regulations should balance the interests between competing interests and sectors of an industry. Regulations should be integrated to achieve their intended goal. For example, if the PPA found that subsidized benefits were necessary to provide a quality pool of drivers and needed the funds to pay for this subsidy and the PPA found that green and wheelchair accessible vehicles were in the public interest and could be best accomplished by increasing the number of medallions, it should unite these findings using the tens of millions that new medallions could raise for the Fund and use them to subsidize benefits.

The PPA has submitted no justification for these proposed regulations. No proof of service problems or earnings problems for drivers from its deep database. These propose regulations add a cost to the region's economy of at least \$22,000,000 annually. This process needs to be restarted. We again suggest that the PPA submit its existing regulations to IRRC as a way of being abundantly cautious and start an analytical and stakeholder supported process that identifies deficiencies with the current regulations and potential amendments. We look forward to participating.

## **COMMENTS OF SIMON AND EVERETT ABITBOL**

**Re: Regulation 126-1 (IRRC# 2885)  
Philadelphia Taxicab and Limousine Regulations  
Proposed by the Philadelphia Parking Authority**

**February 10, 2011**

### **ATTACHMENTS**

1. PHL Taxi Waiver of Radio Requirements W070302
2. Comments from Prim Insurance Company
3. Comments from First Keystone RRG



**Philadelphia  
Parking  
Authority**

**Taxicab and Limousine Division  
2415 S. Swanson Street  
Philadelphia, PA 19148-4113  
215-683-9400  
215-683-9785**

June 19, 2007

PHL Taxi Inc.  
Simon Abitbol, President  
641 N. Broad Street  
Philadelphia PA, 19123

Re: Petition for Waiver No. W070302 concerning Radio Requirements

Dear Mr. Abitbol:

The Philadelphia Parking Authority's Taxicab and Limousine Division ("TLD") has reviewed the above captioned waiver petition. This petition concerns radio requirements in the taxicabs registered with PHL Taxi, Inc.'s dispatch service, dated March 15, 2007 and received at the TLD office on March 22, 2007. The TLD's decision is enclosed.

Pennsylvania law and the Authority's Taxicab and Limousine Regulations provide you with the right to a hearing before the Authority regarding this decision. (See, Authority Regulations §3.a.ii.2). To request a hearing you must send your petition or letter by United States Mail, return receipt requested or by hand delivery. A copy of this decision must be attached, along with a printed or typed explanation of the basis for your objection to this decision, to the Authority's General Counsel in writing before 4:00 PM on July 3, 2007. You have the right to be represented by an attorney before the Authority.

**THE PHILADELPHIA PARKING AUTHORITY  
Taxicab and Limousine Division**

In Re: Petition of Simon Abitbol, President of PHL  
Taxi, Requesting Waiver of Radio  
Requirement for PHL Taxi Inc.

Petition No. W070302

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**OPINION AND ORDER  
BY THE PHILADELPHIA PARKING AUTHORITY'S  
TAXICAB AND LIMOUSINE DIVISION**

In a Petition filed by Simon Abitbol (the "Petitioner") on March 22, 2007 on behalf of PHL Taxi Inc. a certified dispatcher, Petitioner requests The Philadelphia Parking Authority's Taxicab and Limousine Division (hereinafter the "TLD") waive the requirement that a two way radio be installed in each medallion taxicab to satisfy the voice communication regulation.

**PROCEDURAL HISTORY**

1. Petitioner is a certified dispatch company with authority granted by the TLD to dispatch Medallion taxicabs in the City of Philadelphia granted by the Philadelphia Parking Authority (PPA) on or about April 10, 2005, at the time that the regulatory jurisdiction of medallion taxicabs was transferred from the Pennsylvania Public Utility Commission (Commission) to the Philadelphia Parking Authority.
2. PHL Taxi, Inc. is a valid Pennsylvania corporation.
3. PHL has filed Petition No. W070302 requesting relief from the requirement that a two way radio be installed in every Medallion taxicab. This Petition has been filed simultaneously with Petition No. W070301 to give relief to specific Medallion owners who are presently in PHL's dispatch company, but need to purchase a new radio to receive PHL's new frequency, to be in compliance with PPA Regulations..
4. Due to problems with its radio frequency service provider, PHL obtained another communications company. Medallion holders who use PHL dispatch services now must re-program their radios or purchase new radios that are capable of receiving the new frequency. This is time consuming and costly to PHL, the medallion owners and the drivers. Replacement radios may cost as much as \$400.00 plus installation.
5. PPA Regulations require a certified dispatcher "Control a radio frequency or other acceptable common signal of sufficient strength to transmit and receive voice messages and data throughout the city and surrounding metropolitan area. §10.a.1.
6. All taxicabs shall be equipped with a two-way radio or other allowed required technology (e.g. a mobile data terminal) connected to a Certified Dispatcher that allows for the transmission of voice and data. § 13.k.
7. There are no outstanding fines or fees due from PHL to The Philadelphia Parking Authority.

## DISCUSSION

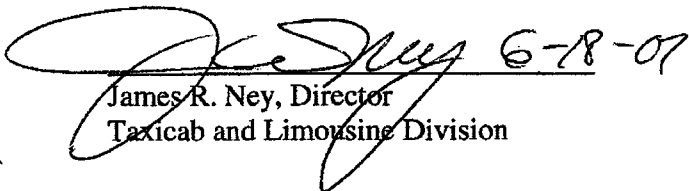
1. The Philadelphia Parking Authority, through the TLD, exercises sole jurisdiction over the taxicab industry in the city of Philadelphia and is empowered to enact rules and regulations necessary to advance such regulation. Act of July 16, 2004, No. 94. This would include decision making and granting of petitions for relief. TLD Regs §3.
2. The TLD recognizes the significance of weighing a certificate holder's request to manage his dispatch service in an efficient and costly manner, both for his company and the subscribing medallion owners while complying with the PPA Regulations against the TLD's obligation to enforce the regulations in the interest of the public's safety.
3. Petitioner, after months of using the new Coordinated Dispatch System without using the on board two-way radios for any purpose has come to the conclusion that the radios are no longer necessary to accomplish the mandates of the regulations.
4. PHL was the first certified dispatcher to have the necessary hardware and software installed and to begin to use the Coordinated Dispatch System (CDS) as it was intended to be used. For that reason, PHL's opinion in these matters is respected. PHL drivers accepted the system right from the beginning. This allowed for all communications to be done through the CDS. No problems were encountered by using the texting through the data terminal. At all times, mobile phones were available for back up communications.
5. PHL has shown that the need for voice communications for normal dispatch operations has been eliminated by the use of the mobile data terminal and the credit card terminal. Requests for bids, accepting trips, vehicle assistance, navigational assistance, processing credit card transactions, lost and found, etc. have all been handled without the use of a two-way radio or a mobile phone.
6. PHL has required drivers to register their mobile phones, so a backup communication system is always in place. Software that allows PHL to batch text messages to their drivers when their system is down should be sufficient for dispatch purposes. PHL will divide the city into zones for this purpose. When a job is received, a dispatcher will batch email all drivers, asking what zones they are in. The dispatcher will pick the nearest driver who is available in the appropriate zone and call him to handle that job. This is an adequate back up dispatch system.
7. When the connectivity problem is exclusive to PHL, the dispatcher will rely on the CDS to provide service to the public by asking callers to call another dispatch company. To avoid this issue, PHL has exceeded the minimum hardware requirements and installed all the recommended enhancements, including a dedicated server with multiple workstations to provide workstation redundancy, dual ISP connections to provide for ISP redundancy and an electric power backup to cover any power outage.
8. PHL has established a panic code to be used by drivers when the system is down. The driver will call dispatch and give a prearranged message which will be code for help.

9. All mobile phone use will be limited to when there are no passengers in the taxicab, unless there is an emergency.
10. Petitioner tells us that the mobile phone range exceeds that of any two-way radio in the Philadelphia area. In fact, mobile phone technology is much newer than radio technology. It is easier to use a hands free mobile phone on speed dial than a radio speaker attached to a base unit.
11. It is far less expensive to use and purchase mobile phones than radios. Radio use requires the costly, added expense of controlling a frequency.
12. From the experience of PHL, the drivers are more motivated to learn to use the CDS, knowing that they cannot get their work any other way.
13. The granting of this petition will cause no short term harm to the public or the Philadelphia Parking Authority. In case of an emergency, PHL has provided for an alternate dispatch method and put into effect a panic button alternative for the safety of the driver as well as the public. In balancing the factors to reach an equitable result, we conclude that because PHL has done everything reasonable within its power to adequately compensate for a dispatch system without an on board two-way radio in their affiliated taxicabs the Petitioner's requests are granted on a conditional basis for six months, provided they put into operation all the enumerated procedures listed in their petition. The six month period will give everyone time to determine whether the taxicabs can function properly without an on board two way radio. It will serve as a test for the entire industry.

**THEREFORE, IT IS ORDERED:**

1. That the Petition for Waiver filed by PHL Taxi, Inc. is hereby conditionally granted, consistent with this Opinion and Order.
2. That PHL is no longer required to control a radio frequency.
3. That PHL is not required to have two-way radios in their affiliated taxicabs.
4. That PHL is required to confirm that a mobile phone is in each taxicab at all times for emergency use only.
5. That PHL supply both the Enforcement Department and the Administration and Adjudication Department with a current list of each P number with the corresponding mobile phone numbers. All updates must be emailed to both departments as soon as received. Enforcement will be monitoring this requirement and will issue citations for a breach of this requirement.

**THE PHILADELPHIA PARKING AUTHORITY**

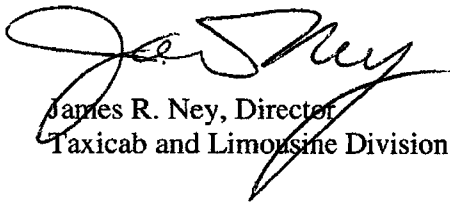
 6-18-07  
James R. Ney, Director  
Taxicab and Limousine Division

Serve your timely request or petition for a hearing to:

The Philadelphia Parking Authority  
General Counsel's Office  
3101 Market Street, Second Floor  
Philadelphia, Pennsylvania 19104

**THE TAXICAB AND LIMOUSINE DIVISION IS NOT AUTHORIZED TO ACCEPT OR PROCESS ANY REQUEST FOR A HEARING RELATED TO THIS DECISION OR ANY PLEADING OR PAPER RELATED TO ANY COURT ACTION, SUCH DOCUMENTS MUST BE SERVED UPON THE AUTHORITY'S GENERAL COUNSEL.**

Sincerely,



James R. Ney, Director  
Taxicab and Limousine Division

cc: Charles Milstein, Assistant to the Director  
Mwanamke Jordan, Manager of Administration & Adjudication  
Bill Schmid, Manager of Enforcement  
Kenn Connelly, Deputy Manager



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**From:** Pete Andersen [mailto:petea@primeis.com]  
**Sent:** Thursday, February 03, 2011 3:01 PM  
**To:** Everett Abitbol  
**Subject:** RE: Proposed Changes to the PPA Required Limits

Everett,

If the annual premium is currently 4,200, we would estimate the new annual premium at between 8,400 and 12,600, but probably toward the lower end of that spread unless loss history dictates a bigger increase.

A physical damage rate normally runs about 3.5% to 4% of the ACV so a 20,000 vehicle would price at between 700 and 800 per year and subject to a 1,000 deductible.

So...on a single taxi unit with a clean insurance history and rated based upon the new limits and a 20,000 insured value on the physical damage, they would be looking at about 9,200 for that unit. Loss history and driving record issues would increase that amount.

In regards to exactly what parts of the proposed changes as affecting the anticipated increase in premium, I would say that at least 70% of that increase is attributable to the increased First Party Benefit limits.

Increasing the required First Party Benefit limit by 500% is actually a huge issue when you consider the possible impact to the bottom line on a book of business (Philadelphia taxis) that has produced only mediocre results in the past.

I hope the information above along with yesterday's email assists you in your preparation.

Please advise if there is anything further that you need.

Best Regards,

Pete Andersen

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**Pete Andersen**  
Underwriter  
Prime Insurance Company  
Phone: (801) 304-5591  
Fax: (801) 233-5291  
Email: [petea@primeis.com](mailto:petea@primeis.com)

**Everett Abitbol**

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**From:** Pete Andersen [petea@primeis.com]  
**Sent:** Wednesday, February 02, 2011 5:34 PM  
**To:** eabitbol@moneymaxfunding.com  
**Subject:** Proposed Changes to the PPA Required Limits

Everett,

We have discussed at length the Auto Liability and First Party Benefits Limit changes being proposed by the PPA in regards to Taxi Cab operators in Philadelphia. Based upon Prime's experience in the Philadelphia taxi market over the last decade, we feel that those changes will have a significant adverse effect on the premium rates charged to the customers.

It is believed that the proposed increase to the First Party Benefits limits will have the most impact in future claims development. At the present time, as much as half on the claims being closed with payment are First Party Benefit claims. A large percentage of those claims closed are for the 5,000 Limit for that coverage. If that 5,000 limit is increased to 25,000, it is reasonable to expect that a significant percentage of future First Party Benefit claims will also be for the policy limit. Only time will tell.

Generally speaking, based upon the above assumptions, we believe that the initial rate increase could be as high as 200% to 300% of the current rates being charged. In other words, a taxi currently paying a 3,000 annual premium could expect their annual premium to increase to between 6,000 and 9,000.

The above does not fully take into account, the individual characteristics of a specific account. Factors, including time in business, number of units, number of drivers, insurance history and loss history all play a role in determining the final premiums to be charged.

While nothing is yet, "Written in Stone", this is where Prime currently stands. We assure you that Prime has always been committed to providing a reasonable market for public livery business. As you know, we are the only market in the Philadelphia Taxi market that was there a decade ago and still writing business today. To maintain that position, Prime must maintain a rate commiserate to the risk.

The amount of increase outlined above, would of course still be subject to future adjustments as the actual impact becomes more evident as time goes on and Prime develops new data.

Another significant effect on the taxi market, resulting from these proposed changes, could be the elimination of many of the other markets available. As the other markets available are admitted markets, they must file any rate increased with the Insurance Department for approval.

Historically, state regulators limit the amount of increases they will allow. There exists a real possibility that they will not be allowed to adopt an adequate increase to properly fund the increased limits being mandated.

If the other taxi markets writing in Philadelphia are experiencing First Party Benefit coverage claim results similar to our own and are not allowed to adopt adequate rate increases, they could respond

by withdrawing from the Taxi Market altogether.

While this is admittedly speculative, the fact remains that many of the insurance companies that were writing property coverage along the Gulf Coast seven years ago, no longer write there. Many of them because they were not allowed to adjust their rates adequately. For example, in May of 2006, the Mississippi Windstorm Underwriting Association, a state managed program asked the Insurance Commission to authorize a 397% increase in rates on private homes and a 268% increase on commercial properties. In July of 2006, the Insurance Commission slashed that increase down to only 90% before approving it. (See the attached article)

We invite and welcome any input you have.

Best Regards,

Pete Andersen

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**Peter J. Andersen**  
Lead Underwriter  
Prime Insurance Company  
Phone: (801) 304-5591  
Fax: (801) 233-5291  
Email: [petea@primeis.com](mailto:petea@primeis.com)

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## Dale Slashes Wind Pool Rate Increase Request by Over 300 Percent: 90 Percent Rate Increase Approved

Commission says Decision Saves Coastal Residents Over \$2000 in Premium Increases  
From: Mississippi Insurance Commission

Filed 7/28/06 GCN

Commissioner of Insurance George Dale announced today that he will grant the Mississippi Windstorm Underwriting Association (MWUA) a rate increase of only 90% in the homeowner's program, an increase that is 307% less than MWUA originally requested.

The state's actuaries recommended that if the Wind Pool were to purchase \$600 million in reinsurance they would recommend a rate increase of 192.8% in the homeowner's program even after figuring in the \$30 million in Federal Community Development Block Grant funds expected to be paid into the Wind Pool this year in a program developed by the MID and Governor Haley Barbour's office.

"192% is totally unacceptable. I regret that Wind Pool policy holders will have to pay any increase in premiums. However, an increase is necessary in order to maintain the stability of the program. Without the Wind Pool many residents would be unable to get any wind coverage due to a number of companies choosing not to write the wind on the coast. This department has worked long and hard to come up with the least painful solution to the Wind Pool rate increase filing request. I think a 90% increase in the homeowner's program is considerably less painful than a 397% or even a 192% premium increase. I want to stress that this rate increase is not going to affect everyone's homeowner policies on the coast. Those who continue to get insurance from the voluntary market will not be affected," said Dale.

Dale explained that options were sought to a solution to the Wind Pool issue in Mississippi that would be in the best interests of all Mississippians. Coastal residents were opposed to any increases and vocal opposition came from policyholders throughout the state that did not want to see homeowner's premiums in their areas rise to compensate for additional wind pool assessments with the passage of a large rate increase request.

In April the Wind Pool requested a rate increase of 397% for private dwellings. Under the 397% requested increase, the premium for a homeowner for wind coverage on a \$100,000 home would have increased from \$792 per year to \$3,942 a year. By limiting the dwelling rate increase to 90%, the premium for the same home will only increase to \$1,504 a year, a premium savings of nearly \$2500 per year. Rate increases will take effect on the purchase of a new policy or on renewal dates.

While coming to his decision Dale carefully watched and is continuing to watch what is happening in nearby states with their wind pool situations. Both Louisiana and Florida are struggling to keep their wind

coverage insurance of last resort programs afloat. Louisiana is facing a significant rate increase request and litigation regarding its program. This week a major property and casualty insurer threatened to leave Louisiana all together. Florida had to infuse \$745 million from its state's general fund and issue \$2 billion in bonds, and their program is still struggling.

"We will continue to work with all interested parties in an effort to find a solution to make insurance more affordable and available on the Mississippi Gulf Coast. The State of Mississippi must have affordable and viable insurance for the Gulf Coast to recover and rebuild. We can not recover unless we all work together to solve this problem," said Dale.

MID took a plan to use CDBG grant funds to pay for a significant portion of the cost of reinsurance the Wind Pool was required to purchase to the Governor's office. With their assistance \$50 million over the next two years has been approved for that purpose. Thirty million is earmarked for this year and \$20 million next. Dale stressed that MID will continue to monitor the Wind Pool on a monthly basis and if things do not improve rates will have to be re-examined.

"Without the infusion of these funds from Governor Barbour's Office we would be looking at substantially higher rates. We recognize that the \$50 million is not a final solution. However, the infusion of \$30 million immediately and the rate increase gives us time to work with the Legislature to come up with a solution to the problem, because we know we cannot go back for another \$50 million next year. If the state can go without a major storm this year it is my sincere hope that future rates will level off or possibly even decrease,"

The MWUA reports that the Wind Pool is writing an additional 3,500 policies each month.

The MWUA only writes wind insurance in the lower six counties in Mississippi. These are normally risks that insurance companies will not insure due to the wind exposure. The MWUA has already paid over \$700 million in claims to their policyholders. As a result of those claims MWUA had to assess over \$525 million to all other insurance companies operating in Mississippi, even those that did not write any policies in the coastal areas. These assessments will ultimately be passed on to these companies' policyholders, even those policyholders that don't live on the coast.



## FIRST KEYSTONE RRG, INC.

4421 Aramingo Ave • Philadelphia, PA 19124 • Phone: (215) 235-5000 • Fax: (215) 235-3492

February 8, 2011

Star Brokerage, Inc.  
641 N. Broad Street  
Philadelphia, PA 19123

Mr. Everett Matthew Abitbol:

This letter is intended to reply to your recent inquiry for an estimated insurance proposal to provide commercial automobile liability coverage for a Philadelphia taxi that would satisfy the requirements set forth by the Philadelphia Parking Authority proposal Title 52 §1025.3. It is our understanding that this proposal would require a taxi operating under the control of the Philadelphia Parking authority to maintain liability coverage as follows; 20,000 (bodily injury per person) / \$40,000 (bodily injury per accident) / \$10,000 (Property damage), \$25,000 of PIP coverage and \$25,000 of loss wages benefits. First Keystone RRG, Inc's. preliminary estimate to provide this coverage would cost approximately \$9,292. This amount is only intended to provide you an estimate. The actual amount would be determined by the Company's underwriting guidelines and the risk exposure for each applicant.

In addition, any change to the Company's rates or Underwriting criteria could cause this estimate to either increase or decrease. **The above estimate does not represent a final offer to any applicant for insurance**, but instead represents First Keystone's preliminary estimate.

**Binding authority rests solely with the First Keystone Underwriter.**

Should you have any questions or need additionally information relating to this matter please contact the undersigned.

Cordially,

First Keystone RRG, Inc.

Cooper, Kathy

2885

**From:** Smith, James M.  
**Sent:** Monday, February 14, 2011 7:39 AM  
**To:** IRRC  
**Cc:** Totino, Michaele  
**Subject:** FW: Simon & Everett Abitbol Comments to PPA Regulations  
**Attachments:** Abitbol\_Letter&Comments\_IRRC.pdf

RECEIVED  
IRRC

2011 FEB 14 A 8:48

#2885

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**From:** Everett Abitbol [mailto:[eabitbol@moneymaxfunding.com](mailto:eabitbol@moneymaxfunding.com)]  
**Sent:** Friday, February 11, 2011 7:03 PM  
**To:** Smith, James M.; Totino, Michaele; Smith, James M.; Wilmarth, Fiona E.  
**Cc:** [sabitbol@moneymaxfunding.com](mailto:sabitbol@moneymaxfunding.com); 'David M. Boonin'  
**Subject:** Simon & Everett Abitbol Comments to PPA Regulations

Good Afternoon

Attached is a copy of two cover letters (IRRC & PPA) and comments regarding the proposed regulations IRRC#2885. An original set of documents has been sent via federal express to your offices as well as the necessary copies to be hand delivered to the Philadelphia Parking Authority attn: Dennis Weldon General Counsel.

We hope that in this process we can meet with IRRC to further discuss in person our comments, we would like the opportunity to meet either in Harrisburg or at our offices in the near future. You may contact me at any time by the information below.

Regards

**Everett Abitbol**  
Money Max Funding, Inc  
PHL Taxi Management, LLC  
641 N Broad Street  
Philadelphia PA 19123  
215-236-2700 (P)  
215-236-1500 (F)  
[everett@moneymaxfunding.com](mailto:everett@moneymaxfunding.com)