

2nd Floor Philadelphia, PA 19104

> RE: Pennsylvania Taxi Association Comments to Proposed Regulations of the Philadelphia Parking Authority Doc. No. PRM-10-001

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Dear Mr. Weldon:

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I represent the Pennsylvania Taxi Association who has secured the support of over 1000 medallion owners related to the Philadelphia Parking Authority's (PPA) creation of new regulations to replace the improperly promulgated prior regulations that have been in place for the last six years. As you are aware the current regulations have been ruled invalid by the Commonwealth Court and this has prompted the need for a new set of regulations as the PPA continues to employ the invalidated regulations on a daily basis. The PPA has published its list of proposed regulations in the January 15, 2011 Pennsylvania Bulletin with a response due on or before February 14, 2011. Please accept this as my clients' combined response to those proposed regulations.

A. FIRST PRIORITY REGULATIONS

The first section of this response concerns the items that are most urgent in the opinion of the majority of owners. These items will have such a devastating impact on the industry that will drive both owners and drivers from the market. If the PPA had conducted a realistic analysis of the cost impact of these items there is no possibility that it could be seen as being cost neutral.

Section 1011.9. Taxicab service limitations. This is one of the most important changes incorporated herein by the Authority. This regulation suggests that only the owner, employee or direct lessee may provide taxi service. This regulation ignores entirely the driver owned vehicle (DOV). It is estimated that over 90% of the existing medallions are being leased to drivers who own and maintain the vehicle. According to the proposed regulation the use of a DOV would not be allowed, or has been mistakenly omitted. Failure to account for this program would throw the entire system into chaos and cause financial failure for many companies and force medallion lenders into foreclosing. This system has been in place for decades, including the entire existence of the PPA. The DOV is good for the system because the driver maintains directly responsibility for his vehicle on a daily basis. His investment in the vehicle makes him a cooperative partner in the safe and efficient operation of the system rather than a party who has no investment in the business. A garage operation system as contemplated by this regulation was employed by the industry many years ago. This operation was a complete failure and was a disservice to the riding public. Drivers had no stake in their vehicle and had little concern for the operation thereof resulting in fleets that were unacceptable both aesthetically and mechanically. The failure to permit the use of the DOV has no basis herein and directly affects the medallions owners' constitutional freedom of contract and control their own property. This system is used across Pennsylvania and across the United States where it is successful. The industry welcomes the imposition of fair regulations which would be applicable to DOV as well as the rest of the industry.

Section 1017.3/1017.4. Taxicab age/mileage parameters. The PPA has proposed that taxicabs must now be no more than one year old, or have no more than 15,000 miles to be accepted for service. The result of this regulation would be the requirement for the use of a brand new vehicle, as there are not enough taxicab equipped vehicles, such as the Ford Crown Victoria, available that are no more than one year old with less than 15,000 miles. Such a regulation would be cost prohibitive and serve no purpose, other than to provide income for new car dealers. The Legislature set an eight year limitation on taxicabs when the regulatory was passed to the PPA in 2005 through 53 Pa. C.S.A. §5714(a). The language was very specific as to the required age of the vehicles. The statute even spoke of allowing older vehicle, but not of requiring newer ones. Furthermore there was no mention of any mileage limitation on the vehicle. Any such

imposition of a regulatory requirement beyond the statutory requirement is a creation of the PPA in violation of the intent of this statute. Nowhere in the state is there an imposition of any mileage requirement or any age requirements beyond that of eight years. The current regulations regarding mileage have been successful for both parties and employ a starting mileage of 135,000 or less and no more than eight (8) years old. This has been more than sufficient to meet the needs of the riding public. Under the PUC there was no age limitation when the PPA first took control, no mileage limitation and no scheduled inspections. An age limitation of eight years has since been instituted, but there are still no mileage restrictions or regularly scheduled inspections. Under the proposed and present regulations each of these vehicles are inspected a minimum of two times annually. Most of the vehicles are seen three to five times annually counting the random street inspections and vehicle changes. Of the two scheduled inspections one provides for a full state inspection of the vehicle including affixing the state inspection sticker and the other includes a similar thorough inspection without requiring the state inspection sticker. Requiring new cars is overkill. The PPA suggests in their Regulatory Analysis Form (RAF) that the entire change is cost neutral. An analysis of the financial effect as related to both shift taxis and DOV taxis have been attached hereto as Exhibit A. This change would be a terrible financial burden to the industry, which cannot be recovered in fees or fares. While there would be savings as to repairs and slightly to fines (although the PPA will recover these fines in other ways), they will not be nearly enough to offset the cost of a new vehicle. Furthermore these savings will be short lived as the vehicle will have 100,000 miles on it by year two and the maintenance required will be the same. The cost of the vehicle is more, the insurance is more and the collision repairs are more. The burden of this price increase would fall on the customers as that is where all income is eventually derived. A breakdown of the costs for parts to a new taxi as provided by Pacifico Ford (a new taxi provider) versus those of a used taxi as provided by Grace Motors (a national used taxi dealer) have been attached hereto as Exhibit B

For these very same reasons it is important that we maintain a requirement of no less than 250,000 maximum mileage on the taxicabs as this will be incurred within two to three years of operation as a taxi, to reduce its life even further would have a drastic economic impact.

Section 1021.3. Maximum number of taxicab driver's certificates. There is no rational basis for a 3,000 driver limitation. The PPA has detailed in their RAF that there are approximately 4,300 drivers. They now seek to reduce that figure to 3,000. The taxicab industry in every city including Philadelphia has been comprised on large numbers of part time, temporary and seasonal workers. Due to the large numbers of these drivers the industry must maintain a large employment pool to continually pull from. In addition to this drivers are continually removed from service, have their license expire and become uninsurable for one reason or another. These also serve to remove people from the driver pool. A restriction on the number of drivers is unreasonable. What happens if that number is met and there are still cabs to fill? What happens when someone goes out sick but comes back to find that there are no longer any driving positions that can be filled? This regulation serves no purpose and only restricts the

number of applicants for employment. The number of people that can work on any given day is already limited so it is not an issue of putting too many drivers out on the street on a daily basis. There can only be 1,600 cabs on the street on any given day. So the current restriction on the number of medallions already provides for any rational limiting purpose their could be. Any such restriction on the number of drivers could effectively render my property right useless. Therefore if the regulation renders any medallion (property right) useless then that would constitute a taking. It does not make sense for the PPA to get involved in any such restriction.

Section 1025.3(b). Insurance required. The PPA seeks to more than double the present insurance requirement which is 15,000 bodily injury per person, 30,000 bodily injury per accident and 5,000 property damage, with a state required 5,000 personal injury protection to 20,000 injury per person, 40,000 injury per accident and 10,000 in property damage with first party medical benefits in the amount of 25,000 and first party wage benefits in the amount of 25,000 for passengers and pedestrians. The PPA has included these new insurance requirements without any review of the costs. Once again they said the affect would cost neutral. There is no insurance company around that would double its limits and not have a cost effect on the market. It has been determined that such a policy would cost a medallion owners in excess of four times the current premium of \$4,000.00 annually. See attached correspondence from the Renaissance Group regarding the effect of increased policy limits attached as Exhibit C. Such costs are not recoverable in this industry. Despite that, the industry recognizes that we have to get increased coverage and are willing to increase coverage to 20,000/40,000/10,000 with state minimum personal injury protection and no wage loss. This would result in an increase in premium, however it is more important to use our limited resources here to protect the riding public then with other items such as the acquisition of new cars or the implementation of increases in fees and fines. There is a limited pool of funds for the operation of a taxicab medallion and we must choose where best those can be applied.

B. <u>SECONDARY PRIORITY REGULATIONS</u>

In this section we have listed another subset of the regulations in numerical order that are also very important to the industry and require change for the industry to run effectively. Just because they have been labeled as secondary priorities does not mean that they are not important and do not deprive the industry of very important rights. It should only emphasize how important the previously listed regulations are in the continued prosperity of the taxi business.

Section 1001.43 (a). Authority fee schedule. The fee schedule has been very controversial over the six years the Authority has oversaw the taxis and limousines. The majority of the PPA budget is derived from these fees, which come from the owners and drivers. Ultimately these fees must be then passed on to the public. The budget for the PUC in 2005 when the PPA took over was a little over \$1,000,000.00. This year the PPA budget is approaching \$5,000,000.00 on the backs of owners and drivers, which

subsequently must be passed on to the passengers. The industry has had no input in this fee schedule for these past six years. Some of these fees have been raised 800% since 2005. There needs to be a more detailed procedure as to the submission of a fee schedule including input from the industry that is actually considered and limitation on the amount of fees they can charge. The approval of the Legislature is limited because there is no action required on their part and thus this budget has continued to be passed without anyone input but the PPA's. Given this past history it is obvious that these fees must be regulated to prevent continued application of excessive fees to the members of the industry. As you can see from the 2012 PPA budget just released attached hereto as Exhibit D, the budget continues to grow. This budget which is submitted to Harrisburg for their approval does not even detail how fees will be increased. It only shows general amounts. Furthermore the budget contains almost an \$800,000.00 payment to the general PPA budget (outside of the taxi division). This "support" figure is almost the entire budget of the PUC prior to the takeover by the PPA.

To best see this one must look at the fees under the PUC, which regulated the cabs prior to the PPA takeover and the fees imposed by the PPA.

Service	PUC	PPA
New limousine application	\$350.00	\$10,000.00
Application protest	\$0.00	\$2,500.00
Medallion transfer application	\$350.00	\$6,300.00
Medallion renewal	\$500.00	\$1,250.00
Annual dispatcher fee	\$0.00	\$2,000.00
Hearing fee	\$0.00	\$50.00
New car replacement	\$0.00	\$200.00
Driver fee	\$0.00	

These are just a few of the fees and doesn't even account for the dramatic increase in fine income as well. Controls need to be placed upon these costs and their unlimited increases.

Section 1001.61. Penalties. It must be clear that the additional penalties listed in this section are related to certificates and not medallions therefore the use of the term "rights" should be amended to read "certificate". As to monetary penalties, these should be incorporated into the regulations, as the Authority seems to find any inconsistency with this regulation as a basis for a fine. It is important for all industry members that they are aware of the fine schedule and the potential penalties for violations. It is more important that these fines don't change on a daily basis and are resultant from an officer's mistaken interpretation of the regulations or statute. The history of the PPA over the last six years related to fines speaks for itself. The fines are very general so much so that there is no way the judge could find against the PPA. Unless we incorporate these fines into the regulations the owners will continually find it difficult and sometimes impossible to defend themselves before the hearing officer who is merely an employee of the

Authority. This violation of due process must be addressed. This issue is further complicated since the current process employed by the PPA is similar to a parking ticket. Despite its requirement to do so pursuant to 53 Pa. C.S.A. §5725(a), the PPA does not issue complaints in assumpsit for violations of the rules and regulations, but rather via citation. The PPA citation is similar to a parking ticket which must be answered within 15 days. The current PPA policy requires the owner to "appeal" the citation, indicating a finding of guilt even before a hearing is held on the matter. The difference between these violations and a parking ticket however is that a ticket by the PPA effects ones ability to earn a living. The representative owners here are willing to concede the use of a citation system by the PPA if the fines and their amounts are specifically listed in the regulations and those amounts are negotiated with the industry and reasonable in the amounts requested.

Section 1001.62. Continuing offenses. This section seems to open the door for unlimited penalties. The additional penalties listed in this section must have limitations as to notice of these penalties, as well as the other limiting language contained within this section. If not, the statutory language requiring penalties to be no more than \$1,000.00 is meaningless and fines can become excessively large, onerous and unjust. There should be a published fine schedule and it should be strictly adhered to with an ability for the parties to negotiate it down to a lower offense if the circumstances warrant and the parties agree. While 53 Pa. C.S.A. §5725(b) contemplates continuing offenses I think it is the language that there must be a "continuance" of the violation that creates ambiguity. Therefore the continuing offense should only be permitted to be implemented if the hearing officer or court issues a directive and that directive is ignored by the certificate holder. Without additional regulatory guidance the statute implementation will continue to be inconsistent.

Section 1003.31. Definitions. Public safety concern. In the last six years too many cabs have been taken off the street for unnecessary reasons, costing money to the owner and driver. It is recognized that taxis cannot be operating with safety problems and should be taken out of service if safety violations are found, however cabs continue to be removed from service for correctible issues such as paperwork problems or unresponsive radios that may just be having connectivity problems. Those issues cannot continue to warrant removal of the cab from the street even though it may be a violation of a PPA regulation. To prevent improper impoundments the PPA must be very specific about its definition of public safety concern and very strict in the application thereof. Failure to do so permits the PPA to deprive owners of their property rights even before an opportunity to be heard regarding the violation.

Section 1003.32. Out of service designation. This section goes together with the definition above. Routinely taking cabs out of service cannot continue to happen. It must be a legitimate safety concern. If it is something other than a public safety violation then the PPA can issue a citation and employ the hearing system to regulate that violation. Impoundments for matters that do not amount to a public safety concern constitute an unconstitutional taking of property. Over the years the PPA has impounded cars for such violations as an expired taxicab certificate, expired drivers certificate, no

insurance card, radio inoperable, taillight out or dome light out. Impoundment is not warranted for such violations. These are just a few of the examples of items where a cab has been impounded over the last six years costing owners and drivers thousands of dollars in downtime and wage loss. This loss is in addition to the cost of fines and of attending a hearing to defend the violation.

Section 1003.76. Conduct. There must be no ex parte communication with a presiding officer. The language in this paragraph seems to permit ex parte communication if the person is not involved in the hearing process. There are many persons not involved in the hearing process at the PPA, such as the Director, who should not be having any conversations with a presiding officer.

Section 1005.11(a). Formal complaints generally. This subsection defines who may bring a complaint before the Authority. There should be no reason that the PUC or an undefined group of "Philadelphia law enforcement or licensing officials" should be able to bring an action before the Authority. Each of these agencies have their own adjudication systems and if the case warrants being in that system then that is where it should be filed. If it is a case that warrants being before the Authority then it should be brought by the Authority. There is nothing that would prevent the Authority from calling any one of these agencies or the employees thereof as a witness for violations of the Authority's rules and regulations. There is no jurisdictional basis for these parties to have standing in a PPA courtroom.

Section 1011.4(a). Assessments and renewal. These fees go back to the comment regarding the fee schedule. There cannot be a continual increase in fees without industry input. Authority fees continue to rise for what appears to be a limitless and uncontrolled budget. Fee schedules, including those for assessment renewal must be included in the regulatory process or the industry will continue to bear the burden of an uncontrolled PPA budget.

Section 1011.7(b).Payment of outstanding fines, fees, penalties and taxes. Parking tickets and moving violations should not in any way effect a company, or an individuals ability to renew their license. These violations are handled by other agencies. The PPA has used this information to make cab owners and drivers pay parking tickets in ways that the rest of the public does not have to. While the PPA is in charge of off street parking in Philadelphia, that part of their agency is not connected with the taxi division. It has its own separate procedures for the imposition, payment and challenging of parking tickets and should in no way be tied to the renewal of anyones license or certificate. To further explain when an owner goes to renew his certificate he must pay all parking tickets or he cannot continue to operate. No other taxicab in the Commonwealth has this requirement attached to their renewal. The only reason it is here because it benefits the PPA

collection process and has nothing to do with the operation of the taxicab. This is disparate treatment and should not be permitted.

Section 1011.11. Record retention. The record retention required of this regulation is onerous. In every industry it is essential for records to be maintained, but how they are maintained is rarely an issue of regulation. To require that they be maintained in chronological order requires additional administrative staffing for most of these companies. These are all small companies with limited availability of funds. Log sheets, maintenance records, accident reports, driver applications are all kept on file generally related to the vehicle or medallion that is being operated. They remain available for inspection by the PPA at their request. The companies do not maintain the administrative staff necessary (as does the PPA) to employ such filing procedure. For many it would require an overhaul of their entire record keeping process. This imposition is compounded by the requirement that the records be stored in dry areas protected by a fire suppression system and be maintained at least one mile from the office where the record originated. Most of these records are kept in the basement of an owner or drivers home. They do not maintain separate facilities for record keeping. Do we expect to get these homes equipped with sprinklers or even a more costly fire suppression systems? If there corporate address is at home are they expected to rent another facility for the records even if they have one car? Any such requirement would be ludicrous and extremely costly. A simple requirement to maintain certain records for a certain period of time should be sufficient, especially since the PPA is able to maintain most of these records through their own systems and is capable of conducting field inspections and making record requests at any time.

Section 1011.14 Voluntary suspension of certificate. It is unclear why a certificate can be placed in suspension for one year but a medallion for only 90 days especially when a medallion cannot operate without a certificate. It should be one year for both. There are instances where the driver or owner will get sick or pass away or have another event which requires him to temporarily remove himself from the industry. The PUC uses a one year period and so should the PPA.

Section 1013.22(c). Execution on and seizure of a medallion. A medallion is a property right and in no instance should that property be required to be turned over to the Authority as this paragraph suggests. If it has to be placed out of service until it can be sold then the owner should be permitted to do so. Such forfeiture appears to be a taking of ones property rights.

Section 1017.6. Required documents. One of the required documents is proof of ownership. It is assumed herein that this would be a vehicle registration or maybe even a vehicle title. Recently there has been a change in procedure at Penndot which has drastically effected the placement of new cabs into service. The PPA has attempted to rectify this problem by obtaining the right to process Penndot paperwork in house. The PPA was unable to get Penndot to agree to this plan. Under the PUC taxicabs were permitted to operate under a pink slip until they received the actual plates. Since taxicab

plates are not available over the counter and cannot be obtained through instant messengers it is important that this procedure be reinstated to eliminate the downtime for

these owners who immediately begin paying a significant note on their medallion and must begin earning money immediately to pay back that note. The need to wait weeks for Penndot to process the paperwork is antiquated. The PPA did not want to do this initially because it has been alleged that several cabs were operating under different pink slips. This cannot happen today since the PPA inspects the vehicle prior to being put in service and each vehicle is equipped with a GPS to monitor their activities.

Section 1017.13(b). Removal of names, colors, markings. While it is possible to take off the markings, in many instances the glue leaves traces of the name behind. The PPA has chosen to fine the owner for this even after it has been removed, the medallion taken off and the vehicle transferred to the owner. The PPA has even gone so far as to fine the owner when it was parked at his house and not in operation. When the medallion is taken off by the PPA the PPA should be relieved of jurisdiction as it is now a personal vehicle and be required to show it was actually operating as a cab and not just because the glue is visible on the vehicle. Continuing to fine owners for vehicles which they do not own or have any control of is unfair.

Section 1017.23. Approved meters. It is essential that the PPA not draft these regulations so specific that they are geared toward one vendor. The regulations on the requirements for the meter components (Meter, GPS, Credit Card Processor) must be more general. If there is only one permitted meter it will result in continually obsolete meters, increased costs of installation, increased downtime and other problems that are associated with single provider monopolization. It is critical that the regulations detail the permission for use of multiple vendors for the meter system installed in the vehicles.

Section 1017.24. Meter activation and display. Section (d) only provides what is required of a meter. It is silent on the meters that are currently in the cabs which were purchased with money escrowed under statute. The PPA spent millions of dollars of the industry's money on a failed system that is totally ignored in these regulations. These regulations seem to indicate it will be the owners' responsibility to provide these meters when the PPA has for the last four years using money statutorily put aside for the cab industry from the last public sale of taxicab medallions. There must be some consideration for the owners whose money has been used by the PPA irresponsibility to purchase a failed system

Section 1017.26. Certificate holder responsible. As has been stated previously the majority of the Philadelphia market leases the taxicab medallion. Therefore the vehicle is owned and maintained by the driver or lessee of the medallion (DOV). Not only does the certificate holder not see the car on a daily basis, he does not own the car or repair the car. It is the driver who is in possession of the vehicle 24 hours a days, 365 days per year that is in the best position to make sure these items are in working order.

Section 1017.35(c). Failure to submit to field inspection. Subsection (c) provides for a \$1,000.00 fine and cancellation of rights for failure to submit to a field inspection. In 99% of the cases the request will be made to the driver, as these are done on the road. An owner cannot be held liable for an independent contractor driver's failure to submit. A monetary fine should be directed at the driver and no cancellation permitted. In the rare instance where an owner fails to submit and it can be shown as such then fines would be warranted against the owner.

Section 1017.37. Inspection subsequent to vehicular accident or damage. This section includes a prohibition against working in the case of certain enumerated accident events. Furthermore for the vehicle to be placed back in service after one of these enumerated events a compliance inspection is required. The costs to the owner in this instance are too great. Just because a taxicab is involved with a police car or even a water department truck does not make it undriveable or provide any reasonable basis for it to be removed from service. As for the amount of damage, a vehicle can suffer a simple scratch which would cost over \$500.00 to repair and require its removal from service. Another subsection requires the removal from service if the vehicle if it is incapable of being legally operated on a highway. This could involve a live stop where driver fails to have evidence of insurance or an expired registration. All of these issues can be rectified simply, inexpensively and do not affect the safety of the riding public. The only one that appears to be reasonable is if the motor vehicle results in injury or death, however even the term "injury" is very broad. Requiring the vehicle to be taken out of service for all of these instances will be costly to owners and drivers. Drivers will not receive any wages while the vehicle is out of service. That income can never be made up. The PPA's primary purpose for this is to generate penalty income and reinspection income.

Section 1017.62. Taxicab leases. In Subsection (a) the PPA fails to include Driver Owned Vehicles (DOV) as a subset of lessees. This issue is discussed in length in reference to Section 1011.9. In subsection (b) the PPA seeks to limit the certificate holder's freedom to contract. The majority of the owners simply own the medallion. They then lease that medallion to a driver who puts his own car in service and attaches the medallion to the vehicle. Therefore it is the driver who owns and operates the taxicab on a daily basis. Since the medallion owner does not own it he contracts with the driver or the lessee to take on various contractual responsibilities that he is better equipped to deal with. Most owners try to contract so that the drivers take the responsibility for the condition and operation of the vehicle. This makes perfect sense. The owners all enter into lease agreements with their independent contractor drivers. Most lease agreements are week to week. Drivers are free to drive for whomever they want and the parties are free to negotiate the terms of their business relationship. Owners should be similarly free to have whomever they want driver for them and determine the terms of their employment as long as they are consistent with the rules and regulations of the PPA. Placing restrictions upon this contractual relationship would be unconstitutional. Furthermore in subsection (c) the PPA attempts to govern what must be included in the owner's contract with the driver. Subsection (b)(7) requires that the owner must give the

driver ten (10) day notice to end a lease. Almost of the leases in the taxicab industry are week to week or seven (7) days in length. A ten days notice would require the owner allowing the lessee on past the term of his lease. Additionally the PPA is saying that even if we have reason to not have this driver work under our name, whether he has had too many accidents, fails to pay his lease or consistently or continually violates PPA regulations that we must let him continue to do this for another ten days. This opens both the medallion owner and the PPA to lawsuits for permitting people to continue on the road after it has been determined they are unfit. Pennsylvania is a right to work state and it should remain so. Regulating terms of employment should not be the subject of regulation.

Section 1021.12(b). Additional requirements. We cannot force independent contractors to work a certain amount of hours either weekly or yearly. Drivers split shifts on a car. Some people only work weekends. Some only work Friday night. Some take shifts when their work is slow. Some work cabs in winter and ice cream truck in summer. This is the nature of the taxi business not only in Philadelphia but across the country. The trucking industry has chosen to restrict the hours of driving due to safety concerns. This regulation takes just the opposite approach that someone has to work more hours. Not only is there no reasonable basis for this regulation but the enforcement of such would be a nightmare. What is someone only worked 8 hours because he was ill that week, do we then force him to work 16 hours on the last day to meet the requirement. This regulation is ludicrous and needs to be removed.

It is important for everyone reviewing these regulations to understand that the taxicab industry was impacted severely when the invalid regulations were passed in 2005. Since then there has not been a set of legal regulations. It is necessary to sometimes look at the effect of these proposed regulations since that time. Our job in reviewing these regulations has been made more difficult by the preparation of an incomplete Regulatory Analysis Form (RAF). This form fails to provide for even the most basic of economic analysis. It is absolutely untrue that these regulations will be cost neutral as can be seen from our attachments. The purchase of new vehicles will not be outweighed by decreased repair costs, vehicle fines and failed inspections. Increases in insurance limits will not have a zero effect on premium. I think the implication that this is true is disingenuous. It is with great expectation that these regulations and the comments thereto from the entire industry are reviewed thoroughly. It is rare that an industry gains knowledge of the regulations before they are implemented but we have that experience here. Please use this experience to create a new set of regulations that will create a cooperative initiative between all members of the industry. We look forward to meeting with you in developing a revised set of regulations going forward.

Very truly yours,

BAVID P. TEMPLE

cc: Honorable Robert Tomlinson, Chairman Consumer Protection and Professional Licensure Committee Pennsylvania Senate Senate Box 203006 Harrisburg, PA 17120-3006

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Honorable Chris Ross, Chair Urban Affairs Committee Pennsylvania House of Representatives 110 Ryan Office Building P.O. Box 202158 Harrisburg, PA 17120-2158

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James Smith, Regulatory Analyst Independent Regulatory Review Commission 333 Market Street 14th Floor Harrisburg, PA 17101

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EXHIBIT A

COST ANALYSIS OF EFFECT OF
PROPOSED CHANGES IN PPA REGULATIONS
(Driver Owned vehicles)
Prepared by Inna Friedman, Certified Public Accountant,
Ppa Aproved Broker, Lender and Insurance Broker
with 30 years experience in taxi industry

<u>Notes</u>	CURRENT DRIVER INCO	ME/EXPENSES	DOV	
	(Driver owed	•		
	ross receipts generated by Taxl D	rtver		\$59,000
([river owned Vehicle)			
A	dditional income from 2nd driver			7,000
	urrent Expenses:			66,000
	ispatch fees			1,500
A	roport fees			1,250
Le	ase \$ 400/w			20,800
G	asoline			10,000
N	lisc.			500
C	redit Card processing fees			1,100 .
M	lechanical repairs			3,000
A	utobody repairs			1,000
A	uto depreciaton			
	Vehcile cost fully equipp	ed with interest	\$8000/3	2.666
N	et Income			\$24,184
in	creases/(decreases) due to Propo	sed PPA regulations;		
<u>3</u> D	ecrease in Mechanical repairs			(2,000)
<u>4</u> In	crease in autobody repairs			1,500
<u>5</u> In	crease in Auto Depreciation			
-	Vehicle cost fully equipp	ed with interest		
		\$30,000/3		7,334
<u>6</u> In		nigher coverage nd first party benefits	3	13.500
N	et Increase due to Proposed regu	• •	•	20,334
N	et income if regulations take effe	ct in pro posed for m		\$3,850
7 N	et decrease of income due to pro	posed regulations		<u>\$20.334</u>

1 Based on averages provided by data from United Workers of PA

2 90% of industry operated as driver owned vehicles(DOV)

3 Estimate provided by mechanical shop with 25 years experience in taxi repairs

4 Since the number of accidents will remain the same,

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auto body repair will cost much more due to much more expensive parts, based on estimates by autobody shop with 20 years experience in industry (parts such as

bumper,doors, windshields cost 300-600% more on new cars) 5 Even though PPA contends that industry can purchase used vehicle with initial milage of 15,000 on secondary market, based on research from the largest local seller of vehicles to taxi industry, such vehicles <u>are not available</u> on secondary market at all. Therefore, <u>brand new vehicles</u> must be placed into service. Average cost including financing and equipment will be \$ 30,000 based on average prices of the vehicles with PPA requirements

- <u>6</u> Based on figures provided by Ocean Group RRG who insures mor than 50% of all medallions in Phila with collision and \$ 5000 deductabefor each accident
- 7 Eventhough PPA contends that expenses will only be initial expenses. replaced every 3 years based on average operation of 60000 miles per year and based on PPA maximin 200000 milage

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COST ANALYSIS OF EFFECT OF PROPOSED CHANGES IN PPA REGULATIONS (Shift Drivers) Prepared by Inna Friedman, Certified Public Accountant, Ppa Aproved Broker, Lender and Insurance Broker with 30 years experience in taxi industry

Notes CURRENT DRIVER OPERATING ONE SHIFT

<u>1</u> Gross Re	vénues:	1 shift	\$51,000
2 Current I	•		
Credit Ca			1,100
Airport f	ees		1,250
Lease	\$65/shift	6 days/week	20,280
Gasoline			10,000
Mişc.			500
			33.130
Net inco	me		\$17,870

increases/(decreases) due to Proposed PPA regulations;

5 Increases due to Auto Depreciation	
Vehicle fully equipped with interest	
\$30,000/2 (\$15,000-4000)	11,000
6 Increase insurance surcharge	13,500
<u>3</u> Decrease in mechanical repairs	(2,500)
<u>4</u> Increase in autobody repairs	2,000
Z Net increase in expenses due to proposed Regulations	74,000
Net Loss of Driver if regulations take effect	(\$6,130)

1 Based on averages provided by data from United Workers Alliance of PA

2 10% of industry operated as shift operators

3 Estimates provided by mechanical shop with 25 years experience in taxl repairs (Quantity of repairs will decrease but parts will be much more expensive)

- 4 Since # of accidents will remain the same, body work will cost more due to more expensive parts Based on estimates from body shop with 20 year experience in taxi industry
- 5 Eventhough PPA contends that industry can purchase used vehicle with initial milage of 15,000 on secondary market, based on research from the largest local dealer of vehicles to taxi industry, such vehicles <u>are not available</u> on secondary market at all. Therefore, <u>brand new vehicles</u> must be placed into service.

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Average cost including financing and equipment will be \$ 30,000 based on average prices of the vehicles with PPA requirements

- 6 Based on figures provided by Ocean Group RRG who insures 50% of all vehicles in Phila with collision and \$ 5000 deductabe for each accident
- 7 Eventhough PPA contends that expenses will only be initial expenses. these expenses will be <u>permanent</u> and incurr each year since vehicles will have to replaced every 2 years based on average operation of 60000 miles per year and based on PPA maximin 200000 milese

EXHIBIT B

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REPLACEMENT PARTS FOR 2011 FORD CROWN VICTORYA

ALL PRICES BASED ON A QUOTE FROM: PACIFICO FORD 6701 ESSINGTON AVENUE PHILADELPHIA PA 19153

215-492-9950

FRONT BUMPER COVER WITH ATTACHMENT HARDWARE	•	\$974.94
REAR BUMPER COVER WITH ATTACHMENT HARDWHARE		\$950.67
HEADER PANEL AND GRILL ASSEMBALY	•	\$431.79
RIGHT FENDER WITH HARDWHEAR	•	\$391.67
LEFT FENDER WITH HARDWHEAR	. •	\$374.62
LEFT FRONT DOOR WITHOUT GLASS		\$951.97
RIGHT FRONT DOOR WITHOUT GLASS	•	\$936.47
LEFT REAR DOOR WITHOUT GLASS		\$838.02
RIGHT REAR DOOR WITHOUT GLASS	•	\$837.97
LEFT REAR DOOR GLASS		\$154.30
RIGHT REAR DOOR GLASS		\$151.67
RIGHT FRONT DOOR GLASS	· ·	\$159.32
LEFT REAR DOOR GLASS	•	\$162.20
FRONT WINDSHIELD		\$251.38
REAR WINDSHIELD	. ?	\$202.22
DOOR GLASS MOULDING		\$79.68
FRONT AND REAR WINDSHIELD MOULDING		\$110 .13
LEFT QUARTER PANEL		\$1,513.93
RIGHT QUARTER PANEL		\$1,513.75
RIGHT HEAD LAMP		\$102.64
LEFT HEAD LAMP		\$102.64
RIGHT SIDE MARKER	•	\$79.57
LEFT SIDE MARKER		\$88.83
RIGHT REAR TAIL LIGHT	• • •	\$199.50
LEFT REAR TAIL LIGHT		\$199.50
MIDDLE LAMP		\$504.92
MOTOR		\$3,962.21
TRANSMISSION		\$2,180.11
REAR AXEL		\$459.62
REAR DIFFERENTIAL GEAR SET		\$806.50

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ALTERNATOR	\$521.90
AC CONDENCER	\$299.14
LEFT LOW CONTROLL ARM	\$372.83
RIGHT LOW CONTROLL ARM	\$294.95
STARTER	\$319.47
IGNITION COIL	\$92.58
SET OF IGNITION COILS (8)	\$740.64

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Page 2 of 2

الله الما الى المطار في ال<u>مستحدة، الى الن تو بوالمات، ما يورانا الم</u>

Front windshield with attached molding	\$115.00
Rear windshield with attached molding	\$75.00
Front & rear windshield molding	N/A
Right quarter panel	\$400.00
Left quarter panel	\$400.00
Right head lamp	\$30.00
Left head lamp	\$30.00
Right side marker	\$15.00
Left side marker	\$15.00
Right rear tail light	\$35.00
Left rear tail light	\$35.00
Middle lamp	\$15.00
Motor	\$650.00
Transmission	\$500.00
Rear axle	\$35.00
Rear differential gear set	\$125.00
Alternator	\$185.00
AC condenser	\$75.00
Right low control arm	\$45.00
Left low control arm	\$45.00
Starter	\$65.00
Ignition coil	\$15.00
Set of ignition coil (8)	\$120.00

* Last updated on 02/01/2011

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https://67.90.160.10/exchange/dtemple/Inbox/FW:%20CROWN%20VIC%20PARTS..EM... 2/14/2011

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Feb 14 2011 11:49AM (0(0(0

Page 1 of 2

Dave Temple

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From:	Jeff Sterin [jeffsterin@hotmail.com]	Sent: Wed 2/2/2011 1:24 PM
To:	Dave Temple	
Ćc:		
Subject:	FW; CROWN VIC PARTS.	
Atta chments	t	

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From; memakon@msn.com To: jeffsterin@hotmail.com CC: bustletonent@hotmail.com Subject; Re; CROWN VIC PARTS. Date: Tue, 1 Feb 2011 14:58:50 -0500

GRACE QUALITY USED CARS, INC.

945 Lincoln Highway

Morrisville, PA 19067

Phone (215) 736-3334 * Fax (215) 736-9693

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Current Price List of replacement used parts for Ford Crown Victoria vehicles, model years 2006 through 2011.

Description of the part	Price per unit(each)
Front bumper cover with attachment hardware	\$55.00
Rear bumper cover with attachment hardware	\$75.00
Header Panel & Grill Assembly	\$55.00
Right fender with hardware	\$125.00
Left fender with hardware	\$125.00
Right front door without glass	\$50.00
Left front door without glass	\$100.00
Right rear door without glass	\$50.00
Left rear door without glass	\$50.00
Right front door glass	\$25.00
Left front door glass	\$25.00
Right rear door glass	\$25.00
Left rear door glass	\$25.00
Door glass molding	\$15.00

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EXHIBIT C

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E_E02/09/2011 15:33 FAX 2 001/001 RENAISSANCERS

Renaissance Retention Group, Inc.

February 9, 2011

To Whom It May Demeans Based on my review of the propocod regulations by the Philadelphia Parising Authority the boot to thours a toxicab under present insurance limits will increase by at least \$6,600.00 (from current cost of approximately \$4,000.00 to a new cost of approximately \$10,500.00). This would also require a \$2,000.00 deductions.

52:000.00 company. Full Section 6, If we are to add the all difficult PIP and wage loss of 625,000.00 the costs would increase role later than smother \$7,000.00, reliently previously to at least \$17,500.00.

Sincerely, Louis Campiagno President Renalisance Scienciob Cityup Inc MCA Ocean Risk Retention Group

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837 Kearny Avenue, Kearny, NJ 07032

_____phone; 201-248-1059..._fax: 201-246-1093.....www.Renelseshceinsurence.net

EXHIBIT D

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Philadelphia Parking Authority Taxicab & Limousine Division

Fiscal Year Ending June 30, 2012 Budget Hospitality Initiative Report Fiscal Year 2012 Fee Schedule

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Section One

Fiscal Year Ending June 30, 2012 Budget

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FY 2012 Budget Highlights

The proposed budget for the Philadelphia Parking Authority Taxicab and Limousine Division for the fiscal year ending June 30, 2012, is presented in two parts. This proposed budget is submitted directly under 53 Pa. C.S. Sect. 5707 (without regard for any past, present or future regulations) and is presented in two parts.

The restrictions on the use of the "Medallion Fund" require that the two components of the Division – taxicab and limousine industries – maintain separate financial records therefore, the budgets are presented separately. In addition, to provide perspective, each budget presentation includes the actual revenue and expenditures for Fiscal Year 2010, the forecast amounts for Fiscal Year 2011, and the proposed budget for Fiscal Year 2012.

The highlights below show the combined budget amounts for both the taxicab and limousine components of the Division. The detailed line items for each part can be found on the following pages.

- Total revenue is projected to be \$6,000,500, the major components of which are:
 - o Vehicle Registration Fees \$2,685,000
 - o Parking Ticket Surcharge \$1,100,000
 - o Vehicle Inspection Fees \$254,000
 - o Violation Fines & Penaltics \$215,000
 - o Driver Training & Certification Fees \$405,000
 - Dispatch Communication Fees \$350,000 This is a pass through from the taxi owners to the system operator.
 - o Medallion and Limousine Company Transfer Fees \$780,000
- Total program costs are \$5,867,228, the major components of which are:
 - o Personnel Costs \$3,353,328
 - o Auto Expense \$120,309

• Dispatch Communication Fees - \$350,000 - This is a pass through as noted above.

- o Professional fees including IT, legal, accounting, consulting, etc. \$244,000
- o Rent \$311,200
- PPA Support including all administrative functions such as purchasing, human resources, finance, etc. \$733,394
- Excess of Revenues over Expenses \$314,089 All operating profits are invested back into the Taxicab and Limousine Program.

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Taxicab Operations	Jun 2010	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget
Revenue - Medallion Cabe Assessments	647,000	1,783,823	1,974,806	2,000,00
Revenue - Partial Rights Cabs Assessmenta	21,038	188,665	127,047	160,00
Revenue - State Inspections	17,944	347,200	256,108	250,00
Revenue - Driver Training	28,025	348,277	378,446	375,00
Revenue - Fees	7,375	46,041	35,817	50,00
Revenue - Violation Appeal	4,215	58,557	34,408	40,00
Revenue - Fines & Violations	15,455	220,090	186,012	175,00
Medaillon Fund Transfer	0	194,283	. 0	
Administrative Surcharge	92,029	1,089,780	975,161	1,000,00
Dispatch Communication Fees	134,674	303,277	351,319	350,00
Medallion Transfers	0	247,004	633,870	780,00
Dispatch Fees		30,000	32,500	32,50
Miscelianeous Revenue	6,790	126,589	90,776	90,00
Total Gross Revenue	974,545	4,983,586	5,076,270	5,282,50
Collection Services	0	0	(2,514)	(3,000
Net Revenue	974,545	4,983,586	5.073.756	6,279,50
ur l	•	oil Costs		-1
Payroll	143,451	1,703,612	1,699,344	1,760,89
Fringes	47.996	543,894	688,707	610,03
Pension	34,324	477,932	532,047	551,31
Post retirement benefits	7,024	80.337	77,595	80,18
Total Payroll Costs	232,795	2,805,775	2,897,693	3,002,42
	•	g Expenses	2,007,080	0,002,72
Advertising	0	3,745	8,566	7.60
Auto Expanse	1,364	15,883	26,682	29,00
Credit Card Fees	11,468	33,895	24,554	35,00
Equipment	(500)	6,008	7,215	5,00
Insurance	18,793	176,240	202,210	181,19
Printing	1,763	12.691	11,846	12,00
Depreciation	8,292	111,690	109,759	111,60
Misc. Expenses	930	11,123	19,169	14,00
Office Expense	7,843	41,302	48,376	50,00
Professional Fees	32,702	379,898	290,301	200,00
Rent Expense	42,395	281,651	252,710	280,50
Repaire & Meintenance	593	4,448	15,215	17,80
Telephone	516	11,508	9,480	10.00
Criminal Record Check	0	50,310	53,237	50,00
Uniforma	142	2,226	12,495	10,00
Dispatch Communication Fees	54,788	328,729	306,507	350,00
	37	52,685	58,989	62,00
Total Operating Expense	182,116	1,526,832	1,465,310	1,425,69
Total Expenses	414,911	4,332,607	4,353,003	4,428,11
Operating Profit	559,634	650,959	720,753	851,38
	Other Inco	me/Expanses	-	
Support	53,499	652,387	805,886	850,00
Fleet	3,850	64,878	52,715	53,00
interest income	180	573	1,918	2,20

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Limousine Operations	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget
Revenue - Assessments	413,101	356,850	525,000
Revenue - State Inspections	2,250	4,433	4,000
Revenue - Driver Training	23,760	33,793	30,000
Revenue - Faes	4,200	9,817	10,000
Revenue - Violation Appeal	3,462	2,733	4,000
Revenue - Fines & Violations	16.255	14,100	15,000
Administrative Surcharge	116.874	116,417	100,000
Revenue - Limo Transfers	0	14,675	20,000
Miscellaneous Ravenue	25,775	7,483	_ 10,000
Total Gross Revenue	605,677	560,302	
TOTAL GIOES REVENUE	003,077	300,302	718,000
Net Revenue	605,677	560,302	718,000
	Payroll Costa		
Payroll '	168,877	173,503	195,800
Fringes	53,559	69,970	70,268
Pension	29,820	60,010	73,085
Post retirement benefits	11,058	11,815	11,948
Total Payroll Costs	263,314	321,898	350,901
Advertising	Operating Expenses 404	898	800
Auto Expense	· • •		600
Credit Card Fees	1,044 739	5,166	1,700
		3,432	2,500
Equipment Insurance	1,209 40,926	1,267 31,923	1,500
Printing	2,641	(459)	3,200
Depreciation	11,846	12,450	13,200
Misc. Expenses	2,197	1,840	2,000
Office Expense	5,218	4,734	5,200
Professional Fees	40,914	45,928	44,000
Rent Expense	27,226	24.988	30,700
Ropairs & Maintenance	(760)	2,164	3,000
Talephone	871	1,144	1,200
Uniforma	(87)	1,351	1,200
Utakies	5,418	6,415	3,400
Total Operating Expense	139,794	143,239	114,200
		•	
Total Expanses	403,108	485,138	465,101
Operating Profit	202,569	95,158	252,899
	Other Income/Expensi	63	
Support	59,302	73,400	83,394
Fleet	5,743	6,027	5,998
Net Gain (Loss) from Operations	137,524	16,739	163,507

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Taxicab & Limousine Division

FY 2012 Budgeted Staff Positions

Title	Budgeted Positions
Director	1
Assistant to the Director	1
Manager, Administration & Adjudication	1
Deputy Manager, Administration & Adjudication	1
Manager, Enforcement	1
Deputy Manager, Enforcement	1
Deputy Manager, Vehicle Inspections	1
Supervisor, Enforcement	1
Inspectors	9
Training Coordinator	2
Analyst	3
Processing Specialist	3
Administrative Law Judge	
Court Reporter	1
Executive Assistant	
Secretary	3
Lead Auto Mechanic	1
Auto Mechanic Helper	3
Security Officer	1
Total	36

Fifteen positions are represented by AFSCME, District Council 47, and four positions are represented by AFSCME, District Council 33. Contracts for those represented positions have been extended since they expired in 2008. The budgeted amounts for personnel costs are based on the staffing levels above, (there are currently two vacant Inspector positions) and wage and benefit costs under the current Collective Bargaining Agreement. The conclusion of negotiations with AFSCME could impact these costs.

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Section Two

Hospitality Initiative Report

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Hospitality Initiative

In 2004, the General Assembly appropriated \$2 million to support the taxicab industry in Philadelphia by making vehicles and service more consumer friendly. The Philadelphia Parking Authority, in coordination with industry representatives, solicited proposals for a state of the art taxicab meter system to improve service ("Meter System"). After a formal RFP process, Verifone Transportation Systems (VTS) was selected to provide the Meter System. In subsequent budget requests, the General Assembly approved the additional use of existing Taxicab Medallion Fund monies in the amount of \$2,060,000 to fully fund the Meter System.

The Meter System has been installed in all medallion taxicabs and in the facilities of each dispatcher Given the cutting edge technological nature of the Meter System it experienced relatively few problems upon installation and has functioned properly for several years. Members of the traveling public have embraced the credit card payment options, automatic availability of receipts, and rear seat payment options. The Meter System is a powerful regulatory tool as well, permitting the Authority to track taxicab routes, which discourages rate gouging and enables the Authority to find items left behind in taxicabs by passengers. The Meter System also has an emergency distress button to assist drivers and has a function that requires each driver to swipe his or her Authority issued driver identification card to enable the system; this function deters the operation of taxicabs by uncertified persons.

To date, \$3,308,450 has been spent on the Meter System, the balance of the contract amount will be held in anticipation of system enhancements that will be pursued upon final promulgation of the Authority's new taxicab and limousine regulations.

Subsequent to the initiation of the Meter System, similar systems have been purchased and installed in New York City and Boston. VTS is also integrally involved in the New York City program.

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Section Three

Fiscal Year Ending June 30, 2012 Fee Schedule

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The Philadelphia Parking Authority Taxicab & Limousine Division Approved Fee Schedule for the Fiscal Year beginning July 1, 2011

The table below lists the fees or assessments for the Taxicab & limousine Division for the Fiscal Year beginning July 1, 2011. The Authority may also charge for goods such as postings in taxicabs, training material and incidental services such as copying, computer access and record checks.

Fee Description	Fee
Annual Medailion Fee	\$1,250 / vehicle
Annual Metered Limousine Fee (as authorized)	\$1,250 / vehicle
Annual Fee for Partial Rights Cabs	\$1,500 / vehicle
Annual Fee for Limousines - All Classes 1 - 15	\$300 for the first 15 vehicles
Annual Fee for Limeusines All Classes 18 20	\$275 for the second 15 usticlas
Annual Fee for Limousines - All Classes 31or more	\$250 for all additional vehicles
Daily Passes for Temporary Vehicles	\$30 / vehicle / day
Alternative Registration Fee (Remote and 16 Pass. + Vehicles With PUC Rights)	\$15.00/vehicle
Annual Fee for Dispatcher	\$2,500 / certificate
Dispatcher Change In Colors and Markings Scheme	\$600
Annual Renewal Fee for Driver Certificates	\$80
New Driver Certification with Classroom Training	\$130
New Driver Certification without Classroom Training	\$100
Medallion / Limousine Ownership Transfer Fees	\$2000 or 2% of purchass price, whichever is greater
Annual Financial Service Provider Registration Fees	\$1,000
New Dispatcher Application Fee	\$10,000
New Limousine Certificate Application Fee	\$10,000
New Limousine Certificate Application Protest Fee	\$2,500
Petition Filing fee for Regulation Watvers and Non-Waiver Patitions	\$200
New Car & Replacement Vehicle Transfera	\$200
PA State and TLD Semi Annual Inspections	\$75
Re-Inspection Fee at 3rd Inspection after 2 Failures	\$100
Return to Service Inspections (inspect & Remove Out of Service Sticker)	\$20
Medallion Return after Sheriff Levy	\$200
Administrative Hearing Fea (upon finding of liability)	\$50
Cab Replacement Postings (each)	\$10 (each poeting)
Lien Registration Fees	\$20 / lien
PennDOT Processing Fees (above PennDOT costs)	\$20
Communication Fee Associated with Hospitality Initiative	\$18 per month
Taxi Technology Replacement Fund	\$25 per year
Replacement Registration Sticker	\$30
Bounced Check Fee	\$200
Voluntary Suspension of Medallion Rights	\$25
Additional Limousine Rights at time of Initial Application	\$2,500
Additional Limousine Rights after initial Rights Granted by Board	\$5,000
Emission Walver	\$100