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Simon Abitbol, Member Taxicab and Limousine Advisory Committee

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Date: June 1, 2015

TO: Members of the City of the First Class Taxicab and Limousine Advisory Committee
@ HB 2654 § 5702. Advisory Committee –

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Independent Regulatory Review Board
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Philadelphia Parking Authority, TLD
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RE: COMMENTS, PROPOSED RULEMAKING ORDER
IIRC#3103/126-11 (relating to age and mileage limitations)
SUBMITTED; May 28, 2015

**BEFORE THE
Independent Regulatory Review Board**

PROPOSED RULEMAKING ORDER
IIRC#3103/126-11 (relating to age and mileage limitations)

BY THE AUTHORITY:

The Authority is the sole regulator of all taxicab and limousine service in Philadelphia. The purpose of the proposed rulemaking is to improve the quality and capability of taxicabs in Philadelphia. The proposed rulemaking will require all vehicles proposed for medallion taxicab service after a designated date, to be wheelchair accessible and otherwise comply with the Authority's wheelchair accessible regulations, including those related to vehicle age and mileage requirements. Similar requirements will apply to partial-rights taxicabs. The Authority seeks comments from all interested parties on the proposed regulation, which are found at Annex A to this Order.

Dear Commissioners and fellow Advisory Committee members

Please accept these comments of the above proposed rulemaking regarding the implementation of new and accessible vehicles for Philadelphia Medallion taxicabs and partial rights taxicabs. In these comments I would like to point out the disregard and the methods of the Philadelphia Parking Authority toward the Philadelphia Medallion Taxicab Industry. Any industry that is regulated by the government (City, State, Local) and if those regulators were to propose regulations that would drastically and directly affect the financial ability of that industry to endure the burden of a particular regulation good or bad, there would be serious discussions and

compromises especially if there is an appointed advisory board or committee, in this case neither has happened.

Under Title 53 §5702. (**Advisory committee**) it clearly states that;

Establishment.--There is hereby established an advisory committee to be known as the City of the First Class Taxicab and Limousine Advisory Committee. The authority shall submit to the advisory committee issues and questions for their consideration regarding the regulation, enforcement, compliance and operation of taxicabs and limousines in cities of the first class. The advisory committee may thoroughly consider the questions and issues submitted by the authority and may prepare and transmit to the authority and the public written comments. The advisory committee may submit suggestions and proposals to the authority in writing on topics considered important by a majority of the members. All actions of the advisory committee shall be considered strictly advisory, and the authority shall give careful and due consideration to the comments and proposals of the advisory committee.

There are 1600 regulated Medallion Taxicabs in the cities of the first class (Philadelphia) which have operated under strict regulations of the PPA (Philadelphia Parking Authority) and are severely reprimanded and heavily fined if those regulations are violated, to now propose such and outrageous and costly change to the industry without at least sitting down with the advisory committee is reprehensible.

Proposed Regulation; age and mileage limitations “Regulatory Analysis Form”.

@ (7) The Regulatory Analysis Form ask the PPA is to briefly explain the regulation in clear and nontechnical language. (100 words or less)

PPA - Beginning 30 days after publication of the final-form regulation, all vehicles brought into taxicab service for the first time will be required to be late models with less than 500 miles on the odometer. Additionally, all medallion taxicabs and 25 percent of each carrier's fleet of partial-rights taxicabs will be required to be wheelchair accessible. Currently 3-6 year old vehicles commonly enter taxicab service as “new” and often remain in service until 8 years old. A gradual upgrading of the fleet is anticipated because the improvements will occur only as existing vehicles are replaced.

In the PPAs brief explanation they point out how the industry conducts its operation within PPA regulations as set forth at § 1017.4. Age and mileage limitations.

(a) *Retirement age and mileage.*

(1) Except as provided in subsection (c), a taxicab will not be eligible for inspection as provided in § 1017.31 (relating to biannual inspections by Authority) upon reaching an age of 8 years old, as calculated under § 1017.3(a) (relating to age and mileage computations). For example, the last day on which a 2006 model year vehicle may be operated in taxicab service is the day before the taxicab's first scheduled biannual inspection after December 31, 2014.

(2) Except as provided in subsection (c), a taxicab will not be eligible for inspection as provided in § 1017.31 upon reaching 250,000 cumulative miles on the vehicle's odometer.

(b) *Entry mileage.* Except as provided in subsection (c), a vehicle will not be eligible for inspection as provided in § 1017.2 (relating to preservice inspection) if it has 135,000 or more cumulative miles on the vehicle's odometer.

(c) *Antique vehicles.* The Director may authorize the operation of antique vehicles as taxicabs upon review of a petition for waiver as provided in § 1005.23 (relating to petitions for issuance, amendment, repeal or waiver of Authority regulations).

Under these regulations a vehicle is allowed to operate up to (8) years from the manufactures date of that vehicle. What is the problem? As our business model an owner or driver shops for a vehicle in good condition and within the mileage requirements to present to the PPA for inspection. All vehicles must pass PPA and a State inspection before that vehicle is allowed to operate.

@ (10) The Regulatory Analysis Form IRRC ask the PPA to; State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as Possible and approximate the number of people who will benefit.

This question was answered with total disrespect to the industry that this authority regulates and mostly un-called for responses. The questions clearly ask; why the regulations is needed, and explain the compelling public interest that justifies the regulation, and who will benefit from it.

1. Of course the public will benefit from hailing or reserving a taxicab in a brand new vehicle, that's obvious we all like to ride in new vehicles. But what happens when the vehicle is two (2) years old with 80-100,000 taxicab miles? Do we change the regulations to mandate that we purchase a new vehicle every year or every six months?
2. Vehicles that are purchased within the guidelines of the regulations when first put into service are freshly painted with the required colors and for the most part in excellent condition. They pass PPA meticulous inspections.
3. Vehicles that are purchased today to be put into service for the first time are normally 2010 or better with less than 100,000 miles. What is the problem?

What's more insulting with the response/answer is the PPA tries to clear themselves by stating "While the condition of taxicabs has improved significantly since the Authority's regulatory functions began and a minimum of 2 annual "wheels off" inspections began in 2005, the condition of these vehicles remains unacceptable." to say this in a public document after stating how horrifying it is to ride in these old worn vehicles is irresponsible. FYI the PPA charges \$20.00 to stamp the paperwork to register a new vehicle and \$200.00 to put the medallion on the vehicle. Not to mention \$250.00 - \$500.00 for a 2-way radio installed (out dated, no longer needed) Paint \$350.00 (all vehicles must be painted certain colors to match radio dispatch), PennDot \$61.00 + Tolls + Harrisburg trip (all vehicles must be registered as fleet in Harrisburg, Pa. D.O.T about 5-6 hours), and \$195.00 to have equipment installed (GPS, meter, and advertising), to include Pennsylvania state inspection.

What do Limousine service and their business model have to do with the taxicab industry? The PPA includes them in their explanation. Limousine service and taxicab service are two completely different modes of transportation services one is a luxury service which up until recently was strictly reservation and the other is a "taxi service" which is still call and demand or hail. By definition limousine service are supposed to provide a higher quality of service provided in luxury vehicles defined in the regulations.

Limousine carrier's regulations do not call for shields, two way radios, or taxi meters, nor are they required specific color schemes.

The PPA also indirectly mentions Uber and Lyft by stating these illegal service providers fills the "obvious dearth in affordable quality common carrier transportation in Philadelphia." and that these illegal services use electronic tools to connect to the public, and then state how the public has responded. This response should not be accepted mainly because these hacks the PPA speaks of are illegal, Driver are not certified, vehicles are not registered, insurance is still questionable and they are not picking up people in new assessable vehicles. They are not regulated the taxi industry is. As a regulated taxicab industry we cannot give "free rides" to the public on Thursday without permission from the regulators, we cannot charge a higher fare to the public because it's rush hour or because it rains or snows, we cannot use any type of vehicle as a taxicabs (vehicle requirements), we must keep a log, we cannot do anything or make any changes to our business model without approval from the regulator's and in most cases without approval from the state legislature. It is absurd and wrong for the PPA to mention these things to explain why a regulation should be passed to force the Philadelphia Taxicab Industry into purchasing brand new vehicles or any other regulation.

As a Medallion owner I am appalled when I see in the explanation that owners must make significant investments in the equipment used for taxicabs. What does that mean? The first investment is the medallion. 95% of owners owe an average of \$200,000.00 with an average 25year term, his/her monthly payment is \$1543.00. Then there is the vehicle; new accessible vehicle \$40,000.00

Basic annual expense to include using the new assessable vehicle model, not to include a major accident or repairs (brakes, oil and filter, etc.).

| | | |
|---------------------------------|--------------------|--|
| Medallion Loan | \$15,600.00 | |
| Insurance | \$7,500.00 | |
| Collision | \$2,500.00 | |
| PPA annual Assessment | \$1,457.00 | |
| PennDot | \$78.00 | |
| PPA Bi-Annual Inspection | \$200.00 | |
| PPA avg. fine per Medallion (2) | \$700.00 | |
| New car loan (3 year term) | \$15,036 | |
| | | |
| Total Expenses | \$43,071 | |
| Income | \$40,000.00 | |
| Balance | -\$3,071.00 | |

Income --- \$800.00 per week x 50 weeks = **\$40,000.00** (\$800.00 per week is the highest number possible which owners cannot charge the driver because of the lease limits but just let us use this number giving PPA the benefit of the doubt).

The above numbers don't mention the purchase and installation of security cameras (total around \$1,000.00 when all is said and done) with live feed which comes with an ongoing monthly charge in which the commonwealth court found to be unconstitutional. Maybe I'm wrong but it appears we have invested much to the industry, if there are better numbers, true numbers I am more than willing to consider.

FYI; these other illegal operations don't have to worry about the above expenses our any other expense because they are illegal/un-regulated.

Again the PPA doesn't truly answer the question at (7) of the analysis form by including the statement of the Pennsylvania legislature;

"The Legislature has already found that a depressed, malfunctioning or de minimis taxicab system in Philadelphia to be to the detriment to the entire Philadelphia economy and the overall public good."

We would like to know what member(s) of the legislature made this statement and, even if so the statement itself contradicts itself, by including "de minimis" because how could that be if the taxicab industry is such a detriment to the economy and the public the statement is completed false. Our industry is depressed at this time because we have an army of hacks running wild in the city with total disregard for the Authority. We are not a malfunctioning industry, if that is true than our regulators and our regulations are the reasons for the malfunction.

@ (12) How does this regulation compare with those of the other states? How will this affect Pennsylvania's ability to compete with other states?

This regulation doesn't compare with any other state because in no other state/city are taxicabs required to have 100% new assessable vehicles with live streaming video recording security cameras, Which doesn't make any sense at all. There are no statistics or data that shows a need for any state/city to have all taxicabs be required to have 100% of their fleet be assessable, even those cities with assessable taxicabs haven't been much of a success. That means that all Philadelphia Medallion taxicabs will be some sort of "VAN", a person choosing to call, hail, or demand a taxi may not want to ride in an assessable vehicle (van). Has the PPA thought about that? Does this proposed regulation consider this? The first question the PPA should have asked is who will finance these vehicles? At this time the banks are not lending money to WAV initiative or to the medallion.

The PPA failed to mention in their response that in the rest of the state vehicles used by taxicabs, certificated limousine carriers and illegal service providers have modified their business models in an attempt to service some of the passengers in search of a better, but still affordable means of quick transportation in Philadelphia have recently changed from 8 year to 10 year age limits or with higher mileage, *(On April 4, 2013, the Commission adopted a Proposed Rulemaking Order, seeking public comment on proposed revisions to its motor carrier regulations in Sections 29.314 and 29.333 in Title 52 of the Pennsylvania Code)* and these companies legal and illegal including limousine *companies* have applauded the Pennsylvania Public Utility Commission (PUC) decision to do so and have filed waivers with the PUC to waive the six months so they can begin now. *On March 16, 2015, Rasier filed with the Commission this Petition for Waiver of the six month delay (the Six Month Delay) in the effective date of the forthcoming vehicle age/mileage regulations so that Rasier's drivers may immediately operate vehicles under the forthcoming regulations upon publication of those regulations in the Pennsylvania Bulletin.*

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

There has been no communications other than the proposed regulation that was emailed to the industry of this nature related to the proposed regulation. I refer my comments to (14) to my open statement.

The fiscal impact of acquiring the more expensive assessable vehicles at this time will lay a heavy financial burden on the Philadelphia Medallion Taxicab Industry; we are already facing serious attacks from the aforementioned mentioned illegal hacks that are running ramped through our city. Then there is the implementation of security cameras and ongoing cost that comes with the live feeds. As businessmen and women in the industry we are all stressed with how do we make a change for the betterment of our industry, when our hands are tied by regulations and regulators? As stated earlier in my comments there is nothing that we can do to adjust to the changing times without the approval of the regulator's. The PPA is 100% funding by the taxicab and limousine industry, "100%" there are no subsidies. The PPA took control of our industry with over 10 million dollars in the kitty with an annual budget of around 1.2 million dollars now just 10 years later the annual PPA budget has reached 7.5 million dollars with a proposed budget submitted to the house and senate of 10.4 million with more and more regulations that is driving up the cost to operate a taxicab in Philadelphia. We are fined \$350.00 if "a" brake light is out or make a deal a pay \$200.00 without a hearing, and we can't be afforded the respect or just the plain courtesy with members of the industry or at least the appointed advisory committee before proposing a regulation so shattering to the industry. To think we just passed regulations and amended the statue to auction off 150 medallion taxicabs that must be assessable only vehicles. The PPA should have taken insight from an unsuccessful auction which had no bidders, though they didn't help the situation by starting the bids at close to a half a million dollars (\$475,000.00). This should have showed the PPA the financial condition of the taxicab industry, not only in Philadelphia but across the nation. It's easy to come up with all sorts of grand ideas when it's not your money to implement them.

I will direct the following comments to the analysis form @ **section (26)** and the PPA response/answer.

(26) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

PPA/Response; No other alternatives were considered.

To change the fleet to all new vehicles is one thing and to add they all are assessable would be an overwhelming financial burden; would require unbudgeted and unplanned capital expenditure; and, would require an increase in fares to the public via tariff relief. It may not be a bad idea to upgrade the mileage for vehicles to start operations maybe 50,000 - 75,000 miles, again I go back to (26) answer - **No other alternatives were considered.**

Although taxis driven predominantly in Philadelphia "age" somewhat rapidly with a very active nightlife and heavier public transportation demands increasing the mileage and the wear and tear on the vehicle, it is the business we are in, it doesn't matter whether the vehicle has 5 miles or 500,000 miles the vehicle still has to pass PPA and safety inspection twice a year.

In a difficult economic climate, it seems the PPA is punishing, rather than rewarding, owners which try hard to properly maintain their vehicles. If meetings, compromising, or negotiating with the industry will not be entertained, then a more reasonable standard for measuring the condition of the taxi industry should be adopted. It cannot continue to be one sided, it cannot continue to be my way or the highway from either side. Again; (26) **No other alternatives were considered.**

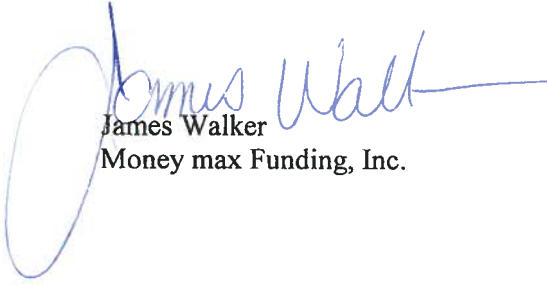
The PPA is completely (100%) financed by the Taxicab and Limousine Industry, even when there is a dispute that must be settled by the courts the industry pays for the prosecution and defense and even when we win we lose. Now the PPA is proposing that the industry spend more than \$64,000,000.00 (\$40,000.00 x 1600) as an example sees **Exhibit #1**. I don't care how you try to dress it up by saying over time this will be done if you say the life of a vehicle is 3-4 years that's \$16,000,000.00 – 22,000,000.00 a year for the fleet and not have the regulating authority not consider a less burdensome acceptable alternative, that doesn't make sense.

We urgently object this proposed regulation @ IRRC#3103 - 126/11 and strongly suggest to the commission that they reject this proposal.

Truly



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