

Attachment 1



EXECUTIVE SUMMARY

Staff Report of March 4, 2014

REVIEW OF THE PROPOSED TAXICAB FRANCHISE REQUEST FOR PROPOSAL AND A DRAFT OF THE PRELIMINARY CHANGES RECOMMENDED TO THE BEVERLY HILLS MUNICIPAL CODE

INTRODUCTION

At the Study Session of February 18, 2014, staff was directed to return to the next scheduled Study Session (March 4, 2014) prepared to address general and specific concerns related to the Franchise RFP process. An overview of concerns is as follows:

- Principles and Economics of Taxicab Regulations
- Reasoning for Consultant's Recommendation of Rightsizing
- Consideration of Dual Permitting Taxi Vehicles
- The Rating Process
- The Rating Criteria
- Creating/Encouraging more Customer Feedback to the City

DISCUSSION

Staff understands the goals of the City's taxicab regulatory system to be as follows:

- Protect the Health, Welfare and Safety of Taxicab Users
- Maintain the Current Taxicab Rates Marginally Below the Region and Surrounding Jurisdictions
- Hold Taxicab Companies Accountable for Vehicle Owners and Operators Actions
- Improve Technology, Including Dispatch, Ordering and Payment Options
- Improve Customer Services Levels
- Maintain Availability and Response Time of Taxicab Service
- Maintain Customer Alternatives – More Than One Choice of Service Provider
- Minimize Disruption to Residents, Businesses, Visitors and Taxicab Customers

In order to achieve these goals, taxicab regulations are necessary. The challenge of taxicab regulations is to enact a group of policies that promote the set of goals for the system and mitigate the potential conflicts inherent in each regulatory choice. For instance, maintaining taxicab rates which are below surrounding jurisdictions is likely to encourage taxicab service providers to neglect the City's market in favor of locations that offer greater profitability. Policies, such as a restriction on dual permitting, become necessary to restore balance.

The Taxicab Services Study was a comprehensive analysis that was undertaken to provide this balanced set of recommendations. This study determined that response times and the availability of taxicabs in Beverly Hills were generally good, and in some cases superior to surrounding areas. The comprehensive study went on to outline the areas of complaints and desired improvements, as follows:

- Driver Customer Service
- Community Disruptions
- Overcharging/Long-Hauling
- Credit Card Terminals in the Back Seat of each Taxicab
- More 'Green' Taxicabs (Compressed Natural Gas, Electric and/or Hybrid)
- More Wheelchair Accessible Taxicabs

Meeting Date: March 4, 2014

A conversion from the current Certificate program to a Franchise environment was recommended to achieve the following:

- Improve accountability of Taxicab Companies for the actions and services provided by the individual vehicle owner/operators and to improve system-wide services such as technology, sustainability and accessibility
- Introduce competition into the selection process of service providers for our community to maintain/improve these service levels

Accountability

The Franchise environment provides the most effective method of holding taxi companies accountable for the overall performance of individual owner/operators, provided that a healthy taxi market has been established for the companies to operate within.

Linking performance to the ability to maintain a franchise agreement encourages the organization and management of quality service delivery. The franchise system also motivates service quality by allowing reductions in the number of taxis a company may operate. This may serve as a greater motivator than if just the vehicle is removed from service allowing the company to backfill the vacancy with a replacement vehicle.

Competition

A Franchise process provides for the introduction of 'competition' into the process of selecting service providers, creating competition between companies to offer the City higher levels of service. This type of organized competition should not be confused with the concept of introducing more companies and vehicles into service to compete in the streets for ridership.

- The concept of introducing more companies and vehicles has demonstrated reductions in service and increases in dissatisfaction
- A policy of increasing vehicles without a demonstrated need may exacerbate current complaints about current neighborhood impacts

Providing for dual permitting with Los Angeles to mitigate these impacts could predictably result in more permitted taxis and reductions in availability and service

- Taxicabs providing a ride from Beverly Hills to Los Angeles would likely remain close to the point of termination to attract another fare rather than return to Beverly Hills empty
- Los Angeles has greater service demands, which could leave Beverly Hills with reduced supply during peak periods
- This condition may be further exacerbated by higher, more profitable rates in Los Angeles

Maintaining good response times requires having an adequate (but not excessive) number of vehicles available for service. Experience in other cities has shown that an excessive number of taxicabs may result in greater impacts to the community, including reductions in response times, poor service quality, congestion at cab stands and on-street with taxis cruising for fares, aggressive customer solicitation, increases in overcharging and long-hauling, and the need for additional enforcement resources to pursue balance

The RFP Process

Meeting Date: March 4, 2014

To be considered for award of a Franchise proposers must meet minimum requirements as outlined in the proposed RFP, to be reviewed by the City's Consultant for compliance with the proposal requirements

A select number of proposing companies will be invited to present and interview before a City selection panel made up of Commissioners, community partners, experts and City staff. Rating will be based on a 100 point scale with categories related to experience, management, technology, financial stability and enhancements. In assigning scores, the panel may consider the proposals, independent information, objective data provided by other jurisdictions, use of proposers' services, and interviews with references provided by the proposers and/or staff of other jurisdictions.

Staff is recommending that the rating criteria reflect the potential impacts to the community related to changing services providers by establishing that an interested party must score a minimum of five points (5%) above a current certificate holder to be awarded a franchise.

Urgency Ordinance and Ordinance for Age of Vehicles

Prior to award of a Franchise agreement, modifications to the Beverly Hills Municipal Code (BHMC) are recommended including an Urgency Ordinance and Ordinance which are necessary for the immediate preservation of the public peace, health and safety and to minimize the reduction of the number of taxicabs permitted, by amending the reference to the 'model year' instead of the 'manufacture date', to continue serving senior citizens, the disabled and other users that may rely on this service as a primary source of transportation.

RECOMMENDATION

It is recommended the City Council direct staff to the release of the RFP based on the recommendations of the City's Consultant:

- Allow proposers that have operating infrastructure within 20 miles of Beverly Hills
- Allow proposers that can provide a minimum of 25 taxicabs
- Limit award to three (3) taxicab companies
- Limit award to 150 taxicabs distributed among the three (3) companies
- Maintain dual permitting with West Hollywood and restrict dual permitting with Los Angeles
- Initial term of five (5) years
- Additional one (1) year terms extended annually based on performance requirements
- A total term not to exceed 10 years
- Maintain flexibility to:
 - Increase/Decrease the number of companies and/or taxicabs
 - Redistribute or modify the number of existing taxicabs based on performance, annual ratings and/or service levels
 - Allow for dual permitting upon approval
- Return to the City Council with recommendations for the award of Franchises based on the process and criteria stated herein.