

# **Attachment 2**



## Regulatory and Options Matrix

### Existing Regulations (Certificates of Public Convenience and Necessity)

Regulatory Feature	Effect
Limitation to 3 companies and 150 cabs	Each company has sufficient market share to allow for good response time Three companies allow for competition
Prices set somewhat below other areas	Protects lower-income Beverly Hills customers
Restriction on operating in Los Angeles	Ensures that drivers are available to respond to demand in Beverly Hills, despite potentially higher revenue-earning opportunities in Los Angeles
Certificates	Protects companies but does not provide a mechanism to promote innovation or service improvement

### Recommended Changes: Proposed Taxicab Franchise Request for Proposal (RFP)

Regulatory Feature	Effect
Franchises instead of certificates	Mechanism to hold companies responsible for overall service quality and driver behavior; can be taken away
Limited franchise term with extensions based on performance	Incentive for companies to maintain/improve service quality and compliance
Flexibility for the City to modify each company's permitted fleet size	Additional means to incentivize performance and to respond to changing market conditions
RFP to select franchisees	Introduces additional periodic competition

# Regulatory and Options Matrix

## Options

Regulatory Feature	Pros	Cons
Maintain existing limits on the number of companies and taxis	Companies will have sufficient fleet size to provide good response times and justify special procedures and programs for Beverly Hills.	Market may be perceived as “closed” by potential RFP competitors, giving the City reduced choice of companies. Potential for a contentious process and disruption for customers in the event of change in companies.
Allow additional companies and taxis	Added customer choice of companies A new company can be added with less disruption for customers.	Reduced market share for each company, potentially leading to poorer response times Reduced driver earnings in Beverly Hills could create an incentive for drivers to avoid Beverly Hills, or to avoid short trips and attempt to overcharge If Los Angeles operation is forbidden, oversupply could create on-street competition. Added City enforcement effort
Allow operation in Los Angeles to avoid potential oversupply of taxis	Reduces oversupply on the street, avoiding enforcement issues. Potentially benefits those drivers who choose to focus on Beverly Hills (reduces incentives to avoid short trips or to overcharge).	Reduced market share for each company would remain, and there would be fewer drivers in Beverly Hills at any given time available to respond to calls Taxi availability in Beverly Hills would be uneven depending on events in Los Angeles
5% preference for incumbents	Avoids disruption for customers unless there is the prospect of a clear benefit. Franchisees nearing the end of their term can invest with some confidence in continued operation.	Discourages potential proposals by new companies.