

Attachment 4



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: February 18, 2014

To: Honorable Mayor & City Council

From: Chad Lynn, Director of Parking Operations
Genevieve Row, Audit and Permit Administrator

Subject: Review of the proposed Taxicab Franchise Request for Proposal and a draft of the preliminary changes recommended to the Beverly Hills Municipal Code

Attachments:

1. Draft Request for Proposal
2. Proposed Changes to Beverly Hills Municipal Code (BHMC)

INTRODUCTION

The City of Beverly Hills currently regulates taxi companies, vehicles and drivers delivering services to residents and visitors for trips originating within the City limits through the Beverly Hills Municipal Code (BHMC) through the issuance of Certificates of Public Convenience and Necessity. Presently this service is provided by three (3) certificate holders with a total of 148 currently permitted vehicles in the City as listed below:

COMPANY	TAXICABS PERMITTED
Beverly Hills Cab	60
Independent Taxi Owners Association (Independent Cab Co.)	60
United Independent Taxi Drivers (United Independent Taxi)	28

A conversion from the current Certificate program to a Franchise environment is being recommended and pursued in response to the Taxicab Service Study that examined the current performance and regulatory environment and survey responses from members of the community relating to the types of improvements they wished to encourage (customer service, "green" initiatives, driver appearance and conduct, etc.)

The conversion to a Franchise environment introduces competition into the process of regulating and selecting taxi service in an effort to attract new technologies, improve

Meeting Date: February 18, 2014

accountability, and protect the health, welfare and safety of the community. It is the goal of this program to ensure high standards of service are provided to the residents and visitors of our community, including the elderly and/or disabled, who may rely on such services as their primary source of transportation.

At the direction of the City Council the City's consultant, Nelson/Nygaard Consulting Associates Inc., in conjunction with City Staff and the City Attorney's office have prepared a draft Request for Proposal (RFP) for consideration by the City Council prior to release. A draft of the anticipated changes to the BHMC that may be necessary to complete the transition from the Certificate to the Franchise environment have also been included (Attachment 2)

Staff is anticipating release of this RFP by April 2014, receiving responses by May 2014 and providing recommendations to the City Council for award of franchise agreements by June 2014. An operational transition plan will be developed for the transition from the existing system of taxicab certificates to a taxicab franchise environment based on the prevailing proposals.

DISCUSSION

The proposed RFP invites interested taxicab operators, including those not currently permitted in the City, to submit proposals for the operation of taxicab service originating in the City of Beverly Hills. The Consultant has recommended awarding three (3) non-exclusive franchises of not less than 25 taxicabs per franchisee with a total number of taxicabs no greater than 150 (the current level of service and availability); however, the City Council may award such franchises and number of taxicabs in any configuration in which it determines is in the best interest of the City.

The initial term of the agreement is recommended for a five (5) year period to allow for the amortization of the improvements and start-up costs associated with these services. It is further recommended that limited one (1) year term extensions be granted each year over a five (5) year period based on the franchisees' performance as determined in annual evaluations; the total term of a franchise agreement will not exceed a total of ten (10) years including the initial term and the associated extensions as granted. In addition to non-renewal of the franchise agreement, franchisees that do not meet the City's standards may be placed on probation, suspended, assessed penalties, and/or subject to a reduction of the number of permitted vehicles.

If at any time the City determines a need for additional taxicab service, based on the reduction of a franchise's right to operate taxicabs or due to an increase in demand, the City may increase the number of taxicabs the franchise holders may place into service, with preference given to those companies with the highest scores from the annual evaluations. The City may also award new franchises based on solicitation of additional proposals.

Meeting Date: February 18, 2014

To be considered for award of a Franchise, the following minimum requirements will be considered:

- Completion of all required forms, including:
 - Proof of Financial Liability (Equity Funding, Debt Funding)
 - Proof of Identity (Articles of Incorporation, Board of Directors, Officers, Principal Stockholders)
- Ability to provide and maintain the minimum number of vehicles (25 recommended)
- Ability to meet all technical requirements, including:
 - 24-hour dispatch
 - digital service and request tracking
 - digital taxicab activity and location tracking
 - credit/debit card equipment and procedures
 - taxicard payment plan (senior citizen program)
- Ability to meet minimum accessibility requirements
- Ability to provide Green Vehicles as regionally defined (State of California and City of Los Angeles)
- Must maintain an existing servicing and storage facility within 20 miles of Beverly Hills City Hall

Proposals that meet the minimum qualifications will be evaluated on the content of their written proposals, a panel interview conducted by the City, and possible site visits as necessary.

For the selection process staff is proposing a panel be convened consisting of City Commissioners, City Staff, and/or staff from outside agencies. The selection criteria by which the written proposals and interviews will be assessed is proposed as follows:

15%	Experience, including in and/or around Beverly Hills, and quality of service
15%	Key Management Staff - Experience, Qualifications, Character
30%	Management Plan, Organizational Structure, Quality Assurance Plan, Customer Service Training Programs
15%	Infrastructure, Facilities and Equipment
10%	Financial Stability and Capacity to Meet Commitments
15%	Enhancements: Ex. 'Green' Vehicles, Payment/Order Options, Others
100%	TOTAL

Enhancements to be considered are those services which may not be required or may exceed the minimum required service level. For instance, providing smartphone applications for ordering and/or payment of services is not a required service, but is desirable and a benefit to the community.

Meeting Date: February 18, 2014

As part of the original taxi study the City's consultant engaged in public outreach with the current taxi service providers, taxi service providers that have expressed interest in operating in Beverly Hills, the City's service provider for the Senior Citizen taxi coupon program, local resident groups and local hotels and businesses. Upon public release of this staff report, the City's consultant is scheduled to contact the current service providers and service providers that have expressed interest in providing service in Beverly Hills. Staff will be prepared to present any feedback that has been received and has informed these organizations of this Study Session agenda item.

REQUIRED CODE AMENDMENT

Prior to the award of a Franchise agreement, modifications to the City's Municipal Code will be required to both provide for a Franchise program and to create and enhance the ongoing requirements of the selected service providers. The details of the proposed changes are contained in Attachment 2. A summary of such changes include:

- Expiring existing certificates that are held by the current service providers
- Removal of the Certificate language and establishment of the Franchise requirement
- Evaluation for Franchise Performance and grounds for Suspension, Revocation, and related sanctions
- Additional language related to conformance with the Americans with Disabilities Act
- Establishing authority of the City to approve vehicle identity (color/markings) and numbering schemes
- Minimum requirements for the provision and functionality of technology
- Minimum requirements for the provision and functionality of payment methods
- Requirement for reapplication of a driver for a permit when moving from one taxi provider to another
- Update the maximum age of vehicles in service to reflect 'model year' instead of 'manufacture date' for a period of eight (8) years for standard vehicles and the allowance of ten (10) years of service for vehicles with substantial modifications related to disabled passenger accessibility

Service providers will continue to be required to conform to the rules and regulations promulgated by staff for the day-to-day operations of taxicab services.

Based on the anticipated timeline and implementation of a Franchise program, the current taxi operating permits will expire prior to the award and implementation of franchises. The City will need to continue with the current practice of taxi permit renewals in April of 2014. Concerns have been raised by the taxi service providers related to the language contained in Section 7-4-214(J) of the municipal code. This section currently establishes the maximum age of a vehicle in service as seven (7) years from the 'date of manufacture' for all vehicles in service, including vehicles adapted for wheelchair accessibility. The current industry and regional practice is to base the length of service on the 'model year' of the vehicle and not 'manufacture date.'

Meeting Date: February 18, 2014

Under current operations the service providers have met these current obligations without concern. However, recognizing that it is possible that current service providers may not be awarded a Franchise, owner/operators associated with the current certificate holders have expressed concern with obtaining newer vehicles for a shortened permitting and/or operating period, prior to the transition and implementation of franchises.

To more closely align the City's policies with industry and neighboring jurisdictions standards, and to mitigate the possible reduction of vehicles based on the concerns of the current service providers, staff will be bringing forward an ordinance for consideration by the City Council that will amend Section 7-4-214(J) of the BHMC. The proposed amendment would extend the age of standard vehicles to 8 model years, and for up to ten (10) model years for vehicles modified for wheelchair accessibility.

RECOMMENDATION

It is recommended the City Council direct staff to release the RFP, as-is or with any changes, conduct the selection process and return to the City Council with recommendations for the award of taxi service Franchises as described herein.



George Chavez

Approved By