



## AGENDA REPORT

**Meeting Date:** December 2, 2014

**Item Number:** F-1

**To:** Honorable Mayor & City Council

**From:** Chad Lynn, Assistant Director of Public Works Services   
Genevieve Row, Audit and Permit Administrator

**Subject:** AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING THE BEVERLY HILLS MUNICIPAL CODE TO PROVIDE FOR A TAXICAB FRANCHISE SYSTEM IN THE CITY.

**Attachments:**

1. Legislative Digest
2. Proposed Ordinance

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### RECOMMENDATION

Staff recommends that the City Council move to waive the full reading of the ordinance and that the ordinance entitled, "Ordinance of the City of Beverly Hills Amending the Beverly Hills Municipal Code to Provide for a Taxicab Franchise System in the City" be introduced and read by title only.

### INTRODUCTION

At the Study Session of March 4, 2014, staff was directed to return to the City Council with an ordinance amending the Beverly Hills Municipal Code (BHMC) to modify the current method the City regulates taxi companies, vehicles and drivers delivering services to residents and visitors for trips originating within the City limits from a Certificate of Public Convenience and Necessity (CPCN) to a Franchise System.

At the Study Session of Tuesday, December 2, 2014, a report (Item A-1) is scheduled for presentation outlining activities, actions and recommendations based on the taxicab services study performed by Nelson/Nygaard, which evaluated the local taxi market and the Beverly Hills taxicab regulatory environment. The CPCN form of regulation was determined to create a narrow ability for the City to set service standards for taxi companies or comprehensive methods of enforcement which could hold taxicab companies accountable for the actions of individual taxicab drivers; drivers that are often independent contractors within taxicab cooperatives. The current system of open-ended CPCNs provides little mechanism or incentive from the City for taxicab companies to

maintain and improve technology, sustainability, accessibility practices or general customer service experiences. The transition from a CPCN system to a Franchise system of regulation seeks to ensure ongoing motivation and incentives for improvements to system-wide services by creating competition between service providers in order to gain access to the Beverly Hills taxicab market.

## **DISCUSSION**

Changes to the BHMC related to the taxicab regulatory environment are recommended at this time to ensure implementation scheduled for April 1, 2015, which coincides with the expiration of annual taxicab vehicle permits. Irrespective of which regulatory method the City choose to regulate taxicab companies, CPCN or Franchise, operating permits are issued to individual taxicab vehicles on an annual basis upon passing a City inspection; current taxicab permits have an expiration date of March 31, 2015. The proposed timeline for implementation of the Franchise system, and for the commencement date of recommended franchise agreements, is April 1, 2015. This aligns the expiration of current vehicle permits with the issuance of new permits, potentially to new vehicles associated with new service providers, under the Franchise system.

The proposed changes to the Municipal Code are primarily found in Chapter 4 – Public Transportation Vehicles. Though there are areas in the articles below that mirror the current regulation through the CPNC, changes are proposed to allow for the Franchise system, all of which are shown in the Legislative Digest (Attachment #1). An outline of the significant changes is as follows:

- Addition of Article 1 - Taxicab Franchises
  - Removes language related to the CPCN for the regulation of taxicab services
  - Establishes language related to the award of Franchises through the use of competitive 'Request for Proposals' and a committee to make recommendations regarding awards to the City Council
    - A company that has had its franchise revoked shall be prohibited from competing for a franchise for a period of three (3) years
  - Establishes an initial five (5) year term for the Franchise Agreement, with five (5) optional one-year extensions at the discretion of the City for a total term of up to ten (10) years
    - Traffic & Parking Commission recommends term extensions to the City Council for approval
  - Updates the definition of a 'Taxicab'
  - Requirement for franchisees to maintain a physical location for business operations within 20 miles of the City, defined by the most direct street route
  - Requirement for credit card acceptance and supporting infrastructure
  - ADA compliance requirements
  - Method for the addition of additional taxicab companies or taxicab vehicles
    - Competitive selection process; and/or
    - Preference provided to companies with the highest service scores
  - Requires notification and approval for change of ownership interests to current franchise holders
  - Requires the maintenance and access to written and electronic records of operations provided to the City

- Evaluations, Grounds for Suspension, Revocation or Sanctions
  - Failure to meet reporting or service quality standards
  - Staff recommends to the Traffic & Parking Commission
  - Traffic & Parking Commission takes action
  - Actions are appealable to the City Council
- Establishes environmental goals (Green Vehicles)
- Article 2 - Taxis and Other Public Transportation Vehicles to include the following amendments:
  - Largely 'clean-up' language replacing CPNC language with Franchise language
  - Clarifies language related to how vehicle age is defined. Reflects 8 years for regular vehicles and 10 years for ADA accessible vehicles, based on the vehicle's model year
    - Requires an approved mechanics inspection after 5 years of age
  - Establishes standards for decals, vehicle color schemes, in-vehicle taxi terminals, non-smoking requirements, and limitations on the ability of a company or driver to refuse transportation
  - Updates vehicle insurance provisions to match current City standards
- Article 3 - Operator's Permit. Amendments are proposed to:
  - Largely 'clean-up' language replacing CPNC language with Franchise language
  - Establishes baseline communication standards
  - Requires 'sponsorship' of a driver by a Franchisee
    - Expires the existing permit if the driver leaves or is removed from service by the current employer and requires reapplication/transfer by the driver

This ordinance requires a second reading scheduled for December 9, 2014 and if adopted on December 9, 2014 the ordinance shall become effective on January 9, 2015 for implementation in April 2015, provided Franchise agreements are executed as awarded.

It is recommended that the City Council adopt the proposed changes to the language of the BHMC in order to allow for the transition from a CPNC to a Franchise program for the regulation of taxi companies, vehicles and drivers delivering services to residents and visitors for trips originating within the City limits, should the Franchise system be approved.

### **FISCAL IMPACT**

The proposed amendment to the BHMC is accompanied by a recommended change to the City's Schedule of Taxes, Fees and Charges (Item E-1). The estimated revenue for the franchise system is \$243,497, which will provide an additional \$101,100 over current revenues. The Budget Enhancement approved for the expansion of this program as part of the 2014/2015 budget cycle estimated additional revenues of \$118,000, leaving a deficit of approximately \$16,900 based on the current anticipated revenues.

This deficit is largely due to the recommended award of 171 taxicab vehicles, reducing the associated vehicle permit revenue by approximately \$33,118. It is anticipated that

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this deficit can be partially offset by the fines and penalties being established, with the remainder being absorbed by the existing operating budget.

One-time implementation costs associated with establishing the reporting requirements, formats, frequencies and metrics for performance rating are estimated to be \$75,000, along with ongoing costs of approximately \$15,000 per year for 'secret shopper' services, which can be funded as part of the current operating budget.

George Chavez  
Approved By

