AGENDA REPORT

Meeting Date: December 2, 2014

Item Number: F-2

To: Honorable Mayor & City Council

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

Subject: AWARD OF FRANCHISE AGREEMENTS TO TAXI COMPANIES AND AUTHORIZING THE CITY MANAGER TO EXECUTE FRANCHISE AGREEMENTS IN SUBSTANTIALLY THE FORM TO BE APPROVED BY THE CITY COUNCIL

Attachments: 1. Form of Franchise Agreement

RECOMMENDATION

Staff recommends that the City Council move to authorize the City Manager to execute Franchise Agreements with taxi companies for taxicab service in the City of Beverly Hills based on the terms and conditions as outlined by the City Council and in a form approved by the City Attorney.

INTRODUCTION

At the Study Session of March 4, 2014, staff was directed to release the Taxicab Franchise Request for Proposal (RFP) and establish a review panel to include residents and members of the community to select and recommend four (4) qualified taxicab companies and consider up to 200 taxicab vehicles eligible for dual licensing with the City of West Hollywood to serve the taxicab market in the City of Beverly Hills.

At the Study Session of Tuesday, December 2, 2014, a report (Item A-1) is scheduled for presentation outlining activities, actions and recommendations including the selection process, public outreach and the final recommendation of the Taxi Review Panel.

DISCUSSION

On May 28, 2104 the City released an RFP to select and recommend taxicab service providers for award of a Franchise Agreement.

Notice of the RFP was provided to the distribution list created from the taxi services study, and included an initial distribution to nine (9) taxicab companies. A total of five (5) proposals were received as follows:

- Bell Cab Company
- Beverly Hills Transit Coop. Inc. (BH Cab)
- Independent Taxi Owners Assoc. (ITOA)
- LA Checker Cab Co-Op, Inc.
- United Independent Taxi

At the direction of the City Council, staff solicited the Traffic and Parking, Human Relations, and Health and Safety Commissions, requesting the Chair appoint a member of the Commission to serve on the Taxi Review Panel. City Council member referrals and a member of the City's Technology Committee were also contacted.

The following Commission, Committee and community members agreed to serve as members of the Taxi Review Panel:

- Health & Safety Commissioner Lisa Kay Schwartz
- Health & Safety Commissioner Myra Demeter
- Traffic and Parking Vice Chair Lester J. Friedman
- Former Human Relations Commissioner Barbara Linder
- Technology Committee Member AJ Willmer

The taxi review panel was supported by the following ex-officio, non-voting panel members in addition to City staff (not all ex-officio members were present at all panel meetings):

- Staff of Nelson/Nygaard Consulting Associates, Inc.,
- David Koffman, Nelson Nygaard
- Jeanine Brands, City of Los Angeles, Department of Transportation (DOT) Taxi Regulation Division

Staff, in conjunction with the Taxi Review Panel, engaged in the following activates:

- June 2, 2014 - Pre-proposal Conference Call for proposers
- June 16, 2014 - Close of Proposer Questions & Responses
- July 1, 2014 - Taxicab Franchise Sealed Proposals due to City Clerk's Office
- July 17, 2014 – Distribution of Materials to Review Panel
- July 31, 2014 – Review and Deliberations of Written Submittals
- August 6 & 14, 2014 - Public Forums held to discuss Taxicab Service
- August 20, 2014 – Review Panel Interviews with Taxicab Service Providers
- August 25 & September 10, 2014 – Review Panel Deliberations and Decisions
- November 18, 2014 - Study Session – Scheduled Presentation of Taxicab Franchise Program Recommendations – Continued to meeting of December 2nd
- December 2, 2014 - Study Session – Scheduled Presentation of Taxicab Franchise Program Recommendations

As outlined in the RFP, the panel was not limited to the information in the proposals, but could use other data as provided by other jurisdictions, random use of proposers' services by the panel members, "secret shopper" services and/or information provided by taxi riders.

The City conducted a Taxi Customer Service Audit using a 'secret shopper' service. The objective of this evaluation was to provide a current assessment of services of each of the taxicab companies that submitted proposals. The shopper assessed and observed all points of a taxicab service model. The shopper affirmed a common complaint that all five taxi companies overcharged for the flat rates to LAX whether the trip originated in Beverly Hills or Los Angeles and generally concluded that no company stood-out in in the exercise, positive or negatively.

Additionally, the Panel was provided a report compiled by the City of Los Angeles establishing ratings and service levels for taxi service for the adjacent Westside market, which included all five proposing companies.

Based upon the submittals, interviews, public outreach, information gathered, and deliberations, the Taxi Review Panel established the following ratings:

	Bell Cab Company Inc	Beverly Hills Transit Coop, Inc	Independent Taxi Ownwers Assoc	LA Checker Cab Co-op, Inc	United Independent Taxi
Company Experience	70	56	54	50	49
Key Mgmt & Admin Staff Experience & Qualifications	71	64	64	47	58
Management Plan	118	93	88	68	83
Taxi Facilities & Equipment	71	59	56	50	67
Beverly Hills START-UP Plan	20	19	20	17	16
Financial Stability	30	30	20	20	30
Enhancements & Innovations	63	58	58	51	53
Grand Total	443	379	360	303	356

To gain a greater perspective of the impacts of the range of ratings, the calculation is often tested against striking specific scores from the ratings. The table below shows the ranking under four different calculation methods; As-Is, Strike High, Strike Low, Strike High/Low. As-Is represents the raking as scored by the panel. Strike High represents the removal of the highest score in each rating, while Strike Low represents the removal of the lowest score in each rating. The Strike High/Low represents the removal of the highest and lowest score in each rating.

Company	As-Is	Rank	Strike High	Rank	Strike Low	Rank	Strike High/Low	Rank
Bell Cab	443	1	347	1	364	1	268	1
Beverly Hills Cab	379	2	291	2	319	2	231	2
Independent Taxi Owners Association (ITOA)	360	3	269	4	309	3	218	3 (tie)
LA Checker Cab	303	5	227	5	261	5	185	5
United Independent Taxi	356	4	272	3	302	4	218	3 (tie)

When calculated using each of these methods, the number one (Bell Cab) and number five (LA Checker) ranked companies maintained these rankings. The number three and four ranked companies (ITOA and United respectively) did change rankings, including producing a tied ranking for number three in the Strike High/Low calculation. While the numeric difference was reduced in these calculations, the percentage of the point gap shifted only nominally between each ranking in each scenario. The changes in the number 3 and 4 ranked companies demonstrated with these calculations mirror the Taxi Panel's deliberative process related to the ratings and reflect the consensus reached in the final recommendation.

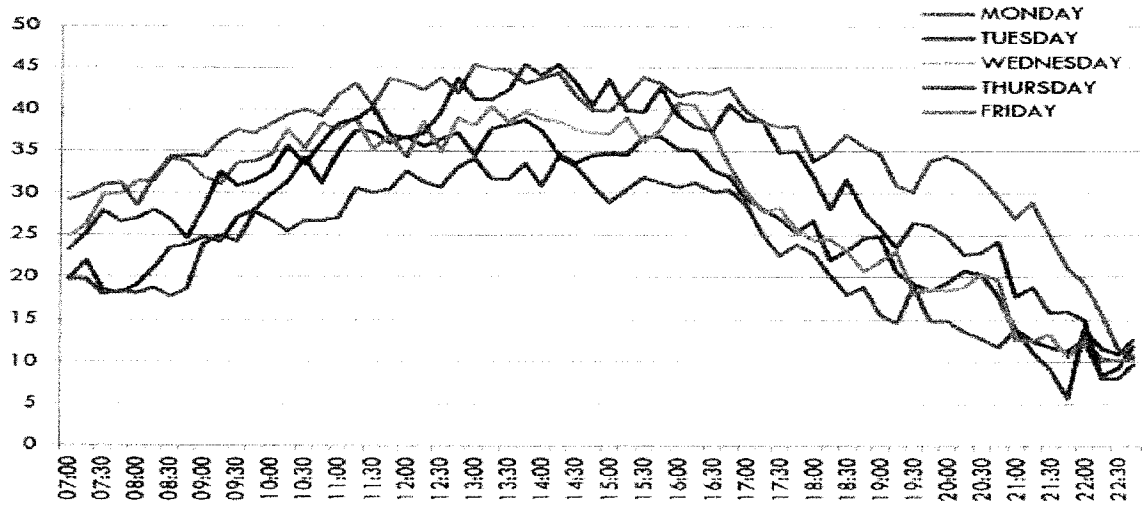
The Taxi Review Panel reviewed the taxi service study while deliberating about recommendations for the award of franchises. The Panel specifically considered the historic performance of the taxi market related to the number of taxicabs in service and the general response times for service calls.

As stated in the Taxicab Service Study, response times and the availability of taxicabs in Beverly Hills were generally good, and in some cases superior to surrounding areas.

- Response Time
  - 93% of taxicabs arrived within 20 minutes of a call for services
- Availability
  - At all times of day, there was an adequate supply of unengaged taxicabs available to service demand

As presented in March, the graph below illustrates taxicabs that are in-service and available for engagement by day of the week and time of day. The graph indicates currently there are generally plenty of available taxicabs to serve the City's market during peak hours. The graph shows declining availability during early and late evening hours when there is a lack of demand in the City's market and an increase in demand in the neighboring jurisdiction of West Hollywood, where the City allows dual permitting. These outcomes suggested the current policy of three (3) taxicab companies and approximately 150 permitted vehicles was producing positive results related to the availability of service.

Figure-1 Number of In-Service taxi Not Engaged by Time of Day



Since this study was concluded, the taxi industry has reported a reduction in the demand for taxicab services by as much as 25%, largely attributed to Transportation Network Providers (TNPs) such as Uber, Lyft and Sidecar. Additionally, the number of taxis permitted for the 2014/15 operating year has dropped from approximately 150 to 131 taxicabs serving Beverly Hills.

Based on the changing nature of the taxi market, the Panel expressed concern that City Council's request for 200 vehicles may not necessarily provide greater levels of service to the community. While the Panel generally supported the concept of providing a fourth taxicab service provider, allowing the community an additional choice of companies, the Panel was also cautious that introducing more vehicles could create a saturation of available taxicabs. As cited in the original taxicab service study, in neighboring jurisdictions the saturation of taxicabs within a defined services area has actually demonstrated a reduction in service and in an increase in customer dissatisfaction. Furthermore the policy of increasing the number of vehicles in service without a demonstrated need for additional vehicles, would serve to exacerbate current complaints about vehicles illegally parking and impacting neighborhoods while waiting for fares.

The Review Panels recommendations attempts to balance the benefits and impacts of the franchise award to provide the best anticipated results related to both availability of service and an improved customer and community experience. At the completion of its deliberations the Panel recommended the following service providers (listed in order or ranking by the Panel) for award of a Franchise Agreement, along with the number of taxicab vehicles associated with each franchisee:

Taxi Review Panel Recommendation

Taxicab Company	Taxi Company's Vehicle Permits Requested in Proposal	Current Vehicle Permits	Review Panel Proposed Vehicle Permits
Bell Cab Company, Inc	40	N/A	40
Beverly Hills Taxi Coop, Inc	60	60	60
Independent Taxi Owners Asso	60	43	43
United Independent Taxi	50	28	28
Total	210	131	171

This recommendation reflects the award of franchises to one new service provider, Bell Cab Co. with 40 taxicabs along with the three (3) current service providers based on the number of taxicabs each had in service at the time of the recommendation.

As part of the implementation of the franchise program, a non-exclusive franchise agreement will be entered into with each franchise awardee. At the Study Session of March 4, 2014 the City Council reviewed and approved the general form, terms and conditions of the proposed Franchise Agreement. A draft of the proposed agreement was included in the RFP for review and comment by the interested parties. Submission of a proposal in response to the RFP indicates proposers intended to fulfill the minimum requirements of the franchise program, the additional features and/or enhancements offered in their proposals, and acceptance of the terms and conditions as outlined in the draft franchise agreements.

The general terms and conditions of the agreements are as follows:

- Establishes an initial term of five (5) year, with five (5) optional one-year extensions at the discretion of the City for a total term not-to-exceed 10 years
- Includes language allowing the City to cancel the agreement upon five (5) days' notice
- Establishes the right to suspend Franchisee's operations for lapses in required insurance, violations of the provisions of the agreement or violations of the Beverly Hills Municipal Code (BHMC) that create an immediate safety hazard
    - The suspension may remain in effect for as long as the violation remains uncured
- Defines a material breach of this agreement for failure of payment of the annual franchise fees, establishes penalties up to 20% and establishes grounds for immediate termination for non-payment
- Defines the number of taxicabs granted to Franchisee to operate taxicab service originating with the City boundaries (Taxi Review Panel Recommendation Table)
- Requires Franchisee to maintain, carry, and keep in full force and effect at all times during the course of the agreement the following insurance (based on the City's standard insurance requirements for service providers):
    - Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars ($2,000,000) for each occurrence
    - Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars ($1,000,000) per occurrence
    - Workers compensation insurance as required by the State of California

General Scope of Services

- Establishes Taxicab services shall be provided in full compliance with the requirements of this Agreement, the Beverly Hills Municipal Code (including but not limited to Title 7, Chapter 4) and the rules and regulations applying to taxicabs
- Requires the Franchisee and its drivers, coordinators, and other personnel shall conduct themselves with the highest degree of courtesy and service
- Holds the Franchisee directly and solely responsible for the conduct of its drivers, coordinators, or other personnel utilized under this Agreement

- Requires the Franchisee to operate its vehicles in the City only when a current and valid decal or sticker has been permanently affixed to the vehicle in the appropriate location
  - Establishes that operating a vehicle without a decal or sticker affixed shall constitute a material breach of this agreement.
- Establishes that taxicabs shall only charge rates for taxicab service as approved by the City Council
- Requires at least 50% of the taxi fleet serving the City be Green Vehicles (Level 4 as defined by the Los Angeles Taxi Commission) within one year of the commencement of the agreement
- Requires Franchisee to obtain and maintain all necessary licenses, permits and certificates required by law for the provisions of services under this agreement, including a City business license
- Requires Franchisee to maintain full and accurate records with respect to all maters in this Agreement for three years and allowing City access including the right to examine, audit, copy, transcribe, and inspect all program data, documents, proceedings and activities

As part of the selection process, each of the recommended service providers included 'enhancements' as part of their submittals which exceeded the minimum standards required to qualify for award. A list of the significate 'enhancements,' the details of which will be part of the company's specific franchise agreement, are listed below:

- Bell Cab
  - Beverly Hills taxi fleet consists of 75% hybrid vehicles (Level 4 Green Vehicles as defined by the Los Angeles Taxi Commission) within one year of the start of the franchise
  - Hybrid vehicles achieve actual mileage of at least 33 miles per gallon
    - Quarterly reports to be submitted showing actual measured mileage of its green vehicle fleet
  - Wheelchair accessible vehicles will be placed in operation as Beverly Hills taxis utilizing a phased approach, including:
    - Drivers of wheelchair accessible vehicles will be trained to proficiency in the use of the vehicle's accessibility equipment and how to provide proper assistance to a passenger boarding in a wheelchair
  - Technology enhancements:
    - Will implement the Digital Dispatch System (DDS) 'WebBooker' integrated with the dispatch system, allowing internet/web booking
    - Will implement the DDS 'MobileBooker' smartphone app allowing pay-by-phone, fare estimates, and SMS messaging to drivers.
    - Will provide access to third-party booking apps such as Flywheel, including payment using a pre-registered credit card
    - Provide monthly reports of the number of taxicabs and/or customers using the various services
  - Security cameras will be installed in any unit that does not have a safety shield. All wheelchair accessible mini-vans will be equipped with security cameras instead of safety shields.

- Beverly Hills Cab

- Taxi fleet consists of 71.7% hybrid vehicles (Level 4 Green Vehicles as defined by the Los Angeles Taxi Commission) within one year of the start of the franchise
- Taxi fleet to include at least 10 wheelchair accessible vehicles.
- Entire fleet will have Janus V security cameras (or equivalent) installed and operational at all times the vehicles are in use providing taxi service
- At least once a year, will sponsor (or co-sponsor with other taxi companies) a lunch for the Beverly Hills Active Adult Club at a City community center featuring
  - demonstration of credit card usage in taxicabs
  - senior discount card features
  - enhanced technology characteristics available on the rear mounted monitors
  - discussion of expectations of service levels, driver behavior, and methods to file a complaint.
- Will ensure that all Beverly Hills drivers are certified in CPR no later than one year after the start of franchise services and continuing thereafter
- During peak holidays such as Rosh Hashanah, Yom Kippur, Christmas and Easter, discounted ride coupons will be provided to local synagogues and churches
  - No later than three months after the start of the franchise, the Franchisee will provide a plan detailing the specific holidays, amount of discounts, number of rides offered, and method of distribution
  - Following each holiday period, a report of the number and value of rides will be provided
- Technology enhancements
  - Android and Apple smartphone applications for ordering taxicab service
  - Verifone 'Way2Ride' app for pay-by-phone feature
  - DDS mobile app providing pay-by-phone feature
  - A GPS based monitoring system to prevent, mitigate and remedy overcharging of fares to customers
  - A 'rating' application/site to provide customers the ability to provide immediate electronic feedback on the quality of the driver and the vehicle during or at conclusion of service
  - Provide monthly reports of the number of taxicabs and/or customers using the various services

- Independent Taxicab Owners Association (ITOA)
  - Franchisee will fully implement a new 'Pathfinder' (or similar) dispatch system
  - Taxi fleet consists of 71.7% hybrid vehicles (Level 4 Green Vehicles as defined by the Los Angeles Taxi Commission) within one year of the start of the franchise
  - Ensure its Beverly Hills taxi fleet includes at least 5 wheelchair accessible vehicles.
    - Drivers of a wheelchair accessible vehicle will be trained to proficiency in the use of the vehicle's accessibility equipment and how to provide proper assistance to a passenger boarding in a wheelchair.
  - Entire fleet will have Janus V security cameras (or equivalent) installed and operational at all times the vehicles are in use providing taxi service
  - Technology enhancements

        - Android and Apple smartphone applications for ordering taxicab service
        - Verifone 'Way2Ride' app for pay-by-phone feature
        - DDS mobile app providing pay-by-phone feature
        - A GPS based monitoring system to prevent, mitigate and remedy overcharging of fares to customers
        - A 'rating' application/site to provide customers the ability to provide immediate electronic feedback on the quality of the driver and the vehicle during or at conclusion of service
        - Provide monthly reports of the number of taxicabs and/or customers using the various services

- United Independent Taxi
    - At least 38% of its Beverly Hills taxi fleet consists of Level 4 Green Vehicles as defined by the Los Angeles Taxi Commission vehicles at the start of the franchise, and will ensure that 100% of its Beverly Hills taxi fleet, other than wheelchair-accessible vehicles, will be Level 4 Green Vehicles within one year after the start of the franchise service and continuing thereafter
    - Ensure that its Beverly Hills taxi fleet includes at least 6 wheelchair accessible vehicles
    - At least once a year, will sponsor (or co-sponsor with other taxi companies) a lunch for the Beverly Hills Active Adult Club at a City community center featuring
        - demonstration of credit card usage in taxicabs
        - senior discount card features
        - enhanced technology characteristics available on the rear mounted monitors
        - discussion of expectations of service levels, driver behavior, and methods to file a complaint.
    - Will ensure that all Beverly Hills drivers are certified in CPR no later than one year after the start of franchise services and continuing thereafter
    - During peak holidays such as Rosh Hashanah, Yom Kippur, Christmas and Easter, discounted ride coupons will be provided to local synagogues and churches
        - No later than three months after the start of the franchise, the Franchisee will provide a plan detailing the specific holidays, amount of discounts, number of rides offered, and method of distribution
        - Following each holiday period, a report of the number and value of rides will be provided
    - Mothers Against Drunk Driving voucher program
        - No later than three months after the start of the franchise will provide a plan detailing the specific times when this program will operate, amount of discount to be offered, who or what rides are eligible, number of rides offered, and method of distribution, and a report of the number and value of rides provided at a discounted rate.
    - VIP coupon program providing 10% discount for seniors and persons with disabilities
        - No later than three months after the start of the franchise will provide a plan detailing how this program operates, including when it is valid, who is eligible, amount of discount to be offered, number of rides offered, method of distribution, and a report of the number and value of rides provided at a discounted rate.

- Technology enhancements
  - Android and Apple smartphone applications for ordering taxicab service
  - Verifone 'Way2Ride' app for pay-by-phone feature
  - DDS mobile app providing pay-by-phone feature
  - A GPS based monitoring system to prevent, mitigate and remedy overcharging of fares to customers
  - A 'rating' application/site to provide customers the ability to provide immediate electronic feedback on the quality of the driver and the vehicle during or at conclusion of service
  - Provide monthly reports of the number of taxicabs and/or customers using the various services

ALTERNATIVE PROPOSALS

Two alternative proposals have been offered to staff with respect to both the number of taxicab franchises and the number and distribution of the taxicab vehicles between the franchisees.

Citing significant concerns with the structure of the RFP and the subjectivity of the rating process, and stating that all five proposers met the minimum qualifications, a proposal was put forward by representatives of LA Checker Cab requesting a fifth Franchise with 25 vehicle permits, irrespective of the distribution of permits. If this proposal is executed in conjunction with the Panel's recommendations, the number of permitted taxicabs would increase from 171 to 196.

Separately, citing concerns related to the distribution of taxicab vehicle permits, representatives of ITOA and United have offered proposals in which each of their companies would be awarded additional taxicabs to service Beverly Hills.

ITOA has requested 12-17 additional taxicabs to allow their fleet a total of 55-60 taxicabs, providing parity with their vehicle permits prior to current permit year and/or with those recommended by the Panel for Beverly Hills Cab.

United has requested 12 additional taxicabs to allow their fleet a total of 40 taxicabs, which is being requested as a current service provider to achieve parity with Bell Cab as a new service provider, recommended by the panel to be awarded 40 taxicabs.

The potential impact of these choices remains the concern raised by the Taxi Study related to the fracturing of the market between taxi companies and the oversaturation of taxicab vehicles. Historically, the City has had 150 vehicles in service and currently has 131 permitted vehicles in service. Impacts of increasing the number of vehicles serving the finite Beverly Hills market remain the same as stated by the Taxi Study and the City's Consultant and are expected to be exacerbated by the rise in growth in popularity to TNPs such as Uber and Lyft. The oversaturation of the taxicab market has been shown to deteriorate the level of service experienced by the customer. Attachments 2 and 3 are the market and economic analysis of taxicab service as provided by the City's Consultant.

If the City Council wishes to consider the addition of a fifth franchise and/or additional taxicab vehicles as proposed herein, staff suggests that the City Council also consider

permitting restrictions and/or requirements to mitigate such impacts. The City currently allows for dual permitting with the City of West Hollywood and restricts dual permitting with the City of Los Angeles. While dual permitting with Los Angeles is not recommended at the current 131 or historic 150 vehicle levels, if additional taxicabs are added to the market it is recommended that a percentage of those taxicabs be **required** to be dually permitted in Los Angeles. Since there is a rate and demand imbalance with the Los Angeles market, this consideration seeks to use that imbalance to mitigate the oversaturation of the market, anticipating that dual permitted vehicles/drivers will spend more time in surrounding areas with higher rates and greater demand and reducing the number of vehicles servicing Beverly Hills.

Additionally, if the City Council were to direct the award of a fifth franchise, the list below represents a portion of the specific enhancements and details which should be considered as part of LA Checker's specific franchise agreement:

- Access Choices
  - E-hail application: smart phone and tablet
  - customer receives a text with approximate arrival time when taxies are dispatched
- Custom Website and mobile application for the City of Beverly Hills
  - Share information on City events
- Payment Technology
  - Vibraphone installed in vehicles
  - Terminals handle credit card transactions and PayPal payments e.g. google wallet
- Way to Ride System – Pay for ride via preset preference
- Digital Screens in all cabs, ADA certified and easily read
- Security Cameras (number and configuration to be defined by staff)
- Customer Feedback
  - Dedicated access for text that address suggestions, complaints, comments regarding taxi service
- Green Vehicles
  - Entire fleet with the exception of vans/ADA complaint vehicles
- Create wholly subsidiary company Beverly Hills Checker Cab
- Beverly Hills Branding
  - Resemble limousines and car service vehicles
  - Restriction on the use of the City's Shield (Copyright/Trademark)

FISCAL IMPACT

There are no costs associated with the execution of these agreements. 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 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.

FISCAL IMPACT OF ALTERNATIVE PROPOSALS

Additional revenues related to a fifth franchise include $5,000 franchise fee and $28,550 in vehicle permits, resulting in additional revenues of $33,550 from those stated in the Financial Impact section of the report. These additional revenues would eliminate the estimated deficit stated herein, creating full cost recovery for this program.

If award of additional taxicabs as requested by ITOA (12-17) and United (12) is executed without respect to the fifth franchise alternative, the total number of taxicabs would be 200, resulting in an additional $33,118 of revenue from additional vehicle permits. If this choice were to be executed in conjunction with the fifth franchise with 25 vehicles, the total number of taxicabs would be 225, resulting in $66,668 additional revenue from both franchise fees and additional vehicle permits. If either proposal is considered, these additional revenues would eliminate the estimated deficit stated herein, creating full cost recovery for this program.

George Chavez
Approved By

Attachment 1

TAXICAB FRANCHISE AGREEMENT
BETWEEN THE CITY OF BEVERLY HILLS AND
FRANCHISEE'S NAME

NAME OF FRANCHISEE:	Insert name of Franchisee
RESPONSIBLE PRINCIPAL OF FRANCHISEE:	Insert name, title
FRANCHISEE'S ADDRESS:	insert street address insert city, state, zip code Attention: Insert name, title
CITY'S ADDRESS:	City of Beverly Hills 455 N. Rexford Drive Beverly Hills, CA 90210 Attention: George Chavez Director of Public Works Services
COMMENCEMENT DATE:	Insert date of commencement
TERMINATION DATE:	Insert date of termination
CONSIDERATION:	Annual Franchise Fee as specified in Section 4 hereof

TAXICAB FRANCHISE AGREEMENT
BETWEEN THE CITY OF BEVERLY HILLS AND
FRANCHISEE'S NAME

This TAXICAB FRANCHISE AGREEMENT ("Agreement") is made by and between the City of Beverly Hills ("City"), and Insert Franchisee's name, a _____ ("Franchisee").

RECITALS

A. Title 7, Chapter 4 of the Beverly Hills Municipal Code authorizes the City, in the exercise of its constitutional police powers, to award one or more nonexclusive franchises for the operation of taxicab services initiating within the City, and to limit such taxicab service to only those operators to whom a franchise is awarded.

B. The City has determined that considerations of public safety and consumer protection require a degree of regulation of taxicab service attainable only through the issuance of nonexclusive franchises.

C. Franchisee represents that it is a taxicab operator qualified to operate a taxicab service under and pursuant to a nonexclusive franchise.

D. Franchisee has applied for and, on the basis of its qualifications and the representations contained in its proposal, has been awarded the opportunity to enter into a nonexclusive franchise agreement for the operation of taxicabs in the City pursuant to this Agreement.

E. Franchisee proposes to operate a taxicab service in the City in full compliance with the requirements of this Agreement and the provisions of the Beverly Hills Municipal Code and all other applicable ordinances, laws, and rules and regulations, as may be amended from time to time.

NOW, THEREFORE, the parties agree as follows:

Section 1. Grant of Franchise. City hereby grants to Franchisee a non-exclusive franchise to operate ___ ( ) taxicabs for the provision of taxicab service originating within the territorial boundaries of the City.

Section 2. Term of Franchise. The term of the franchise shall be for five (5) years, commencing on _____ , 20__ and terminating on _____, 20___, unless sooner terminated as provided herein. The City may extend the term of this Agreement in writing for five additional one-year terms pursuant to the same terms and conditions of this Agreement, for a total term of up to 10 years.

Section 3. Nature of the Franchise. The rights and responsibilities of Franchisee shall include those outlines in the City's Request for Proposal #___ ("RFP") attached hereto as Exhibit A, and the Franchisee's proposal ("Proposal") attached hereto as Exhibit B, each of which are incorporated herein by this reference. In the event of any inconsistency between the terms of the RFP or the Proposal and this Agreement, this Agreement shall govern.

Section 4. Consideration. In consideration of the rights granted hereunder, Franchisee shall pay to City an annual franchise fee as set forth by Resolution adopted by the City Council, as may be amended from time to time, payable upon Franchisee's submittal of an executed copy of this Agreement to City, and annually thereafter for each year this Agreement is in effect on the anniversary date of this Agreement.

Failure of Franchisee to timely pay the annual franchise fee shall be a material breach of this Agreement. All late payments are subject to a ten percent (10%) penalty during the first ten (10) days of the applicable contract period, increased to fifteen percent (15%) during days eleven (11) through twenty (20), and twenty percent (20%) for days twenty-one (21) and beyond. Non-payment of franchise fees is grounds for immediate termination of the Agreement.

Section 5. Scope of Franchised Services. Franchisee shall have the right, utilizing its own employees and contractors, to provide taxicab services to customers originating service within the territorial boundaries of the City. Franchisee shall be permitted to utilize employees, licensed subcarriers, or a combination thereof to achieve its full complement of vehicles and drivers. The City reserves the right to approve in advance the form and content of any agreement to be used between Franchisee and its licensed drivers.

Taxicab services shall be provided in full compliance with the requirements of this Agreement, the Beverly Hills Municipal Code (including but not limited to Title 7, Chapter 4) and the rules and regulations applying to taxicabs. Franchisee and its drivers, coordinators, and other personnel shall, in the performance of all duties pursuant to this Agreement, conduct themselves with the highest degree of courtesy and service. The Franchisee shall be directly and solely responsible for the conduct of its drivers, coordinators, or other personnel utilized under this Agreement.

Franchisee agrees to abide by any and all: (1) applicable rules, regulations, orders, and restrictions now in force or which may be adopted in the future by the City with respect to its operations; (2) orders, directives, or conditions issued, given, or imposed by the City with respect to the use of roadways, driveways, curbs, sidewalks, and parking areas in and about the City; (3) applicable laws, ordinances, statutes, rules, regulations, or orders of any governmental authority lawfully exercising jurisdiction within the City, as may be subsequently amended from time to time.

Franchisee agrees to operate its vehicles in the City only when a current and valid decal or sticker has been permanently affixed to the vehicle in the appropriate location. Failure to have a current and valid decal or sticker affixed on a vehicle while operating in the City shall mean that Franchisee does not have City approval to operate said vehicle in the City, which shall constitute a material breach of this Agreement. City reserves the right to determine the frequency of and occasions when new or replacement decals or stickers may be issued.

Section 6. Rates. Franchisee's taxicabs shall charge those rates for taxicab service approved by the City Council.

Section 7. Design Scheme & Enhancements. Franchisee's vehicles shall contain a distinctive and uniform color scheme or other identifiation which designates the company responsible for the taxicab as described in more detail in Exhibit D hereto. In addition, Franchisee's vehicles shall contain the enhancements as described in Exhibit D.

Section 8. Green Vehicles. Within one year from the commencement date of this Agreement, at least 50% of Franchisee's taxi fleet shall be Green Vehicles, as such term is defined in the Request for Proposal attached hereto as Exhibit A.

Section 9. Independent Contractor. Franchisee is and shall at all times remain, as to City, a wholly independent contractor. Neither City nor any of its agents shall have control over the conduct of Franchisee or any of Franchisee's employees, except as herein set forth. Franchisee shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City.

Section 10. Assignment. This Agreement shall not be assigned in whole or in part, by Franchisee without the prior written approval of City. Any attempt by Franchisee to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

Section 11. Responsible Principal(s)

(a) Franchisee's Responsible Principal set forth above shall be principally responsible for Franchisee's obligations under this Agreement and shall serve as principal liaison between the City and Franchisee. Designation of another Responsible Principal by Franchisee shall not be made without the prior written consent of the City.

(b) City's Responsible Principal shall be the Director of Public Works Services, or his designee, who shall administer the terms of the Agreement on behalf of City.

Section 12. Personnel. Franchisee represents that it has, or shall secure at its own expense, all personnel required to perform Franchisee's Scope of Work under this Agreement. All personnel engaged in the work shall be qualified to perform such Scope of Work.

Section 13. Permits and Licenses. Franchisee shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

Section 14. Customer Service Cards. The City reserves the right to place either a placard or cards within the passenger area of each cab informing customers of the City's representative who may be contacted if the patron would like to comment on the service provided. Additionally, the Franchisee may be required to produce, display and make available customer survey cards for patrons.

Section 15. Insurance.

(a) Franchisee shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

(1) A policy or policies of Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars ($2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by Franchisee.

(2) A policy or policies of Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million

Dollars ($1,000,000) per occurrence combined single limit, covering any vehicle utilized by Franchisee in performing the Scope of Work required by this Agreement.

(3) Workers' compensation insurance as required by the State of California.

(b) Franchisee shall require each of its sub-Franchisees to maintain insurance coverage which meets all of the requirements of this Agreement.

(c) The policy or polices required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide.

(d) Franchisee agrees that if it does not keep the aforesaid insurance in full force and effect City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at Franchisee's expense, the premium thereon.

(e) At all times during the term of this Agreement, Franchisee shall maintain on file with the City Clerk a certificate or certificates of insurance on the form set forth in Exhibit C, attached hereto and incorporated herein, showing that the aforesaid policies are in effect in the required amounts. Franchisee shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates.

(f) The general liability and vehicle liability insurance shall contain an endorsement naming the City as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to City, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(g) The insurance provided by Franchisee shall be primary to any coverage available to City. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(h) Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, Franchisee shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Franchisee shall procure a bond guaranteeing payment of losses and expenses.

Section 16. Indemnification. Franchisee agrees to indemnify, hold harmless and defend City, City Council and each member thereof, and every officer, employee and agent of City, from any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Franchisee or any person employed by Franchisee in the performance of this Agreement.

Section 17. Termination and Suspension.

(a) City may cancel this Agreement at any time upon five (5) days written notice to Franchisee. Upon receipt of a notice of termination, Franchisee shall: (1) promptly

discontinue all services in the City; (2) promptly remove all vehicle decals; and (3) promptly return all driver identification cards issued by the City.

(b) In the event of termination or cancellation of this Agreement by City without cause, due to no fault or failure of performance by Franchisee, City will refund on a pro rata basis the franchise fee paid for that year of service. In the event of termination by City for cause, Franchisee shall not be entitled to a refund of any portion of the annual franchise fee.

(c) City shall have the right to suspend Franchisee's operations under the franchise in the event of a lapse in required insurance or any other violation of this Agreement or of the provisions of the Beverly Hills Municipal Code that, in the judgment of the City Manager, create an immediate safety hazard. In the event of a suspension, all Franchisee's taxicab operations in the City shall cease until such time as the suspension is lifted. The suspension shall remain in effect for as long as the violation remains uncured.

Section 18. City's Responsibility. City shall provide Franchisee with all pertinent data, documents, and other requested information as is available for the proper performance of Franchisee's services under this Agreement.

Section 19. Information and Documents. All data, information, documents and drawings prepared for City and required to be furnished to City in connection with this Agreement shall become the property of City, and City may use all or any portion of the work submitted by Franchisee pursuant to this Agreement as City deems appropriate.

Section 20. Records and Inspections. Franchisee shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years. City shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make copies and transcripts therefrom, and to inspect all program data, documents, proceedings and activities.

Section 21. Notice. Any notices, bills, invoices, etc. required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during the receiving party's regular business hours or by facsimile before or during the receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid to the addresses set forth above, or to such other addresses as the parties may, from time to time, designate in writing pursuant to this section.

Section 22. Attorney's Fees. In the event that either party commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

Section 23. Entire Agreement. This Agreement represents the entire integrated agreement between City and Franchisee, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both City and Franchisee.

Section 24. References to Laws. All references in this Agreement to laws shall be understood to include such laws as they may be subsequently amended or recodified, unless otherwise specifically provided.

Section 25. Exhibits; Precedence. All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail.

Section 26. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 27. City Not Obligated to Third Parties. City shall not be obligated or liable under this Agreement to any party other than Franchisee.

Section 28. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

EXECUTED the _____ day of _____ 2014, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

_____
Lili Bosse
Mayor

FRANCHISEE:

_____
Insert Franchisee Name
Insert Title

_____
Insert Franchisee Name
Insert Title

APPROVED AS TO CONTENT:

_____
George Chavez
Director of Public Works Services

_____
KARL KIRKMAN
Risk Manager

EXHIBIT A

REQUEST FOR PROPOSAL

EXHIBIT B

FRANCHISEE'S PROPOSAL

EXHIBIT C

CERTIFICATE OF INSURANCE

This is to certify that the following endorsement is part of the policy(ies) described below:

NAMED INSURED

ADDRESS

COMPANIES AFFORDING COVERAGE
A.
B.
C.

COMPANY (A. B. C.)	COVERAGE	POLICY NUMBER	EXPIRATION DATE	LIMITS B.I.	LIMITS P.D.	AGGREGATE
	☐AUTOMOBILE LIABILITY ☐GENERAL LIABILITY ☐PRODUCTS/COMPLETED OPERATIONS ☐BLANKET CONTRACTUAL ☐Franchisee'S PROTECTIVE ☐PERSONAL INJURY ☐EXCESS LIABILITY ☐WORKERS' COMPENSATION ☐					

It is hereby understood and agreed that the City of Beverly Hills, its City Council and each member thereof and every officer and employee of the City shall be named as joint and several assureds with respect to claims arising out of the following project or agreement:

It is further agreed that the following indemnity agreement between the City of Beverly Hills and the named insured is covered under the policy: Franchisee agrees to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all liability or financial loss resulting from any suits, claims, losses or actions brought against and from all costs and expenses of litigation brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the wrongful or negligent actions of Franchisee's officers, employees, agents or others employed by Franchisee while engaged by Franchisee in the (performance of this agreement) construction of this project.

It is further agreed that the inclusion of more than one assured shall not operate to increase the limit of the company's liability and that insurer waives any right of contribution with insurance which may be available to the City of Beverly Hills.

In the event of cancellation or material change in the above coverage, the company will give 30 days written notice of cancellation or material change to the certificate holder.

Except to certify that the policy(ies) described above have the above endorsement attached, this certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

DATE: _____ BY: _____

Authorized Insurance Representative

TITLE: _____

AGENCY: _____ ADDRESS: _____

_____ _____

EXHIBIT D

TAXICAB COLOR SCHEME

[Describe the particular franchisee's color scheme, name, monogram, or other identification]