



STAFF REPORT

Meeting Date: June 8, 2015

To: Honorable Mayor & City Council

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

Subject: Request by Mayor Gold to review Taxi Franchise Operations

Attachments:

1. BHMC Section 7-4-102
2. BHMC Section 7-4-104
3. Request for Dual Permitting with Los Angeles

INTRODUCTION

Mayor Gold requested an update on the implementation of the taxi franchise program, and this report transmits information and requests direction from the City Council related to necessary updates to the program in conjunction with requests received from the franchisees related to dual permitting with the City of Los Angeles and time extensions to recruit and place in service the total number of vehicles allocated as part of the franchise taxi award process.

DISCUSSION

Implementation of the Taxi Franchise System began on April 1, 2015. The City executed five Taxicab Franchise Agreements as follows:

- Bell Cab Company, Inc. (40 per a phased implementation plan)
- Beverly Hills Taxi Coop, Inc. (BH Cab) (60)
- Independent Taxi Owners Assoc. (ITOA) (43)
- La Checker Cab Co-Operative, Inc. (14)
- United Independent Taxi (28)

The implementation began with the executed taxicab franchise agreements and receipt of payments for the annual franchise fees from all five franchisees.

Upon execution of the LA Checker Franchise Agreement, staff discovered a discrepancy in the number of taxis awarded by the City Council (14) and the minimum number of taxicabs (25) required for a franchise to continue service as referenced in the Beverly Hills Municipal Code (BHMC) 7-4-102 (Attachment 1). A specific exclusion or a general revision to the BHMC will be required to address this discrepancy.

Meeting Date: June 8, 2015

The implementation continued with the annual taxi vehicle inspections scheduled and conducted March 16th – 20th for an April 1st start date. A total of 185 vehicles were eligible for permitting pursuant to the allocations as part of the franchise agreements. Of the 185 eligible vehicles, a total of 111 taxicabs were inspected, issued a vehicle permit to operate, and are currently providing taxi service within the community. BH Cab has received permits for all 60 vehicles approved as part of their franchise agreement. The remaining four companies all have outstanding, unutilized vehicle permits based on the approved number of vehicles as part of their franchise agreements. The following table represents the counts for historic taxi service, the allocation pursuant to the taxi franchise agreements, the currently permitted vehicles and the outstanding, unutilized vehicle permits.

Taxicab Company	CPCN Prior to April 1, 2015	Taxicab Franchise Agreement Allocation April 1, 2015	Vehicles Inspected, Permitted & In Service	Taxi Company's Vehicle Permits Outstanding
Bell Cab Company Inc. (Phased Fleet Implementation Plan)	N/A	40	0	(40) ¹
Beverly Hills Taxi Coop, Inc.	60	60	60	0
Independent Taxi Owners Assoc. (ITOA)	43	43	29	(14)
LA Checker Cab Co.	N/A	14	0	(14)
United Independent Taxi	28	28	22	(6)
Total:	131	185	111	(74)

To date, staff has not received any customer complaints related to a lack of service related to the limited number of taxies permitted for operation (111 of the 185). Staff does not currently have a concern related to the availability of service, as the historic taxi study showed an over-availability of taxicabs within the market at a time when only 131 taxies were permitted. Since that time, the industry has reported a reduction in demand for taxicabs by as much as 40% due to the impacts of Transportation Network Companies (TNCs) such as Uber and Lyft, regulated by the Public Utilities Commission.

Staff is continuing to work with the taxi companies to schedule additional vehicle inspections, taxi operator/driver testing dates, and facilitating full implementation. Pursuant to 7-4-104 (Attachment 2), taxi companies lose their right to permit and operate a vehicle if that vehicle is out of service for 45 days. The BHMC provides for an extension of up to 30 days for unforeseen circumstances or circumstances that are beyond the control of the taxi operator. Based on the April 1st start date, ITOA, LA Checker and United would have lost their eligibility to permit any additional vehicles on May 15, 2015. Due to a staff notification error, this date has been extended to June 3, 2015. Based on the Councils review of the implementation, this date has been further extended to June 9, 2015 pending direction from the City Council. Bell Cab will experience the same reduction on June 14, 2015, based on the same 45 days

¹ Bell Cab has authorization for 40 taxicabs, however, pursuant to the phased implementation plan only 12 cabs were scheduled to be in service by May 1, 2015. Based on the accepted phased implementation plan, Bell Cab is currently only behind 12 of the 40 taxies scheduled to be in service at this time.

Meeting Date: June 8, 2015

calculated from the in-service dates outlined in the phased implementation plan submitted as part of the selection process.

Taxi companies with outstanding, unutilized permits have requested extensions beyond the authority of the BHMC stating the following:

- Difficulty attracting and retaining taxi drivers
- City taxi rates are lower than neighboring municipalities
- City insurance requirements higher than neighboring local municipalities
- Impacts of Transportation Network Companies (TNC's) such as Uber and Lyft
- Prohibition on dual permitted vehicles with the City of Los Angeles

Taxi companies have also requested the City reconsider the prohibition on dual permitted vehicles with the City of Los Angeles, stating that the ability to allow dual permitting will allow existing owners and drivers to service the franchise and will assist in attracting new drivers.

Franchisees' extension requests:

- Bell Cab Company Inc. – Extension Request 60 days²
- ITOA - Unspecified Number of Days of Extension
- LA Checker Cab Co. - Extension Request 60 day
- United – Unspecified Number of Days for their Extension Request

To date, staff has responded that the circumstances outlined in the requests for extension were not unforeseeable or beyond the control of the operators at the time proposals were submitted or at the time of award.

In discussions, a broader request was made to 'suspend' enforcement of the reduction of taxicabs not currently in service until at least July 1, 2015. Starting July of 2015, new regulations related to TNCs will take effect and taxi companies believe this may change the competitive nature of the market. If the City Council wishes to consider this type of 'suspension' staff will need to return with proposed changes to the BHMC to provide such authority.

Enforcement

Parking Control Officers are tasked with vehicle inspections and enforcing taxi and valet services. Prior to and during the first month of operations officers have proactively made contact with taxicab operators/drivers in the field, encouraging operators to review and understand the new system, which includes the rules and regulations. Below is a list of the three (3) administrative citations issued to the operators/drivers and administrative billing to the franchisees for violations during the first month of operations.

² Bell Cab submitted a phased implementation plan that span a 12 month period to achieve 40 in-service taxicabs. The current request only covers the first 12 taxicabs scheduled as part of the phased implementation plan, which were schedule to be in service by May 1, 2015.

Admin Citation	Inv #	Violation Date	Driver or Vehicle Permittee	Rules & Reg #	Rules & Reg Description	Schedule & Violation #	Schedule of Penalties
#0012	6797	4/16/2015	Driver	#429	Break in Residential	Sch A Public Safety	\$ 500
#0012	6842	4/16/2015	Franchisee	#429	Break in Residential	Sch A Public Safety	\$ 300
#0011	6796	4/16/2015	Driver	#607	Windows/Windshield/Tint	Sch A	\$ 50
#0011	6841	4/16/2015	Franchisee	#607	Windows/Windshield/Tint	Sch A	\$ 50
#0026		4/26/2015	Driver	#452	Driver standing in the street taxicab stand	Sch A 1st Violation	\$ 50
#0026	6916	4/26/2015	Franchisee	#452	driver standing in the street taxicab stand	Sch A 1st Violation	\$ 50

ANALYSIS

MINIMUM NUMBER OF TAXICABS TO MAINTAIN A FRANCHISE

Currently section 7-4-102 of the BHMC provides a minimum number of taxicabs (25) are required for a franchise to continue service. This was based on the consultant’s analysis of the ability of a franchise to meet the minimum levels of service the City was trying to achieve with the franchise process.

On March 3, 2015 the City Council awarded a franchise to LA Checker for 14 taxicabs, 11 taxis below the minimum allowance provide in the BHMC. In an effort to correct this action, staff recommends returning to the City Council with an update to the BHMC that provides that 14 vehicles be the new minimum.

If an operator were to lose the right to operate vehicles in an amount that dropped their inventory below 14, irrespective of the reason (enforcement or out-of-service), that operator would fall below the minimum number of required taxicabs, would terminate their franchise and would no longer be eligible to provide any taxi services within the City.

Language could be crafted to create a specific exemption for LA Checker from the minimum of 25 vehicles to operate a franchise. Language would also need to be crafted to address how reductions in the number of taxicabs that are in service would impact their future eligibility to operate a taxicab. Additionally, if this was narrowly crafted, current service providers that have not yet permitted 25 vehicles may be ineligible for service while this operator currently operates less than the general minimum. Staff does not recommend this option as it creates a complicated and inconsistent standard of minimum service levels.

EXTENSIONS OR SUSPENSION OF 45 DAY LIMIT OF VEHICLES OUT OF SERVICE

If the City Council wishes to continue with 5 taxi companies and 185 vehicles permitted for service within the City, Staff recommends suspending the loss of permit provisions within the BHMC until October 2015. This suspension allows the regulations related to TNCs to take effect in July 2015 and provides a 3 month period to observe the impacts to the taxicab customer and employment market. If directed, staff will return to the City Council with a method to implement this direction.

Options

1. The City Council could allow the BHMC to take effect as written, eliminating taxicab permits and the right to operate such vehicles in the future based on vehicles that have not been in service since April 1st. Staff would anticipate the following reductions based on current permitted vehicles:

- Bell Cab – 12 cabs – In phase 1 of fleet implementation and possibly 10 cabs in phase 2 of fleet implementation (22 cabs) by end of month 4 this may result in elimination of franchises based on BHMC minimum number of allowable taxicabs below 25. The following table represents the proposed fleet implementation from Bell Cab Co.:

Bell Cab Proposed Accelerated Fleet Implementation	Number of Hybrid Sedans	Number of NON Hybrid Sedans	Number of Wheelchair Accessible Vans	Number of mini-vans or additional Wheelchair Accessible Vans	Total Fleet	Total Fleet %
	Total by the end of month 1	8	0	4	0	12
Total by the end of month 4	14	0	6	2	22	55%
Total by the end of month 8	22	0	6	4	32	80%
Total by the end of month 12	30	0	6	4	40	100%
Total	30	0	6	4	40	100%

- ITOA – 14 cabs – reducing ITOA’s fleet to 29
 - LA Checker – 14 cabs – elimination of franchise
 - United – 6 cabs – may result in elimination of franchise based on decision related to the minimum number of allowable taxicabs below 25
2. The City Council may direct staff to allow an extension to the maximum number of allowable days for a vehicle to remain out of service before the operator loses the right to operate that vehicle. This would provide until June 14, 2015, which is 75 days from April 1st, for all of the operators except Bell Cab.
 - Based on the Bell Cab implementation plan, this would provide Bell Cab with 75 days based on the in-service dates for each implementation phase.

Bell Cab Fleet Implementation	With 75 day extension	Total Fleet
Total by end of month 1 (April 30, 2015)	July 14, 2015	12
Total by end of month 4 (July 31, 2015)	October 14, 2015	10
Total by end of month 8 (November 30, 2015)	February 13, 2016	10
Total by end of month 12 (March 31, 2016)	June 15, 2016	8
Total:		40

The City Council may at any time in the future allow for additional taxicabs within the existing franchises and/or allow for additional franchisees to meet increasing service demands or to create additional competition within the local taxicab market.

Meeting Date: June 8, 2015

RECONSIDER DUAL PERMITTING WITH THE CITY OF LOS ANGELES

The City allows any vehicle to be dual permitted with the City of West Hollywood. However, the City only allows vehicles providing disabled access (vans) to be dual permitted with the City of Los Angeles.

If the City Council wishes to continue with 5 taxi companies and 185 vehicles permitted for service within the City, Staff recommends allowing between one-half and one-third of that fleet to be eligible for dual permitting with Los Angeles. This recommendation is consistent with the original recommendations of both staff and the consultant based on the size the Beverly Hills taxi market, the number of taxis historically in service and the concept of balancing additional competition within the capacity of the Beverly Hills market to sustain the additional supply. If a minimum number of taxicabs are dedicated to servicing the local market, Beverly Hills and West Hollywood exclusively, the consultant did not anticipate negative impacts to the service levels in Beverly Hills.

The City may maintain the current policy of limiting dual permitted vehicles with Los Angeles to only accessible vehicles. Based on the current level of permitting and the taxi operators' requests and statements, it is not anticipated that operators will be able to fully deploy their fleets as awarded on the anticipated timeline. Although staff does not believe this will impact overall service levels at this time, it does present a potential obstacle to creating the competition within the market that was desired by adding additional vehicles and awarding franchises to additional operators. This will not impact enforcement or compliance tracking as all vehicles originating trips within the City of Beverly Hills require a City specific permit, irrespective of other jurisdictions in which the vehicle may operate.

ADDITIONAL CONSIDERATIONS

Although not recommended by staff at this time, the City Council may also consider changes to the following:

- Changes to the City's insurance requirements to more closely match neighboring jurisdictions or mirroring the state requirements which take effect on July 1, 2015 for TNCs.
- Adopting taxi meter rates that mirror neighboring jurisdictions in Los Angeles and West Hollywood.

RECOMMENDATIONS

Staff recommends the following for City Council consideration:

- Staff to return to the City Council with corrective language to the BHMC that provides that 14 vehicles be the new minimum number of taxicabs to maintain a franchise.
- Suspending the 45 day limit of vehicles out-of-service or the loss of permit provisions within the BHMC until October 2015.
- Allowing between one-half and one-third of a franchise's fleet to be eligible for dual permitting with the City of Los Angeles.

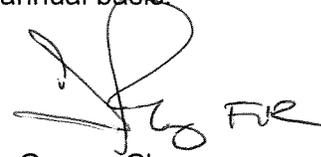
Meeting Date: June 8, 2015

FISCAL IMPACT

The anticipated budget for this program was based on the award of five franchises at \$5,000 annually per franchise and 185 taxicab vehicles at \$1,142 per vehicle, per year for a total of \$236,270 annually.

The elimination of a franchise will result in an annual loss of \$5,000 for each franchise. The elimination of a taxicab will result in an annual loss of \$1,142 per vehicle.

An anticipated fiscal impact will be prepared once staff can anticipate the actual number of franchisees and permits that will be paid on a go-forward, annual basis.

A handwritten signature in black ink, appearing to read 'George Chavez' with a stylized flourish.

George Chavez

Approved By

Attachment 1

7-4-102: FRANCHISE REQUIREMENTS:

- A. No person or corporation or membership organization shall operate a taxicab service without a franchise granted by the city. Franchises convey a nonexclusive right to operate a taxicab service in the city. The city may issue additional franchises at any time for any reason at the city's sole discretion.

- B. Franchises shall be awarded by the city council through a competitive process initiated through a request for proposals issued by the city. Any taxicab franchisee whose franchise has been revoked shall thereafter be prohibited from competing for award of a franchise for a period of three (3) years following the scheduled expiration of its franchise agreement.

- C. Upon the award of a franchise, the franchisee shall enter into a franchise agreement with the city. The franchise agreement may impose obligations on the franchisee that are additional to but do not conflict with those imposed pursuant to this chapter.

- D. Franchises shall be valid for a three (3) year term. In accordance with subsection 7-4-103E of this chapter, the city may extend the term of the franchise in writing for an additional two (2) year term, and thereafter, for five (5) additional one year terms, for a total term of up to ten (10) years. No later than ten (10) years after award of the initial franchise by the city, the city will issue another request for proposals, and existing franchisees will be permitted to present a proposal.

- E. Each taxicab franchisee shall pay to the city an annual franchise fee, established by resolution of the city council, for the privilege of operating a taxicab service in the city. The franchise fee shall be a fixed amount per franchise plus amounts per vehicle. Such franchise fee shall be in addition to any other prescribed fees, including, but not limited to, business license and permit fees. The franchise fee shall be due upon execution of the franchise agreement and on each anniversary date thereafter, unless otherwise specified in the franchise agreement. Failure to pay the full franchise fee when due shall be cause for revocation of the franchise. In the event that a franchisee adds to its total number of vehicles or drivers during a franchise year, a fee, prorated on a monthly basis, per vehicle or driver shall be due upon issuance of the vehicle or driver permit.

- F. Each taxicab franchisee shall maintain in operation in the city at all times a minimum of twenty five (25) properly permitted taxicabs or such higher number as specified in its franchise agreement.

- G. Franchisees shall provide and maintain a physical location for holding of vehicles and operation of the business, including maintenance of records and retrieval of lost property, within twenty (20) miles, by the most direct street route, of Beverly Hills City Hall.
- H. Franchisees shall operate a computer dispatch service providing for the ability to obtain taxi service by telephone twenty four (24) hours a day, everyday of the year from anywhere in the city. Franchisees shall provide and maintain a telephone number for ordering taxi service which is toll free from every location in the city.
- I. Franchisees shall maintain the infrastructure needed to enable its taxicabs to accept payment by major credit cards, debit cards, and the Beverly Hills senior taxi swipe card complying with detailed requirements established in the applicable rules and regulations.
- J. Franchisees shall comply with all provisions of the Americans with disabilities act and its implementing regulations regarding vehicles and provision of service. Franchisees shall ensure that customers with disabilities, including those using wheelchairs, can request service and be transported in an appropriate vehicle, with the same response time as customers without disabilities.
- K. If, at any time, the city determines that there is a need for additional taxicabs in the city, it may conduct a competitive procurement for one or more additional franchises; alternatively, it may increase the authorized number of taxicabs of existing franchisees, in which case preference for additional authorized permits may be given to those companies with the highest scores in the most recent annual evaluation conducted pursuant to section 7-4-103 of this chapter. In the event that the city reduces a franchisee's authorized number of taxicabs or revokes its franchise, the city may elect to conduct procurement for additional franchisees or the reduced or eliminated permits may be retired or redistributed to other franchises and preference may be given to those companies with the highest scores in the most recent annual evaluation.
- L. A franchise, or any interest in a franchise, shall not be sold, leased, assigned, hypothecated, or otherwise transferred or disposed of without the prior written consent of the city, and then only under such terms and conditions as may be prescribed by the city. The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock or ownership interest of the franchisee or of any general partner or joint venture or member of the franchisee, if a partnership or joint venture or membership exists, which shall result in changing the control of franchisee, shall be construed as an assignment of the franchise. Change of control shall mean a transaction whereby a transferee acquires a beneficial ownership interest in the franchisee or any general

partner or joint venturer or member of franchisee, such that after such transaction there is a change of identity of the person or entity that has the power to direct or cause the direction of the management and policies of the franchisee, whether through the ownership of voting securities, by contract, or otherwise.

M. Franchisees shall not conduct or authorize any marketing that has the intent or effect of confusing the public about the identity of the franchisee or that describes service policies that do not comply with city rules.

N. Franchisees shall, as required by the transportation official, maintain written and electronic records of its operations at the location required by subsection G of this section, and provide access to these records to the city. (Ord. 15-O-2671, eff. 2-6-2015)

Attachment 2

7-4-104: REDUCTION OF NUMBER OF VEHICLES OF FRANCHISEE:

- A. Where the holder of a franchise fails in any year to procure public transportation vehicle permits for the total number of taxis authorized under the franchise agreement, the number of taxis authorized by the franchise shall be automatically reduced to the number of vehicles for which public transportation vehicle permits have been issued for that year. If a taxi is out of service, the taxi owner shall report that fact to the city within two (2) business days. If a taxi is out of service for forty five (45) consecutive calendar days during the term of the public transportation vehicle permit issued for such vehicle, then the permit shall automatically expire and the total number of taxis authorized by the franchise governing such vehicle shall be automatically reduced by one. Provided, however, the city may extend the period that a taxi may be out of service for up to thirty one (31) days, for a total maximum period of seventy five (75) consecutive days, upon a determination by the city that there is good cause, beyond the reasonable control of the taxi owner, that such vehicle is out of service for more than forty five (45) days. Upon reduction of the number of taxis authorized by a franchise pursuant to this section, the number of vehicles authorized by such franchise may be subsequently increased only through the process described in subsection 7-4-102K of this chapter.
- B. If the city revokes a public transportation operator's permit pursuant to article 3 of this chapter, and if, after giving notice to the franchisee and conducting a hearing in the manner set forth in this article, the city determines that the underlying conduct that resulted in the revocation decision occurred within the course and scope of operations pursuant to a taxi franchise, then the city shall reduce the total number of taxis authorized to the corresponding franchisee by one taxicab for each revocation. Upon each such reduction, a franchisee must wait one year before being eligible for possible reallocation of additional taxis pursuant to subsection 7-4-102K of this chapter; provided, however, if all franchisees have had a reduction in the number of taxis and the city decides there is a need to increase the number of taxis in service, the city may increase the number of authorized taxis of the franchisee with the least amount of time left in such one year waiting period. (Ord. 15-O-2671, eff. 2-6-2015)

Attachment 3

May 15, 2015

Genevieve Row
Audit & Permit Administrator
City of Beverly Hills
345 Foothill Road
Beverly Hills, CA 90210

Dear Ms. Row:

The signatures of this letter are the representatives of four of the City's taxi companies.

As you are aware, the introduction of the TNC concept has brought difficulties to taxicab companies. The taxicab companies are losing drivers and passengers to entities such as Uber, Lyft and Sidecar. The constant downward pressure on prices coupled with an unregulated business model introduced by the TNC's has resulted in lost revenue and tougher working conditions for drivers. As a result, the current city regulations are placing unreasonable burdens on taxicab fleets. Rules prohibiting dual licensing of Beverly Hills and Los Angeles vehicles, loss of licenses after 45 days of non-operation, and the inability to cut operational costs by removing inactive vehicles from the master insurance policy are examples of regulations that make operation in Beverly Hills prohibitively expensive and may result in a decrease in quality of service for the residents and visitors of Beverly Hills.

Dual Licensing:

Requiring that only West Hollywood dedicated units may be licensed for Beverly Hills is impractical because dedicated units are limited in service areas, occupy limited taxicab stand spaces as well as metered and residential parking and cause congestion on city streets due to being limited to the small Beverly Hills / West Hollywood geographic region.

Because the TNC's are prevalent in both Beverly Hills and West Hollywood jurisdictions, there are limited fare possibilities left for taxicabs. Such fares include the elderly, handicapped and those individuals that do not own a smart phone. Because these fares are not enough to support all vehicles dedicated to this region, fierce competition and eventual attrition among drivers may expose the city residents to less than desirable service. A lack of drivers may lead to a lapse in service.

The City of Beverly Hills has limited taxicab stand space. Dedicated taxicab units or units licensed in conjunction with West Hollywood facing a decrease of paying passengers may opt to utilize city taxicab stands or residential and commercial parking spaces to wait for fares. This

may result in less parking space for visitors and residents. In addition businesses may suffer as taxicabs may utilize metered parking to wait for fares and take up spaces for extended periods.

Another unintended outcome of the dual licensing limitation is the impact on traffic congestion. While some taxicabs decide to park in tourist areas such as Rodeo Dr., other cab drivers may decide to cruise the city looking for passengers. This will increase traffic congestion in all parts of the city and cause inconvenience to the residents.

Los Angeles licensed taxicabs are able to service large territories and are not restricted to a small geographic area. Allowing placement of Beverly Hills licenses on Los Angeles permitted vehicles would resolve many issues mentioned. Los Angeles permitted vehicles will not congregate and utilize valuable city parking spaces and will not contribute to traffic congestion at slow times because these units are able to work in other areas and will leave the Beverly Hills area when not needed for service. Therefore, we respectfully request that the city allows dual licensing with City of Los Angeles sedans.

Reduction of Number of Vehicles of Franchisee

Further impacting service, is the "45 day rule" wherein a franchisee is required to report any out of service vehicles to the City of Beverly Hills. Any vehicles that remains out of service for more than 45 days would permanently lose the permit and the number of authorized vehicles would be decreased by the amount of vehicles out of service for more than 45 consecutive days.

Sourcing qualified individuals to operate taxicabs at a time where unregulated competition significantly impacts demand for taxicab service, has become difficult. This rule places an unnecessary and unreasonable burden by penalizing companies when they are not able to operate every vehicle in the fleet because of declining business conditions. This rule is fundamentally unfair and treats the taxicab industry differently from the TNC operators by not allowing taxicabs to meet fluctuating service demand with flexibility of fleet management. By reconsidering and removing this rule, the city would help level the playing field by allowing taxicab companies to regulate fleets based on demand. While the City of Beverly Hills is not able to regulate the TNC's, they are able to ease regulatory requirements to assist the taxicab industry and by removing this rule, the City would be taking the first step towards leveling the playing field between the TNC's and the taxicab industry.

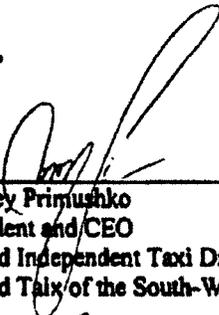
Flexibility to Remove Non-Operational vehicles from Liability Insurance:

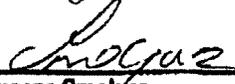
In addition, we need the flexibility to remove non-operational vehicles from liability insurance to reduce expenses. As our fleets fluctuate and vehicles come out of service, we need the City of Beverly Hills to authorize companies to remove vehicles not operating in the City from their auto liability insurance. This would allow companies to eliminate unnecessary operating expenses. Before placing back a vehicle into service, we will add such vehicle to our auto liability insurance and inform the City immediately.

Because of fierce competition and decreased demand, we ask the City Beverly Hills to modify the franchise to include these changes and ask that this issue be placed on the City Council agenda for their approval.

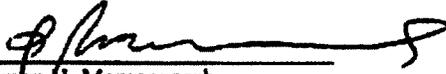
If you have questions or wish to discuss this matter, please contact the undersigned.

Sincerely,

By: 
Andrey Primushko
President and CEO
United Independent Taxi Drivers, Inc.
United Tax of the South-West

By: 
Eugene Smolyar
President and CEO
Los Angeles Checker Cab Company

By: 
Andrey Minosyan
President
Independent Taxicab Owners Association

By: 
Simon H. Momennasab
Director of Operations
Bell Cab