

TRANSPORTATION COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to extending the terms of the existing taxicab franchises, and replacing the existing taxi franchise system with a streamlined permitting system.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE dated October 17, 2019, amending the City's nine taxicab franchise agreements, currently set to expire December 31, 2019, for an additional six-month period to June 30, 2020, unless earlier revoked or terminated by Council action.
2. APPROVE the Los Angeles Department of Transportation (LADOT) proposal to replace the current taxicab franchise regulatory framework with an open market permitting system.
3. REQUEST the City Attorney to prepare an ordinance for an open market permitting system to begin January 1, 2020, or whenever practically feasible.

Fiscal Impact Statement: The LADOT reports that this action will not impact the General Fund. With the proposed switch from the franchise regulatory model to the open market permitting system, a forthcoming ordinance will include permit fee adjustments to account for full cost recovery.

Community Impact Statement: None submitted.

SUMMARY

Accompanying a report to Council dated October 16, 2019, the City Attorney presents Ordinance amending the City's nine taxicab franchise agreements, currently set to expire December 31, 2019, for an additional six months to June 30, 2020.

In a report to Council dated October 17, 2019, LADOT recommends replacing the Department's existing taxi franchise system with a streamlined permitting system. The Department's recommendation is in response to the recent disruption of the taxi industry by the arrival of the Transportation Network Companies and the need to significantly modernize the taxi service to better meet current customer expectations.

Recognizing the taxi industry's need for modernization, LADOT hired a consultant to review and evaluate current regulatory practices based on the following principles:

- Expanding economic opportunities for businesses and drivers and fostering innovation
- Allowing flexibility for new technology to improve rider experience
- Creating a framework that could easily be used for multiple for-hire modes
- Improving transportation equity and accessibility for riders
- Achieving departmental operational improvements to expedite driver on-boarding and remove market barriers

After much research, stakeholder outreach, and industry input, LADOT determined the franchise

system needs to be replaced with an open permitting model in order to simplify the current system and lower barriers for new entrants. The goal of a streamlined and flexible permit structure is to enable a more open market to allow new businesses to enter the City as long as they meet various qualifications including fleet minimums. This opens the door for a more competitive process among companies and gives the City authority to remove underperforming companies and establish accountability without sacrificing service quality. New market entrants can fill gaps. The open market system works in other jurisdictions to increase competition and incentivize service improvements because the entitlement to operate disappears when the business can be replaced by a better performing company.

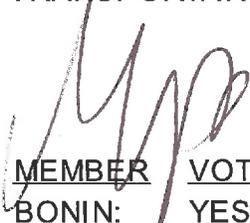
In addition to an open market permitting system, LADOT recommends several regulatory changes:

- Removing vehicle caps
- Relaxing trade dress standards for taxicab vehicles
- Providing and managing a centralized dispatching system
- Eliminating the standard taximeter and requiring upfront pricing for taxicab trips
- Requiring all For-Hire vehicles to comply with the Mobility Data Specification

At its meeting held October 23, 2019, the Transportation Committee discussed this matter with LADOT staff. Department representatives stated that the new regulatory framework reduces costs for businesses and taxi drivers, and lets the companies make their own business decisions such as fleet size and vehicle brand dressing. The Department's proposal includes innovations such a prepaid faire, a universal digital dispatch system, and eliminating brand dress requirements. LADOT will still screen drivers and services for seniors and the disabled will be preserved. Committee recommended that Council approve the accompanying Ordinance, and approve LADOT's recommendations as amended to replace the current taxicab franchise regulatory framework with an open market permitting system, and to request the City Attorney to prepare an ordinance for an open market permitting system.

Respectfully Submitted,

TRANSPORTATION COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BONIN:	YES
MARTINEZ:	YES
KORETZ:	YES

jaw

-NOT OFFICIAL UNTIL COUNCIL ACTS-