

CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: September 27, 2017

To: The Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Mike Bonin, Transportation Committee

From: Seleta J. Reynolds, ⁶⁵⁶General Manager
Department of Transportation

Subject: **TAXICAB FRANCHISE EXTENSION THROUGH DECEMBER 31, 2019 (COUNCIL FILE 10-0996)**

SUMMARY

This report is provided to the Transportation Committee to recommend the adoption of an extension of the nine current taxicab franchises for the City of Los Angeles. The current taxicab franchise grants will expire on December 31, 2017. An extension must be enacted in order to ensure that taxicab transportation, as it exists under the Los Angeles Municipal Code and other rules and regulations, continues uninterrupted after December 31, 2017.

RECOMMENDATION

That the council, subject to approval by the Mayor, extend the current nine taxicab franchises through December 31, 2019.

BACKGROUND

In the mid-1990s, Los Angeles adopted a franchise model of regulation for its taxicab industry. Existing franchise ordinances went into effect in 2001 and were renewed in 2005 and again in 2010. After the renewal in 2010, the franchises were scheduled to expire in 2015 with two one-year renewal options. Both renewal options have been exercised and the nine current franchises are set to expire on December 31, 2017.

DISCUSSION

Taxis are an essential service and even a life line for some residents of Los Angeles. The City, through its regulation of taxicabs, has been able to set service and equity standards while also helping the environment by requiring vehicles that meet certain clean air standards. The City has furthermore required wheelchair accessible service to ensure mobility for the wheelchair using population. For these reasons, the City has a continuing interest in regulating this mode of transportation. With the advent of Transportation Network Companies (TNCs), which functionally operate like taxicabs but with a different set of rules and regulations in California; the current model of taxicab regulation has come under intense scrutiny. Because TNCs operate in a less formal regulatory environment, they have been able to increase the supply of vehicles and drivers without restriction thus reducing the business and the profits of taxicab companies and drivers tremendously.

This change in the landscape of motor vehicles for hire, along with a desire by the Department to improve service, has prompted the Department to research ways in which the regulatory structures for this business can be improved for the future. For this reason, the Department has issued a Task Order Solicitation (TOS), to hire a consultant to independently review and evaluate current regulatory practices and suggest alternative regulatory approaches where appropriate. Responses to this TOS are due on October 6, 2017. The Department expects to contract with a consultant in November of 2017.

The consultant will be expected to identify, analyze, evaluate and recommend plan components that will enable the development of a comprehensive and enforceable set of regulatory controls and franchising and/or other permitting possibilities to best serve the public interest.

It is anticipated that any new ordinances and/or other proposed permitting processes will be based on consultant recommended changes to current franchise terms and conditions and will take into account newly approved recommendations related to taxicab operations, potential use of autonomous vehicles, driver and vehicle permitting requirements, driver benefits, improved performance monitoring, and enhanced technology among other issues that are outlined in the scope of work.

Any agreed upon recommendations, including new franchise/permitting ordinance(s) and revisions to the Los Angeles Municipal Code, will initially be presented to the Taxicab Commission for approval. The City Council will ultimately approve any new regulatory plan with concurrence of the Mayor.

Initially, the franchises were scheduled to expire in 2015 with the potential to exercise renewal options through 2017. However, in July of 2015, likely in anticipation of a need for a further extension beyond 2017, a motion was made to amend the Transportation Committee Report to Council relative to extending the franchise terms. This motion requested the City Attorney to prepare an ordinance to extend the City's franchise agreements beyond 2017 with one of the options being a two-year extension for the term January 1, 2018 through December 31, 2019 (see attached Motion).

While this TOS study is being conducted, it is important that taxicab service for the citizens of Los Angeles continue unabated. It is expected that implementation of any potential new regulatory structure would begin prior to December 31, 2019.

FISCAL IMPACT STATEMENT

In 2016, the Department collected \$1,919,431 in franchise fees from the nine taxicab franchises. Vehicle application fees were also collected in the amount of \$330,732. If the franchises are not extended, there could be a potential loss of \$3,094,163 to the Department, and without a proper collection mechanism, a depletion of the Bandit Enforcement Fund.

SJR/JM

Attachment

MOTION

19A

I MOVE that the Transportation Committee report relative to extending the terms of the City's existing franchise agreements with nine taxicab companies, Item No. 19 on today's Council agenda (CF 10-0996-S1), BE AMENDED to replace recommendation No. 2 with the following:

- REQUEST the City Attorney to prepare an ordinance to create two options to extend the City's existing franchise agreements with nine taxicab companies for one year terms of January 1, 2018 through December 31, 2018, and January 1, 2019 through December 31, 2019; or, one two-year extension for the term January 1, 2018 through December 31, 2019.

PRESENTED BY: 
MIKE BONIN
Councilmember, 11th District

SECONDED BY: 

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