

Communication from Public

Name: UCLA Labor Center

Date Submitted: 02/15/2021 05:43 PM

Council File No: 10-0996-S1

Comments for Public Posting: Dear Honorable Councilmembers, Attached is a letter from the UCLA Labor Center relating to this agenda item issue. Thank you very much for your time and attention. Sincerely, Victor Narro
Project Director and Labor Studies Professor UCLA Labor Center



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February 15, 2021

The Honorable City Council
of the City of Los Angeles
City Hall – Room 395
200 North Spring Street
Los Angeles, CA 90012

Re: Ordinance to Replace the Taxicab Franchise Regulatory Framework with an Open Market Permitting System

Dear City Councilmembers:

On behalf of the UCLA Labor Center for Labor Research and Education (UCLA Labor Center), I write as a labor research academic expert to provide analysis of the draft ordinance to replace the taxicab franchise regulatory framework with an open market permitting system.

Currently, I am Project Director of the UCLA Labor Center, which is part of the UCLA Institute for Research on Labor and Employment (IRLE). As part of my employment with the UCLA Labor Center, I serve as Professor of Labor Studies for the UCLA Labor Studies Program where I teach classes relating to low-wage workers, low-wage industries and immigration. Based on my background and research experience in the Los Angeles taxi industry, I will provide analysis with recommendations for the next steps.

The draft ordinance under your consideration will create a “race to the bottom” which will devastating consequences for the estimated 3,000 taxi workers and a substantial negative economic impact out the taxicab industry in Los Angeles, which is already under a fragile situation due to the pandemic. As a UCLA academic scholar in low-wage industries and low-wage workers, I have documented the “race to the bottom” in low-wage industries that result from policy decisions by government and elected officials. The UC Berkeley Labor Center produced a [report](#) last year documenting the wage and hour conditions of Uber, Lyft, and DoorDash drivers. They estimate that the pay guarantees for these drivers is actually the equivalent of a wage of \$5.64 per hour. Moreover, the UCLA Labor Center released a report in 2018 entitled [More Than a Gig: A Survey of Ride-hailing Drivers in Los Angeles](#), where we highlight the lived experiences and job conditions of drivers working in the gig economy in Los Angeles County. In this study, we found that gig economy drivers have to work two or more jobs just to survive economically. Over half



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are working in service low-wage occupations. Aside from supporting themselves, these drivers are supporting families and children. More than half support one other person in their family, and 35% support families with at least one child present. Some drivers rely on public assistance to sustain themselves. Close to 1 in 5 receive some form of public assistance, such as food stamps or subsidized medical programs. The Los Angeles taxi industry has been in a highly fragile and precarious situation due to the economic impact from the pandemic. The proposed ordinance you are considering will throw the industry and thousands of taxi workers into this low-wage marketplace. This will be taking place as the Los Angeles Minimum Wage will increase to \$15/hour beginning next July.

The proposed ordinance also raises the need for more legal research and analysis. There may be a conflict with AB1069, the state law which went into effect in 2019. For example, section 71.02(a) of the proposed ordinance dealing with picking-up or attempt to pick-up passengers within the limits of the City of Los Angeles may be in conflict with sections of AB 1069. In addition, further analysis is necessary to determine if the proposed ordinance is in conflict or violation of existing orders and policies of the California Public Utilities Commission (CPUC).

A major concern is the lack of participation of key stakeholders in the LADOT process of creating this report. From my standpoint, the taxi workers themselves are the key experts in this process because they are living the day to day reality of providing their services to the residents and visitors of this city, and they have the experiences necessary to guide the creation of policies that will impact their industry and livelihood. The Taxi Workers Association of Los Angeles (TWALA) is a key stakeholder and they were not provided with the opportunity to integrate their knowledge and expertise during the process.

For the reasons stated above, we recommend the following:

- Any new LA City policy must be based on a \$15/hour net wage for taxi workers in accordance with what will be the L.A. City minimum wage beginning July 1.
- The City Council extend the current franchise for a period of one year to ensure that all the key stake holders, including TWALA come together with L.A. DOT and other city officials to engage in meaningful to create a policy that will have a positive impact for taxi workers and their families.



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It is my hope that you will find the information in this letter useful as you consider your next step in formulating a policy for the Los Angeles taxi industry. If you have any questions, feel free to call me at 310-980-8841 or email me at vnarro@irle.ucla.edu. Thank you very much for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Victor Narro", enclosed in a thin black rectangular border.

Victor Narro
Project Director, UCLA Labor Center
Professor, UCLA Department of Labor Studies

Communication from Public

Name: Taxi Workers Association of Los Angeles

Date Submitted: 02/15/2021 11:40 PM

Council File No: 10-0996-S1

Comments for Public Posting: As advocates for the LA taxi drivers, Taxi Workers Association of Los Angeles intends to oppose the premature and poorly vetted ordinance eliminating existing franchise agreements. This opinion is supported by cab drivers, taxi companies, scholars and labor organizations. We are asking for the current franchise agreements to be extended for one year or until conflicts in law are resolved and a sustainable, fully vetted and fleshed out regime is completed through a process which directly involves the drivers most affected by new rules and adheres to the City's livable wage standard of \$15 per hour. Detailed letter addressing Committee history of franchise extensions and decision on this matter, unresolved legal issues, flaws in the LADOT reform proposal and representations to the Transportation Committee is attached as part of our submission. Please attach the uploaded letter to the Council file 10-0996-S1 along with our comments herein.

Taxi Workers Association of Los Angeles

Email: twalaoc@gmail.com

February 15, 2021

The Honorable City Council of the City of Los Angeles
City Hall – Room 395
200 North Spring Street
Los Angeles, CA 90012

Re: Ordinance replacing the City’s existing taxicab franchise regulatory framework with an open market permitting system (Council File No.: 10-0996-S1)

Honorable City Council Members,

Sadly, this industry finds itself in the **same position we were in 2008-2009**, when the City hired **Nelson/Nygaard** consultants to examine local taxicab regulations and provide a proposal. Like in 2009, procedural issues got in the way and the plan was abandoned, **but in the next 2 years** the industry prospered and **LADOT reported** that almost 90% of all orders were serviced within 15 minutes. An **informal comparison of service and cost at the end of 2013** showed that fewer LA’s taxicabs serviced customers virtually the same as **Uber** (median 3.5 minutes vs 3 minutes) and at a lower average trip cost. **This report was shared with the Taxicab Commission** and, as usual, ignored.

Unfortunately, the **reform plan presented by LADOT** and approved by this Committee in October of 2019 and later by the Council, based on a single presentation and virtually no industry participation, is **fatally flawed**. No formal proposal, nor stakeholder input has been presented, neither data, nor the consultant’s study were ever provided to the decision makers. And for a good reason. It could not stand the scrutiny of the light of day or critical analysis. No comparable of successful ‘open market’ taxicab regulations exists, certainly not in any major metropolitan area. The closest the consultants came to an analogous example are TNCs. While there’s little argument about the utility of their service, neither is there any doubt about the damage these companies have wrought on the environment, public transportation and the tens of thousands of passengers who became victims of the lack of safety. These companies exist in a regulatory vacuum which allows worker exploitation, thanks to more than \$20 billions of red ink and predatory business practices. As a matter of public policy none of these methods or means are available or acceptable as a suitable model and certainly not for a taxicab industry.

Council history and procedures

Nov. 2010 **Grant of Franchise for 5 years**

June 2011 **Adoption of Rate Ordinance**

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- June 2015 **Transportation Committee voted to extend Franchise agreements for 2 years and**
“INSTRUCT the Los Angeles Department of Transportation (LADOT) to report in 90 days with a preliminary scope of work for a study of the City's existing taxicab regulatory framework and functions, including but not limited to, a review of other regulatory”
- Oct. 2017 **Transportation Committee extends Franchise agreements for 2 years and adopted:**
“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 with Council ultimately approving any new regulatory plan approaches, new technology improvements, performance requirements, and other possible changes.”
- Oct. 2019 **Transportation Committee adopts report extending Franchises for 6 months and**
APPROVE the Los Angeles Department of Transportation (LADOT) proposal to replace the current taxicab franchise regulatory framework with an open market permitting system
(The basis for LADOT recommendations, 172-page Consultant Study, was not presented to the Committee)
- June 2020 **Transportation Committee adopts report extending Franchises for 8 months and**
DIRECT the Los Angeles Department of Transportation (LADOT) to extend the current taxi cab franchises for eight months with the ability for Council to revoke or terminate them at any time within that period upon adoption of a new regulatory model.

Unresolved legal issues

Most importantly, LADOT has failed to fully inform and explain to the Council and the Committee that the proposed reforms will **eliminate Council’s jurisdiction and oversight** over taxicab industry and will transfer full control to officials appointed by the Mayor.

Both the Study and the proposed Ordinance eliminating Franchise system lack **adequate legal research:**

Ordinance Amending Municipal Code **conflicts with State law (AB1069)**, which went into effect in 2019 and provides that any taxicab duly licensed in the County may pick up pre-arranged order anywhere in the County.

Draft Ordinance Section 71.02(a)

No person corporation, cooperative, association... shall drive, operate or use, whether as owner lessor, lessee or otherwise, any of the vehicles defined in Section 71.00 to pick-up or attempt to

Taxi Workers Association of Los Angeles

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pick-up passengers within the limits of the City of Los Angeles... otherwise, any of the vehicles defined in Section 71.00...

Assembly Bill 1069 SECTION 53075.5 (d)(2)

(e) A city or county shall not require a taxicab company or driver to obtain a business license, service permit, car inspection certification, or driver permit, or to comply with any requirement under this section or Section 53075.52, unless the company or driver is substantially located within the jurisdiction of that city or county

(f) A permitted taxicab company may provide prearranged trips anywhere within the county in which it has obtained a permit under subdivision (a).

Also, substantial questions remain unresolved regarding LADOT plan to allow companies to set rates. Because all drivers, whether owners or lease drivers, are classified as independent contractors, company control of rates (and potentially other aspects of taxi driving) **may run afoul of recently enacted State law AB5**, which established an ABC test for determining employment status. To remain an independent contractor, the worker must meet all three criteria:

(A) the individual is free from direction and control applicable both under the contract for the performance of service and in fact;

(B) the service is performed outside the usual course of business of the employer; and

(C) the individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the service performed.

Likewise, the independent contractor status and cooperative structure of Los Angeles taxi companies **may violate Federal antitrust regulations**. As independent business entities, co-op members may not engage in price coordination, nor can companies direct independent contractors what rates to charge, while State and City entities are exempt from these rules. Possible guidance is offered in the following three FTC cases:

- *FTC v Professional Skaters Association*
- *FTC v American Guild of Organists*
- *FTC v Music Teachers National Association, Inc., a corporation*

Similarly, LADOT proposal to expand taxi fleets by incorporating TNC vehicles into new or existing taxicab companies is **prohibited by CPUC General Order 158-A**

3.03--Taxi Transportation Service Not Authorized. A carrier is not authorized to engage in taxicab transportation service licensed and regulated by a city or county. Carriers are prohibited from using vehicles which have top lights and/or taxi meters.

Taxicab Commission history and procedures

Taxicab Commission began the process of presenting and approving LADOT proposals for permitting requirements in September of 2020 and has yet to present fees and penalties the Department is recommending. This process has been mired in procedural, substantive errors and a persistent refusal to take drivers opinions into account, resulting in failure to make any progress for 5 months:

- **Failure to publish** the Board Order before scheduling it for a Final vote
- **Violations of the Brown Act**
- Failure to exclude a new rule from a published Board Order, which Commissioners agreed to eliminate

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- **Failure to adhere to City Administrative Code 22.488(g)(2)B**

What is being proposed is, by far, the **biggest reforms in taxicab industry in LA or anywhere in the world**. In the past few years, the Taxicab Commission has abandoned any pretense of wanting to hear any analysis of the state of taxicab industry. It has **ceased to receive semi-annual rate review**, required by the Rate ordinance, or **Annual Performance reviews**, required by the Franchise agreements or reports on **Bandit enforcement**, which could have provided the basis for an objective analysis of the cab industry.

In turn, LADOT accepted the consultant's voluminous Study, by Sam Schwartz Engineering (8/2019), which lacks any precedent or data to justify its conclusions and recommendations. In fact, the only "open market" system the study cites are TNCs. Here's what it says: 'The Open Market system of FHV regulation could apply to both TNCs and taxicabs and doing so could fulfill the LADOT goal of putting all FHV's on a level regulatory playing field'.

Neither the consultant's study nor the LADOT addressed the **likely effects of their proposals**:

- Removal of vehicle caps and rate control would lead to **oversupply and diminished driver income**
- Removal of rate controls will open the door to **exploitation of drivers by companies**
- Proposed **1-year limit** on operating permit would likely **discourage new entrants**
- Motivation is partly to **eliminate poorly performing companies** and replace them with new entrants, but the **ability and the procedure already exists** in current regulations
- Currently, the entry is based on "**convenience and necessity**" showing, the new regulatory scheme would completely rely on market forces
- Relaxation of vehicle trade dress and allowing **removable indicia and decals will endanger passengers and hamper oversight**
- **No criteria or process** has been proposed or **established for determining minimum fleet size**
- Rather than provide a possible way to establish a unified dispatch system or app, **current proposal encourages market fragmentation**
- Current proposal created **draconian penalties**
 - 1st violation – dirty vehicle – minor violation = \$500
 - 1st violation – check engine light – moderate violation = \$750
 - 1st violation – exterior light out – major violation = \$2,500
 - 3rd major violation = \$6,500

Importantly, the **Franchise Co-op model with driver empowerment**, especially one that incorporates **strict reporting, service and green vehicle standards** for maintaining the license to operate, is the **ONLY** system of its kind not only among US cities, but worldwide. Unfortunately, most people and even scholars don't know this fact, but those we spoke with, would rather preserve and study it, instead of eliminating.

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A way forward

We have proposed several meaningful steps to ensure equity and stability and improved passenger service, which are **quickly and easily attainable within existing structures and technology** and would go a long way towards improving service and public image, while **setting a new standard for other cities to follow**.

- Any reforms must be based on a \$15 per hour net wages for drivers
- Mandatory national app, countywide companies serving LA (Joint Powers Authority)
- Ride-sharing option along densely populated corridors (Wilshire Blvd)
- Change meter calculations from time-or-distance to time-and-distance (TNCs)
- Introduce fare-splitting option
- Introduce fare cancellation charges
- Introduce minimum fare
- Greater access to LAX terminal curbside taxi stands
- Vehicle age based on condition and LADOT and AAA inspection

Conclusion

A one-year extension of current regulatory framework would enable LA's taxicab companies to weather the pandemic, return to full fleet size and provide time for crafting new proposals which set equitable, efficient, modern and sustainable personal transportation. Meaningful, constructive dialogue between LADOT and the industry needs to address and resolve the significant issues presented above. It is unacceptable to be eliminating the existing regulatory framework, without LADOT has completed its "massive re-write of the taxicab rule book" and having a fully fleshed out regime ready and available to be implemented. Unless the goal is to see chaos, uncertainty and an almost certain destruction of the industry this Committee calls "essential" and "a lifeline". The goal of "expanding economic opportunities" for drivers is farther away today than ever before! This is precisely why the Franchise agreements should not be eliminated and why a 1 year extension is necessary.

Leon Slomovic

President, Taxi Workers Association of Los Angeles

Communication from Public

Name: San Francisco Taxi Workers Alliance

Date Submitted: 02/15/2021 11:46 PM

Council File No: 10-0996-S1

Comments for Public Posting: Honorable Los Angeles City Council Members, We wholeheartedly support Los Angeles taxi worker's efforts to preserve the worker-empowering, economically sustainable, taxi franchise system. Taxi driver's engagement in the regulatory process, which determines their future should be applauded. Their voices must be heard and made a part of any legitimate proposal to change the taxi industry. Driver's voices need to be respected and considered as partners in any political process in order to craft a better way forward. Every worker is entitled to decent working conditions and wages, and \$15 per hour net wages as a minimum city and national standard. No industry should be "uberized." The TNC business model of "open market" self regulation has proven to be morally bankrupt. It is exploitive, predatory, destructive to the environment, destructive to public transportation and a danger to passenger safety. It is unacceptable as the standard in transportation or in any industry. We urge you to extend the current franchise agreements for one year and to engage with taxi workers in an honest dialogue and genuine collaboration in crafting a way to improve service to the public, and a sustainable future for the taxi industry. The community of taxi drivers, largely people of color and immigrants, are the face of Los Angeles and its ambassadors to travelers and the residents of Los Angeles alike. They are the experts in the taxi industry and should be treated as a valuable resource, with all due respect and deference, not dismissal and disregard. There is no time like now to change course and start building a brighter future for all. Respectfully, Peter Miller, San Francisco Taxi Workers Alliance
AFL-CIO Ronald Blount, Taxi Workers Alliance of Pennsylvania
Peter Ibik, MontCo Union Taxi Cooperative



San Francisco Taxi Workers Alliance

Monday February 15th 2021

Honorable Los Angeles City Council Members,

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