


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: August 11, 2021

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

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

Subject: **TAXICAB FRANCHISE EXTENSION COUNCIL FILE 10-0996-S1**

SUMMARY

The Los Angeles Department of Transportation (LADOT) regulates taxi services through exclusive franchise agreements granted to nine taxi companies - a regulatory model that has been in place since the mid 1990's. In 2019, the City Council (Council) voted to replace the franchise model with an open permitting system and requested the City Attorney to prepare an ordinance to create an open permitting system. In February 2021, Council requested that the Taxi Commission prepare draft rules and guidelines for the open permitting system prior to adopting an ordinance. The Taxi Commission has not yet completed its rules and guidelines for consideration, and LADOT is seeking a six-month extension of the franchise agreements.

RECOMMENDATIONS

That City Council, subject to the approval of the Mayor:

1. DIRECT LADOT to extend the current taxi cab franchises for six months with the ability for Council to revoke or terminate them at any time within that period upon adoption of a new regulatory model.
2. REQUEST the City Attorney, with the assistance of the LADOT, to prepare and present an ordinance extending the terms of the existing taxicab franchise agreements for six months.

BACKGROUND

Nine existing ordinances grant franchises to taxi companies, giving them the exclusive right to provide taxicab service in the City of Los Angeles (City). City Council granted these franchises following a "Public Convenience and Necessity" analysis, using the procedures prescribed in Administrative Code Section 13 and Ordinance No. 58200 that grant franchises, permits, and privileges. The City initially adopted the franchise model in the mid-1990s, and the existing ordinances became effective on January 1, 2001. Following a series of extensions, these ordinances and the subsequent franchise agreements expired on December 31, 2019.

In October of 2019, Council approved the elimination of Franchise agreements but extended them through June 30, 2020 to give LADOT time to develop an open permitting structure for taxicab regulations moving forward.

In March 2020, COVID-19 swept through the nation and forced the LADOT to reallocate its resources to address emergency needs. This prevented the Department's completion of all the steps necessary to implement a new taxicab permit system and Council approved an additional six-month extension in June 2020.

In February 2021, the City Attorney presented an ordinance to Council to replace the City's existing taxicab franchise regulatory framework with an open market permitting system. At that time, Council extended the franchise for an additional six months and requested the Taxi Commission to provide a comprehensive set of rules and guidelines to the Transportation Committee before the new ordinance is approved.

DISCUSSION

Council approved the elimination of Franchise agreements in October 2019, and directed LADOT to develop rules and guidelines through the Taxi Commission in order to enter into a permitting system. This new regulatory framework includes a change in permit fees charged to the industry, as well as reviewing issues related to how the new permitting system may or may not affect driver income.

Since October 2019, LADOT presented several new regulations to the Taxicab Commission for review, comment, and public input. This includes a review of regulatory definitions, general rules and regulations related to company permitting, rules related to technical compliance with the Mobility Data Specification (MDS), rules related to taxicab vehicles and equipment, driver and vehicle permit requirements, driver rules related to conduct, and penalties and violations. There was also a discussion of E-hail/App platforms which needs an additional review at the Commission level. Most recently, Victor Narro of UCLA, presented to the Commission on issues related to driver income. LADOT expects Narro will prepare a report with recommendations that will inform the rules and guidelines.

At this time, the Taxi Commission has not yet approved a set of comprehensive rules and guidelines to present to the Transportation Committee. To allow for further deliberation, LADOT recommends an additional six-month extension to the franchise agreements.

FINANCIAL IMPACT

There is no impact to the General Fund. With the proposed extension, fees will continue to be collected under the Franchise structure until a new permit fee structure is put in place.

SJR:JM