

<b>TRANSMITTAL</b>		0150-09526-0002
<b>TO</b> Deborah Flint, Executive Director Department of Airports		<b>DATE</b> 1/19/16
<b>FROM</b> The Mayor		<b>COUNCIL FILE NO.</b>   <b>COUNCIL DISTRICT</b> 11
<p><b>Request to Approve a First Amendment to Taxi Management          Concession Agreement with Authorized Taxicab Supervision, Inc.          For Taxicab Operations at the Los Angeles International Airport</b></p> <p>Transmitted for further processing, including Council consideration. See the          City Administrative Officer report attached.</p> <div style="text-align: center;">   <b>MAYOR</b> (Ana Guerrero)         </div>		
MAS:WDC: 101600401		

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 15, 2016

CAO File No. 0150-09526-0002

Council File No.

Council District: 11

To: The Mayor

From: Miguel A. Santana, City Administrative Officer 

Reference: Transmittal from the Department of Airports dated December 22, 2015; referred by the Mayor for report on December 29, 2015

Subject: **APPROVAL OF A FIRST AMENDMENT TO TAXI MANAGEMENT CONCESSION AGREEMENT WITH AUTHORIZED TAXICAB SUPERVISION, INC. FOR TAXICAB OPERATIONS AT THE LOS ANGELES INTERNATIONAL AIRPORT**

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### SUMMARY

The Executive Director of the Los Angeles World Airports (LAWA; Department) requests approval to execute a First Amendment to a 10-year agreement with Authorized Taxicab Supervision, Inc. (ATS; contractor) for the management of taxicab operations at the Los Angeles International Airport (LAX). The proposed amendment will strengthen the driver penalty provisions, increase LAWA's involvement in and oversight of the hearing and adjudication process and complaint handling procedures for cab drivers, and require ATS to pay monetary penalties for unsatisfactory handling and/or reporting of passenger complaints and late- or non-submission of required reports to LAWA. The proposed revisions to the current procedures are in response to a September 2015 incident whereby a passenger at Los Angeles International Airport (LAX) was refused service by an authorized taxicab driver.

In addition to the changes required by the proposed First Amendment, ATS will implement diversity and anti-discrimination training for its 4,000 cab drivers and all staff involved in management, supervision, and field operations at LAX with additional training to be provided to field staff involved in handling complaints and implementing procedures for addressing driver infractions.

While penalties and remedies for taxicab driver infractions have been part of the ATS agreement prior to the First Amendment, the proposed changes to the contractor's management services and oversight responsibilities and procedures are intended to (1) help avoid incidents of discriminatory behavior like what occurred at LAX in September 2015, specifically, and in a more general sense, a range of driver infractions from discourteous behavior to refusal of service; and (2) conform to the penalty structure approved by the Los Angeles Department of Transportation's Taxi Commission. Under both the current agreement and the proposed First Amendment revisions, taxi drivers may appeal ATS disciplinary actions to the Taxi Commission. According to the Department, under the revised penalty structure, LAWA will now be notified of the appeal and become involved in the adjudication process.

The proposed First Amendment will be considered by the Board of Airport Commissioners (Board) at its meeting of January 14, 2016.

Pursuant to Charter Section 606 and the Los Angeles Administrative Code Section 10.5, the First Amendment to Agreement LAA-8562 must be approved by the Council in that the term exceeds five years. Additionally, to become effective, the City Attorney must approve the Amendment as to form. The above-referenced aspects of the First Amendment, and this report, are based upon revised information received from the Department subsequent to the initial request submittal.

## **BACKGROUND**

Authorized Taxicab Supervision has been providing taxicab management services at LAX for almost 25 years. The current, competitively bid, LAX taxicab management agreement was approved by the Board on March 7, 2011. The agreement requires ATS to perform the following services for taxi operations at LAX:

- Manage taxicab dispatch and taxicab stands at the Central Terminal Area
- Conduct taxicab vehicle inspections
- Operate the nearby taxicab holding lot (6150 96<sup>th</sup> Street, Los Angeles)
- Arbitrate and resolve, on behalf of LAWA, all taxicab driver violations and passenger complaints

Penalties and disciplinary actions for unsatisfactory taxi driver performance have always been part of the taxicab management agreement; however, with the proposed Amendment, LAWA is taking a more proactive role in approving hearing officers, reviewing customer complaints and their resolution, and in proscribing refusal of service and discourtesy penalties. The Amendment also empowers LAWA to act should ATS fail to respond quickly and satisfactorily to complaints and submit timely reports to LAWA (see the attached LAWA table for a summary of the proposed revisions to enhance the taxi drivers penalty structure and strengthen LAWA's oversight of LAX taxicab operations).

The Department conservatively estimates that an average of 1.3 million taxicab trips annually originate from the LAX holding lot managed by ATS. For a given 24-hour period, LAWA estimates that approximately 600 taxis (which includes single cabs that make multiple trips in the same day) cycle through the taxicab holding lot to service LAX customers.

## **Alternatives to Approving the First Amendment**

According to the Department, there are few viable alternatives to strengthening the current taxicab driver oversight process and penalty structure than those being proposed. To not contractually obligate the contractor to revise and strengthen the current procedures and penalty structure would be to miss an opportunity to improve the taxicab management services at LAX in a manner which avoids discriminatory behavior and poor passenger service at one of the country's leading airports.

## **Compliance with City Administrative Requirements**

As a result of the City's lack of expertise in the management of taxicab operations and the

Department's Charter Section 1022 determination that these services can be more feasibly and economically performed by an independent contractor than by City employees, there have been no objections to this agreement by the affected City labor unions.

Pursuant to Charter Section 606 and the Los Angeles Administrative Code Section 10.5, the proposed First Amendment to Ground Lease LAA-8562, in that it is for a period longer than five years, must be approved by the Council. Additionally, to become effective, the City Attorney must approve the First Amendment as to form.

In terms of compliance with the CEQA (California Environmental Quality Act) guidelines, the issuance of permits, leases, agreements and renewals, amendments or extensions thereof, granting use of an existing facility at a municipal airport involving no expansion of use is exempt from the requirements of the CEQA pursuant to Article III, Class I (18)(c) of the Los Angeles City CEQA Guidelines.

Authorized Taxicab Supervision, Inc. must comply with the following Standard Provisions for City Contracts: the Living Wage and Service Contract Worker Retention Ordinances, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, the First Source Hiring Program for all non-trade airport jobs, and the provisions of the Bidder Contributions City Ethics Commission Form 55 pertaining to the City's contract bidder campaign contribution and fundraising restrictions. The contractor has been determined by the Department of Public Works, Office of Contract Administration, to be in compliance with the provisions of the Equal Benefits Ordinance. Additionally, ATS is in compliance with the Department's insurance requirements in that it has approved insurance documents, in the terms and amounts required, on file with LAWA.

With respect to the contractor's Minority/Women Business Enterprise level of participation, the Department's Procurement Services Division established a 20 percent participation goal. Authorized Taxicab Supervision committed to a 1.93 percent participation level, which was approved by the Department's Procurement Services Division, and has achieved a 0.65 percent level of participation to date.

As discussed at the time the original agreement was executed in 2011, the reason for the reduced level of participation is (1) the LAWA-established 20 percent participation level is a goal rather than a requirement; (2) LAWA explained that, since 2011 was the first time in over 20 years that there had been an open solicitation for the taxicab management services, the opportunities for using subcontracted labor may have been over-estimated; and (3) the Department is satisfied that ATS has made a good faith effort to meet the subcontracting goal.

Notwithstanding the reduction in the approved participation level, the achievement of 0.65 percent versus the 1.93 percent commitment by ATS represents achievement of only 33.7 percent of the participation goal. By way of explanation, the Department reports that one of the M/WBE vendors retired and closed the business and that two replacement vendors that have been identified are in the process of applying for M/WBE certification. Consequently, the participation level is expected to increase.

## RECOMMENDATIONS

That the Mayor:

1. Approve the proposed First Amendment to Agreement LAA-8562 with Authorized Taxicab Supervision, Inc., to revise the taxi drivers penalty structure for and strengthen the Los Angeles World Airport's oversight of taxicab operations at the Los Angeles International Airport, subject to City Attorney approval as to form and the contractor's compliance with the City's Standard Provisions for Contracting relative to the Living Wage and Service Contract Worker Retention Ordinances, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, the First Source Hiring Program for all non-trade airport jobs, and the Bidder Contributions CEC Form 55 provisions;
2. Authorize the Executive Director of the Los Angeles World Airports to execute the proposed First Amendment; and
3. Return the First Amendment to the Los Angeles World Airports for further processing, including Council consideration.

## FISCAL IMPACT STATEMENT

Approval of the proposed First Amendment will have no impact on the Department's Operating Budget in that no appropriations or additional expenditures are being requested. Any increase in Department revenue resulting from monetary penalties assessed against ATS for failing to promptly respond to and address passenger complaints and/or to submit required reports on complaint handling and taxi driver infractions are projected to be minimal. This project and Agreement LAA-8562 comply with the Department of Airports' adopted Financial Policies. Approval of the Amendment will have no impact on the City's General Fund.

## Time Limit for Council Action

Pursuant to Charter Section 606, "Process for Granting Franchises, Permits, Licenses and Entering Into Leases," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than five years within 30 days after submission to Council, the contract shall be deemed approved.

MAS:WDC:10160040

Attachment

## ATTACHMENT

Provision	Current	Proposed
Driver Penalties	<ul style="list-style-type: none"> <li>Refusal of service penalties range from suspension of up to 10 airport days for first offense, up to 28 airport days for the second offense, and revocation for the third offense</li> <li>Discourtesy penalties range from suspension of up to 7 airport days for the first offense, up to 28 airport days for the second offense, and revocation for the third offense</li> <li>Hearing officer may issue multiple informal warnings for same offense, which is proven to be ineffective</li> </ul>	<ul style="list-style-type: none"> <li>Refusal of service and when motivated by prejudice against a specific race, nationality, religion, age, disability, sex, or gender identity, would result in immediate revocation of the driver's permit to provide taxicab service</li> <li>Refusal of service and discourtesy (without prejudice) penalties would be no less stringent than less than 6 airport days for refusal of service and no less than 4 days for discourtesy</li> <li>Informal warning procedure is eliminated</li> </ul>
Hearing and Adjudication Process	<ul style="list-style-type: none"> <li>ATS retains a third party hearing officer to adjudicate all complaints</li> <li>There is no requirement for ATS to supply LAWA with adjudication records or information on disciplinary actions</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of all hearing officers is subject to LAWA's prior approval</li> <li>LAWA may appoint a hearing officer at its cost</li> <li>ATS is required to notify LAWA at each step of the complaint, investigation, and adjudication processes of actions taken to resolve taxicab infractions</li> </ul>
Complaint handling procedures	None	<ul style="list-style-type: none"> <li>ATS would be required to notify LAWA in writing of all customer complaints within two business days of receipt of complaint, and provide LAWA with all disciplinary and training actions taken by ATS to resolve each complaint within five business days of any action</li> </ul>

## ATTACHMENT

Provision	Current	Proposed
Penalties for complaint handling and submission of reports	None	<ul style="list-style-type: none"><li>• ATS would be subject to a monetary penalty of \$50 per day for 1) failing to promptly respond to and address complaints to LAWA's satisfaction and 2) failing to submit reports</li></ul>