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**Title:** CONSIDER APPROVING A GENERAL SERVICES AGREEMENT WITH LYFT, INC.TO PROVIDE ON-DEMAND RIDE-HAIL SERVICES (CITY COUNCIL)

**Sponsors:**

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**Attachments:** 1. Exhibit No. 1 - RFP 20-032 Notice of Request, 2. Exhibit No. 2 - RFP 20-032 Notice of Intent to Award, 3. Exhibit No. 3 - Draft Lyft, Inc. Agreement

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, January 12, 2021

Consent

**SUBJECT:**

**CONSIDER APPROVING A GENERAL SERVICES AGREEMENT WITH LYFT, INC.TO PROVIDE ON-DEMAND RIDE-HAIL SERVICES (CITY COUNCIL)**

**I. SUMMARY**

On April 7, 2020, the City entered into a short-term agreement with Lyft, Inc. (“Lyft”) to provide residents with City-subsidized, on-demand transportation through December 31, 2020. Since the program’s inception, over 2,636 rides have been provided to participants, offering safe and convenient travel within Carson. Given the success of this program, a Request for Proposals (RFP) notice was published on September 24, 2020, to solicit qualified vendors to provide this service by January 1, 2021 (Exhibit No. 1). Due to prolonged negotiations between legal teams from the City and Lyft, the previous contract expired prior to a new contract being executed. As such, staff is requesting retro-active approval of this new contract to account for services rendered by Lyft since January 1, 2021. Notably, this error in staff awareness of the delay and inaction should have been addressed by submitting a request to execute a contract extension for Lyft until the legal negotiations were resolved. Staff has been counseled on this incident and instructed to proactively avoid contract lapses in the future.

Two vendors, Rasier, LLC (“Uber”) and Lyft submitted proposals. Based on the completeness of each firm’s response to the RFP and the costs of providing this service,

Lyft was selected as the lowest responsible bidder (Exhibit No. 2). Lyft took exception to the City's standard contract form and proposed the use of their company form, prolonging negotiations and the ability to commence services by January 1, 2021. However, the City Attorney's Office was successful in negotiating resolution of most legal issues and was able to finalize an agreement. Staff is now seeking City Council approval to award a three-and-a-half year contract with Lyft at a not-to-exceed contract sum of \$210,000, or an annual compensation of \$60,000 per year. To coincide with the City's fiscal year budget calendar, the contract term proposes a mid-fiscal year start of January 1, 2021 and concludes on June 30, 2024, making the total contract term three-and-a-half years in length. The City has the option of extending the agreement for two (2) additional one-year terms based on performance.

## **II. RECOMMENDATION**

TAKE the following actions:

1. AWARD a contract to Lyft, Inc. to provide on-demand, ride-hail services at a not-to-exceed total contract sum of \$210,000, or an annual compensation of \$60,000 per year, for the period January 1, 2021 through June 30, 2024, with the option of two (2) additional one-year extensions at the City's discretion.
2. AUTHORIZE the Mayor to execute the contract, following approval as to form by the City Attorney.

## **III. ALTERNATIVES**

1. DO NOT AWARD the contract.
2. TAKE another action the City Council deems appropriate.

## **IV. BACKGROUND**

In response to the outbreak of the Coronavirus Disease 2019 ("COVID-19"), the Disaster Council temporarily suspended the City's local fixed-route bus services effective March 28, 2020. This action was done in an effort to protect the health of the public and to slow the community spread of COVID-19. Dial-A-Ride remained in operation, but was expanded to include all Carson residents, regardless of the program's standard requirements for eligibility. Each trip is currently limited to one eligible participant and their caretaker to minimize community spread of the COVID-19 virus.

On April 7, 2020, the City Council approved an emergency three (3) month, short-term agreement with Lyft to provide residents with safe and reliable on-demand ride services to essential locations. By entering the City's promotional code, participants receive 50% off the cost of their ride and the City, through grant funds, covered the balance up to a maximum subsidy of \$10. The promotional code applies only to rides that start AND end within the City's boundaries. Residents are eligible for twenty (20) rides per person on a monthly basis. On August 18, 2020, an extension was approved to continue Lyft services through December 31, 2020.

As the number of COVID-19 cases continued to climb, out of concern for the safety for its passengers and operators, effective November 8, 2020, the City ended its fixed-route bus agreement with MV Transportation, Inc., which was set to expire at the end of the calendar year. Although the subsidized cost of a Lyft ride is higher to the passenger (approximately \$3.50), than the cost of taking fixed-route bus service (\$1), Lyft provides the convenience of personalized, door-to-door service; reducing the risk of potential virus transmissions in congregate groups.

To provide residents with additional transportation options in the future, staff is working with Long Beach Transit on its providing fixed-route bus service as part of a regional system, possibly to begin by mid-year, as well as extending the offering of on-demand, ride-hail services into 2021 and future years. Offering both services concurrently will provide riders with flexible transportation options based on individual need: Long Beach Transit will provide residents, commuters and visitors with low-cost and reliable bus transportation to and from the City, addressing the increasing demand for regional travel as the City continues to grow. On-demand ride-hail services will provide passengers with first-mile/last-mile, door-to-door service, bridging the travel gap to and from a bus stop, or simply for general intracity travel.

The following matrix provides a description of current and future Transportation programs:

<b>Program</b>	<b>Provider</b>	<b>Description</b>
<b>On Demand Ride-Hail</b>	<b>Lyft</b>	On-demand ride-hail services for Carson residents. Prop C subsidizes 50% of each ride, up to \$10 maximum. Must be 18 or older to ride.
<b>Fixed-route</b>	<b>Long Beach Transit</b>	Fixed-route bus services for Carson residents, commuters, and visitors. Agreement in progress to have Long Beach Transit provide service along major Carson corridors. Anticipated to commence mid-year.
<b>Dial-A-Ride</b>	<b>Administrative Services Co Op (ASC)</b>	On-demand taxi cab service for Carson residents 60 years of age or older, or with disability. These requirements are currently waived for residents during the declared COVID-19 pandemic. No age limit to ride.
<b>Future Senior paratransit</b>	<b>City</b>	Future City staff-operated paratransit service for Carson seniors and/or disabled using City buses. Still in early planning phase. Anticipated to commence mid-year.
<b>Recreation trips &amp; Excursions</b>	<b>City/Charter</b>	Various day trips for recreation and senior programs. Based on ticket sales and day camp enrollments. Trips within LA/Riverside/OC county lines are eligible for Prop A or C use. No trip programming during the pandemic.

Pool trips	City/Charter	Summer pool shuttles from Carson parks to Carson pools and back. No trip programming during the pandemic.
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As the current agreement with Lyft was scheduled to expire on December 31, 2020, RFP 2020-032 was published on September 24, 2020 to secure similar on-demand ride services for 2021 and future years. Two vendors, Rasier, LLC. (“Uber”) and Lyft, Inc. (“Lyft”), submitted proposals. Based on the completeness of each firm’s response to the RFP and the costs of providing this service, Lyft was selected as the lowest responsible bidder.

Bidder	Minimum Fare	Est Annual Rides	Total Est Annual Mir Fare	Avg Miles/Trip	Per Mile Rate	Avg Mins/Trip	Per Min Rate	Total Est Annual Variable Fare	Total Est Annual Fares	Rider Portion (50%)	City Portion (50%)
Uber	\$6.50	7500	\$48,750	8	\$1	15	\$0	\$79,500	\$128,250	\$64,125	\$64,125
Lyft	\$3.50	7500	\$26,250	8	\$1	15	\$0	\$83,325	\$109,575	\$54,788	\$54,788

Staff is now seeking City Council approval to award a three-and-a-half year contract with Lyft at a not-to-exceed contract sum of \$210,000, or an annual compensation of \$60,000 per year. To coincide with the City’s fiscal year budget calendar, the contract term proposes a mid-fiscal year start of January 1, 2021 and concludes on June 30, 2024, making the total contact term three-and-a-half years in length. The City has the option of extending the agreement for two (2) additional one-year terms based on performance.

Legal Issues

Lyft rejected the City Attorney’s standard contract form, which is designed to provide the highest level of protection to the City, prolonging negotiations and the ability to commence services by January 1, 2021. However, the City Attorney’s Office meticulously reviewed the Lyft’s standard form contract, and successfully negotiated resolution of most legal issues posing risk to the City with Lyft’s attorneys.

Provisions requiring Council consideration are:

- 1) Lyft requires City to agree to a “Warranty Disclaimer” provision, which states that Lyft does not warrant its services or products (i.e. Lyft platform and Lyft application) as being “error free,” “uninterrupted” or “will meet the [City’s] requirements,” that Lyft is providing the services and products “as is” without any type of warranty, and that in the event the product is nonfunctional, the City’s sole remedy is the replacement of the product;
- 2) Lyft requires a limitation of liability provision stating that neither party shall be liable for any indirect, punitive or consequential damages, including damages for loss or interruption of business. Recoverable damages are capped at \$250,000; and
- 3) Lyft will not agree to a “no-cause/no-fault” termination clause, which is a standard term in all of the City’s contracts.

The foregoing provisions restrict the City’s potential recovery from Lyft of any damages it may suffer related to the agreement. However, in recent years, the City Attorney’s Office has encountered similar provisions in numerous other software contracts and these types of provisions appear to be consistent with industry standard for software contracts such as this. City staff have worked with Lyft in the past and recognize that Lyft is a reputable

consultant. Finally, there is a low risk associated with not including the no-cause/no-fault clause in this agreement because the City has the ability to “turn off” the services by discontinuing the dissemination and use of the discount codes being provided to residents. The City has the flexibility to use Lyft’s services as much or little as necessary.

## **V. FISCAL IMPACT**

Should the City Council approve the recommendation, funds in the amount of \$60,000 per year are fully budgeted in the current Fiscal Year (FY) 2020-2021 Proposition C account 219-90-940-180-6004 and South Coast Air Quality Management District (AQMD) account 225-90-830-075-6004. There is no impact to the City’s General Fund accounts.

## **VI. EXHIBITS**

1. RFP 20-023 Notice of Invitation (page 6).
2. RFP 20-023 Notice of Intent to Award (page 7).
3. Draft Lyft, Inc. Agreement (pages 8-26).

Prepared by: Robert Lennox, Community Services Director; City Attorney's Office