



Agenda Item # \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Montgomery and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager

**FROM:** Bruce Moe, Finance Director  
Sona Kalapura, Environmental Programs Manager

**DATE:** November 18, 2008

**SUBJECT:** Consideration of Ordinance Amending Chapter 4.108 of the Manhattan Beach Municipal Code (Vehicles for Hire Franchise) Establishing Phased-In Requirements for Clean Air Vehicles Used in the Operation of the City Franchise

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**RECOMMENDATION:**

Staff recommends that the City Council waive further reading and introduce Ordinance No. 2119 amending the City's Vehicle for Hire ordinance.

**FISCAL IMPLICATION:**

The City currently collects \$136,950 per year (\$830 per cab) in franchise fees for the 165 cabs authorized to operate in Manhattan Beach.

**BACKGROUND:**

The City's taxicab franchise is set to expire at the end of this month. In keeping with our green efforts, staff developed clean vehicle standards for the new franchise period. After discussing the original proposed Ordinance at the October 21<sup>st</sup> meeting, the City Council requested that staff consider certain modifications. Additionally, staff met once again with the taxi franchisees to accept further input. As a result, we are providing an amended version of the Ordinance for Council's consideration.

**DISCUSSION:**

The modifications to the original Ordinance are as follows:

*Effective Date*

Originally, the Ordinance was slated to take effect after the commencement of operation of a Compressed Natural Gas (CNG) fueling station in the South Bay. Under that structure, taxi franchisees would have had 12 months from the date of the station opening to achieve the first year's requirement for 25% of the non-exempt fleet to be alternative fuel. Council requested that the requirement be modified to make the phase-in period more certain, and not contingent upon one specific technology being available.

Through further discussions with the current franchisees, staff has modified the Ordinance so that the phased-in requirements begin with the earlier of two events: the opening of a CNG station in the South Bay, or July 1, 2009. Under either date, the first year's requirements must be met within 12 months (July 1, 2010 at the latest). The majority of the cab companies indicate that they will prefer the use of CNG in operating their fleets, and making this modification allows for a slightly longer period for the CNG station to be sited, designed and completed before they must begin making decisions on fleet replacement. However, in the event the CNG station is not built, they will be required to meet the standard through the use of hybrids. Either way, we will have clean vehicles operating in our city by July 1, 2010.

#### *Hybrid Mileage Requirement*

During the October meeting, the cab franchisees requested that the minimum mileage requirement be lowered to accommodate the purchase of a Chevrolet Malibu hybrid. The argument was that the Malibu is domestically produced, has tax incentives which are not available on the Toyota, Nissan or Honda's, and would provide another option for the cab companies to choose from when selecting compliant vehicles. The Malibu achieves 26 MPG City/34 MPG Highway, while the proposed Ordinance (original and revised) requires a minimum of 33 MPG city driving. Staff believes that the 33 MPG standard is sufficient to provide alternatives when selecting hybrids (there are seven models available that accommodate this requirement). Further, because the cabs utilized in our franchise are predominantly used in city driving, the higher standard results in less GHG emissions from cabs. As a result, staff does not recommend lowering this requirement.

#### *Fleet Age*

Because of the increased cost to the cab companies to purchase more fuel efficient/alternative fuel vehicles, Council agreed to extend the age of franchise vehicles from a maximum of seven model years to eight model years to allow for longer use. This change is reflected in the revised Ordinance.

With these changes, highlights of the revised Ordinance are as follows:

- The Ordinance becomes effective no later than July 1, 2009
- There is a four-year Phase-in for clean air vehicles (year 1=25%, Year 2=50%, Year 3=75%, year 4 = 100%). This excludes an exemption for disabled-access and specialty vehicles. The first year requirements will be met no later than July 1, 2010.
- 25% of a franchisees' fleet is exempt from the requirement to accommodate larger capacity passenger vehicles and disabled persons-accessible vehicles such as vans, which currently are not widely available in alternative fuel form. This will be revisited at such time they become commercially available, and a phase-in will be negotiated with the franchisees.
- Vehicles must meet the California Air Resources Board (CARB) ratings of SULEV (Super Ultra Low Emissions Vehicle) or higher
- The standards permit currently available vehicles which use hybrid or CNG technology
- If the vehicle is gasoline-electric hybrid powered, it must achieve a minimum of 33 miles per gallon in City driving as calculated by the U.S. Environmental Protection Agency

- Alternatively, if the vehicle utilizes a low carbon fuel, such as Compressed Natural Gas (CNG), the standard will be the “Well-to-Wheels”<sup>1</sup> efficiency test and must achieve a ten percent greenhouse gas reduction in the fuel cycle.
- The franchise vehicles cannot exceed eight model years at any time during the franchise.

If this revised Ordinance is adopted, staff will immediately begin the process of soliciting and accepting proposals for the new franchise requirements. In the meantime, the existing franchise agreements will remain on a month-to-month basis until new agreements are approved by the City Council, which is expected to occur during the first quarter of 2009.

Attachments: A. Ordinance No. 2119

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<sup>1</sup> The analysis takes into account the fuel cycle, from production, processing and storage, to transportation, distribution and use in the vehicle. An analysis of the fuel cycle was conducted by an independent firm as part of AB 1007 which requires increased use of alternative fuels in the State. The analysis concludes that CNG is a low carbon fuel.

ORDINANCE 2119

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, ADDING A NEW SECTION 4.108.21 TO CHAPTER 4.108 TO TITLE 4 OF THE MANHATTAN BEACH MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council of the City of Manhattan Beach hereby finds as follows:

- a. Promotion of low emission vehicles is in the best interest of the health and welfare of the citizens of Manhattan Beach. This ordinance is intended to encourage replacement of existing standard emission vehicles with low emission vehicles.
- b. This ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3) in that the activity will not result in direct or indirect or reasonably foreseeable direct or indirect physical change to the environment.

SECTION 2. A new Section is hereby added to Chapter 4.108, Title 4 of the Manhattan Beach Municipal Code to read as follows:

4.108.21 Clean Air Vehicles

Effective July 1, 2009; or the commencement of operation of one retail Compressed Natural Gas (CNG) fueling station within Manhattan Beach, El Segundo, Hermosa Beach, Redondo Beach or Torrance; whichever is earlier, Franchisees are required to provide clean air vehicles as defined within this section of the code, by the end of the one year period following the effective date, in the following percentages of that franchisee's total number of vehicles authorized for use for that year:

<u>Year</u>	<u>Minimum %</u>
1	25%
2	50%
3	75%
4	100%

The percentages listed above recognize that certain special purpose vehicles (disabled access, vans used for school transportation or larger passenger volume vehicles to accommodate large parties) may not be commercially available as clean air models at the time of adoption of this Ordinance. These special purpose vehicles, which may not exceed twenty-five percent (25%) of the total authorized vehicles under each franchisee's allocation, will be exempt from the requirement until a commercial clean air model is available. At that time, the City and franchisees will negotiate an implementation schedule.

Gasoline or diesel powered Clean Air vehicles for purposes of this requirement shall meet or exceed, and be maintained within the specifications of the following ratings provided by the California Air Resources Board (CARB):

- Super Ultra Low Emissions Vehicle (SULEV)
- Partial Zero Emissions Vehicle (PZEV)
- Advanced Technology Partial Zero Emissions Vehicle (AT PZEV)
- Zero Emissions Vehicle (ZEV)

Additionally, vehicles used in the operation of the franchise, in the percentages listed above, must be either be a Low Carbon Fuel vehicle (i.e., compressed natural gas vehicle) achieving a minimum "well-to-wheels" greenhouse gas reduction of 10% in accordance with the Governor's Executive Order S-01-7,

or a Hybrid electric vehicle achieving a minimum of thirty-three (33) miles per gallon in City use according to the US Environmental Protection Agency.

No vehicle shall be older than eight model years at any time during the franchise period.

SECTION 3. All other provisions of Manhattan Beach Municipal Code shall remain unchanged and continue in full force and effect.

SECTION 4. Any provisions of the Manhattan Beach Municipal Code, or appendices thereto, or any other ordinances of the City, to the extent that they are inconsistent with this ordinance, and no further, are hereby repealed.

SECTION 5. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 6. This ordinance shall go into effect and be in full force and operation from and after thirty days after its final passage and adoption.

SECTION 7. The City Clerk shall cause this Ordinance or a summary thereof to be published and, if appropriate posted, as provided by law. Any summary shall be published and a certified copy of the full text of this Ordinance posted in the Office of the City Clerk at least five (5) days prior to the City Council meeting at which this Ordinance is to be adopted. Within fifteen (15) days after the adoption of this Ordinance, the City Clerk shall cause a summary to be published with the names of those City Council members voting for and against this Ordinance and shall post in the Office of the City Clerk a certified copy of the full text of this Ordinance along with the names of those City Council members voting for and against the Ordinance.

PASSED, APPROVED and ADOPTED this 2nd day of December, 2008.

Ayes:  
Noes:  
Absent:  
Abstain:

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Mayor, City of Manhattan Beach, California

ATTEST:

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City Clerk