



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager

FROM: Bruce Moe, Finance Director
Robert V. Wadden, Jr., City Attorney
Steve Charelian, Revenue Services Manager

DATE: October 19, 2010

SUBJECT: Consideration of an Ordinance Establishing a Non Exclusive-Pickup Provision for Taxicabs Operating Within Manhattan Beach

RECOMMENDATION:

Staff recommends that City Council introduce Ordinance No. 2135 which amends the Vehicle for Hire Ordinance (4.108) to establish a non exclusive-pickup provision for taxicabs operating within Manhattan Beach.

FISCAL IMPLICATIONS:

The City will receive \$138,930 in taxicab franchise fees in FY 2010-2011. In addition to the franchise fees, the City receives approximately \$2,100 each year through an exclusive taxicab pickup agreement that South Bay Yellow has with the Marriott hotel. We receive those revenues as a result of the ground lease the City holds on the Marriott property and the share of gross revenues required under the lease. If the Ordinance is adopted, the exclusive right to pick up will be eliminated along with our share of the revenue.

BACKGROUND:

Since 1998, the City has franchised taxicab companies operating in Manhattan Beach. This system was implemented to address and control an overabundance of cabs operating in town. It also served to increase revenues for the City. Currently there are four companies that are franchised in Manhattan Beach: South Bay Yellow (65 cabs), Bell (30 cabs), United Independent (40 cabs) and All Yellow (30 cabs). Each company pays \$842.00 per year (2010-2011 rate) for the right to operate each of the authorized cabs. There are a total of 165 cabs franchised in Manhattan Beach with total revenue this year of \$138,930.

As a side note, this is the first year of the City's new clean air vehicle requirement for the taxicab franchisees. All companies are required to have 25% of their qualified fleet operating in Manhattan Beach in compliance with the standard as of July 1, 2010. We are pleased to report that all four companies are in compliance.

DISCUSSION:

Before the creation of our franchise system, South Bay Yellow had established an exclusive taxicab pickup agreement with the Manhattan Beach Marriott. Under the agreement, only South Bay Yellow cabs were authorized to stage on site and pickup guests. For that exclusive right, South Bay Yellow paid the Marriott \$42,000 (2009 fees). No other cab companies, including those franchised in Manhattan Beach, are permitted to pickup riders at the Marriott.

At the July 20, 2010 meeting, Mayor Montgomery requested, and Council approved, placing on the agenda a discussion of eliminating exclusive pickup agreements for taxicabs. Eliminating such agreements would provide open and fair access to all franchised cabs operating in Manhattan Beach (all franchised cab companies pay the same annual fee to the City). In anticipation of this discussion, the City Attorney has prepared an Ordinance that would eliminate exclusive agreements (see attachment). If Council chooses to move forward with the open access policy, the Council may introduce the Ordinance at this meeting. If approved, the Ordinance will be adopted at the September 21, 2010 Council meeting and become effective 30 days later.

Staff contacted all four franchise companies, including South Bay Yellow who has the exclusive Marriott pickup agreement, to advise them of this evening's meeting and the Ordinance.

Attachment: Ordinance No. 2135

ORDINANCE NO. 2135

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, AMENDING MANHATTAN BEACH MUNICIPAL CODE BY ADDING A NEW SECTION 4.108.185 REGARDING TAXI PICK UP RIGHTS

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

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

- a. Some businesses which routinely make taxi cab service available on their premises for their customers have created exclusive relationships, whether formal or informal, with certain franchised cab companies which exclude other companies fully franchised to operate within the City;
- b. Such exclusive arrangements undermine the value and effectiveness of the City's taxi franchise system and discourage competition between franchisees;
- c. It is therefore necessary and in the interest of the health, safety and welfare of the residents of Manhattan Beach to amend the municipal code to add a new section to make exclusive taxi pick up arrangements impermissible within the City.

SECTION 2. A new Section 4.108.185 is hereby added to Chapter 4.108 of the Manhattan Beach Municipal Code to read as follows:

“4.108.185 - Vehicle For Hire Pick Up Rights

All areas within the City, whether on public or private property where vehicles for hire are permitted to pick up passengers shall be open to use by all taxi cab and vehicle for hire operators franchised by the City. No private or public property owner or business owner or operator may prohibit any franchised cab from picking up or dropping off passengers at or adjacent to their premises. Any agreement, whether formal or informal whereby a property owner or business owner or operator agrees to allow only a particular franchise operator or operators to provide service to the exclusion of other franchise operators is expressly prohibited. Any person violating the provisions of this section shall be guilty of a misdemeanor and any franchise operator found in violation of this section may have their franchise suspended by the Chief of Police for not more than 120 days. The procedure set forth for franchise revocation in Section 4.108.120 of this Chapter shall be used for any franchise suspension imposed pursuant to this section.”

SECTION 3. Each and every other provision of Chapter 4.108 shall 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. This notice shall be published by one insertion in *The Beach Reporter*, the official newspaper of the City, and this ordinance shall take effect and be in full force and operation thirty (30) days after its final passage and adoption.

SECTION 6. The City Clerk shall certify to the adoption of this ordinance; shall cause the same to be entered in the book of original ordinances of said City; shall make a minute of the passage and adoption thereof in the records of the meeting at which the same is passed and adopted; and shall within fifteen (15) days after the passage and adoption thereof cause the same to be published by one insertion in *The Beach Reporter*, the official newspaper of the City and a weekly newspaper of general circulation, published and circulated within the City of Manhattan Beach hereby designated for that purpose.

PASSED, APPROVED, and ADOPTED this 19th day of October, 2010.

Ayes:
Noes:
Absent:
Abstain:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk

APPROVED AS TO FORM:

By 

City Attorney