



# 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:** November 3, 2010

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

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**RECOMMENDATION:**

Staff recommends that City Council introduce Ordinance No. 2135 which amends the Vehicle for Hire Ordinance (4.108) to establish vehicle for hire pickup rights. For purposes of this section there shall be no money or any other thing of monetary value exchanged for this consideration.

**FISCAL IMPLICATIONS:**

The City will receive \$138,930 in taxicab franchise fees in Fiscal Year 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.

**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 rates) 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.

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**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 City Council 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). At the October 19, 2010 meeting staff introduced an Ordinance eliminating the exclusive pick up provision. The City Council then directed staff to bring back the Ordinance to establish a non exclusive pick up provision with no consideration of money or monetary value. In anticipation of this discussion, the City Attorney has prepared an Ordinance for prohibiting exclusive taxi pick up agreements for compensation. If the City Council chooses to move forward with the open access policy, the City Council may introduce the Ordinance at this meeting. If approved, the Ordinance will be adopted at the November 16, 2010 City Council meeting and become effective 30 days later. If the Ordinance is adopted, the City would lose \$2,100 in annual revenue.

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 PROHIBITING EXCLUSIVE TAXI PICK UP AGREEMENTS FOR COMPENSATION

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, in exchange for compensation, exclude other companies fully franchised to operate within the City;
- b. Such exclusive arrangements for compensation 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 for compensation 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**

Any agreement, for which consideration is exchanged, whether formal or informal, whereby a property owner or business owner or operator or an employee of a 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. For purposes of this section the term "consideration" shall mean money or any other thing of monetary value. Nothing in this section shall prohibit an agreement to allow only a particular franchise operator or operators to provide service to the exclusion of other franchise operators where no consideration is exchanged. 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 16th day of November, 2010.

Ayes:  
Noes:  
Absent:  
Abstain:

\_\_\_\_\_  
Mayor, City of Manhattan Beach, California

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By   
\_\_\_\_\_  
City Attorney