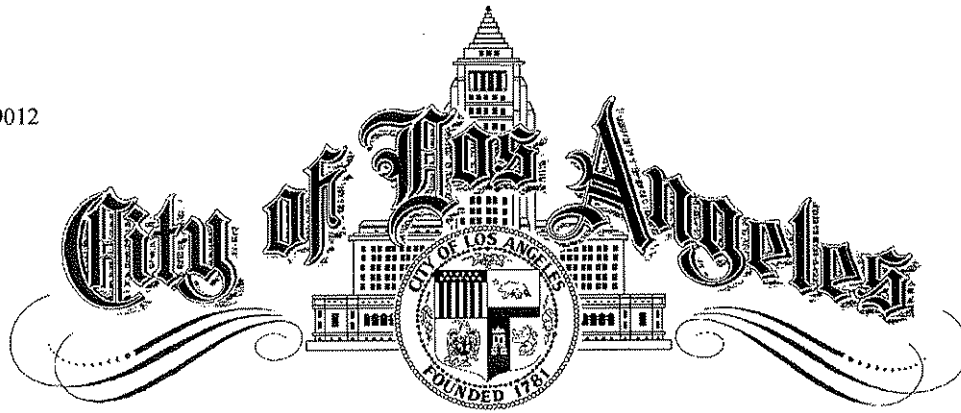


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**CARMEN A. TRUTANICH**  
City Attorney

REPORT NO. R 1 2 - 0 3 9 0

DEC 07 2012

**REPORT RE:**

**DRAFT ORDINANCE AMENDING CHAPTER VII OF THE LOS ANGELES MUNICIPAL CODE TO ADD SECTION 71.28 TO PROHIBIT ANY PERSON FROM PAYING OR AGREEING TO PAY ANY OWNER OF A HOTEL OR OTHER BUSINESS ESTABLISHMENT, OR THE OWNER'S EMPLOYEES OR AGENTS OR FOR A OWNER OF A HOTEL OR OTHER BUSINESS ESTABLISHMENT, OR THE OWNER'S EMPLOYEES OR AGENTS, TO ACCEPT PAYMENT, FOR RECOMMENDING OR DIRECTING ANY PASSENGER WITHOUT A RESERVATION MADE ON A PRE-ARRANGED BASIS TO RIDE IN A SPECIFIC AUTOMOBILE-FOR-HIRE OR TAXICAB IN THE CITY OF LOS ANGELES**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Council File No. 10-0215

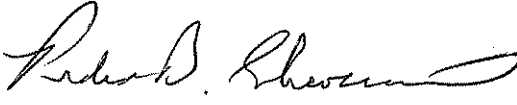
Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance would amend Chapter VII of the Los Angeles Municipal Code (LAMC) to add Section 71.28 to prohibit any person from offering to pay or paying an owner of a hotel or other business establishment, or the owner's employees or agents or for the owner of a hotel or other business establishment, or the owner's employees or agents, to accept payment, for directing any passenger without a reservation made on a pre-arranged basis to ride in a specific Automobile-For-Hire or Taxicab in the City of Los Angeles.

If you have any questions regarding this matter, please contact Deputy City Attorney Michael D. Nagle at (213) 978-8141. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA  
Chief Assistant City Attorney

PBE:MDN:fa  
Transmittal

**ORDINANCE NO. \_\_\_\_\_**

An ordinance adding a new Section 71.28 to Article 1 of Chapter VII of the Los Angeles Municipal Code to prohibit: (1) employees or agents of venues generating non-pre-arranged passengers to demand, accept or receive any compensation from transportation providers in exchange for access to non-pre-arranged passengers; and (2) compensation from the owner or agents of venues generating non-pre-arranged passengers to drivers, companies or agents in exchange for recommending or directing any passenger to an establishment operated by a specific owner.

The City finds and declares the following:

**WHEREAS**, based on numerous complaints from legally permitted taxi, limousine, or other vehicle-for-hire drivers, as well as through City staff observation and investigation, it has become a common practice in the City for doormen or other employees at hotels, apartment houses, motels, inns, rental units, restaurants, bars or other business establishments to demand payments from taxicab and vehicle-for-hire drivers in order to secure access to their customers seeking taxis or other vehicles-for-hire; and

**WHEREAS**, based on numerous complaints from legally permitted taxi, limousine, or other vehicle-for-hire drivers, as well as through City staff observation and investigation, it has become a common practice for some taxi, limousine, or other vehicle-for-hire owners, operators, agents or employees to offer compensation to either the owners, employees or agents of hotels, apartment houses, motels, inns, rental units, restaurants, bars or other business establishments to exclusively direct to their vehicles passengers without reservations made on a pre-arranged basis (walk-up passengers); and

**WHEREAS**, the owners, operators, agents or employees of these hotels, or other business establishments listed above, often accept or agree to accept the offers of compensation from the taxi or other vehicle-for-hire owners, operators, agents or employees to direct walk-up passengers exclusively to their vehicles; and

**WHEREAS**, the kick-back scheme described above often results in passengers being directed to operators of unlicensed and illegal bandit cabs, towncars or limousines in violation of Los Angeles Municipal Code Section 71.02, California Public Utilities Code Section 5360.5 and General Order 157-C, which mandates that charter party carriers operate on a pre-arranged basis; and

**WHEREAS**, the kick-back scheme described above endangers the public safety, as many of the unlicensed bandit cabs, towncars, limousines or other vehicles-for-hire have not been properly maintained or meet safety requirements under State law in order to safely operate in the City as charter party carriers; and

**WHEREAS**, the kick-back scheme described above endangers the public safety, as many of the operators of these illegal bandit cabs, towncars, limousines or other vehicles-for-hire either lack the proper licenses or training under State law to operate these vehicles, lack the proper insurance or any insurance, or have criminal records that would prohibit them from ever obtaining the proper licenses or permits to operate these vehicles in the City; and

**WHEREAS**, the kick-back scheme described above often results in passengers being overcharged for trips or charged rates in excess of those permitted by law; and

**WHEREAS**, the vast majority of walk-up passengers at hotels are either tourists or business professionals attending meetings or conventions in the City, it is vital to the City's economic interests as a major tourist and business destination to ensure that these tourists and business professionals are not subjected to the problems associated with the kick-back scheme described above when seeking a taxi or other vehicle-for-hire service; and

**WHEREAS**, the kick-back scheme described above deprives legally permitted and licensed taxi drivers of providing service to hotels and other business establishments, resulting in financial hardship to these legitimate drivers and less courteous and efficient service to the public.

**NOW, THEREFORE,**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. A new Section 71.28 is added to Article 1 of Chapter VII of the Los Angeles Municipal Code to read as follows:

**SEC. 71.28. COMPENSATION TO GAIN ACCESS TO PASSENGERS.**

(a) It shall be unlawful for any person to pay, or offer or agree to pay, any owner of any hotel, apartment house, motel, inn, rental unit, restaurant, bar, or other business establishment, or an agent or employee of any such owner, for recommending or directing any passenger without a reservation made on a pre-arranged basis to ride in a specific automobile-for-hire or taxicab, or to a specific company that owns an automobile-for-hire or taxicab.

(b) It shall be unlawful for any owner of a hotel, apartment house, motel, inn, rental unit, restaurant or bar, or other business establishment, or for an agent or employee of any such owner, to accept or offer or agree to accept payment for recommending or directing a passenger without a reservation made on a pre-arranged basis to ride in a specific Automobile-For-Hire or Taxicab, or to a specific company that owns an automobile-for-hire or taxicab.

(c) **Violation – Penalties.** A first time violation of this Section shall result in a fine of Two Hundred Dollars (\$200). A subsequent offense of this Section is a misdemeanor, punishable upon conviction by a fine of not less than Two Hundred Fifty Dollars (\$250) nor more than One Thousand Dollars (\$1,000), or by imprisonment in the county jail for not more than six months, or by both fine and imprisonment.

(d) **Severability.** If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of \_\_\_\_\_.

JUNE LAGMAY, City Clerk

By \_\_\_\_\_ Deputy

Approved \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality:

CARMEN A. TRUTANICH, City Attorney

By  \_\_\_\_\_  
MICHAEL D. NAGLE  
Deputy City Attorney

Date 12/7/2012

File No. CF10-0215