



# San Diego City Attorney Jan I. Goldsmith

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## NEWS RELEASE

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### **Court Upholds City's Taxicab Deregulation**

*Finds no facts or law supporting claim of environmental harm*

A Superior Court judge today upheld the City's November 2014 actions to deregulate the San Diego taxicab industry by lifting a cap on the number of tax permits, or medallions, issued by the Metropolitan Transit System.

The amended taxicab ordinance, which has already resulted in 101 new taxi permits being issued, was challenged by the San Diego Transportation Association, a group of permit holders whose monopoly over taxi permits was broken by the Council action. The San Diego City Attorney's office represented the defendant, Metropolitan Transit System ("MTS"), under an agreement with the City of San Diego, in order to defend the City's deregulation policy.

Under the previous system, medallions were being sold in private transactions for tens of thousands of dollars – far more than their original value. Many were owned by individuals who no longer drove taxis themselves, but instead leased the vehicles to immigrant drivers.

In its lawsuit, the SDTA argued that the MTS violated the California Environmental Quality Act by not conducting an environmental review before issuing new taxi permits. It also claimed the City's action was arbitrary and capricious and an abuse of discretion.

The City Attorney's Office argued that the ordinance was not a "project" under CEQA and that its impact on the environment was likely a positive one, as the ordinance requires newly permitted drivers to use low-emission vehicles.

Judge Gregory W. Pollack ruled in favor of the City and MTS on every point.

Judge Pollack noted that the SDTA "failed to cite any authority holding that taxicab regulations constitute a [CEQA] project as a matter of law" and that SDTA "failed to present evidence of adverse environmental impacts."

Pollack also found that opponents of deregulation had no justification for complaining about the process, as they were given many opportunities to air their opinions and grievances prior to the Council's 8-1 vote on November 10, 2014.

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“The decision was not arbitrary and capricious, and was made only after an administrative process that included several City Council sessions, review and consideration by the PS&LN [Public Safety & Livable Neighborhoods] Committee, review and consideration by the Taxicab Advisory Committee, and review and consideration of Respondent’s Board of Directors,” Pollack wrote.

City Attorney Jan Goldsmith and Councilmember Marti Emerald, both former taxicab drivers, led the deregulation effort that began in August of 2014.

**“This is a victory for our entire community,”** City Attorney Jan Goldsmith said. **“Drivers will be able to work hard and become owners and everyone will benefit from increased competition. It is particularly nice to be a part of removing this unnecessary overregulation and freeing drivers to pursue the American Dream.”**

Councilmember Marti Emerald called the victory “great news.”

**“We’ve had a situation in place for 30 years that was a monopoly and consumers didn’t benefit from it,”** Emerald said. **“This is an opportunity for these drivers to own their own businesses and support their families, which will be good for the economy and good for the people of our city.”**

The case was argued for MTS by Deputy City Attorney Jenny K. Goodman and Chief Deputy City Attorney Meghan Ashley Wharton.

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