



# City of San Antonio

## Agenda Memorandum

**File Number:** 16-5276

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**Agenda Item Number:** 1.

**Agenda Date:** 10/12/2016

**In Control:** City Council B Session

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**DEPARTMENT:** Police Department; Aviation Department

**DEPARTMENT HEAD:** Chief William McManus; Noel T. Jones, Director, Aviation

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Briefing on proposed amendments to City Code Chapter 33 (Vehicles for Hire) and the Operating Agreements with Transportation Network Companies

### **SUMMARY:**

In June 2016, the Transportation Network Company (TNC) agreements were extended through October 31, 2016. City staff are working with the TNC companies to develop a modified operating agreement for the TNCs and with the taxicab and limousine industries to make changes to Chapter 33.

### **BACKGROUND INFORMATION:**

Transportation Network Companies:

In August 2015, City Council approved a temporary operating agreement allowing Rideshare companies the ability to operate for a nine-month period outside of the Vehicle for Hire, Chapter 33 Ordinance. There are currently three TNCs operating in San Antonio: Uber, Lyft and GetMe. In June 2016, City Council extended all three temporary operating agreements to October 31, 2016.

Since the Rideshares re-launched their operations in San Antonio, the SAPD Ground Transportation Unit (GTU) has received 339 applications for the voluntary fingerprint background check across all companies, 248 drivers have completed the process and 215 drivers have picked up their verification cards with an assigned "T" number (as of 10/6/16). GTU has also conducted 229 quality assurance rides with the TNCs without any major findings.

SAPD and Government & Public Affairs Department held two round table discussions with members of the public on May 18 and June 1, 2016, with approximately 215 members of the public in attendance. The three main takeaways from the round table discussions are 1) that the community wants to maintain a “choice” in ground transportation options, 2) there is no consensus on whether drivers should be fingerprinted or just backgrounded, and 3) there should be a more level playing field between all Vehicles-For-Hire.

Staff surveyed the public as well, online and via paper surveys, regarding their experience using Rideshare and traditional Vehicles-For-Hire. There were 2,895 survey respondents in total and 83% indicated an outstanding, very good or good experience using TNCs. There were 82% of respondents that support some kind of background check; 27% indicated that a background check was acceptable, 14% want fingerprinting, and 41% said either method would be acceptable.

The Texas Legislature may deal with legislation designed to establish statewide regulations for Ridesharing in the next legislative session beginning in January 2017. There have been two committee meetings on the issue in preparation for the 85<sup>th</sup> Legislative Session: the Texas Committee on Industry and Business Committee meeting on June 8, 2016 and the Texas House Committee on Transportation hearing on August 20, 2016.

#### Taxicabs and Limousines:

Since 2011, the City has steadily modified the rules in Chapter 33 to reduce regulations and allow more flexibility in the taxicab and limousine industries, including increasing drop rates, increasing per mile rates, increasing maximum age of vehicles, reduction and eventual elimination of annual inspections, and lengthening permit time. However, traditional vehicles for hire companies, primarily Taxi and Limousine companies, have voiced concern that TNCs have eroded their market and that the regulations in Chapters 33 and 3 (Airport) of the City Code impede their ability to remain competitive.

#### **ISSUE:**

##### Transportation Network Companies:

The TNC model has woven itself into the fabric of the vehicle for hire industry as evidenced by its continual increase in the market share of ground transportation from the Airport and trip origination/destination in all areas of the City. In light of that, as well as the renewed interest in state regulation of TNCs and the pending expiration of the local temporary operating agreement, staff is preparing to recommend an Annual TNC Operating Agreement for City Council consideration. SAPD and City leadership have worked with the stakeholders and are currently negotiating an updated operating agreement. While not finalized, the updated TNC operating agreement as proposed, includes a one-year agreement with three optional one-year extensions to be executed at the City Manager’s discretion.

Discussions on a long-term operating agreement have focused on (1) Operating Fees, (2) Maintaining the Choice Model for consumers, (3) Encouragement for Driver’s to complete the ten-print background check, and (4) Airport Operations.

1. **Operating Fees:** The current operating fee is a flat rate regardless of the size or market share of the TNC. This structure is disparate and creates a barrier to entry for start-up TNCs. It also fails to equitably compensate the staff hours committed to quality assurance rides and background checks, public right of way use for business purposes, and impact of the air quality of the City. A “tiered” structure based on “fleet size” is more suitable to address these issues.

2. Choice Model: As evidenced in the survey and town hall results, maintaining the public's ability to choose drivers who have undergone the free 10-print background check remains a part of the staff proposal. Staff has also pursued having the TNCs communicate to their drivers the option to get the additional background check. Finally, the City has engaged the TNCs to insert a splash screen when the applications are opened in San Antonio, advising the riding public of the choice they have.
3. Airport Operations: The Airport has experienced traffic congestion resulting from TNC pick-up/drop-offs, roving TNC drivers and TNC queuing. The Airport is seeking to create protocols for the physical and electronic queuing of TNC vehicles, data sharing on the presence and identity of TNC drivers and vehicles while on Airport Property, communication between TNC passengers on pick-up points and data on trip originations on Airport Property.

#### Taxicabs and Limousines:

Over the past several months, staff has met with industry representatives and the Transportation Advisory Board (TAB) to identify the regulations they believe stifle the competitive environment. The TAB met on September 26 and October 4, 2016, to discuss differing proposals to modify Chapter 33, and approved a set of changes that further loosen the regulations under which the taxicabs and limousines operate. Staff is reviewing the proposal and will present the TABs recommendations as well as staff recommendations at the B Session.

#### **ALTERNATIVES:**

Not applicable

#### **FISCAL IMPACT:**

Discussions with the TNC, Taxi and Limo industry are continuing and staff will provide the City Council with an estimated fiscal impact at B Session.

#### **RECOMMENDATION:**

This item is for briefing purposes only.