



City of San Antonio

Agenda Memorandum

File Number: 14-2833

Agenda Item Number: 3.

Agenda Date: 11/12/2014

In Control: Public Safety Committee

DEPARTMENT: Police

DEPARTMENT HEAD: William P. McManus

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Transportation Network Companies and Chapter 33

SUMMARY:

Transportation Network Companies (TNC) entered the San Antonio vehicle for hire market in March of this year. They continue to operate although Cease and Desist letters were issued by Chief McManus. The nature of the vehicle for hire industry has changed with the introduction of the TNCs and Chapter 33 of the City Code requires revision to keep pace with the change in the industry.

BACKGROUND INFORMATION:

The Police Department has briefed the Public Safety Committee on three separate occasions, providing an overview of the TNCs business model, the regulations contained in Chapter 33, and the traditional industry's position regarding revising Chapter 33. The Department also held meetings with the Transportation Advisory Board (TAB) and ground transportation industry stakeholders throughout the months April, June, and July. During these meetings, the local industry remained adamant that they were opposed to any revisions to Chapter 33 although both Lyft and Uber expressed a willingness to work towards revising Chapter 33 to fit their business model.

Staff also researched other cities' and states' ordinances and processes. California and Colorado have passed state regulations for TNCs. Seattle, WA, Minneapolis, MN, Chicago, IL, Baton Rouge, LA, Tulsa, OK, Austin and Houston, TX, and the District of Columbia have revised their municipal code to address the TNC business model. Dallas, TX and Nashville, TN are currently reviewing their ordinances and holding meetings with

stakeholders.

In review of these regulations, a common approach to regulating the TNCs was identified; (1) Regulations for TNCs were adopted separate from traditional vehicle for hire industries, (2) Responsibility for driver screening and vehicle safety inspections were placed on the TNCs; (3) No “caps” were placed on the number of TNCs permitted to operate (Seattle, WA exception); (4) Insurance requirements for TNCs were equal to or greater than traditional vehicle for hire industries; and (5) TNC rates of fare were unregulated (Chicago, IL exception).

On July 28, 2014 the TAB met and was presented the proposed revision of Chapter 33. During this meeting, the TAB recommended no revision to Chapter 33. Furthermore, the TAB recommended that the City conduct a feasibility and impact study prior to the TNCs being able to operate within the city.

On August 13, 2014, at the Public Safety Committee Meeting, the Police Department recommended revisions to Chapter 33 by retaining the current driver, vehicle and insurance standards for all vehicle for hire companies and shifting the responsibility for screening vehicles and drivers to the individual companies. The City would move to “audit” / “inspection” methods of assuring standards were met, which would ease the administrative burden on City staff and reduce industry fees.

At the conclusion of August 13 meeting, the Public Safety Committee called for the creation of a TNC task force (TNCTF). The TNCTF members were appointed by members of the Public Safety Committee to develop recommendations for the Committee on TNC regulations with respect to (1) Disability Access, (2) Insurance Requirements, (3) Driver Requirements, and (4) Vehicle Requirements.

The TNCTF met six times between September 24 and November 3, 2014. At each of the first four meetings, members of the task force were briefed by City staff on the various regulations adopted by other cities and states across the country after which they engaged in discussion on each topic.

In the final two meetings the TNCTF developed recommendations by voting on a variety of regulation options, some of which were provided by City staff and others by members of the TNCTF. In many cases the votes were very closely split, however, with the exception of a few items, the task force did come to a majority vote on most of the options discussed. A preponderance of the task force recommendations are closely in line with the proposal staff made to the Public Safety Committee in August with the exception of the following:

- the disability policy should be periodically reviewed
- insurance coverage can be provided by the TNC, the driver, or a combination of both
- TNCs will perform all criminal background checks (not the City) and attest to such subject to audit by the City
- TNC drivers do not need to carry a fire extinguisher in their vehicle
- Insurance (in addition to the original staff proposal):
 - While logged into the platform, but without yet having accepted a ride (period one):
 - TNC shall maintain excess coverage insuring the TNC and driver at \$200,000 per occurrence
 - While logged on to the platform and having accepted a ride (period two):
 - TNC must provide \$1,000,000 in uninsured/underinsured motorist coverage
 - TNC must provide comprehensive and collision protection up to the ACV of the vehicle not to exceed \$50,000

ISSUE:

Technology and innovation have changed the dynamics of the vehicle for hire industry requiring revisions to Chapter 33 to embrace this change without compromising the public safety concerns for screening drivers, assuring vehicle safety and establishing insurance standards.

ALTERNATIVES:

Adopt no changes to Chapter 33 and continue efforts to enforce the City Code.

RECOMMENDATION:

The Department recommends proceeding to full Council with the proposed changes to Chapter 33 to include the recommendations of the TNC task force with the following exceptions:

- Driver Identity and Criminal History Background will be conducted via 10 finger print method;
- Vehicles be inspected by third party ASE certified auto mechanic shop or a City inspector;
- TNC vehicles must meet all current safety inspection standards currently included in Chapter 33 to include the fire extinguisher requirement.