



City of San Antonio

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Title: Briefing on Chapter 33 as it relates to Transportation Network Companies [Presented by William McManus, Chief of Police]

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Date	Ver.	Action By	Action	Result
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SUMMARY:

Smartphone applications such as Lyft, Uber and Sidecar (Transportation Network Companies or TNCs) are entering the San Antonio vehicle for hire industry by using social networks, smart phones, and GPS systems to connect drivers with passengers. On Wednesday, March 26, 2014, the Chief of Police issued a letter to Lyft Inc., telling them to cease and desist their activities until they were in full compliance with the requirements in Chapter 33 of the City Code of San Antonio.

BACKGROUND:

Chapter 33 of the City Code (Vehicles for Hire) establishes requirements designed to ensure the safety of ground transportation services within City limits. The requirements include:

- Mandatory vehicle inspections
- Vehicle age limits
- Permitting of companies, dispatchers, and drivers, with a cap on the number of permits issued
- Driver background checks
- Insurance requirements
- Maximum fare rates

These regulations help ensure travelers are provided a driver who has been properly vetted and a vehicle that has been properly inspected. The number of permits available for issuance to drivers is based on a study conducted in accordance with Sec. 33-927 of the City Code to determine adequate transportation coverage. Issuing too few permits reduces traveler convenience, while issuing too many can saturate the market and encourage illegal behavior.

The City of Austin, Texas has currently banned TNCs from operating. Dallas, Texas and Houston, Texas are both currently in discussions with stakeholders regarding current and proposed regulations of the same. California is currently at the forefront of this issue as the majority of TNCs originated there. In a decision issued on September 23, 2013, the California State Public Utilities Commission instituted new rules and regulations regarding TNCs and other means of ground transportation. This decision established requirements which address vehicle inspections, driver licensing and background checks, and commercial liability insurance coverage similar to those established in Chapter 33 of the City Code.

The Chief of Police and other City officials have received form letters from several Lyft drivers protesting the issuance of the cease and desist order. These letters argue that taxi cabs are overly expensive; Lyft does their own background and driving checks, and their online rating system makes it easier to promote higher standards for drivers than taxicab companies; and Lyft drivers are not vehicles for hire because they only accept “donations.”

Taxi Cab Costs and Vehicles for Hire - The City Code sets a cap on the amount a driver can charge a passenger and is set based on current economic conditions and industry standards. In San Antonio, Lyft does not currently set a minimum or a maximum fee or require a payment of any kind. However, riders who do not give a “donation” are more likely to be rated low and find difficulty getting Lyft rides in the future. However, in some cities, Lyft and other TNCs have established specific fees, based on time and distance, using GPS systems.

Driver Standards - The Lyft system of rating individual drivers does allow for personal feedback, and (according to Lyft) ensures drivers and passengers who do not rate each other highly will not be paired in the future. However, passengers are also able to call the dispatch company for any taxi they ride in and give reports (unfavorable or otherwise) on specific drivers.

ISSUE:

The primary public safety issues involved with TNCs are whether they maintain adequate safety standards for drivers, vehicles, and adequate commercial liability insurance; and whether oversaturation of the ground transportation market could encourage illegal activity.

ALTERNATIVE:

The City can rescind the cease and desist order and allow Lyft and other TNCs to operate without regulation. However, doing so could jeopardize public safety and open the City to legal liability related to selective enforcement.

RECOMMENDATION:

The Department recommends facilitating a dialogue with TNCs, the transportation industry, the Transportation Advisory Board, and the City to better define the issues involved, share information, and work together to develop solutions which will ensure the City’s ability to protect public safety while promoting the innovation and the local economy. Staff will provide an update to the Public Safety Committee in June.