



# City of San Antonio

## Agenda Memorandum

**File Number:**16-6043

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**Agenda Item Number:** 16C.

**Agenda Date:** 12/8/2016

**In Control:** City Council A Session

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**DEPARTMENT:** Police

**DEPARTMENT HEAD:** William McManus, Police Chief

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Vehicles for Hire

### **SUMMARY:**

City staff and the Transportation Network Companies (TNC) have negotiated a new operating agreement for City Council consideration. Staff has also worked with the taxicab and limousine industries to update the rules under which the vehicle-for-hire industry operates. City staff and the TNCs have found agreement regarding operations within the city, while City staff and the taxicab industry agree on the proposed revisions, discussions on taxi permit caps will continue during the coming months.

### **BACKGROUND INFORMATION:**

**Transportation Network Companies:** In August 2015, City Council approved a temporary operating agreement allowing TNC 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, allowing the City Manager to execute three one-month extensions if necessary. The City has executed two one-month extensions, with the current agreement valid through December 30, 2016. This has provided additional time for staff to finalize the next agreement.

**Taxicabs and Limousines:** Since 2011, the City has steadily modified the rules to reduce regulations and allow more flexibility in the taxicab and limousine industries. 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. 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. Several discussions with industry leaders and the TAB ultimately yielded a recommended set of changes proposed by the industry that would further relax the regulations under which the taxicabs and limousines operate.

City staff presented the proposed changes to the TNC operating agreement and the taxi/vehicles-for-hire industries changes (Chapter 33 and Chapter 3) at the City Council B Session on Wednesday, November 30, 2016.

## **ISSUE:**

**Transportation Network Companies:** The SAPD staff recommends an annual TNC Operating Agreement for City Council consideration. The SAPD and City leadership have worked with the stakeholders and come to agreement on the conditions for a new annual operating agreement. The updated TNC operating agreement as proposed includes a one-year agreement with three optional one-year extensions to be executed by the City Manager after a formal presentation to City Council.

This long-term operating agreement updates items related to: 1) Operating Fees, 2) Maintaining the Choice Model for consumers and Encouragement for Driver's to complete the ten-print background check, and 3) Airport Operations.

1. **Operating Fees:** The proposed fee structure is \$0.10 for every trip that originates or terminates in the City, with an annual minimum fee of \$10,000 and a maximum of \$50,000. The minimum \$10,000 fee is due within 30 days of operating agreement execution; a second payment is due after 180 days. In the event the TNC has not paid the maximum, any remaining payment is due 30 days from the end of the operating contract period.
2. **Choice Model:** The City will continue to fund the 10-print background check option for drivers at no cost and the TNCs are required to communicate this option to their drivers upon hire and on a quarterly basis, at minimum. The City will also implement an incentive program, encouraging drivers to apply for the voluntary 10-print background check.
3. **Airport Operations:** The Airport has experienced traffic congestion resulting from TNC pick-up/drop-offs, roving TNC drivers and TNC queuing. The Airport has created protocols for the physical and electronic queuing of TNC vehicles, communication between TNC passengers on pick-up points and data on trip originations on Airport Property.

**Taxicabs and Limousines:** City staff held several meetings with the Transportation Advisory Board (TAB) and members of the vehicle-for-hire industry members in September, October, and November, to outline the interests of the industry and communicate the departments' perspective.

The City and industry agreed to a number of modifications that would further relax the regulations under which the taxicabs and limousines operate, most significantly: reducing permit fees for taxis, limos and charters from \$440 to \$250, accepting the state vehicle inspection in lieu of ASE inspections, relaxed advertising restrictions, use of smart taximeters, allowing multiple dispatch methods, permitting the discounting of rates, establishing a discretionary \$5 surcharge at certain locations and during special events for taxis, maintaining an annual permit

fee of \$150.00 for taxis to operate at the Airport, along with a \$1.25 per trip fee, and establishing a \$2.00 per trip fee while removing the annual Airport Permit fee for Limousines.

Additionally, some members of the taxicab industry wish to see the removal of taxicab permit caps. There are currently 886 permits allowed in the city and all permits are assigned; however, more than 200 taxicab drivers have signed a petition to remove the cap on the taxicab permits, wishing to become owner/operator taxicabs. This represents approximately 20% of the industry. The TAB and the rest of the industry does not support this effort and staff is concerned about disrupting the industry with such a sweeping change in addition to all the other proposed changes. Removing the permit caps will carry an additional administrative burden and additional analysis is needed before moving forward with this potential option. City staff anticipates six to nine months to accomplish this analysis.

Lastly, the proposal to increase the airport minimum taxi fare from \$10.50 to \$15.00 will be considered with the Airport Traffic Study.

## **ALTERNATIVES:**

### **TNCs:**

1. Let the TNC agreements expire and revert to the TNC requirements in Chapter 33.
2. Propose other TNC conditions in a different one-year agreement.
3. Let the TNC agreements expire and prohibit TNCs in San Antonio.

### **Taxis, Limousines, Charters:**

1. Keep the existing Chapter 33 and/or Chapter 3 requirements in place.
2. Propose other changes to Chapter 33 and/or Chapter 3

## **FISCAL IMPACT:**

The proposed recommendation reduces the City's Ground Transportation Revenue by \$179,700 with no impact to positions or services. This will be a revenue reduction to the General Fund. The net revenue after operating cost for the Ground Transportation Unit is estimated at \$90,581 to cover additional expenses.

The proposed recommendations will increase the City's Airport Ground Transportation Revenue by an estimated \$164,615 in FY17 resulting in a net revenue of \$52,378.

## **RECOMMENDATION:**

Recommend approval of the TNC agreements with each of the existing companies and the ability to execute such agreements with any new companies that meet the outlined requirements in the agreement.

Recommend approval of the changes to Chapter 33, relaxing the rules for taxicabs, limousines, and charters operating in San Antonio.

Recommend approval of the changes to Chapter 3, establishing per trip fees and annual permit fees for ground

transportation services at the Airport.