



City of San Antonio

Agenda Memorandum

File Number:17-3339

Agenda Item Number:

Agenda Date: 5/17/2017

In Control: Criminal Justice, Public Safety and Services Committee

DEPARTMENT: Police Department

DEPARTMENT HEAD: William McManus, Chief of Police

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing and Possible Action on Changes to Chapter 33

SUMMARY:

During the November 30th B Session, City Council directed staff to explore the options for removing the taxi permit cap. City staff, the taxicab industry and a group of independent driver representatives worked over the last few months to evaluate and discuss the inclusion of owner/operator companies into the vehicle for hire industry. The proposed addition of an owner/operator taxi business model will allow for a separate company category to be created within the Chapter 33 Vehicles-for-Hire ordinance. Additionally, City staff is proposing to allow an unlimited amount of permits to our Group Cycle category as requested by the Group Cycle industry.

BACKGROUND INFORMATION:

In November 2016, a group of approximately 200 taxicab drivers submitted a petition to SAPD and Councilmembers requesting the removal of the permit caps for the taxicab operating permits. During the November 30, 2016 B Session, City Council directed staff to work with the taxicab independent driver representatives to evaluate the removal of the current permit capacity limits and allowing for an owner/operator structure as requested by the independent driver representatives. After several meetings and discussions with the representatives from the independent driver's group /company owners, a recommendation was formed to incorporate the owner/operator business model into the vehicle for hire industry.

In March 2016, City Council action approved the incorporation of Group Cycle operations into the Chapter 33 ordinance. Since four companies have successfully launched operations each issued one group cycle permit.

The area of operations is primarily with the Pearl district and King William/Southtown areas. Over the last year, SAPD staff has worked closely with the operators to ensure compliance. The Group Cycle operators have requested additional permits issued. Currently, the ordinance allows for one active permit per company. Staff recommended this limit initially as this was a new mode of transportation and the overall impact to the Downtown streets was unknown at that time.

ISSUE:

City staff at the direction of Council, held several meetings to outline the interests of the industry and communicate the departments' perspective. Staff and independent driver representatives agreed to propose incorporating regulations for an owner/operator model within the Chapter 33 - Vehicles- for- Hire ordinance. In April 2015, San Diego approved a similar request to allow for an individual owner/operator model within their Vehicle -for- Hire ordinance. The city experienced an influx of drivers during the initial opening of the permit system however have seen the market steady and return to a manageable level since inception. Staff and independent driver representatives agreed to propose incorporating regulations for an owner/operator model within the Chapter 33 - Vehicles- for- Hire ordinance. This recommendation would eliminate the programmed 886 taxicab permits and allow owner/operators to function independently. The TAB and taxicab company owners do not support the creation of the owner/operator model as they see this will further saturate the vehicle for hire market in the City.

Group cycles are currently limited by ordinance to one cycle permit per company. SAPD recommended this position last year when they were incorporated into Chapter 33 because this was a new concept to San Antonio and SAPD wanted an opportunity to see how this type of service would impact our very busy downtown area. In the last twelve months of working with the Group Cycle industry, the SAPD has not experienced any negative feedback regarding their operation. SAPD staff met with the King William Association (KWA) to further investigate their experience with them and advise of the request for additional permits. The KWA did not express any issues with the request.

Lastly, in an effort to unclutter Chapter 33, Staff is recommending removal of Article IX - Transportation Network Companies from Chapter 33 as City Council has already approved a long term operating contract with the Transportation Network Companies.

ALTERNATIVES:

Taxicab Permit Cap

1. The first alternative suggested by the Taxicab owners is not to add this owner/operator model as they feel this could potentially undermine the entire industry by flooding the market with taxis.
2. The second alternative requested by the industry is to engage a third party company to develop a needs assessment on the vehicle for hire industry as a whole. This would require funding which the department would have to include in the annual budget process, would have limited value as the on-demand vehicle for hire market has become saturated with the TNCs and further delay the requests of the drivers to become independent of the company controlled taxi market.
3. The third alternative suggested by the taxicab company owners is should Council approve the creation of the owner/operator model with an unlimited amount of permits is to remove the current 895 cap on the company permits as well. This would allow companies to have the fluidity to acquire and return as many permits as they see necessary.

4. Independent Owner / Operators have requested an unlimited number of Owner/Operator Permits, but are willing to accept a limit on the number of these permits as a “first-step” pilot program.

FISCAL IMPACT:

The independent owner/operator permit fee will remain equal to what companies are required to pay for each permit. The expected revenue from this recommendation is unknown as SAPD is unsure of the number of drivers that will be able to meet all of the requirements of Chapter 33 and be approved as an independent owner/operator.

RECOMMENDATION:

Staff recommends moving this item for full council consideration in June 2017 for the creation of the requested owner/operator model within Chapter 33 and elimination of the 886 company permit cap, allowing for additional group cycle permits to be issued and removal of Article IX - Transportation Network Companies from Chapter 33.