



City of San Antonio

Agenda Memorandum

File Number: 14-1751

Agenda Item Number: 2.

Agenda Date: 8/13/2014

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 two 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. Following the May 7, 2014 Public Safety Committee Meeting, the Police Department recommended establishing a "working group" to review and recommend revisions to Chapter 33 that were agreeable to the TNCs and the traditional local industries. A series of seven (7) meetings were held with representatives from the local taxi cab and limo industry, Lyft and Uber.

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 attempted to revise Chapter 33 by retaining the current driver, vehicle and insurance standards for all vehicles for hire companies and shifting the responsibility for screening vehicles and drivers to the individual companies. The City would city move to an "audit" / "inspection" method of assuring standards

were met, which would ease the administrative burden on the City staff and reduce industry fees. The traditional industries maintained their “No Revision” position, resulting in the meetings becoming non-productive.

Staff researched other cities ordinances and processes. California and Colorado have recently passed new state regulations for TNCs. Seattle, WA; Minneapolis, MN; Chicago, IL; Baton Rouge, LA; Columbus, OH; and Houston, TX have revised their local regulations to address the TNC business model. Dallas, Austin, 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 place 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).

Staff identified three possible options for regulating TNCs.

- Option 1: Require TNCs to operate under Chapter 33 as it is currently written. This is impractical as it does not fit the TNC business model and essentially prohibits TNCs from operating in the city. It would put an overwhelming burden on existing staff to enforce, limit consumer choice and essentially limit the vehicle for hire market to traditional companies.
- Option 2: Revise Chapter 33 to retain driver, vehicle and insurance standards for all industries, place responsibility on the individual companies to screen their drivers and vehicles to these standards, and adopt an “audit/inspection” process to assure standards are adhered to.
- Option 3: Create a new Article in Chapter 33 for TNCs that addresses the public safety concerns for driver, vehicle and insurance standards and make no changes to Chapter 33 for the traditional vehicle for hire industries.

Staff is recommending Option 3 with the following revision and addition to Chapter 33:

Definitions: - Addition of driver’s identification, drivers permit exception, Transportation Network Company, Transportation Network Operation, Transportation Network Vehicles, and a change to Vehicle Permit.

Division 8. Airport Operation - Addition of Airport Operations to allow for Airport Staff to make changes to Airport operations as needed

Article IX. Transportation Network Companies - Addition of an Article to Chapter 33 that addresses the TNCs, but maintains public safety guidelines:

Application for TNC operating permit - requires the same items that the traditional industries provide on an application, except allows for general descriptions of vehicles instead of specific descriptions.

Vehicle safety requirements and inspections - TNC vehicles will be inspected annually by an outside source, but must meet City Inspection Guidelines. TNCs will attest that the vehicle has passed the inspection. The Ground Transportation Unit (GTU) staff will conduct random formal inspections of TNC vehicles.

Insurance - TNCs will be required to have three types of insurance:

TNC operators that are not logged onto the TNC platform as a driver must have state minimum

insurance; \$30,000 for each injured person, total \$60,000 per accident, and \$25,000 property damage per accident (30/60/25).

TNC operators that are logged onto the TNC platform, but have not accepted a ride or are not providing a ride shall have commercial insurance of \$50,000 for each injury/ \$100,000 per accident/ \$25,000 property damage (50/100/25).

TNC operators that have accepted a ride or are providing a ride shall have commercial insurance of \$1,000,000 per occurrence for bodily injury, personal injury and property damage.

Per Chapter 33, Taxicabs are required to have commercial insurance at the state minimum (30/60/25) or may be self insured.

All other industries in Chapter 33 are required to or have \$1,000,000 commercial insurance policies.

Application of Driver Permit - A TNC driver will have to meet the same requirements as other industry drivers, including a ten finger print identification verification and criminal history report which will be reviewed by SAPD. TNCs are required to attest that the driver met the requirements outlined in chapter 33, to include a pre-employment drug screening and medical physical. SAPD GTU Staff will randomly select TNC driver files for validation that standards are met.

Additional Operating Requirements - TNCs will not be permitted to utilize cab stands, loading zones, solicit passengers, accept “street hails”, accept cash/checks as payment, and the company may not own, lease, or finance vehicles for their drivers. They shall also be required to provide staff with the ability to view current vehicle operations and the ability to request a TNC vehicle for audit/inspection purposes.

Number of vehicles for hire authorized - No limit or “cap” is established for TNC vehicles.

Rate of fares - TNCs will be allowed to set their own rates. Rates of fare must be displayed to consumers prior to requesting transportation.

Fees - All fees are the same as other industries, except for the annual citywide operating permit which is \$160 per year/per vehicle.

These modifications will provide an opportunity for TNCs to enter the “vehicle for hire” industry without compromising public safety. The addition of TNCs would necessitate and increase in GTU staff to maintain the current level of enforcement.

On July 28, 2014 the Transportation Advisory Board (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.

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, continue efforts to enforce the City Code and work towards revisions to Chapter 33 that are amenable to TNCs and the traditional industries.

RECOMMENDATION:

The Department recommends proceeding to full Council with the recommendation to revise Chapter 33 as presented within the next 30 days.