



City of San Antonio

Agenda Memorandum

File Number:15-1902

Agenda Item Number: 4.

Agenda Date: 3/5/2015

In Control: City Council A Session

DEPARTMENT: Police

DEPARTMENT HEAD: Anthony L. Trevino, Jr.

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 2014. With the advent of TNCs the nature of the vehicle for hire industry changed and Chapter 33 of the City Code (Vehicles for Hire) was revised in order keep pace. Additional changes to Chapter 33 are hereafter recommended to better align public safety needs with the TNC business model.

BACKGROUND INFORMATION:

Transportation Network Companies (TNC) have developed applications that match drivers with passengers who pay for the ride, through the app, with a credit card. The TNC collects the fares, keeps a percentage and forwards the rest to the driver. The two TNCs that have operated in San Antonio are Lyft and Uber and although their business models differ, they share similar processes for on-boarding drivers, inspecting vehicles, providing training, and insuring against accidents.

The Police Department has briefed the Public Safety Committee on four separate occasions, from April to November of 2014, and the full Council twice in December 2015. Between briefings, City staff held many meetings with TNC representatives, local ground transportation stakeholders (e.g. taxicab and limousine representatives) and convened a special task force to develop recommendations for City Council to consider. At the December 11, 2014, meeting, City Council adopted a number of changes to Chapter 33 of the City Code (Vehicles for Hire), with the intent of reviewing the impact of those changes after six months.

On Tuesday, February 24, 2015, the Mayor released a statement outlining the need to revisit those changes ahead of schedule. "Because the TNCs' business models are so new, the treatment of these companies differs greatly from state to state and even from city to city within the same state..." including newly proposed legislation in Austin, Texas, and "...given the concern from the general public, TNC drivers, and the TNC

companies, we have expedited the initial review and are conducting it now.”

Based on discussions between City staff, elected officials and their staff, and TNC representatives, the San Antonio Police Department recommends the following changes to Chapter 33 be adopted by City Council.

Insurance Requirements

The current ordinance requires the following insurance coverage.

- Period One (logged on to the app, not matched with a passenger):
 - \$50K/\$100K/\$20K primary liability coverage for bodily injury and property damage
 - \$200,000 excess coverage
- Period Two (logged on to the app, matched with, or transporting, a passenger):
 - \$1,000,000 primary commercial liability coverage
 - \$1,000,000 un/underinsured motorist coverage
 - \$50,000 comprehensive collision coverage

Staff is recommending the following changes to the requirements.

- Period One:
 - change the insurance requirement from primary to contingent.
 - remove the \$200,000 excess coverage requirement
- Period Two:
 - remove the \$1,000,000 un/underinsured motorist coverage requirement
 - remove the \$50,000 comprehensive collision coverage requirement

Public Safety

The current ordinance includes the following public safety regulations.

- All TNC drivers are currently required to pass a City-reviewed 10-fingerprint criminal background check before being permitted to drive for a TNC
- All TNC drivers are currently required to pass a pre-employment drug test before they can be permitted to drive for a TNC

Staff is recommending the following changes.

- Adjust the driver permitting process to allow drivers to be provisionally permitted upon passing the TNC's background check, and issue them a full permit if they submit to the City reviewed background check within 14 days.
- Remove the pre-employment drug testing requirement in favor of audited random drug testing.

Driver/Vehicle Requirements

The current ordinance requires the following standards.

- All TNC drivers are currently required to present themselves, their vehicle(s), and all documentation showing they meet the requirements (e.g. drug test results, training program completion certificate, proof of insurance and registration, etc.) in-person to SAPD Ground Transportation staff before receiving a driver and vehicle permit.
- All TNC drivers must demonstrate English proficiency in order to be permitted.
- All TNC drivers must carry a fire extinguisher in their vehicles.

Staff is recommending the following changes to the requirements.

- Allow TNCs to attest that all driver requirements have been met (subject to City audit); eliminating the need for every TNC driver to bring their vehicle(s) and all accompanying documentation to City staff, in person.
- Remove the English proficiency requirement for TNC drivers.
- Remove the requirement for TNC drivers to carry a fire extinguisher in their vehicle.

Fees

The current ordinance sets out the following fees, based on task time cost, to ensure adequate revenue to cover the cost of enforcement.

- TNC operating permit and application fee \$110
- TNC driver permit \$15 (every two years)
- TNC vehicle permit \$160 annually per vehicle

Staff is recommending the following change to the requirements.

- Eliminate the three fees listed above
- Establish the following preliminary fee schedule for TNCs, based on the number of drivers each company has registered on their platform, in order to adequately fund enforcement of the ordinance:

Drivers	Annual Fee
1-10	\$ 625
11-50	\$ 3,125
51-100	\$ 6,250
101-300	\$ 18,750
More than 300	\$ 25,000

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, establishing insurance standards, and ensuring adequate revenue for enforcement of adopted regulations.

ALTERNATIVES:

City Council may adopt the proposed changes in their entirety, or in part, or opt to leave Chapter 33 as it was amended on December 11, 2014, with no additional changes.

FISCAL IMPACT:

This ordinance adds one transportation inspector to SAPD to administer and perform the additional workload associated with this action. The proposed fee schedule from TNCs will offset the cost. During the December 2015 review, costs and fees will be rebalanced to ensure that the city is operating at a break-even basis.

RECOMMENDATION:

The Department recommends adopting the changes to Chapter 33 as outlined above, and conducting a full review of the results of these changes in December of 2015. The review should include such items as:

- The insurance products available to cover TNC drivers in Periods One and Two;
- The efficacy and necessity of City-reviewed 10-fingerprint background checks and those performed by TNCs based on name, date of birth, and social security number;
- The efficacy and necessity of random drug testing as revealed by SAPD audits;
- The costs associated with administering the various requirements of Chapter 33 and any necessary changes

to the fee structure needed to maintain adequate funding for administration and enforcement;

- Review of driver requirements; and
- Vehicle requirements such as the efficacy of third-party A.S.E. certified inspections.