



TO: City Council

FROM: Robert Spillar, P.E., Director, Austin Transportation Department

CC: Marc A. Ott, City Manager
Robert D. Goode, P.E., Assistant City Manager

DATE: March 31, 2015

SUBJECT: Ground Transportation; an operational overview of taxis and TNCs

As requested during the March 25, 2015, Mobility Committee, Austin Transportation Department staff has compiled the following documents to best illustrate Austin's ground transportation framework, with a particular focus as it relates to taxis and transportation network companies (TNCs). These documents focus on the rationale for regulating ground transportation services, the similarities and differences in regulations (between taxis and TNCs), and previous recommendation memorandums to the Austin City Council.

The following documents include:

- Regulatory Requirements Comparison (Mobility Committee requested grid)
- City Council Communications – Memos
 - Includes recommendation memos distributed March 24, 2015
- Explanation on why the City regulates Taxi/TNC Service
- State Law
- Consultant (Mundy) Statement and Report
- Seattle Deregulation Case Study

Background

Regulating ground transportation

The City of Austin regulates ground transportation operations to protect the public health, safety and welfare of Austin residents and visitors. When travelers use ground transportation services, they assume there are certain assurances in place protecting their rights and safety upon entering the vehicle. As the regulating authority, authorized by the state, the City is able to mandate vehicles and drivers meet certain safety requirements in order to operate.

As questions arose regarding the need to regulate ground transportation, the Austin Transportation Department (ATD) consulted Dr. Ray A. Mundy, Ph.D., a leading transportation expert with the Tennessee Transportation & Logistics Foundation to analyze Austin's taxi system. Dr. Mundy's report is included in the attachment. He states that it is in the public's interest to regulate ground transportation to assure there are available, safe and economical public transportation services. In regards to deregulating the industry, Dr. Mundy states, "...a deregulated, complete open-entry approach to taxi services within a community leads to unreliable, expensive, and spotty/embarrassing taxi service at best."

Currently the City regulates all ground transportation operations, but has separate, unique regulations related to TNCs. TNCs operate with an operating agreement, but they are not held to the same regulatory standards as other ground transportation operations, potentially placing at risk the safety of the drivers and passengers. For this reason, staff made recommendations to the City Council to update the City Code to incorporate TNC regulations (see March 24, 2015, memo). It has been a priority for the City to have regulatory authority over ground transportation operations, but in a manner that maintains the vitality of services provided to residents.

While the City already has regulatory authority over taxis, ATD staff worked with a Taxicab Taskforce to also make recommendations that can strengthen the operations for taxis as well (see March 24, 2015 taxi memo).

Taxis and Transportation Network Companies (TNCs)

There is a high demand for ground transportation services in Austin. In January 2015 the three taxi franchises serviced more than 200,000 trip requests. Taxis are an integral piece to the ground transportation portfolio, in particular for residents that cannot or chose not to drive a vehicle. TNCs play a similar role for those who own a credit card and cell phone (required to use the application), but have different operating requirements. Prior to TNCs entering the market, the local taxi franchises were dispatching 60% to 81% of the requests for service. Since TNCs entered the market, Austin Transportation Department staff has not identified a negative impact to the number of trip requests reported by the taxi franchises. In other words, it is possible that TNCs are providing service to previously unserved trips that exist in the market place.

With the emergence of transportation network companies into the Austin market, the regulatory framework shifted to allow their legal operation. In 2014 the Austin City Council passed Ordinance 20141016-038, which legalized TNC operations in Austin. The ordinance includes operating requirements that are different, and less stringent than those of the taxi franchise agreements. TNCs are authorized under operating agreements rather than franchise agreements. There are many differences between the two frameworks, most notably including requirements for driver background check, vehicle safety inspections, fee collections, insurance requirements, and data reported to the City. The March 24, 2015 memo to Mayor and Council (included in attachments) outlines the current TNC operating requirements and staff's recommendations to strengthen those requirements.

TNC Timeline

- March 2014: Illegal TNC operations
- May 2014: Council Resolution No. 20140515-024, directing staff to work with stakeholders and make recommendations to legalize TNC operations in Austin
- June 11, 2014-October 24, 2014: TNC Working Group meets to discuss recommendations
- October 16, 2014: Austin City Council legalizes TNCs by directing staff to enter into operating agreements with the companies with Council created rules, and before TNC Working Group completed its work.
- January 2015: TNCs (Uber and Lyft) submit first, required quarterly report
- March 24 2015: Austin Transportation Department staff sent TNC recommendations to Austin City Council based upon TNC Working Group meetings.
- March 25, 2015: ATD staff presented an overview of TNC operations to the City Council Mobility Committee

- April 1, 2015: The City Council Mobility Committee will hear public comments on TNCs operations in Austin and the staff recommendations.

Taxi Timeline

- January 2014: ATD staff established the Taxicab Taskforce
- January – October 2014: Taxicab Taskforce meets to discuss recommendations
- May 2014: Council Resolution No. 20140515-025, directing staff to work with stakeholders and make recommendations to address taxi service delivery.
- October 2014: ATD staff present taxi recommendations to Urban Transportation Commission (UTC supported recommendations 4-0, 3 absentees)
- March 24 2015: Austin Transportation Department staff send taxi recommendations to Austin City Council
- March 25, 2015: ATD staff presented an overview of taxi operations to the City Council Mobility Committee
- April 1, 2015: The City Council Mobility Committee will hear public comments on taxi operations, franchise agreements, and staff recommendations.
- April 23, 2015: First reading for taxi franchise agreements.
- May 21, 2015: Second reading for taxi franchise agreements.
- June 4, 2015: Third reading for taxi franchise agreements.
- August 2015: Taxi franchise agreements renewed.

Staff Recommendations

Taxis:

The current taxi franchise agreements are set to expire in August 2015. Staff recommends maintaining the current taxi franchise system and renewing the franchise agreements with all three taxi franchises in Austin. As part of the renewal, it is recommended that each company receive an additional 100 permits to operate, and to extend the franchises to 10-year renewal terms. Following the above taxi timeline, the new franchise agreements would be in place August 2015.

Transportation Network Companies (TNCs):

Staff recommends maintaining TNCs as part of Austin's ground transportation portfolio, but incorporating their regulations into the City Code. Regulations that are recommended include, expanded driver background checks, vehicle safety inspections, fee collections, insurance requirements, and data reported to the City.

ATD staff received the first quarterly reports from TNCs in January 2015, and anticipates initiating an audit of the data in the 2nd quarter of 2015. The staff recommendation is to bring an action item to the City Council in six months after the audit results have been analyzed and another quarter's worth of data has been received.

The State legislature is still reviewing operating policies for TNCs on a statewide level that may undercut municipal authority altogether. Staff has provided information to our state legislators about the City's desire to regulate TNCs for public safety and equity reasons. Staff will monitor the bills and report any outcomes at the end of the session.

Next Steps

ATD staff will bring the taxi franchise agreements to the City Council beginning in April 2015 in order to have three readings of the agreements before they expire. Following is the schedule for

the three readings: First reading – April 23, 2015, Second reading – May 21, 2015, and Third reading – June 4, 2015.