



Recommendation for Action

File #: 22-1047, **Agenda Item #:** 23.

3/3/2022

Posting Language

Approve an ordinance amending City Code Chapter 13-2 (*Ground Transportation Passenger Services*) to repeal franchise requirements for taxicab companies and establish taxicab operating authority requirements.

Lead Department

Austin Transportation Department

Fiscal Note

This item has no fiscal impact

Prior Council Action:

Ordinance No. 19320308-001 regulating the operation and use of automobiles engaged in the business of carrying passengers for hire within the City of Austin, providing for the licensing and bonding of same, prescribing penalties for the violations, and repealing of ordinances in conflict was approved on a 5-0 vote.

Ordinance No. 19500608-A regulating taxicab services in the City and prescribing rules and standards for the operation and control of such services; providing for the granting of franchises for taxicab services and creating the Taxicab Franchise Commission; requiring registration of all drivers of taxicabs and fixing maximum fares; providing for administration and enforcement of this ordinance; repealing all ordinances or parts of ordinances in conflict' providing a saving clause; prescribing penalties for violation of this ordinance, was approved on a 4-1 vote with Mayor Glass absent.

Ordinance No. 20180628-054 amending City Code Chapter 13-2 (*Ground Transportation Passenger Services*) related to regulation of taxicabs and limousines, and repealing certain requirements was approved with amendment to Section 13-2-489 on an 11-0 vote

For More Information:

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Council Committee, Boards and Commission Action:

January 20, 2022 - Reviewed by the Council Mobility Committee

September 7, 2021 - Approved by the Urban Transportation Commission with a unanimous vote of 11-0.

Additional Backup Information:

The Austin Transportation Department (ATD) regulates taxicab franchises, authorized by City Council, in accordance with Article XI of the City Charter and Chapter 13-2 of the City Code.

On March 8, 1932, Council licensed taxicab companies under an operating authority model until being declared public utilities and formed into franchises by an ordinance passed on June 8, 1950. At the time, the taxicab franchise ordinance was established to ensure equitable city-wide transportation to the people of Austin, as the only public transportation available at that time besides taxicabs were options centered in the

downtown area. Today, however, multiple competitive transportation options are readily available throughout the entire City.

In 2017, Transportation Network Companies (TNCs) such as Uber and Lyft began operating in Austin under state regulatory authority. At the same time, taxicab franchises experienced a seventy-five percent decline in their number of trips. To address this decline, on June 28, 2018, Council approved ATD's taxicab franchise regulatory reform recommendations, which were intended to lighten franchise restrictions and level the playing field between taxicabs and other transportation options offered throughout the City.

Shortly after these reform measures were passed, taxicab franchises experienced a slight increase in their number of trips followed by a brief stabilization. In the midst of a global pandemic, taxicab franchises have experienced the lowest trip numbers on record and are in need of reform measures that will bring immediate and lasting relief, more operational flexibility, and a greater ability to compete with other mobility services offered within the City.

Currently, all vehicle-for-hire companies licensed by the City other than taxicabs, such as limousines, charter vans, charter buses, touring and sight-seeing coaches, pedicabs, electric low-speed vehicles, etc., are licensed as operating authorities. The benefits of licensing vehicle-for-hire companies under an operating authority model versus licensing vehicle-for-hire companies under a franchise model are demonstrated in the comparison table below:

Franchise Model	Operating Authority Model
Application may take more than 30 days to complete	Application may be completed in one business day
Requires Council action for approval, renewal, or transfer	Approval, renewal, or transfer based on established prerequisite criteria
Three-readings franchise approval process may take 3 to 6 months	Approval may be granted within 2 business days upon the fulfillment of established prerequisite criteria
Rigid application timeframes and deadlines	Flexible application timeframes and deadlines
Difficult to scale vehicle fleets to demand	Easy to scale vehicle fleets to demand
Inability to cease and resume operations when necessary	Ability to cease and resume operations at when necessary
Limited driver autonomy and choice	Greater driver autonomy and choice
A unique vehicle-for-hire category unlike any others in the City	All other vehicle-for-hire industries in the City are currently permitted as operating authorities
Does not align with taxicab permitting programs in other Texas cities	Aligns with taxicab permitting programs in other Texas cities

On multiple occasions, taxicab franchises have requested simplified application processes, speedier license approval times, streamlined vehicle fleet additions and removals, as well as the ability to cease or resume operations when necessary for natural disasters or national pandemics. Licensing taxicab companies as an operating authority would meet these objectives.

In November 2021, ATD created an informational webpage and distributed flyers directly to taxicab drivers which contained information regarding the proposed transition of taxicab licensing from a franchise model to an operating authority model. The webpage and flyers also provided taxicab drivers open opportunities to converse directly with licensing staff management, ask questions, and provide their feedback or suggestions. ATD licensing staff management has spoken with several taxicab drivers throughout this period who spoke in support of an operating authority model, relating that it would remove further barriers for new taxicab companies to enter the market and in turn lead to greater driver autonomy and choice. ATD has received no comments in opposition to the transition from taxicab drivers.

On September 7, 2021, ATD presented the recommendation of transitioning taxicab franchises into taxicab operating authorities to the Urban Transportation Commission (UTC) and received a unanimous (11-0) vote in support. The UTC also provided the following recommendation: "UTC supports Austin Transportation Department's recommendation that taxicab companies no longer be regarded as public utilities, but rather as a valuable part of a diverse and ever evolving network of competitive mobility options and that Council transition taxicabs from a franchise licensing model to an operating authority licensing model."

Additionally, transition to an operating authority model will align Austin's taxicab permitting systems with the permitting systems of other large Texas cities where taxicabs are currently licensed, including Houston, San Antonio, Dallas, Fort Worth, El Paso, Arlington, Corpus Christi, and Galveston.

ATD recommends that taxicab companies no longer be regarded as public utilities, but rather as a valuable part of a diverse and ever-evolving network of competitive mobility options. As operational standards and practices would remain unchanged, this ordinance transitioning taxicab companies from a franchise licensing model to an operating authority licensing model would not interrupt current taxicab service. Furthermore, ATD recommends a transition of taxicabs from a franchise licensing model into an operating authority licensing model.

Strategic Outcome(s):

Mobility, Government that Works for All, Economic Opportunity and Affordability.