




MEMORANDUM

TO: Mayor and Council

CC: Elaine Hart, Interim City Manager
Robert Goode, P.E., Assistant City Manager

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

DATE: November 16, 2017

SUBJECT: Recommendations for Council action regarding ground transportation service regulatory reform

This memo provides an update on upcoming Austin Transportation Department (ATD) recommendations for Council action regarding ground transportation service regulatory reform. These recommendations will represent an effort to assure that regulations apply equitably across the ground transportation industry, including removing barriers for these services to better compete with similar non-regulated services.

ATD plans to bring recommendations forward as proposed ordinances in two phases:

- Phase 1 (December 2017) - relating to limousine and charter service requirements and the repeal of transportation network company (TNC) requirements to align with the recent nullification of local TNC regulation by State law
- Phase 2 (February 2018) - relating to specific taxicab requirements that represent hurdles to the regulated industry in competing with unregulated services, establishing revised taxi cab authorities and aligning our process more closely to that used in other large Texas Cities.

Background

City Code Chapter 13-2 governs the oversight and regulation of ground transportation passenger services, including those provided by charter buses, limousines, pedicabs, electric low speed vehicles, horse drawn carriages, and taxicabs. The technology and business models for providing these services are rapidly evolving and the need to synchronize the requirements between the various transportation service models and the non-city regulated TNC industry is recommended to maintain equity, competitiveness of the industry, and public safety.

On Feb. 14, 2017, ATD presented ground transportation regulatory reform recommendations to the Urban Transportation Commission, which provided significant input on staff efforts.

ATD plans to develop a regulatory reform document that specifically addresses making the requirements equitable among all the various services. Staff also intends to include language reducing regulation on taxicabs to provide a more equitable relation to transportation network companies. This multiphase approach will allow staff to remove outdated requirements and align City Code provisions among the various services, while taking into account the potential needs of new and emerging transportation passenger services.

Phase 1 Ordinance Recommendations (Relating to Limos and Charter Services and removing Nullified TNC Provisions)

On Dec. 7, 2017, ATD plans to present a proposed ordinance to Council that would revise or remove outdated City Code provisions related to limousine and charter services, aligning regulations of these services with those in the taxi industry related to reservation times, types of vehicles, and rates. The proposed ordinance would also repeal City Code requirements governing transportation network company services that were nullified by the Texas Legislature in 2017.

More specifically, the revisions will:

1. Limousine Services
 - a. Allow the industry to substitute four luxury vehicles as an alternative to the limousine flagship requirement
 - b. Remove the \$55 minimum fare requirement, allowing companies to set their own minimum fee
 - c. Remove the 30-minute prearranged trip minimum requirement allowing limos to respond to on-demand reservations
 - d. Require the provision of a fare estimate at the beginning of a trip
2. Charter Services
 - a. Remove the cap on additional temporary vehicle permits during special events, allowing companies to expand depending on market needs
 - b. Remove the 30-minute prearranged trip minimum requirement
 - c. Require the provision of a fare estimate at the beginning of a trip
3. Repeal language that created certain exemptions for drivers from needing to obtain a chauffeur's permit
4. Modify certain driver disqualifications to include additional offenses to align with Council's intent, as outlined in the [memo](#) sent to Mayor and Council on March 24, 2017

Phase 2 Ordinance Recommendations and Milestones (Addressing taxicab operating authority and removing outdated regulation)

In late February/early March 2018, ATD will present Council with an ordinance amending City Code Chapter 13 redefining taxicab Operating Authorities. This operating authority is intended to modernize the current Austin taxicab model and allow companies to operate on a level playing field with other unregulated ground transportation service providers. Unlike the current franchises, this new operating authority would remove outdated requirements; allow taxicab operating companies to expand and contract their fleets as needed; and would transfer responsibility for business decisions to the operating companies, with the intent to make them more competitive in the mobility market. It will shift the city fee model to a percentage of gross profits rather than a per vehicle charge for each vehicle.

ATD has met with the current taxicab franchise companies to gather their preliminary recommendations. This was the first in a series of stakeholder meetings to solicit input for the revised code. Some of the overarching recommendations include:

1. Remove cost-prohibitive City Code requirements such as taxicab meters in favor of electronic or virtual meters;
2. Defer to state inspections and remove third-party inspection requirements;
3. Allow taxicab operating companies to expand and contract their fleets independently;
4. Remove cumbersome monthly reporting requirements in favor of streamlined reporting processes aimed at assisting with traffic management; and,
5. Modify annual permit fees to a gross revenue based fee model.

The public input process began with ATD's presentation to the Urban Transportation Commission in February 2017. Recommendations are based on that input and will include a subsequent presentation to the Council Mobility Committee in early February and request for Council action in late February/early March 2018. ATD staff will be soliciting input from taxicab drivers and existing franchises for inclusion in staff's final recommendations.

Should you have any questions or need additional information, please do not hesitate to contact me at Rob.Spillar@austintexas.gov or (512) 974-2488.