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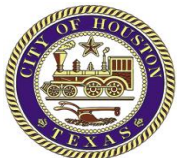
# **Presentation to Council Committee on Transportation, Technology & Infrastructure**

**Update: Substitute Ordinance Provisions  
Related to  
Chapter 46 of the Code of Ordinances  
Related to Vehicles-for-Hire**

**Presented By:**

**Department of Administration & Regulatory Affairs**

**July 28, 2014**

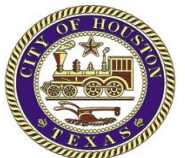


# TIMELINE

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- February 25, 2014: First presentation to Joint Public Safety & TTI Committees
  - Goals & Guiding Principles – Public Safety, Customer Service and a Data Driven process
  - Overview of Taxi Study
  - Options
- April 22, 2014: Second presentation to Joint Public Safety & TTI Committees
  - Proposed 15 minimum operating requirements for all vehicle-for-hire drivers and operators [Minimum Operating Requirements](#)
  - Proposed changes to Chapter 46, in general, as well as changes addressing new entrants specifically [Additional Requirements for TNCs](#)
- June 11, 2014
  - City Council votes to delay the item to July 30<sup>th</sup>
  - CMs Green and Stardig selected to represent the Council in leading a stakeholder facilitated discussion to gain consensus or bring resolution on some issues
- July 28, 2014: Presentation to discuss July 22<sup>nd</sup> substitute ordinance
- July 30, 2014: Ch. 46 proposed amendments on City Council agenda



# Substitute Ordinance

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- Substantive Changes to the Substitute:
  - Establishes a fleet-wide minimum requirement for wheelchair accessible vehicles as well as addressing other concerns of the disabilities community (slides 11 and 12)
  - Establishes a standard for surplus lines insurers (i.e. eligible surplus lines insurer with a Best's Rating of at least B+ and a Best's Financial Size Category of at least Class VI)
- Other Changes Reflected in the Substitute
  - Allows permittees and registrants to apply for a waiver from data submission requirements that are unable to be reported due to technological limitations
  - Adds the word taxi to the list of approved items that may be displayed on a stool light
  - Allows a taxi driver to pass-through the airport use fee to the passenger



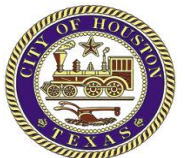
# Substitute Ordinance

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New Provisions included in the Substitute (cont'd):

- Requires Transportation Network Companies (“TNCs”), such as UberX and Lyft, to transport passengers to all destinations located within the corporate limits of the City
- Requires TNCs to display distinctive signage visible at a distance of 50 feet regardless of lighting at all times that a vehicle is operated as a TNC
- Clarifies that a TNC driver must have a valid Texas Driver License
- Requires that a TNC make the contact information of its customer service liaison available on both the app & the receipt. Must include a phone number for the customer service contact.

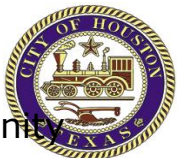


# Accessibility

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- Accessibility Highlights of the Substitute Adopting Ordinance:
  - **Mandatory Requirement:** Requires that 2% of the entire vehicle-for-hire fleet be comprised of wheelchair accessible vehicles (WAVs) within the first year of adoption of the ordinance
  - **Real-Time Resolution of Issues & Support:** Requires TNCs to make the name, phone #, and email of their customer service liaison available to customers on both the app and the receipt to provide for real-time resolution of issues and support
  - Authorizes the creation of the **Houston Transportation Accessibility Task Force (Task Force)** to provide recommendations to City Council:
    - The appropriate % of wheelchair accessible vehicles in the Houston vehicle-for-hire fleet, based on empirical data
    - Driver training
    - Company accessibility plans
    - Targeted implementation of the 2% WAV requirement, i.e. what % requirement will be applicable to EACH CATEGORY of vehicle-for-hire
    - Intent is that no one category of VFH is sufficient to meet the 2% fleetwide requirement
    - Escalation process for customer complaints
    - Incentives for VFH operators to provide more WAVs
    - Non-compliance penalties
    - Table amendment would cap at 11 members, majority from disabled community



# Accessibility

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- Accessibility Highlights of the Proposed Ordinance (cont'd):
  - Creates non-compliance penalties for drivers and companies:
    - §46-2 non-discrimination provision protects individuals with disabilities referencing ADA provisions
    - §46-5 outlines the process for suspending or revoking a permit, license or registration
    - Further penalties can be recommended by the Task Force
  - Requires vehicle-for-hire companies to submit an accessibility plan detailing how they will meet the needs of individuals with disabilities in Houston.
  - Requires that individuals with disabilities receive an equivalent class of service
  - Incentivizes the retrofitting of vehicles to WAV use by removing vehicle age limits.



# FAQs

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**Q: Will new entrants have to conform to the same public safety requirements as existing drivers and permittees?**

A: Yes. There are 15 minimum operating requirements for all vehicle-for-hire operators including new entrants

**Q: Will TNCs be required to pay fees?**

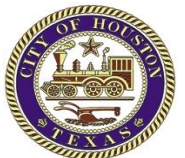
A: Yes, we are proposing a fee of 2% of gross receipts

**Q: When will the ordinance be effective? Will all parts of the ordinance be effective immediately?**

A: Most of the ordinance amendments will be effective immediately; the mobile dispatch service and TNC provisions will become effective in 90 days; implementation of mandatory requirements for installation of GPS/Credit Card systems become effective 6 months after the effective date of the ordinance. The Task Force must be created within 60 days and the recommendations of the Task Force must be brought back to City Council within 1 year.

**Q: Will TNCs be allowed to charge for “no shows”?**

A: Yes, as well as all other vehicles-for-hire with the electronic means to do so.



# FAQs (cont'd)

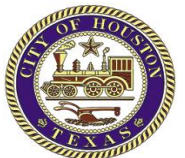
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**Q: Is it true the City of Houston is not enforcing ordinance provisions now, and the proposed ordinance does not address enforcement?**

**No. The proposed ordinance increases the City's enforcement authority.**

1. Creates the authority for the City of Houston to impound vehicles-for-hire operating without a permit
2. Regulators from other cities report impounding is one the most effective tools in ensuring permit compliance.
3. In the interim, our regulatory investigators have been using all enforcement tools available to them to combat illegal operators and has issued 567 citations to date (March 2014 through 7/23/2014).





# FAQs (cont'd)

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**Q: Is it true that approval of the proposed ordinance will REDUCE or ELIMINATE the transportation options available to the disabled community?**

- A. No. The proposed ordinance strengthens safeguards against discrimination and protections for disabled members of the riding public, while providing more wheelchair accessible vehicle options for the disabled. Currently no VFH class in Houston is required to purchase wheelchair accessible vehicles (WAV). The proposed ordinance:**
1. Requires that two percent of the entire VFH fleet be composed of WAVs within the first year of the ordinance.
  2. Creates the Houston Transportation Accessibility Task Force, comprised of members from the transportation industry and the disabled community, to determine how this requirement will be applied across the different VFH classes, and whether the requirement needs to be greater than two percent.
  3. The task force will also gather evidence and provide recommendations to City Council regarding accessibility training for VFH drivers and incentives for companies to increase the number of WAVs in their fleets, review VFH operator accessibility plans, and recommend escalation procedures for customer complaints.
  4. Gives the City the ability to revoke a VFH license or permit after the first instance of an egregious offense, such as discrimination.



# FAQs (cont'd)

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**Q: Will new entrants be required to carry commercial insurance?**

**A: Yes. We are proposing TNCs maintain at least the following minimum coverage:**

- All insurance policies will be provided by an insurance carrier(s) who is either authorized, or in the case of a surplus lines carrier, eligible, to transact business in the State of Texas.
- Commercial automobile liability insurance with a combined single limit of \$1 million per accident, covering liability resulting from any occurrence arising out of, or caused by, the operation of a transportation network vehicle
- The policy will cover a driver whenever he/she is available on the network to provide services (aka driver mode), regardless of whether he is currently transporting a passenger or has accepted a trip – i.e. “app on to app off”
- The certificate of insurance must be disclosed and readily available on the permittee’s app and website.
- The permittee must provide each driver with proof of insurance in the form of a certificate of insurance, which may be electronic.
- Each driver must maintain the proof of insurance in the form prescribed at all times while available to provide, or while providing, service on the network.



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# Discussion

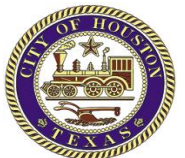


# FEBRUARY 25<sup>TH</sup> PRESENTATION

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- Goals of Vehicle for Hire Regulation in Houston
  - Public Safety
  - Service Delivery
- Policy Development Process
  - Research past regulatory practices
  - Analyze market failures in other jurisdictions
  - Stress every fundamental assumption regarding our own regulations
  - Assess risks to incumbent industries, riding public, new entrants
  - Wherever possible, data (evidence) + goals should drive ordinance amendments



# FEBRUARY 25<sup>TH</sup> OPTIONS

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In February, ARA presented several options to City Council for next steps:

1. Continue stakeholder discussions regarding ordinance changes to implement baseline Taxi Study recommendations from the Houston Taxicab Study.
2. Create a framework for mobile dispatch services wishing to offer limousine services at competitive prices.
3. Discuss ordinance changes to create a framework for peer-to-peer providers such as Lyft and UberX, also known as Transportation Network Companies or “TNCs”.
  - a. Discuss creating new article in Chapter 46 to deal specifically with peer-to-peer services, address criminal background checks and assisted vehicle inspections
  - b. Draft language to create permit for these services
  - c. Research appropriate insurance requirements for these types of services.
  - d. Include reporting requirements (trip data, revenues, etc.)
  - e. Research and recommend appropriate fees for these types of services



# APRIL 22<sup>ND</sup> PROPOSAL

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- Minimum COH Requirements for all vehicles-for-hire and drivers – **including new entrants:**
  - Fingerprint criminal background checks for all drivers/permittees
  - Vehicle inspections for roadworthiness
  - Vehicle age limits
  - Commercial automobile liability insurance for vehicles-for-hire
  - Vehicles must be rendered for ad valorem taxation if used as vehicle-for-hire
  - Limitations on driver hours
  - Fare estimation capability
  - Local presence
  - Payment of fees to the City
  - No cell phone use by drivers while the vehicle is in operation
  - Pre-licensing drug tests for drivers
  - Pre-licensing physicals for drivers
  - Pre-licensing warrant checks for drivers
  - Data submission requirements
  - Address disabled access vehicle needs ([back](#))



# APRIL 22<sup>ND</sup> PROPOSAL (cont'd)

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- Add authority for HPD to impound vehicles operating in violation of Chapter 46
- Amend definition of "Compensation" to mirror City of Austin definition
- Amend definition of "Place of Business"
- Add a requirement that the City (ARA) be informed of all VFH accidents w/in 5 business days of occurrence
- Eliminate "3 strikes" for hearing for permit revocation and replace with one
- Require driver drug test, physical, warrant check, etc. to be completed within 30 days of license application for all VFH drivers including TNCs
- Provide for 3<sup>rd</sup> party complaints
- Add requirement for fire extinguisher (already required under state law)
- Clarify that vehicles put online with salvage titles must be salvage rebuilt titles
- Create a section for a general VFH driver license rather than licensing in each section
- Add data submission requirements for all VFH including TNCs
- Prohibit cell phone or other device usage while vehicle is in operation as a VFH unless the device is being operated hands free
- Eliminate minimum limo fleet requirements
- All VFHs could charge for no shows if they have the technology to do so
- Codify the 7<sup>th</sup> year vehicle age extension exception for taxis and some limo vehicles
- Mandate integrated credit card/GPS systems in every taxi vehicle w/in 6 mos
- Eliminate taxicab CASH ONLY acceptance ([back](#))



# APRIL 22<sup>ND</sup> PROPOSAL (cont'd)

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The following proposed amendments to Chapter 46 will provide for the regulation of new entrants using application-based dispatch services:

- Clarify definition of mobile dispatch to distinguish from Transportation Network Companies (“TNCs”)
  - TNCs dispatch “transportation network” vehicles
  - Mobile Dispatch Services dispatch qualified vehicles-for-hire
- Redefine “pre-arranged” to plain meaning; eliminate 30-min requirement
- Define ridesharing (compensation limited to U.S. Gen. Services Admin. reimbursement rate)
- Include TNCs in definition of VFH
- Require fees, as a % of gross receipts, to be paid to the City by TNCs
- Require TNC drivers to obtain a VFH driver’s license and pay a fee
- Eliminate minimum fare of \$70
- Raise insurance limits to \$1 million for everyone except cabs and school buses ([back](#))

