

TAXICAB/FOR HIRE LEGISLATION

Issues for 1/30/14 Select Committee Meeting

Abbreviations used throughout

FH: For-hire licensed driver.

FHV: For-hire licensed vehicle.

PH: Permit Holders: Not FH drivers, but specially permitted to drive for a TNC

TNC: Transport Network Company.

WAT: Wheelchair Accessible Taxi.

1. Number of new taxi licenses

Issue: Should the City increase the number of taxis licenses available?

Discussion: As demonstrated via public comment and the market study, demand for vehicle ownership and demand for rides outstrip taxi availability. The demand study indicated that wait times have generally not increased substantially only because of the influx of alternative providers. The draft regulations direct FAS to issue 50 new taxi vehicle licenses this year via lottery. Demand would appear to be higher than this.

Options:

- a) Direct FAS to issue 50 new licenses in 2014 and in 2015;
- b) Direct FAS to issue 75 new licenses each year; or
- c) Direct FAS to issue a different number of new licenses.

2. Allowing FHs to pick up street hails

Issue: Should the City allow FHV to pick up street hails?

Discussion: There are almost 200 flat-rate, two-tone vehicles licensed to operate as for-hires in the city. These vehicles are currently prohibited from picking up street hails. This can prove confusing for would-be passengers who cannot easily distinguish these vehicles from regular taxis—they are very similar in appearance. There is support for allowing these vehicles limited rights to respond to street hails while continuing to exclude them from taxi stands and similar locations used by regular taxis.

Options:

- a) Maintain the status quo and do not allow street hails; or
- b) Allow FHV limited street hail rights.

3. Decreasing deadheading

Issue: Should the City allow King County licensed taxis to pick up rides in the city *if* the vehicle is operating under a standing contract with a business?

Discussion: At present taxis licensed for service in King County, but not in Seattle, can deliver fares into the city, but must leave the city empty. This is inefficient and can lead to customer frustration when empty taxis ignore hails. There is support for allowing County-licensed taxis to pick up fares in the city if covered by an existing service contract to do so. For example, a taxi licensed in King County might pick up a fare in Renton and drop that fare at the University of Washington Hospital. The County-licensed taxi would be allowed to pick up a hospital fare if the company had a standing contract with the hospital. The taxi would **not** be allowed to pick up a general service call or street hail in the city.

Options:

- a) Maintain the status quo and do not allow County-only licensed taxis to pick up fares in the city; or
- b) Allow a restricted right to pick in the city when under contract.

4. WAT owner-driver requirements

Issue: Should the WAT Licensees face the same requirements for leasing their license after the five-year vesting period as regular taxis?

Discussion: Under existing regulations, taxis license owners who have met the requirement of driving at least 30 hours per week and at least 40 weeks per year for five years gain the right to sell the license or lease it to another party without further obligation to driver. WAT license holders, similarly, may sell the license after meeting the five-year requirement, **but** if they continue to own it they must continue to drive the vehicle at least 30 hours per week and for at least 40 weeks per year. This reduces the leasable hours available to them by 1,200 relative to regular taxis, diminishing the license's value both as a source of ongoing income and as an asset for resale (the condition applies to any new owner).

Options:

- a) Maintain the status quo;
- b) Align WAT licenses with those of regular taxis by removing the requirement to continue driving after the five-year period; or
- c) Leave resolution of this issue for the next phase of the Select Committee's work program.

5. Cap on number of TNC's during pilot phase

Issue: Should the City cap the total number of companies allowed to operate as TNCs *during the two-year pilot program*?

Discussion: The purpose of this pilot program is to allow new entrants into the market to serve potentially new niches while reducing the likelihood of chaotic disruption of the market and possible loss of important existing services. A cap would limit potential entrants through for the duration of the pilot phase, providing the City an opportunity to observe how the market responds to the new entrants and how the new entrants behave. The current proposal does **not** include a cap.

Options:

- a) No cap. Allow as many market entrants as appear and can meet standards; or
- b) Allow a maximum of five TNCs during the pilot phase.

6. Cap on number of vehicles per TNC

Issue: During pilot phase, should the City cap the number of vehicles per TNC?

Discussion: As noted in (1), the purpose of the pilot is to allow TNCs to operate legally in the market while reducing the likelihood of chaotic disruption of existing services. To that end the current proposal limits the number of drivers a TNC may have to 100. TNCs claim any cap would cut service capacity and allow access to only a very small share of the market, thereby guaranteeing failure to meet demand.

Options:

- a) Maintain the proposed cap of 100 vehicles and clarify that the intent is to limit the number of vehicles “live” on the system at any one time (per TNC) rather than the number of drivers associated with a TNC;
- b) Set the cap to a different number; or
- c) Delete the cap on vehicles during the pilot phase.

7. Cap on hours for non-FH permit holders

Issue: Should the City limit the number of hours a PH may drive per week for a TNC?

Discussion: Draft legislation proposes two tiers of legal TNC drivers:

- Those who have a full-fledged **FH driver's license**. These drivers have been through the full FH driver's license training and can drive up to the maximum FH driver standards (no more than 12 hours in a 24 hour period). (See issue 4 for a related concern.); and
- Drivers who obtain a special permit and who go through shorter training. The current proposal limits them to 16 hours per week.

Options:

- a) Maintain a cap for casual, PH drivers at 16 hours per week;
- b) Set the cap on PH drivers to a different number of hours per week; or
- c) Delete the cap on PH drivers.

In a companion resolution, Council will request FAS to review and streamline FH driver licensing. A condensed FHV driver's license curriculum should be in place before the end of the pilot period.

8. Controlling total driver hours

Issue: Should the City limit the total number of hours a FH driver can operate regardless of platform?

Discussion: Nothing in the current proposal would prevent a FH driver from working a full shift as, say, a taxi driver and then switching to a TNC and working additional hours. This presents a worker and customer safety concern.

Options:

- a) Require that individual drivers and TNC's commit to ensuring drivers work no more than 12 hours in a 24 hour period; or
- b) Take no action at this time.

9. Insurance while active on the TNC system

Issue: Should the City require that TNC drivers be insured while "live" on the TNC system?

Discussion: The business model for TNC's in Seattle seems to provide the \$1 million incident coverage *only when* a driver is engaged in "commercial activity" on behalf of the TNC, as in when a trip has been booked and a fare is in the car. Recent accidents and anecdotal information from drivers highlight the problem that drivers (and the public) most likely are not

covered while a driver is active on the system but not engaged in commercial activity as defined by the TNC umbrella policy. TNC representatives argue they can't cover drivers unless the driver is engaged in commercial activity for them because it would lead to "gaming" of their system (drivers might log in to get free insurance coverage, but the driver may not be actually looking to accept fares).

Better understanding of personal versus commercial insurance will be useful to the Council. To that end the Committee will have a representative of the Property & Casualty Insurance Association (PCIA) at the January 30 meeting. Preliminary discussions with them suggest they may recommend language for the draft regulations that they believe will provide better protection for the public and the City.

Options:

- a) Require coverage for TNC drivers any time they are "live" on the system;
 - I. Accept the language currently in the draft regulations; or
 - II. Direct Staff to work with the City Attorney to propose revised language reflecting the recommendation of the PCIA; or
- b) Accept the status quo which has drivers covered by the TNC's umbrella policy only when a trip has been engaged.

10. Affiliation with only one TNC

Issue: Should the City require that a driver associate with just one TNC?

Discussion: The proposed legislation currently requires TNC drivers affiliate with only one TNC. This means one couldn't drive for both Uber and Lyft, for example. It is not clear that being associated with multiple TNCs would pose any public safety issues but it may present oversight and enforcement challenges for FAS.

Options:

- a) Retain the draft language that restricts association to just one TNC; or
- b) Delete the restriction and allow free association.

11. Allow taxis to affiliate with TNC

Issue: Should the City prevent taxi drivers from being live on a TNC system while operating as a taxi?

Discussion: The draft regulations preclude FH drivers operating a taxi from logging into a TNC while on taxi duty. Hypothetically, a Blue Cab driver and vehicle could log in and go “live” on the Lyft system. It’s not clear this proposal has any effect on safety or consumer protection so long as drivers are clear with customers about the terms of service. Given market competition, companies may restrict drivers with their own rules.

Options:

- a) During pilot phase do not allow taxis to operate on a TNC’s platform. Monitor for change after the pilot phase; or
- b) Remove the restriction from the draft regulations and allow taxi drivers to work concurrently for a TNC if allowed by the companies and if insurance responsibilities are clearly defined.

12. Pilot phase sunset date

Issue: The current sunset date of December 31, 2015 could be extended to provide the City greater information from the pilot phase. Implementing the pilot program rules will take into the second quarter of 2014. It’s likely that changes in the insurance industry and in the TNC market will play out over the next two years. Also, the sunset date as currently proposed would require Council action during or immediately following budget work when standing and select committee meetings are suspended.

Chair’s recommendation: Change sunset date to June 30, 2016.