

# City of Columbia

701 East Broadway, Columbia, Missouri 65201



**Agenda Item Number:** <sup>D</sup> 260-14

**Department Source:** City Manager

**To:** City Council

**From:** City Manager & Staff

**Council Meeting Date:** November 3, 2014

**Re:** Enacting Chapter 28, Article V, Transportation Network Services to the City's Code of Ordinances.

## Documents Included With This Agenda Item

Council memo, Resolution/Ordinance

**Supporting documentation includes:** None

## Executive Summary

On October 7th, city staff were informed by Uber that they intended to begin their ride-sharing operation in Columbia on October 9th. Since that time, staff has been reviewing legislation from other cities where Uber is currently operating in order to determine how to incorporate this type of service into the City's Code of Ordinances by making equitable changes that do not put traditional taxicab companies at a competitive disadvantage. This amendment to the Code of Ordinances would enact Chapter 28, Article V, defining a new classification to be known as Transportation Network Services, and detailing the requirements for Transportation Network Application Companies and Operators.

## Discussion

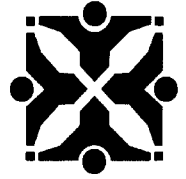
On October 20, 2014, staff presented REP 101-14 to Council outlining the problems that have arisen in attempting to regulate companies like Uber, Rideshare and Lyft who use business models based on the latest technology that simply do not match up with our existing vehicle for hire ordinance for traditional taxicab operations.

In drafting the proposed Ordinance which would establish a set of regulations governing Transportation Network Companies (TNCs), staff's main objectives were as follows:

1. Establish a set of regulations that would place TNCs in a similar, but equitable position compared to traditional taxi cabs.
2. Ensure the safety of passengers by requiring TNCs to conduct detailed background checks on all Transportation Network Operators (TNOs), along with vehicle condition/inspections.
3. Require TNCs to furnish sufficient insurance to cover any potential injuries or accidents that might occur during the transportation of passengers, or while TNOs are available for service.
4. Establish permit fees to be paid for each operator that has been approved to do business in Columbia.
5. Require TNOs to apply for a permit by providing the business license administrator with evidence from the TNC verifying a satisfactory criminal background check, a satisfactory driver's history, vehicle inspection approval, and proof of insurance.

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Staff has met several times with Uber officials regarding the proposed ordinance, attempted to reach consensus on the final language. However, they continue to disagree with the requirement to issue a permit to each driver prior to commencement of driving operations along with the manner in which fees will be assessed and paid for permit issuance. Uber officials have informed staff they intend to oppose the bill.

Staff has also met with a large group of taxicab companies, as well as one-on-one meetings with owners to gather their feedback relative to the bigger picture of equity between traditional taxi cabs and TNCs. While the majority of them are not concerned about additional competition posed by TNCs, their major issues relate to the regulations that currently govern traditional taxicabs, some of which they feel are archaic and should be changed, such as requirements for a land line phone, maintaining an office, color schemes for cars, lettering for cabs, taxi stand hours, etc. The existing ordinance has not been significantly changed since 1988. Staff has indicated that they are willing to review their list of concerns and propose amendments as may be deemed reasonable.

## Fiscal Impact

**Short-Term Impact:** Ordinance establishes a \$70 annual permit fee for each operator that has been approved by the transportation network application company to do business in Columbia.

**Long-Term Impact:** None

## Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Transportation

Strategic Plan Impact: Not Applicable

Comprehensive Plan Impact: Not Applicable

## Suggested Council Action

Approval of the Ordinance enacting Chapter 28, Article V, Transportation Network Services to the City's Code of Ordinances.

## Legislative History

October 20, 2014: REP 101-14 Uber Ride-Sharing Service

Department Approved

City Manager Approved

Introduced by \_\_\_\_\_

First Reading \_\_\_\_\_

Second Reading \_\_\_\_\_

Ordinance No. \_\_\_\_\_

Council Bill No. B 369-14

**AN ORDINANCE**

amending Chapter 28 of the City Code to add a new article pertaining to transportation network services; and fixing the time when this ordinance shall become effective.

WHEREAS, the progression of technology has allowed for innovations in transportation, and the citizens of Columbia and visitors deserve choices as to their mode of transportation; and

WHEREAS, the City of Columbia desires to regulate the area of transportation network services to protect the public interest, welfare, health and safety of citizens and visitors and promote the availability of transportation network services.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. A new Article V of Chapter 28 of the Code of Ordinances of the City of Columbia, Missouri, is hereby enacted as follows:

**ARTICLE V. TRANSPORTATION NETWORK SERVICES**

Sec. 28-130. Definitions.

The following definitions apply to this article:

*Transportation network application company* means a company operating in the City of Columbia that uses a digital network or software application to connect a passenger to transportation network services provided by a transportation network operator.

*Transportation network operator* means an individual who operates a motor vehicle that is owned or leased by the individual, and not licensed as a public vehicle for hire taxicab or limousine under Article IV of this Code, and used to provide transportation network services.

*Transportation network services* means transportation of a passenger between points chosen by the passenger and that is prearranged by a transportation network application company for compensation.

Sec. 28-131. Registration.

(a) An individual may submit an application to a transportation network application company for registration as a transportation network operator.

(b) Before approving a transportation network operator, a transportation network company shall:

(1) Conduct, or have a third party conduct, a local and national criminal background check for each applicant that shall include, at a minimum:

a. Multi-State/Jurisdiction Criminal Records Locator or other similar commercial nationwide database with validation; and

b. National Sex Offender Registry database.

(2) Conduct, or have a third part conduct, a driving record check for each applicant.

(c) A transportation network application company shall not approve an application submitted under section 28-131(a) and shall permanently disqualify an applicant who, as shown in the local or national criminal background check required under section 28-131(b)(1), has been convicted within the past seven (7) years of driving under the influence of drugs or alcohol, or who has been convicted at any time for fraud, sexual offenses, use of a motor vehicle to commit a felony, a crime involving theft or acts of violence, or is a match in the National Sex Offender Registry, or who has been convicted in the past three (3) years of driving with a suspended or revoked license.

(d) A transportation network application company shall apply to the City of Columbia to obtain a business license for the company, and shall pay all fees for such license.

Sec. 28-132. Requirements for transportation network application companies.

(a) A transportation network application company shall:

(1) Create an application process for a person to apply for registration as a transportation network operator.

(2) Provide the following information on its website:

a. The telephone number or electronic email address for the transportation network application company;

b. The procedure for reporting a complaint about any transportation network operator or the operator's vehicle;

- c. Expressly state the company's zero tolerance policy for alcohol or drug use by its operators;
  - d. Contact information for a passenger to report personal property inadvertently left in the transportation network operator's vehicle.
- (3) Conduct, or have a third party conduct, a safety and general appearance inspection of the motor vehicle that a transportation network operator will use before the motor vehicle may be used to provide transportation network services.
  - a. Such safety inspection shall include heating and air conditioning systems, brakes, windshield, lights, steering, pollution control devices, tires, suspension, and turn signals.
  - b. Such general appearance inspection of the vehicle shall include the exterior of each vehicle, ensuring the vehicle is free of gross damage (dents larger than six (6) inches in any direction) and that the vehicle has factory-finish grade paint.
  - c. The general appearance inspection shall further include an interior inspection of each vehicle to ensure the vehicle interior is maintained in a reasonable condition including door panels, arm rest, floor covering and seats that are free of holes, snags, soiled spots and trash.
- (4) Maintain a commercial liability insurance policy with an insurance company authorized and licensed to do business in the State of Missouri or an eligible surplus lines insurer approved by the Missouri Department of Insurance that:
  - a. Provides coverage of at least \$1,000,000 per incident for accidents involving a transportation network operator from the time the operator accepts a trip request until the completion of a trip, regardless of whether the operator maintains personal insurance adequate to cover any portion of a claim;
  - b. Provides uninsured/underinsured motorist coverage of at least \$1,000,000 per incident;
  - c. During the time that a transportation network operator is available for service but not providing service, provides additional bodily injury coverage of at least \$50,000 per person and at least \$100,000 per accident, and coverage of at least \$25,000 for property damage per accident, in the event that the operator's personal insurance policy does not pay.

- d. Provides that written notice shall be given the City of Columbia upon any cancellation or termination of the policy.
- (5) Establish a zero tolerance policy on the use of drugs or alcohol while transportation network operator is providing transportation network services.
- (6) Immediately suspend a transportation network operator upon receiving a passenger complaint alleging that the operator violated the zero tolerance policy. Such a suspension shall last the duration of the investigation.
- (7) Conduct an investigation when a passenger alleges that an operator violated the zero tolerance policy required by section 28-132(5).
- (8) Conduct an investigation when a passenger alleges that an operator exhibited inappropriate or offensive language or conduct during the service.
- (9) Maintain records relevant to the requirements of this section for the purposes of enforcement.
- (10) Submit to the business license administrator of Columbia, Missouri:
  - a. Proof that the company is licensed to do business in Missouri.
  - b. Proof that the company maintains a registered agent with Missouri Secretary of State Office.
  - c. Proof that the company maintains a website that includes the information required by section 28-132(a)(2)a.
  - d. Proof of the required insurance under section 28-132(4)a.—e.
- (11) Notify the business license administrator of Columbia, Missouri of the suspension or termination of any transportation network operator.
  - (b) A transportation network application company shall not disclose a passenger's personally identifiable information to a third party unless passenger consents, disclosure is required by law, or to protect or defend the terms of use of the service or to investigate violations of those terms. A transportation network application company shall be permitted to share a passenger's first name and/or telephone number with the operator providing the service to such passenger to facilitate correct identification of passenger by operator or to facilitate communication between passenger and operator.
  - (c) If a person files a complaint with the city against a transportation network application company or an operator, or if the city is investigating a non-compliance or code enforcement violation involving a transportation network application company or an

operator, the city may inspect the transportation network application company records as reasonably necessary to investigate and resolve any complaint or violation.

(d) A transportation network application company shall transmit a seventy dollar (\$70.00) annual permit fee to the business license administrator for City of Columbia for each operator that has been approved by the transportation network application company to do business in Columbia. A transportation network application company may prepay for anticipated individual operator applications on the following fee schedule annually:

|                           |  |
|---------------------------|--|
| 1 to 25 operators: .....  | \$1,750.00                                   |
| 26 to 50 operators: ..... | \$3,500.00                                   |
| 51 to 75 operators: ..... | \$5,250.00                                   |
| Over 75 operators:.....   | \$5,250 plus \$70.00 per additional operator |

Sec. 28-133. Requirements for transportation network operators.

A transportation network operator shall:

- (1) Before accepting any passengers through a transportation network application company, the operator shall apply to the business license administrator for a permit. Operator shall present the following documents:
  - a. Valid photo identification;
  - b. Certificate and satisfactory proof from the transportation network application company verifying:
    1. Satisfactory criminal background check;
    2. A satisfactory driver's history;
    3. Vehicle inspection approval, and proof of insurance on the vehicle operator that will be driving.

Upon compliance with all requirements and upon the receipt of the fee required under section 28-132(d), the business license administrator shall issue a permit to operator which operator shall display in operator's vehicle while operating under the transportation network. Such proof required may be provided by electronic verification to business license administrator.

- (2) Exclusively accept rides connected through a transportation network application digital platform and shall not solicit or accept street hails.
- (3) Possess a valid driver's license at all times and immediately report to transportation network application company any actions taken by driver's license department affecting the status of the license including expiration,

suspension, revocation or other administrative actions against operator's license.

- (4) Be at least eighteen (18) years of age.
- (5) Possess proof of registration for the motor vehicle used for transportation network services.
- (6) Possess proof of motor vehicle insurance for the motor vehicle used for transportation network services.
- (7) Possess the permit issued by the business license administrator.
- (8) Operator shall not park operator's motor vehicle used for transportation network services in the areas designated for taxicabs.
- (9) In the event operator is involved in a motor vehicle accident while the operator's vehicle is being used for transportation network services, including when the transportation network operator is logged into the network regardless of whether a passenger is in the vehicle, the transportation network operator shall provide proof of:
  - a. The operator's personal auto liability insurance; and
  - b. The transportation network application company's excess liability coverage.

#### Sec. 28.134. Charges for services.

(a) A transportation network application company may offer service at no-charge, suggest a donation, or charge a fare; provided, that if a fare is charged, a transportation network application company shall disclose the fare calculation method, the applicable rates being charged, and the option for an estimated fare to a passenger before the passenger arranges a trip with the transportation network application company.

(b) Upon completion of a trip, a transportation network company shall transmit an electronic receipt to the passenger's electronic mail address or mobile application that lists:

- (1) The origin and destination of the trip;
- (2) The total time and distance of the trip; and
- (3) A breakdown of the total fare paid, if any.



Sec. 28-135. Enforcement.

(a) Failure to adhere to the requirements of this article by any person, a transportation network application company or operator may result in sanctions, suspension, or revocation of its permits by the business license administrator pursuant to the business license administrator's authority.

(b) Any person who violates any provisions of this article shall be guilty of a misdemeanor. Each day that a violation continues or occurrence of transportation network services that is a violation is a separate offense.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

PASSED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor and Presiding Officer

APPROVED AS TO FORM:

\_\_\_\_\_  
City Counselor