

COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council

FROM: Russell Weeks, Senior Public Policy Analyst

DATE: August 5, 2015 5:10 PM

RE: Ground Transportation Update

Legislative Sponsor: Not Required -

Informational Only

View Administration's proposal

PROJECT TIMELINE: Briefing: 09/22/2015

SetDate:

ISSUE AT-A-GLANCE

Goal of the briefing: To determine if current ground transportation ordinances should be amended to enact maximum rates that ground transportation operators may charge; incorporate general service requirements and operational standards; and address housekeeping items such as changes in the location of taxi stands and what operators may park there.

- o This item is a briefing by the Department of Airports as the designated administrator of ground transportation city-wide of options the City Council might pursue to regulate ground transportation in Salt Lake City. According to the transmittal from Mayor Ralph Becker's Administration: "The Administration does not propose specific ordinance changes in connection with this briefing, but outlines some options for consideration and discussion by the City Council ..."
- o Among the options, the Department is seeking direction on City Council preferences if any for setting rates for ground transportation companies that are not "transportation"

CITY COUNCIL OF SALT LAKE CITY

451 SOUTH STATE STREET, ROOM 304 P.O. BOX 145476, SALT LAKE CITY, UTAH 84114-5476 www.slccouncil.com/agenda TEL 801-535-7600 FAX 801-535-7651 Updated: 9/17/2015 11:45 AM

- network companies." Potential rates could include rates regulating fares from Salt Lake City International Airport, rates regulating fares to the airport, and a system of flat rates in a series of zones city-wide.
- o Again, the rates would apply within Salt Lake City boundaries to all ground transportation companies that are not transportation network companies. The network companies are regulated to a large extent by a Utah law passed by the 2015 Legislature.
- The briefing also will include other potential items to amend, and an outline of the Department of Airport's pilot permit program to allow transportation network companies to operate at Salt Lake City International Airport. The Administration announced on September 10 that the department had issued a permit to one transportation network company - Lyft - to operate at the airport.

POLICY QUESTIONS

- 1. The temporary maximum rate a ground transportation company can charge a customer traveling from the airport to downtown was initiated June 21 by administrative order. The rate only applies to travel from the airport not to it or between other points in Salt Lake City. The rate expires December 21 but can be extended by administrative order if conditions still warrant having them. If the City Council is inclined to adopt rates city-wide, should it have an ordinance drafted for formal consideration before the last Council meeting of the year December 8? The City Council generally holds public hearings on ordinances affecting businesses even if not required by law. About 350 businesses could be affected by amendments setting rates.
- 2. In the Department of Airports draft *Ground Transportation Solutions Road Map*, the draft indicates the department plans to conduct surveys at the Airport and certain key locations in the City to obtain comment about what ground transportation services people want to have. *Is the department conducting the surveys now, or does it plan to conduct them in the future? What survey methods are being used or will be used?*
- 3. How does or how will the department reach the City's disabled residents or travelers to determine if their needs are being met? How does or will the department reach residential neighborhoods to determine if residents' needs are being met?
- 4. What is the reason for instituting a dwell-time fee at the airport for ground transportation operators?
- 5. Part of the draft *Ground Transportation Solutions Roadmap* includes a survey question, "Are some type of regulated fares (metered rates or flat fares in different zones) needed throughout the City, in addition to the flat fares from the Airport to downtown?" One of the options listed under proposed ordinance changes in the *Roadmap* is to "implement a city-wide maximum flat rate zone system." A response to a Council staff questions said data from the department's mystery shopper program indicates that "fare regulation city-wide does not appear to be necessary at this time." *Does the Administration have a recommendation concerning fares about what is in the best interests of the City and users of ground transportation?*

Updated: 9/17/2015 11:45 AM Item Page 2 of 5

ADDITIONAL & BACKGROUND INFORMATION

To recap, The City Council adopted three ordinances on November 25, 2014, to strike a balance among a variety of ground transportation businesses including existing ground transportation businesses, two companies that had unimplemented contracts to operate on-demand taxicab service city-wide, and "transportation network companies" which had entered the Salt Lake City market in 2014.

Chief among the changes included in Ordinance Nos. 66 and 68 were amendments to *Salt Lake City Code* section 5.71.060 titled *Ground Transportation Service* and section 16.60.097 titled *Ground Transportation Service at the Airport*. Both sections read: "All authorized ground transportation businesses may provide on demand service, scheduled service, or prearranged service within the City (or 'at the airport')."

Previously, customers of ground transportation businesses - except for taxicab companies designated by the City - had to arrange rides 30 minutes in advance of being picked up to travel to points within Salt Lake City. Limousine businesses also had to charge a \$30 minimum fee for customers traveling within the City.

Allowing all ground transportation companies to provide on-demand service led to four things:

- o The two taxicab companies that had signed contracts to provide City-wide service under the previous ordinance sought and received termination of the contracts they had signed.
- o A protracted legal action against implementing the two companies' contracts ended.
- o A general deregulation of the ground transportation industry city-wide, including the airport although companies still had to comply with regulations not involved with rates or on-demand service.
- o A successful lobbying effort by transportation network companies at the Utah Legislature to have the state of Utah regulate them instead of Salt Lake City.

However, the law contained a clause that says, "This chapter does not supersede a municipal, county, or local government regulation regarding a transportation network driver providing transportation network services at an airport."

As a result of the operational changes that occurred within the ground transportation industry, the Department of Airports in June implemented a maximum rate drivers could charge customers traveling from the Salt Lake City International to destinations in Salt Lake City, prepared a pilot program to allow transportation network companies to operate at the airport, and began mapping out how to address ground transportation issues throughout the city.

Updated: 9/17/2015 11:45 AM Item Page **3** of **5**

The draft *Ground Transportation Solutions Road Map* provides three rate options for City Council consideration:

- o Enact the current maximum rate from Salt Lake City International Airport to points in Salt Lake City. The June 21 administrative action set the maximum rate at \$25 from the airport to destinations west of 500 East Street. Two passengers are allowed under the \$25 rate. If there are more than two passengers, the maximum rises \$5 for each passenger. For destinations east of 500 East Street the maximum fee is \$30 for two passengers. Again, the maximum rises \$5 per passenger for more than two customers. The draft *Road Map* says, "To date, the only fare-related complaints from passengers have been about fares charged from the Airport to downtown."
- o Enact maximum rates *to and from* Salt Lake City International Airport. Again, the current administrative maximum rate applies only to transportation from the airport to Salt Lake City destinations.
- o Enact a city-wide zone system with maximum flat rates for traveling within a zone and from zone to zone. The *Road Map* suggests enacting maximum rates to allow ground transportation companies to compete with transportation network company rates which at present sometimes are lower.

The Department of Airports has provided cumulative data from its secret shopper program to help depict ground transportation charges between February 1 and July 31, 2015. It should be noted that the time period contains five months of charges before the June 21 administrative enactment of maximum rates from the airport to Salt Lake City destinations. (Please see graphics attached to this report.)

According to the data, rates charged by the major cab companies plus Lyft and Uber to Salt Lake City destinations that did not involve the airport varied from \$5.91 to \$8.68. Destination charges to the airport from Salt Lake City locations varied from a low of \$7.87 to a high of \$17.32. Destinations from the airport to Salt Lake City destinations varied from a low of \$5.15 to a high of \$20.22.

As noted earlier in the report, the Administration announced September 10 that it had signed a one-year permit agreement with Lyft - a transportation network company. The permit allows Lyft to pick up passengers in designated zones identified by signs outside Door No. 7 of Terminal 1 and outside Door No. 12 of Terminal No.2 in lanes used by the public. Lyft also may drop off passengers in the lanes used by the public. They are not allowed in lanes used by commercial ground transportation companies.

The following main points of the permits were provided by airport Landside Operations Manager Larry Bowers.

• Term of initial permit is one year so the Airport can evaluate the permit's impact on airport ground transportation operations along with changes to the rapidly evolving industry.

Updated: 9/17/2015 11:45 AM Item Page 4 of 5

- In accordance with Utah law, the permit is specific to transportation network company operations at Salt Lake City International Airport.
- While on airport property, transportation network company drivers are subject to applicable laws, rules, and regulations that do not conflict with Utah law.
- Civil penalties mirror those penalties applicable to all ground transportation for similar offenses.
- T transportation network company operators shall pick up and drop off passengers in designated "curbside zones" in the public lanes in front of the terminals.
- Airport use fees for transportation network company vehicles are the same as use fees charged to all other ground transportation providers.
- Airport use fees will be billed monthly for transportation network company operations at the airport, for pick up and drop off of passengers. Billing information is compiled through data derived from the transportation network company's internet app that coordinates with an airport-identified GPS "geo fence" zone around the airport property.
- Transportation-network-company vehicles must be identified by company through use of a company supplied placard when operating on airport property.
- Transportation network companies must certify every driver has received airport-approved training prior to operating on airport property.
- Transportation network company vehicles will not be allowed to stage on airport property longer than necessary to pick up identified passengers or to drop off passengers. Transportation network company vehicles must have an identified passenger waybill prior to entering airport property, and the waybill must be presented to airport curbside offices upon request.
- The permit will be used for any transportation network company that wants to operate on airport property. The permit will be customized to identify the specific company, but the basic terms will be the same for all transportation network companies.

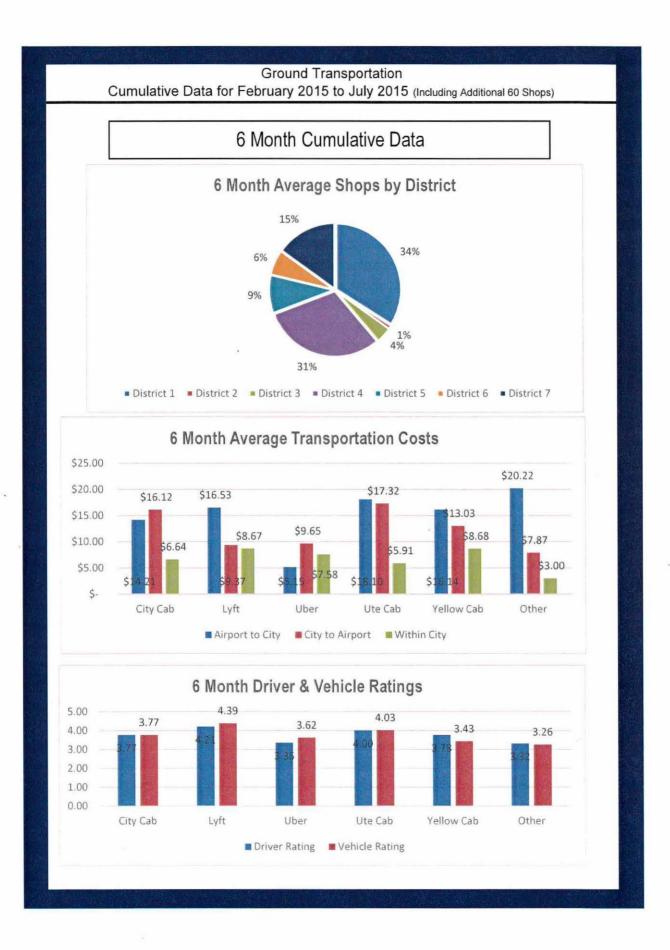
CC: Cindy Gust-Jenson, David Everitt, Margaret Plane, Jennifer Bruno, Nichol Bourdeaux, Maureen Riley, Jill Love, Randy Berg, John Buckner, Dave Korzep, Larry Bowers, Marco Kunz, Neil Lindberg, Libby Stockstill

File Location: Ground Transportation, Airport

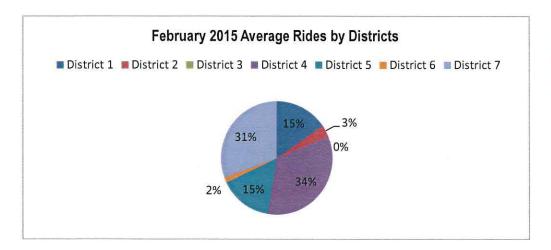
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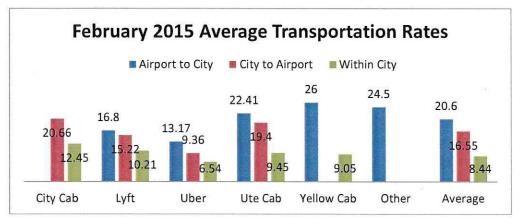
- Mystery Shopper 6 month average report
- Commercial Curb Layout
- Administrative Transmittal-Ground Transportation and administrative recommendations
- Transmittal Attachment A: Revised 7-6-2015 GT Roadmap DRAFT (2)

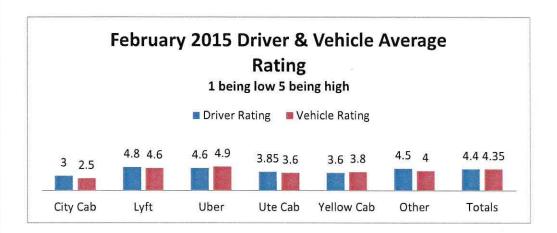
Updated: 9/17/2015 11:45 AM Item Page 5 of 5



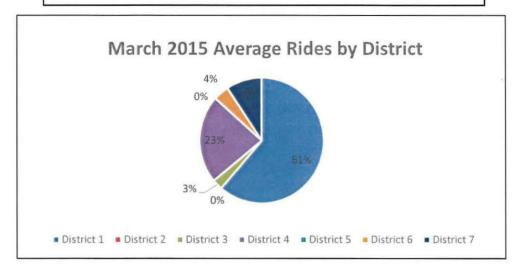
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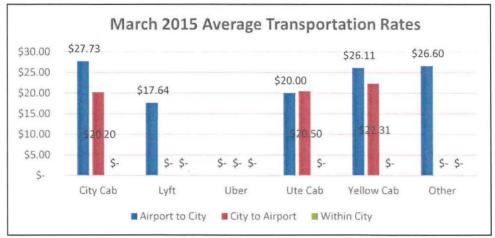


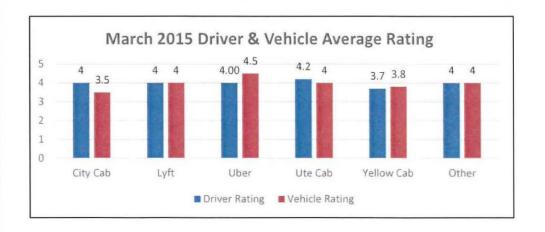




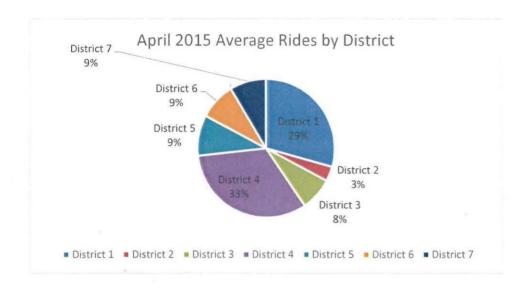
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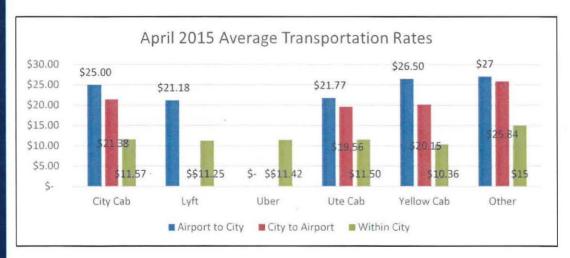


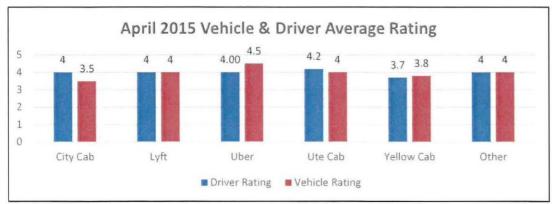




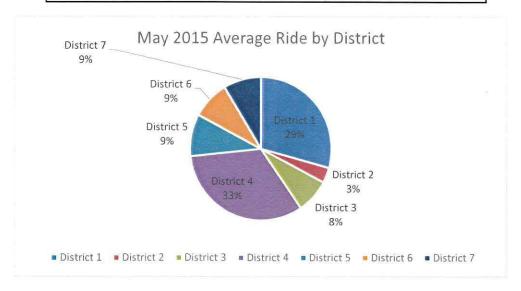
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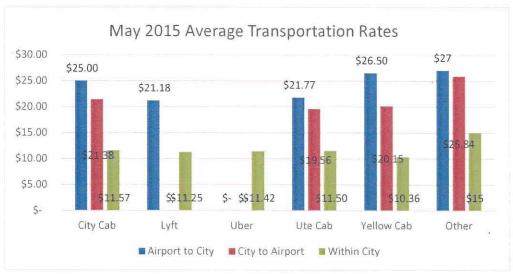


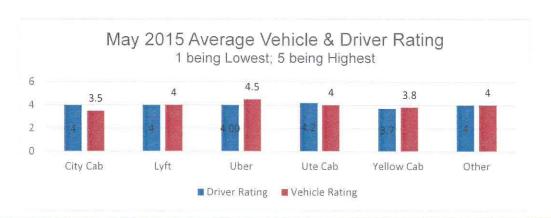




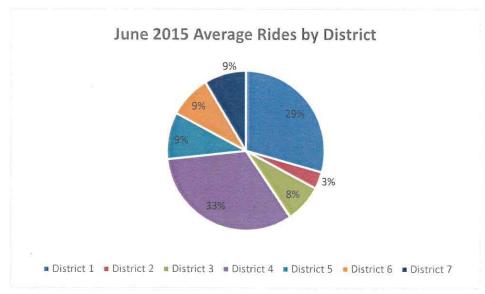
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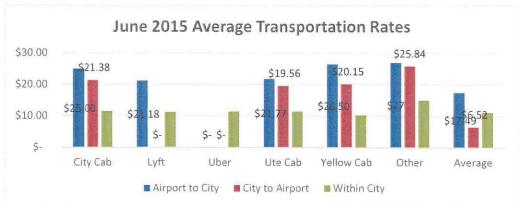


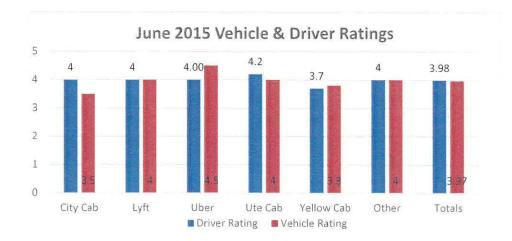




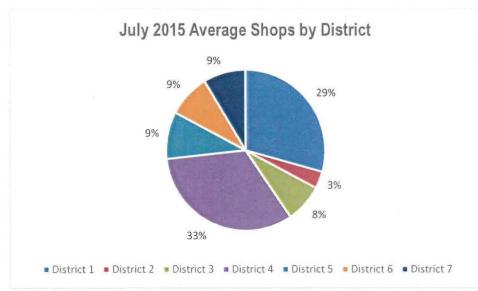
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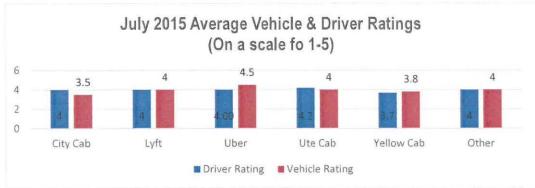


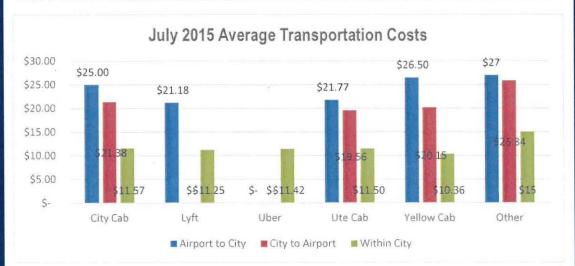


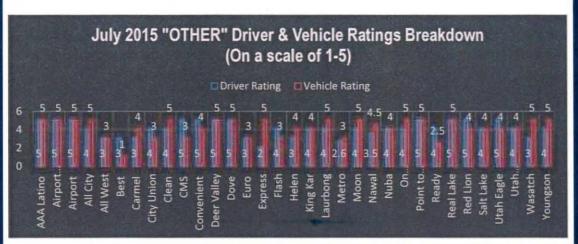


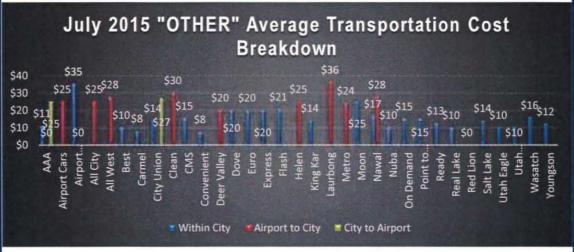
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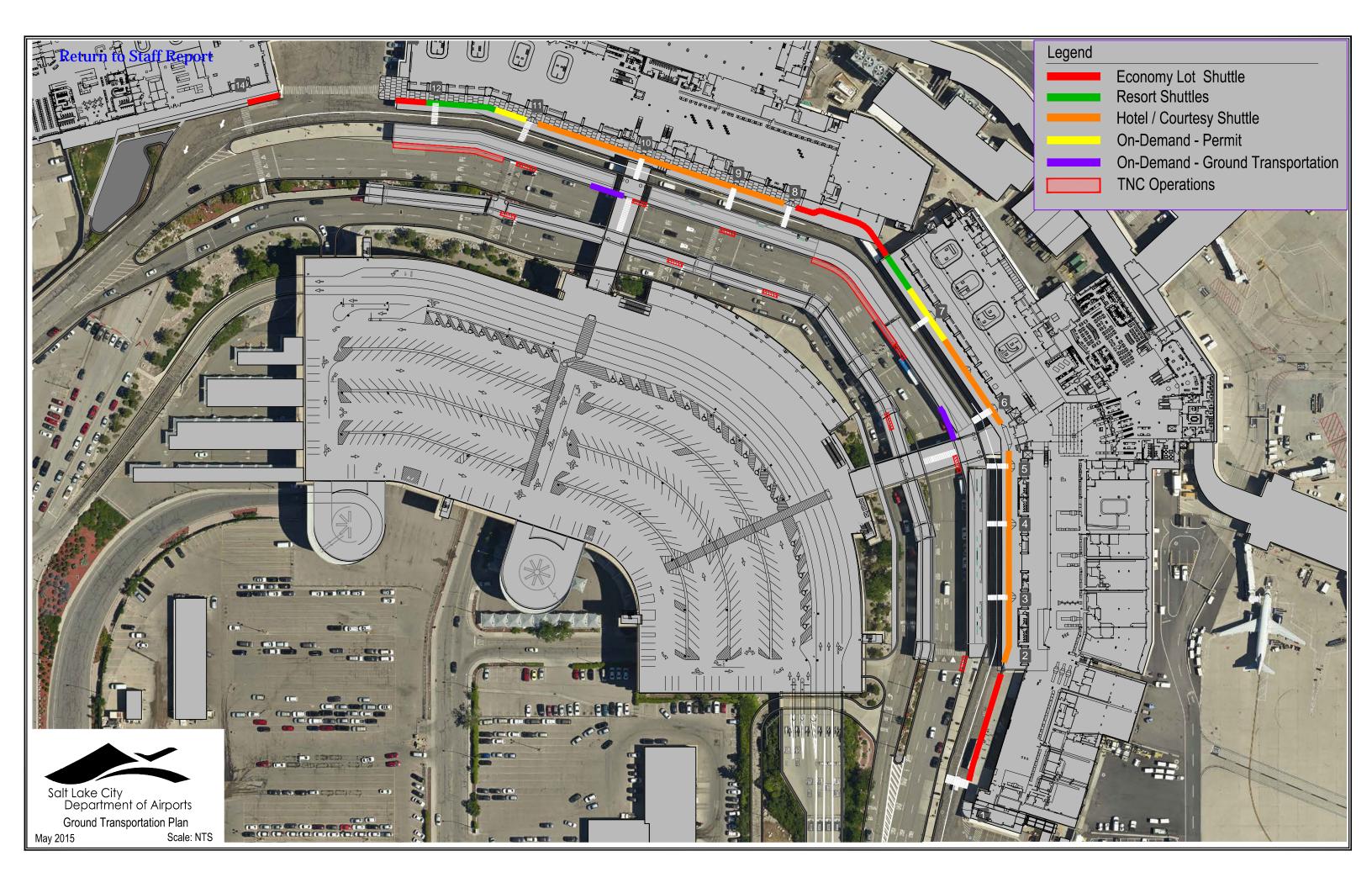












Date Received:8/05/2015

Date Sent to Council:8/05/2015

Return to Staff Report



SALT LAKE CITY CORPORATION

Mayor's Office

CITY COUNCIL TRANSMITTAL

David Everitt, Chief of Staff 8/5/2015

TO: City Council Luke Garrott - Chair

FROM: David Everitt Chief of Staff

SUBJECT: Ground Transportation Briefing and Administrative

Recommendations

STAFF CONTACT:

COUNCIL SPONSOR: Not Required - Informational Only

DOCUMENT TYPE: Information Item

RECOMMENDATION: Consider whether to implement City wide or Airport only ground transportation rate restrictions and or other operational requirements through ordinance.

BUDGET IMPACT: N/A

BACKGROUND/DISCUSSION

The City Administration has developed and commenced implementation of a Ground Transportation Solutions Roadmap, which includes the items set forth below. The purpose of this briefing is to provide an overview of the Ground Transportation Solutions Roadmap, update the City Council on Administrative actions already taken, and to present options for possible City Council action for discussion and as a basis for further administrative action.

The Administration does not propose specific ordinance changes in connection with this briefing, but outlines some options for consideration and discussion by the City Council, which

will provide, along with feedback from passengers, ground transportation providers, consultants, and others, the basis for a subsequent transmittal that will contain specific recommendations for ordinance changes.

SUMMARY OF GROUND TRANSPORTATION SOLUTIONS ROADMAP AND ADMINISTRATIVE ACTIONS

I. TNCs – Airport operations

A. Developed one year pilot permit for TNCs to operate at the Airport

- 1. Fees: Use current AVI per trip fees, adjusted annually, as a basis for TNC Operator Fees. Applicable to pick up and drop off transactions.
- 2. Billing:
 - a. TNCs to submit monthly reports of all passenger pick up and drop off transactions, including license plate information and driver identification.
 - b. Airport to spot check the accuracy of the TNC reports through comparisons of TNC reports with curbside officer's records and through the mystery shopper program. Penalties applicable.
- 3. Pick up / Drop off / Staging:
 - a. TNCs may pick up and drop off passengers only in designated areas on the public curb.
 - b. TNC vehicles may not stage to pick up passengers on Airport property.
- 4. Drivers
 - a. Electronic ID or Waybill that shows passenger information required.
 - b. Training required for TNC drivers regarding Airport operations.
- 5. Vehicles Placards with company name/logo and unique vehicle ID number required on dash.
- II. GT PROVIDERS (Non TNC) Airport Operations
- A. Closed overflow staging lot, effective June 15, 2015, except for special events.
- B. Implemented temporary, emergency and operational need rate restrictions applicable to all ground transportation providers who pick up passengers at the airport for transport to other locations within the City, effective midnight, June 21, 2015.
- III. GT PROVIDERS (Non TNC) City-wide Operations
- A. Research and draft proposed amendments to current ground transportation ordinances
 - 1. Continue to monitor comments and complaints
 - 2. Conduct surveys for input on what GT services passengers want and need in various areas of the City
 - 3. Brief and discuss with City Council recommendations for changes to City ground transportation ordinances.
 - 4. Work with outside consultant to determine whether the City should do an RFP for traditional taxicab service with regulated fares throughout the City and, if so, the requirements of such RFP and the terms of the related contract

IV. PROPOSED GROUND TRANSPORTATION ORDINANCE CHANGES

A. The current briefing presents several possible options regarding rate restrictions for information and discussion between the City Council and the Administration. Such discussions will be an important factor in the development of recommendations for specific ground

transportation ordinance changes. A central focus of the recommended future ordinance changes will be permanent rate restrictions on ground transportation providers that operate in the City.

- B. Additionally, proposed ordinance changes may relate to the Transportation Network Company Registration Act; general ground transportation service requirements and operational standards; taxi stands, and various housekeeping and clean-up changes to ground transportation ordinances.
- C. The Administration will propose specific changes to the City's ground transportation ordinances in a separate ordinance transmittal.

Attachments:

1. Ground Transportation Solutions Roadmap

ATTACHMENTS:

• Admin Attachment A: Revised 7-6-2015 GT Roadmap DRAFT (2) (PDF)

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Return to Staff Report

DRAFT GROUND TRANSPORTATION SOLUTIONS ROADMAP

I. TNCs – Airport operations

A. One year pilot permit for TNCs to operate at the Airport

1. Fees

- a. TNC Operator Fees
 - i. Use current AVI per trip fees applicable to all GT providers for passenger pick up and drop off, which are adjusted annually for actual cost recovery. Example of current AVI fees:

TNC Operator's Fees – July 1, 2015-June 30, 2016

Ground Transportation –		
TNC Operators Fees		
1 to 5 passengers	\$ 1.05	Per vehicle per trip
6 to 9 passengers	\$ 1.89	Per vehicle per trip
10 to 15 passengers	\$ 3.15	Per vehicle per trip
16 to 24 passengers	\$ 5.03	Per vehicle per trip
> 24 passengers	\$ 6.29	Per vehicle per trip

b. Dwell Time -

i. No dwell time fee - Prohibit dwelling on Airport property by TNCs, and limit time on the property to picking up a passenger who already has selected the TNC through the app, and dropping off passengers.

2. Billing

- a. TNCs are required to provide monthly reports by date, time, and license number of all pick up and drop off transactions at the Airport. For future planning by the City, TNCs also are required to report the number of drivers registered in the City to operate through their apps and the number of active drivers operating during the billing period.
 - i. TNCs are not agreeable to installing AVI software on their vehicles. Also, the cost could be significant with the anticipated numbers of TNC vehicles.
 - ii. No software currently is available that sets up a redundant geo fence or tracking system to enable the Airport to track independently the TNCs' self-reported data.

iii. The Airport will spot check the accuracy of the TNC self-reporting through (1) curbside officers' noting date, time, and license number of random TNC vehicles and comparing that data to the monthly reports; and (2) the mystery shopper program. Significant liquidated damages penalties are specified in the permit for reporting errors.

b. After the pilot period:

- i. Reevaluate technology available for redundant geo fence and software that may be used for control and collections.
- ii. Review actual data on TNC operations in the City and Airport, such as number of drivers and actual Airport TNC volume; whether other TNCs besides Uber and Lyft begin operations in the City; and actual revenue generated by TNCs, so we can better evaluate whether it is worth an investment in software to facilitate tracking and collections.

3. Pick up / Drop off / Staging

- a. TNCs can pick up customers only in a designated area on the public curb across from the baggage claim area. (1)
- b. TNCs can drop off customers anywhere on the public curb across from the airline ticket counters. (1)
- c. TNC vehicles may not stage to pick up passengers on Airport property. They must enter Airport property and go directly to the designated curb area to pick up prearranged passengers from the app.
- d. TNC drivers and vehicles at the Airport must comply with all requirements of Utah law applicable to TNCs, including the requirement that they must have their app on whenever they are on Airport property. When such drivers are on Airport property for personal use, they are not considered TNC vehicles or drivers.

4. Drivers

- a. Electronic ID or Waybill is required that establishes that the driver works for a TNC company, has satisfied the Utah Code requirements for TNCs, particularly insurance, and has been selected by a passenger for pick up or drop off at the Airport.
- b. Training is required for TNC drivers to become familiar with Airport GT Ordinances, Rules and Regulations, staging, pick up and drop off.
- c. TNCs must comply with Utah background check requirements.

5. Vehicles

- a. Placards with company name and logo and unique vehicle ID number that can be traced to driver and vehicle information must be displayed prominently on TNC dashboard while a TNC vehicle is on Airport property.
- b. TNCs must comply with Utah vehicle inspection requirements.

6. Ordinances, Rules and Regulations applicable to Airport operations –

Unless specifically exempted in the permit, all TNCs on Airport property are subject to the requirements of Salt Lake City Code, Title 16.60, and Airport Rules and Regulations.

(1) NOTE: TNC vehicles and drivers will not have the badges and AVI tags necessary to access the Airport Commercial Lanes (inside lanes). These lanes are also the most heavily congested lanes, so designating the public lanes for TNC passenger pick up and drop off operations is more appropriate.

II. GT PROVIDERS (Non TNC) – Airport Operations

A. Overflow staging lot

- 1. Closed June 15, 2015, except for special events
- 2. Overflow lot utilized by Airport to ensure adequate GT provider availability during special events.
- **B.** Temporary Rate Restrictions Effective midnight, June 21, 2015, the Airport Director, with approval from the Mayor and notice to the City Council, implemented emergency and operational need rate restrictions applicable to all ground transportation providers who pick up passengers at the Airport for transport to other locations within the City. (Salt Lake City Code sections 5.71.260B and 16.60.140).
 - 1. **Mandatory Maximum Fare** All ground transportation providers picking up passengers at the Airport for transportation services to locations within the City are required to comply with the MANDATORY MAXIMUM FLAT FARE requirements set forth below for such ground transportation services:
 - a. From the Airport to and including 500 East: \$25 maximum flat fare for up to 2 passengers; More than 2 passengers an additional \$5.00 maximum per passenger
 - b. From the Airport to destinations east of 500 East: \$30 maximum flat fare for up to 2 passengers; More than 2 passengers - an additional \$5.00 maximum per passenger
 - 2. **Temporary** Rate Restrictions shall expire in 180 days, subject to earlier termination on ten (10) days notice.
 - 3. **Not Applicable to TNCs** Not currently operating at Airport; IF permitted to do so, terms of permit will preempt these rate restrictions
 - 4. Implementation
 - a. Maintain current staging and passenger pick up/drop off operations for all GT providers.
 - b. Provide to customers clear signage and information booth directions regarding the mandatory maximum fares from the Airport to other locations in the City.
 - c. Maintain current comment line and comment card collection and monitoring system to assess effectiveness of the mandatory maximum rates.

III. GT PROVIDERS (Non TNC) – City-wide Operations

- **A.** Continue to monitor comments and complaints for information about additional changes that need to be made to GT operations City-wide
- **B.** Conduct surveys at the Airport and certain key locations in the City for input on what GT services passengers want and need in various areas of the City
 - 1. Hours of service (24/7) needs being satisfied?
 - 2. Accessibility needs being met?
 - 3. Are some type of regulated fares (metered rates or flat fares in different zones) needed throughout the City, in addition to the flat fares from the Airport to downtown?

- 4. Are taxi stands sufficient in number and appropriately located? What ground transportation providers should have access to such stands and what are the logistics of use?
- 5. Are all City areas and populations being served adequately by ground transportation providers?
- 6. How difficult is it to hail or otherwise obtain access to a ground transportation vehicle?
- C. Work with outside consultant to determine whether the City should do an RFP for traditional taxicab service with regulated fares throughout the City and, if so, the requirements of such RFP and the terms of the related contract.
 - 1. Does the City need a traditional taxicab option for passengers throughout the City or does a City-wide flat fare zone system meet passenger needs?
 - 2. What service standards do the City and passengers need from such a GT provider?
 - 3. What compensation or other benefits can the City exchange for a requirement to provide such services?
 - 4. Is it economically feasible for such a provider to pay a concession fee for the right to provide such services at the Airport?
 - 5. What is a reasonable term for such a contract?

IV. PROPOSED GROUND TRANSPORTATION ORDINANCE CHANGES

The Administration will propose specific changes to the ground transportation ordinances in a separate ordinance transmittal.

The proposed changes may include the following:

- A. Changes to ground transportation ordinances to reflect recently enacted provisions of Utah law, specifically, the Transportation Network Company Registration Act (Utah Code Title13 Chapter 51); and
- B. Depending on feedback from passengers, ground transportation businesses, City research and surveys, and other information, the amendments also may incorporate certain general service requirements and operational standards; and
- C. The location and use of former taxi stands throughout the City will be reviewed. Changes in locations and requirements for use of such stands also may be incorporated into the proposed amended ground transportation ordinances; and
- D. Housekeeping and various clean-up changes to ground transportation ordinances; and
- E. Permanent rate restrictions on ground transportation providers that operate in the City. The details of the ordinance amendment will be informed by the comments from customers, GT providers, Airport ground transportation operations staff, citations, and general monitoring of the effectiveness of the rate restrictions imposed through the Airport Director's emergency authority. The rate restrictions would be applicable to all GT providers, excluding Transportation Network Companies, which are regulated by

Utah law. A maximum rate would be preferable, to provide the option for the non-TNC companies to compete with the TNC rates. Three possible actions include the following:

1. Fare restrictions from the Airport — Amend Salt Lake City Code chapter 5.71 to restrict rates charged by all GT providers for trips <u>from</u> the Airport to other City locations. This action could codify the current emergency rate restrictions described in Part II B, above, or modify those restrictions somewhat based on lessons learned during the pendency of the emergency notice, and add penalties for violations. To date, the only fare-related complaints from passengers have been about fares charged from the Airport to downtown. Thus, the City Council could limit the rate restrictions to that very limited scope.

-OR-

2. Fare restrictions to and from the Airport — Amend Salt Lake City Code chapter 5.71 to restrict rates charged by all GT providers for trips to and from the Airport to other City locations (codifying and making the current emergency rate restrictions apply to all Airport trips and adding penalties for violations).

-OR-

3. City-Wide Maximum Flat Fare Zones — Amend Salt Lake City Code chapters 5.71 and to implement a City-wide maximum flat rate zone system, with penalties for violations. The rate restrictions would be applicable to all GT providers, excluding Transportation Network Companies, which are regulated by Utah law. As discussed above, a maximum rate would be advisable, to provide the option for the non-TNC companies to compete with the TNC rates.