

SEEKING PUBLIC INPUT FOR

Safe Ride Ordinance

Highlights of Proposed Changes to Chapter 76



Transportation Network Companies

Summer 2016

Regulated Industries Division, Department of Neighborhoods & Housing Services



CITY OF
KANSAS CITY,
MISSOURI

Introduction

This fact sheet explains proposed changes to the **Safe Ride Ordinance** governing transportation network companies. City staff has drafted these changes for discussion based on experience during the first year of operation and a required one-year review of the ordinance.

Part of the review process includes a one-month public comment period, which runs from July 18 through August 17, 2016. We are asking residents, customers and drivers to provide specific feedback on the proposed changes outlined below. Comments and recommendations may be posted at www.kcmomentum.org or email Jim.Ready@kcmo.org using the subject line "TNC Public Comment." All public comments will be considered, and a revised ordinance will be sent to City Council this fall, followed by additional public hearings.

The proposed changes will increase customer safety by requiring a standardized background check, and closing a loophole regarding the 30-day trial period for drivers to ensure they actually complete the permitting process to operate legally in the City. The proposed 30-day temporary driver certificate would provide a way for customers, police and regulators to quickly ensure that the driver has at least started the permitting process.

From the beginning, the City's goal has been to protect public safety while modernizing regulations to offer multiple transit options for the public.

Highlights of Proposed Ordinance Changes	Current Ordinance
30-day temporary driver certificate issued immediately when application submitted.	Temporary driver certificate does not exist.
Driver orientation program removed and replaced by temporary driver certificate.	Driver orientation program allows person to drive unpermitted for 30 days.
Insurance required during any trip with a TNC driver, including illegal trips taken off the app.	Insurance does not cover a trip taken off the app.
Standardized background check conducted through city only.	Allows a company other than the city to conduct background checks.
Declaration of medical fitness requirement removed.	Declaration of medical fitness required.
Increase in company's annual vehicle permit fees using a new sliding scale. Cost decreases if more companies participate.	Unlimited vehicle permit fees set at \$45,000.

See reverse for details of proposed changes.

Explanation of Proposed Changes to Safe Ride Ordinance

1. Transportation network company permit – This change states that the permit would expire on December 31 of each year.
Section 76-46
1. This change would require transportation network companies to submit the names of all drivers they intend to allow on their digital network or software application and would not allow drivers on until they receive confirmation from Regulated Industries Division that drivers have met all ordinance requirements. **Section 76-46**
2. This change would remove the requirement that “no person may directly or indirectly control more than 60 percent of the total number of taxicab vehicle permits.” **Section 76-74**
3. This would change the annual expiration date from October 30 to October 31, and, specify language to make it clear that all vehicles for which new or renewed vehicle permits are sought must be inspected and found to be in compliance with all ordinance requirements before the vehicle permits are renewed. **Section 76-74**
4. Vehicle permit fees would rise under **section 76-75**
 - a. Regulated Industries Division received two additional legal investigator positions this fiscal year which was largely due to the increased workload from the vehicles for hire industry. Since ordinance changes were made which carved out a specific niche for transportation network vehicles to operate in KCMO, there has been an increase of more than 50% of the number of driver certificates and vehicle permit applications received by Regulated Industries Division. Vehicle permit applications rose from approximately 700 to over 2,300, and, driver certificate applications rose from approximately 1,000 to 2,600 on an annual basis.
 - b. In 2014 prior to the fees being changed, Regulated Industries Division received vehicle permit fees that totaled \$218,100.00. The vehicle permit fee was \$300 for each permit in 2014.
 - c. In fiscal year 2015-16, Regulated Industries Division permitted 514 taxicabs (549 permitted in 2014-15) and 316 livery vehicles (154 permitted in 2014-15).
 - d. Regulated Industries Division issued more than twice the amount of vehicle permits in 2015-16; however, the vehicle permit fees collected totaled \$168,500.00 which was a decrease of **\$49,600.00** when compared to the \$218,100.00 collected in 2014.
 - e. Regulated Industries Division spends approximately \$300,000 to regulate the vehicle for hire industry every year.
 - f. By raising the unlimited vehicle permit fees as recommended, the vehicle permit fees collected in 2015-16 would increase from \$168,500.00 to approximately \$225,000.00 per year. Although this will not cover the costs of permitting the vehicle for hire industry, it brings the division closer to collecting the fees needed to permit this industry.
 - g. Based on the number of permitted Uber drivers in fiscal year 2015-16 (1147) and assuming that no additional companies choose to purchase an unlimited number of vehicle permits, raising the fees to \$75,000.00 as proposed by the new ordinance would equal a cost of \$65.39 per permit based on the number of permits issued in 2015-16. This is substantially less than the \$250.00 other vehicle for hire companies will be required to pay.
5. This change would list all application requirements under this section and make it clear that nobody will receive their driver certificate until these requirements have been met. **Section 76-102**
6. This change would create a temporary driver certificate which would allow a vehicle for hire applicant to begin driving immediately. **Section 76-103**

7. Criminal background investigation – **Section 76-104**

- a. Requires minimum standards for which the background check is to be made
- b. Requires the director to conduct all criminal background checks.

These changes are proposed because Regulated Industries Division found that some drivers who did not have a criminal background investigation conducted by Regulated Industries Division's third party vendor passed an outside vendor's criminal background check. These incidents have led Regulated Industries Division to question the quality and reliability of the criminal background checks conducted by other vendors.

8. Eliminate the physical evaluation. **Section 76-104**

9. Change the date driver certificates expire from the last day of the month the permit was issued to expire one year from the date the driver certificate was issued. **Section 76-107**

10. This change would no longer require drivers to wear driver's certificates. However, it would still require all drivers to carry a driver certificate at all times and present it upon request. **Section 76-109**

11. Eliminate driver orientation program and replace with a 30 day temporary driver certificate. **Section 76-117**

- a. The driver orientation program has been eliminated due to public safety and regulatory issues
- b. The driver orientation program currently does not require any driver to have a driver certificate or vehicle permit within the first 30 days of them taking a trip
- c. The driver orientation program has resulted in the inability of regulatory officials to know whether a person is legitimately driving without a driver certificate or vehicle permit
- d. Drivers would now receive a 30 day temporary driver certificate which would allow more effective monitoring of the permitting process

12. Add additional insurance coverage – **Section 76-162**

- a. Under 76-162(b)(1)(a), the issue with the current language is it leaves a gap whenever a TNC driver illegally agrees to give a ride to a person off the app for a flat fee.
- b. Section 76-612 (7) & (8) have been added to assure that a transportation network company provides full disclosure to an applicant who wishes to be a transportation network company vehicle driver with regard to personal insurance policies and vehicles that have a lien against them. This language was put in SB 947 this year which will become state law in August this year.
 - i. The issue with the current language is it leaves a gap whenever a TNC driver illegally agrees to give a ride to a person off the app for a flat fee. Regulated Industries Division investigators found TNC drivers that illegally offered rides for a set price off the TNC app. This behavior is no different than taxicab drivers that illegally give passengers a ride for cash off the meter as this is money the taxicab drivers do not have to share with the company. The difference between these two scenarios is that if the taxicab driver is in an accident while providing the illegal trip, insurance coverage still applies while with the TNC driver or company it currently does not.
 - ii. On January 27, 2014, a wrongful death lawsuit was filed against Uber when a 6-year-old girl, Sofia Liu, was struck and killed in a crosswalk on New Year's Eve in San Francisco by an Uber driver. Liu's mother was also hit, suffered broken bones, and had to have surgery resulting from the accident. Sofia Liu's 5-year-old brother was also struck and injured. The question then was whether the driver was working for Uber when the accident occurred because the driver was on Uber's app. Insurance coverage needs to apply for any trip that the TNC driver gives to a person whether it is on the app or not. Otherwise, the public is at risk when these trips occur and what happened in San Francisco could happen in Kansas City, Missouri.