

TRANSPORTATION COMMITTEE REPORT relative to the Los Angeles Department of Transportation (LADOT) developing a registration and permit program for drivers employed as Charter-Party Carriers (CPC) and Transportation Network Company (TNC) operators.

Recommendation for Council action, as initiated by Motion (Krekorian - Martinez - Koretz - Price - Wesson):

INSTRUCT the LADOT to:

- a. Report in 90 days relative to the City's legal authority to implement a registration and permit program for drivers employed as CPC and TNC operators.
- b. Identify and recommend any State legislation needed for the City to fully implement such a regulatory program.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

On May 18, 2018, Council considered Motion (O'Farrell – Martinez) relative to LADOT developing a registration and permit program for drivers employed as Charter-Party Carriers and Transportation Network Company operators. Motion states that in 2017, the California Public Utilities Commission (CPUC) adopted a ruling allowing TNC operators to use commercial background investigations that do not include a fingerprint-based background investigation from California Department of Justice or Federal Bureau of Investigation databases. Commercial background investigations rely heavily on credit checks which have little to do with a prospective employee's fitness for a job, and may subject them to undue discrimination due to data found in a prospective employee's credit history or errors in credit reporting data.

Motion goes on to state that the CPUC deferred extensively to the accreditation standards set by the National Association of Professional Background Screeners (NAPBS), a nonprofit not accountable to any governmental institution, law enforcement body, or entity responsible for ensuring successful public safety. NAPBS does not disclose how it receives its funding nor how it ensures continuing compliance with its accreditation standards.

Motion movers believe that the CPUC abdicated its responsibility to ensure the safety of the public in not setting a higher standard for background checks to include acceptable driver conduct. Its deference to NAPBS standards means that those standards are subject to change at any time, without review by the CPUC (barring a further lengthy rulemaking), and at the will of the very industry that it seeks to regulate. Furthermore, the rulemaking even refers to background check firms that are run by the very TNCs that the CPUC is charged with regulating, essentially granting them unchecked power to make hiring decisions without any regard for public interest.

According to Motion movers, state law provides significant latitude to local governments to adopt

and enforce permit requirements, fees, rules, and regulations applicable to charter-party carriers, such as TNCs. Motion was referred to the Transportation Committee for consideration.

At its meeting held October 24, 2018, the Transportation Committee discussed this matter with LADOT staff. The Department representative stated the City of Los Angeles does not currently have jurisdiction over TNCs, but LADOT would like to explore state legislation that would authorize local regulation relative to public safety, traffic congestion, data sharing, and related issues. The Committee recommended that Council instruct LADOT to report with recommendations for implementing a regulatory program and for State legislation necessary for the City to regulate CPCs and TNCs.

Respectfully Submitted,

TRANSPORTATION COMMITTEE



MEMBER VOTE

BONIN: YES

MARTINEZ: YES

KORETZ: ABSENT

jaw

-NOT OFFICIAL UNTIL COUNCIL ACTS-