

TRANSPORTATION COMMITTEE REPORT relative to developing a registration and permit program for drivers employed as Charter-Party Carriers and Transportation Network Company (TNC) operators.

Recommendations for Council action:

1. RECEIVE and FILE the Los Angeles Department of Transportation (LADOT) report dated April 4, 2019 relative to developing a registration and permit program for drivers employed as Charter-Party Carriers and TNC operators.
2. REQUEST the City Attorney to report to the Transportation Committee in 90 days with a legal analysis of the options for exercising regulatory and fee-setting authority discussed in the LADOT report.
3. DIRECT Los Angeles World Airports (LAWA), in consultation with the LADOT, to report to the Transportation Committee in 90 days on the feasibility of including driver permitting and/or data sharing requirements in the LAWA TNC program.
4. DIRECT the Office of Finance, in consultation with the LADOT, to report to the Transportation Committee in 90 days relative to current compliance with business licensing requirements by TNC drivers and the feasibility of adding other regulatory requirements.
5. DIRECT the Chief Legislative Analyst (CLA), in consultation with the LADOT, to report to the Transportation Committee in 90 days with options for sponsoring state legislation to improve regulatory oversight over TNCs.

Fiscal Impact Statement: The LADOT reports that this action will not impact the General Fund.

Community Impact Statement: None submitted.

### SUMMARY

In a report to Council dated April 4, 2019, 2018, LADOT discusses the regulation of TNCs. According to the Department, the California Public Utilities Commission (CPUC) oversees statewide policy making for TNCs, a subcategory of TCPs, and is currently engaged in Phase III of its rulemaking process to refine and revisit TNC regulations adopted to date. Airports are separately empowered with the authority to control access by TNCs to their properties. LADOT is unaware of any California city that has taken on the regulatory authority to permit TNC vehicles or drivers.

LADOT reports that the City of Los Angeles hosts an estimated 250,000 TNC drivers. Through its own jurisdiction over TNCs, LAWA determined that in 2018 approximately 8.9 million TNC trips were generated by airport traffic alone. The rapid expansion of TNCs has led to increased congestion. Despite this large number of trips and potential consequences, the CPUC's regulatory jurisdiction has not allowed the City to obtain any information on TNC driver background, the number of drivers and vehicles in its jurisdiction, or any other data related to TNC trips that clearly affect the City.

Despite preemption over TNCs, the City may have legal authority to permit drivers operating on TNC platforms. LADOT believes such an opportunity exists in current tax registration requirements as well as under the separate authority granted to airports throughout the state.

Should Council determine authority to establish a new licensing class for TNCs, TNC drivers offering, operating, or facilitating transportation commencing within the City will be required to have a TNC license. Under this license, Council could establish license agreements that require TNCs to submit additional documentation with the driver's application. Potential requirements include statements that the TNC must meet CPUC background check requirements and share data, maintain and produce records upon request including records of drivers that have contracted to provide service, and indemnify the City of Los Angeles from and against claims, demands, losses, costs, damages, actions, suits, or proceedings that arise out of or are attributable to the TNC's business and services. LADOT recommends TNC drivers be required to obtain a license before becoming active on the platform, that TNCs submit driver records electronically through an API for review and approval, and that licenses be renewed annually.

LADOT goes on to report that changes to state legislation that address safety concerns directly or allow for greater local control may help the City reach its policy goals. In addition to establishing a driver permit and registration program, localized regulations would allow the City to create parity and integration with taxis and other for-hire transportation regulations, collect trip fees, establish labor standards, require TNCs abide by local laws and comply with equity and accessibility requirements, deliver driver safety training programs, and meet data collection standards. The Department notes that other major cities such as Chicago, New York, Portland, Seattle, and Toronto have direct regulatory oversight over TNCs permit and TNC drivers. An estimated \$160,000 initial investment is needed for the Department to create a TNC permitting system. This cost could be recovered by permit fees. The LADOT report is submitted for information purposes and includes no recommendations for Council action.

At its meeting held April 10, 2019, the Transportation Committee discussed this matter with LADOT staff. At that time, Committee recommended that Council receive and file the LADOT report. Committee further recommended that Council request the LADOT, City Attorney, LAWA, and the CLA report back relative to the related matters listed above.

Respectfully Submitted,

TRANSPORTATION COMMITTEE



MEMBER    VOTE

BONIN:        YES

MARTINEZ: YES

KORETZ:    ABSENT

jaw

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**