



## City Council

### Approval of Ordinance Regarding Transportation Network Companies

**Agenda Date:** 6/14/2016  
**Agenda Item Number:** 4.H  
**File Number:** 16-0688

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**Type:** ordinance **Version:** 2 **Status:** Passed

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**Title**

Approval of Ordinance Regarding Transportation Network Companies

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee.

**City Manager Recommendation:**

Move to approve ordinance regulating Transportation Network Companies in Olympia on second reading.

**Report**

**Issue:**

Whether to adopt an ordinance and approve an Interlocal Agreement to allow Transportation Network Companies to operate in Olympia.

**Staff Contact:**

Jay Burney, Assistant City Manager, Executive Department, 360.753.8740

**Presenter(s):**

Jay Burney, Assistant City Manager

**Background and Analysis:**

Background and analysis has not changed from First to Second reading.

Uber, Lyft and Sidecar are what are called Transportation Network Companies (TNCs) who utilize a smart phone application to access an online marketplace where drivers and riders are connected. The marketplace then manages the scheduling, rates, fare calculation and pricing, payment, customer communication, rider and driver ratings, and the actual connecting drivers with riders.

Uber has requested approval to operate in Thurston County, specifically in Olympia, Lacey, Tumwater and Yelm. Local organizations and businesses, particularly those related to tourism have supported

TNC expansion into the area. When Uber arrives, other TNCs typically follow.

Olympia, Lacey, Tumwater, and Yelm have been working cooperatively over the past year to craft a new ordinance to regulate TNCs in our communities. While TNCs could operate under the existing taxi regulations, Uber has stated they need a faster review process for drivers and want to do their own background checks. They estimate that 40-50 drivers would operate in north County with 10-15 new ones per week. Uber drivers are frequently college students and retirees whose hours fluctuate considerably. Drivers set their own times ranging from full-time to part-time. As a result, there is a high turnover of drivers and high frequency of new drivers entering the system. Staff from the four cities decided to write a new ordinance to regulate TNCs that allows TNCs to operate and protects the health and safety of our citizens, rather than update the existing Occupational Permit process. A re-write of the Occupational Permit ordinance would impact existing taxi cab companies already operating in our community, posing new regulations on them. Rather than impact those companies, the new TNC ordinance would allow for TNCs to operate in our communities without impacting the existing rules for taxi cab companies.

Staff performed a comprehensive review of other cities in Washington and throughout the United States that have adopted new ordinances for allowing TNCs to operate in their communities. The ordinance before Council for consideration includes “best of” language from several cities, and closely mirrors ordinances already passed in the State of Washington. Key components of the new ordinance (attached) include:

- 1) All TNC Companies must be licensed to operate in Olympia and pay a fee of \$1,000 to cover the costs of administering the license.
- 2) The TNC and all TNC drivers will be required to obtain a business license in each jurisdiction they operate in.
- 3) TNCs must administer 3<sup>rd</sup> Party background checks on all TNC drivers.
- 4) TNCs must implement a zero tolerance policy for drug and alcohol use.
- 5) TNCs must ensure that all drivers meet the requirements outlined in the ordinance before granting them access to their digital network to accept rides.
- 6) TNCs must sign an Affidavit of Compliance and submit to twice yearly audit of TNC and TNC driver records.
- 7) TNC drivers must pass a background check.
- 8) TNC drivers must be 21 years of age and possess a valid Driver’s License.
- 9) TNC drivers must carry insurance as required by State law to operate as a TNC and must not have committed three or more moving violations in the last three years.

- 10) Must pass TNC required vehicle inspections
- 11) TNC drivers must pay the appropriate B&O Tax
- 12) TNC drivers cannot accept street hails.

The audit process built into the ordinance will ensure compliance with the ordinance requirements. TNCs or TNC drivers who fail to follow the requirements set forth in the ordinance are subject to penalties.

Staff from the four cities held a Public Meeting on March 9<sup>th</sup>, 2016 at which time they outlined the proposed requirements of the new ordinance. Staff incorporated input from this meeting into the final draft. A list of attendees from the public meeting along with meeting minutes and written comments received is attached. The General Government Committee was also briefed on Transportation Network Companies and the need for licensing at its November 18<sup>th</sup>, 2015 meeting.

Staff from the four cities is also proposing an Interlocal Agreement (attached) that will allow for one city to administer the TNC licensing on behalf of the others. Olympia staff has capacity to administer the licensing and have been asked by the other jurisdictions to take the lead. The \$1,000 TNC license fee will cover our costs to do so.

Council approval of the attached TNC Ordinance will allow TNCs to operate in Olympia. Approval of the Attached Interlocal Agreement allows Olympia to administer TNC licensing and auditing on behalf of all four jurisdictions.

**Neighborhood/Community Interests (if known):**

Allowing TNCs to operate in Olympia will provide more transportation options for our residents. They will also create competition for traditional taxi companies that does not currently exist.

**Options:**

1. Move to approve ordinance regulating Transportation Network Companies in Olympia on first reading and forward to second reading and approve the Interlocal Agreement allowing Olympia to administer TNC licensing on behalf of Lacey, Tumwater, and Yelm.
2. Provide direction to staff to amend the ordinance and/or Interlocal Agreement and move to adopt as amended.
3. Do not adopt the ordinance or Interlocal Agreement regarding Transportation Network Companies and provide direction to staff on next steps.

**Financial Impact:**

The cost to administer the licensing and auditing of TNC's through the proposed regional approach is \$1,000, which will be recovered through the TNC licensing fee.

**Attachments:**

- 1) TNC Ordinance
- 2) TNC March 9<sup>th</sup> Public Meeting Materials
- 3) TNC Interlocal Agreement