

MEMORANDUM

Councilmembers: please retain this packet and attachments for future worksessions.

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM:  Josh Hamlin, Legislative Attorney
Michael Faden, Senior Legislative Attorney

SUBJECT: **Worksession:** Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards; Bill 54-14, Taxicabs – Transportation Network Service Requirements; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System.

Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards sponsored by Councilmembers Floreen, Berliner, Riemer, and then Council President Rice; Bill 54-14, Taxicabs – Transportation Network Service - Requirements, sponsored by Councilmembers Berliner and Floreen; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System, sponsored by Councilmember Riemer, were introduced on October 28, 2014. A public hearing on all three Bills was held on December 2, 2014.

Expedited Bill 53-14 would:

- permit the holder of a fleet Passenger Vehicle License to grant a sublicense to another person;
- increase the age limits for vehicles used as taxicabs;
- amend certain requirements for color and markings of vehicles used as taxicabs;
- allow software-based meters to be used in taxicabs; and
- amend certain requirements for temporary identification cards for taxicab drivers.

Bill 54-14 would:

- require a transportation network application company to obtain a license to operate in the County;
- require a transportation network application company and transportation network operator to meet certain registration requirements;
- require a vehicle used to provide transportation network service to meet certain standards;
- require a transportation network application company and transportation network operator to be insured; and
- require a transportation network application company and transportation network operator to meet certain accessibility standards.

Bill 55-14 would require the County Department of Transportation (DOT) to implement a centralized electronic taxicab dispatch system, and permit the Director to require certain taxicab operators to participate in the centralized electronic taxicab dispatch system.

Background

On October 9, 2014 the Transportation, Infrastructure, Energy and Environment (T&E) Committee held a worksession to discuss issues surrounding the entry in the Montgomery County market of transportation network companies (TNCs) such as Uber and Lyft.¹ Chapter 53 of the County Code regulates taxicabs and the provision of taxicab service, but TNCs, which provide a technology platform for drivers to use their private vehicles to transport passengers, are not currently regulated in the County. After the October 9 worksession, the Bills that are the subject of this worksession were drafted and introduced.

Expedited Bill 53-14 is intended to address some of the issues faced by the taxicab industry in adapting to a market now populated by TNCs as well as regulated taxicab companies. The Bill would amend the existing law to allow a fleet Passenger Vehicle License (PVL) holder to grant a sublicense to a vehicle owner to provide taxicab service under the license. This amendment is an effort to expand the pool of available taxicab drivers. Current law requires that a license be issued only to the owner of each taxicab. The Bill would also change the age limitations on vehicles by one year, to no more than five model years when placed in service, and no more than eight model years when in service. Requirements for vehicle numbering, markings, colors, and cruising lights would be relaxed under the Bill to permit taxicab service in vehicles that look less like “traditional” taxicabs. The Bill would permit taxicabs to be equipped with software-based metering systems as an alternative to the currently required taximeters. Finally, the Bill would adjust some of the requirements for obtaining a temporary driver identification card in an effort to shorten the time required to get qualified taxicab drivers on the road.

Bill 54-14 creates a separate regulatory framework for TNCs and their drivers, and addresses the same issues that are addressed by similar laws enacted in jurisdictions across the United States. These laws all impose requirements related to insurance, driver and vehicle safety, licensing, and transparency in rates, and many also address accessibility concerns. The specific provisions of Bill 54-14 are discussed at length below.

Bill 55-14, inspired by similar laws and regulations in Chicago and the District of Columbia, is intended to assist taxicab companies in operating using a common, centralized electronic dispatch system which must be established by the Director of Transportation.

The Regulatory Landscape

County Taxicab Law (Chapter 53)

Taxicabs in the County are regulated under Chapter 53 of the County Code.² To be regulated under Chapter 53, a person must be in the business of providing “taxicab service,” which means carrying passengers for compensation between points chosen by the passenger for a time- or distance-based fare, or hailed from the street, parking lot, or taxi stand. MCC §53-101. “Taxicab” is defined as a motor vehicle that:

¹ The packet for the October 9 T&E Committee worksession can be accessed at:

http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2014/141009/20141009_TE2.pdf

² Executive Regulations have been adopted pursuant to Chapter 53 at COMCOR Chapter 53, Taxicabs – Regulations.

- (1) is designed or configured to carry seven or fewer persons, not including the operator;
- (2) is used to provide for-hire taxicab service in the County; and
- (3) either:
 - (A) appears to be a taxicab or otherwise for-hire;
 - (B) displays the words “taxi,” “cab,” or “taxicab” anywhere on the vehicle;
 - (C) is advertised or held out to the public as a taxicab; or
 - (D) is used to respond to an immediate request for passenger transportation.

All taxicab drivers who operate within the County are required to hold a County-issued passenger vehicle license (PVL). MCC §§53-201 through 53-204. Individual taxi drivers are required to hold an “Individual PVL,” which authorizes the operation of a single taxicab and imposes a number of duties on the individual driver. An entity that holds five or more PVLs meets the definition of a “fleet” and must hold a “Fleet PVL” and is subject to additional operating requirements. In order to obtain a PVL, an individual taxi driver must comply with all of the requirements contained in Chapter 53, including carrying minimum liability insurance and maintaining a vehicle less than seven model years old that is in “clean and safe operating condition.” MCC §§ 53-217 through 53-219, §§53-224 through 53-236. To obtain a Fleet PVL, the fleet entity must not only meet the requirements for Individual PVLs; it must also, among other things, submit a customer service plan, provide an adequate number of taxicabs to meet service demands 24 hours a day, 7 days a week, and meet the requirements regarding the provision of accessible taxicabs. MCC §§ 53-220 through 53-223. PVLs are valid for one year, may be renewed, and are subject to revocation for failure to meet the regulatory requirements. MCC §§53-215 through 53-216, §§ 53-701 through 53-704.

Drivers of taxicabs are required to have “driver identification cards” MCC §§ 53-301 through 53-310. In order to obtain a driver identification card, a driver must submit to a criminal and driving record background check, as well as undergo a physical examination, and pass an examination on traffic laws in the County, the provisions of Chapter 53, and general qualifications to operate a taxicab.

In addition to the licensing and operating requirements of taxicabs, a key feature of the County’s regulatory regime is the County’s role in rate setting. Under Section 53-106 of the Code, the Executive is required to set rates by regulation. Rates include an initial charge, a distance-based charge, and various additional charges for additional passengers, “personal service,” pickup and delivery, and rides during a snow emergency.

Taxicab companies are also subject to annual data reporting requirements. The requirements are set by regulation (COMCOR 53.00.01.01, Operating Reporting Data), and require a fleet or unaffiliated trade group to report the following:

- Number of calls received
- Number of cabs in service daily
- Total paid miles driven
- Total number of trips
- Total revenue excluding extras
- Total revenue from extra charges

Ride-booking³ service companies such as Uber and Lyft have faced resistance around the globe when entering new markets.⁴ In the United States, Uber has been stopped from operating in New Orleans, Miami, and Portland. Other jurisdictions have struggled to establish a regulatory framework covering the companies and the services they provide. The term “transportation network companies (TNCs)” has emerged as a common reference to companies such as Uber and Lyft. In the Washington, DC metro area, the three jurisdictions are at different stages in the process.

Maryland

Maryland’s regulation of for-hire driving services is set forth in Title 10 of the Public Utilities Article of the Maryland Code. Jurisdiction is split between the State’s Public Service Commission (PSC), which regulates limousine and sedan services, and local jurisdictions, which primarily regulate taxicabs.⁵ The practical distinction between the services appears to be that taxicab services are obtained in the manner prescribed in State and County law definitions of “taxicab services,” *i.e.*, advertising as a taxicab or as providing taxicab services, carrying passengers for compensation between points chosen by the passenger for a time- or distance-based fare, or providing passenger service after being hailed from the street or other location.

The status of TNCs in Maryland is presently unsettled, with the State alternatively attempting to establish a new regulatory framework through legislation and asserting regulatory authority under existing law. Also, the City of Annapolis is seeking to regulate Uber as a taxicab company under the City’s laws.

TNCs are a new mode of delivery of for-hire driving services that do not fit neatly into any of the established categories: limousines, sedans, and taxicabs. The County may assert jurisdiction over TNC drivers and vehicles under State law inasmuch as the vehicles operating using the TNC application are providing “taxicab services” and are “taxicabs” as defined under State and County law. The definition of “taxicab” under State law is found in § 1-101(ii)(1) of the Public Utilities Article of the Maryland Code. Under this definition:

Taxicab means a motor vehicle for hire that:

- (i) is designed to carry seven or fewer individuals, including the driver; and
- (ii) is used to accept or solicit passengers for transportation between points along public streets as the passengers request.”

“Provide taxicab services” is defined in § 10-101(h) of the Public Utilities Article as follows:

³ These companies have often been referred to as “ridesharing” companies, a term which may have been appropriate at their origins, but is less accurate as they have evolved into for-profit enterprises. The Associated Press, in its Stylebook, has recently advised journalists not to use the term in describing such companies. For a discussion of this issue, see: <http://greatergreaterwashington.org/post/25405/the-ap-bans-the-term-ride-sharing-for-uber-lyft/>

⁴ http://bits.blogs.nytimes.com/2014/04/17/uber-faces-rebukes-in-europe/?_php=true&_type=blogs&_r=0

⁵ Taxicab services operated in or from a point in Baltimore City, Baltimore County, the City of Cumberland, or the City of Hagerstown are regulated by the PSC.

Provide taxicab services” means to operate a motor vehicle for hire that, in addition to other services:

- (1) is advertised or held out to the public as a taxicab or as providing taxicab services;
- (2) regardless of how or when engaged, provides for-hire service between points chosen by the passenger and for a fare that is based on the distance traveled, the time elapsed, or both; or
- (3) is engaged by the passenger for service between points chosen by the passenger that is provided through:
 - (i) hail from the street or other location; or
 - (ii) request made at a taxi stand or other location where the motor vehicle is standing and waiting for a request for service.

County law differs from, but is not inconsistent with, State law in its definitions of “taxicab” and “taxicab service.” The County definitions are discussed above in the brief description of Chapter 53. Vehicles using a TNC app to connect with passengers are to be operating in a manner consistent with these definitions, and are thus subject to County jurisdiction as taxicabs.

HB 1160/SB 919

In the 2014 legislative session, a bill was introduced in the Maryland General Assembly to create a new type of transportation service, a “transportation network service,” which would have covered TNCs and their drivers. Under the bill, transportation network services would be regulated under a regulatory framework separate and distinct from the existing law applicable to for-hire driving services. Generally, the bill would have set up a registration process for transportation network operators and imposed vehicle safety inspection, driver safety, consumer protection, and insurance requirements. The bill would have removed TNCs from the regulatory reach of the PSC, and did not include alternative enforcement provisions. HB 1160 received an unfavorable report in the Economic Matters Committee and was withdrawn. To date, no similar legislation has been introduced in the 2015 session.

August PSC ruling re: Uber Black and Uber SUV

The Maryland Public Service Commission (PSC) ruled on August 6, 2014 that Uber, in the provision of its UberBLACK and UberSUV services,⁶ engages in the public transportation of persons for-hire and should be regulated as a non-taxicab, passenger-for-hire service.⁷ The order directed Uber to apply for a motor carrier permit for UberBLACK or UberSUV services within 60 days. The order also directed Commission staff to draft new regulations that are applicable to UberBLACK and UberSUV. The order does not apply to UberX or Lyft, or other TNCs, but is significant in that it signals recognition that the services provided by TNCs are subject to regulation by the PSC. However, it draws a distinction between the UberBLACK and UberSUV services and the UberX and Lyft services which more closely resemble services provided by

⁶ UberBLACK and UberSUV drivers are already licensed by the State through the PSC. UberX and Lyft drivers are not.

⁷ http://webapp.psc.state.md.us/Intranet/sitesearch/Whats_new/Order%20No.%2086528%20-%20Case%20No.%209325%20-%20Uber%20Technologies,%20Inc.%20-%20Public%20Version.pdf

taxicab companies. More importantly, it leaves, for the time being, a regulatory vacuum in which the TNCs remain unregulated.

OPC request to investigate UberX and Lyft

On August 5, 2014, the Maryland Office of People's Counsel (OPC) requested that the PSC investigate compliance by UberX and Lyft with the PSC's licensing requirements. The PSC has not yet conducted the requested investigation, but in light of the PSC's August 6 ruling, could conceivably find that UberX and Lyft are subject to PSC regulation.

Draft PSC regulations regulating TNCs

PSC staff is currently drafting regulations, pursuant to the August ruling, which would regulate TNCs and TNC "partners" (drivers). These regulations, if adopted, may amount to the PSC asserting jurisdiction over TNCs statewide as non-taxicab, passenger-for-hire service under the Public Utilities Article. Additionally, under State law, the PSC may assert jurisdiction over taxicab regulation in the County notwithstanding the County's laws.⁸ However, until the PSC adopts the regulations, the question of statewide TNC regulation remains open, and the above-mentioned regulatory vacuum persists.

District of Columbia

The Council of the District of Columbia recently enacted the "Vehicle-For-Hire Innovation Amendment Act of 2014,"⁹ creating a new regulatory framework for "private vehicle-for-hire companies and drivers, separate from the District's regulation of taxicabs. The District law includes provisions very similar to Bill 54-14, and imposes registration, vehicle and driver safety, insurance, consumer protection, and accessibility requirements on TNCs and their drivers. The law also deregulates taxicab fares booked through digital dispatch services. Following the enactment of the District Law, the District's Taxicab Commission adopted regulations creating a "District of Columbia Universal Taxicab App" providing a centralized digital dispatch for all taxicabs.¹⁰

Virginia

In its attempts to regulate TNCs, Virginia has recently reversed course, and appears to be headed toward a resolution through parallel regulation similar to that which is being considered in the District and implemented in several state and local jurisdictions which will be explored below. Initially the Commonwealth issued a Cease and Desist order to Uber and Lyft on June 5, 2014. However, on August 6, the Governor and Attorney General announced that the parties had agreed upon temporary regulation while a long-term legislative solution is developed. The "temporary legal framework" includes the familiar safety, consumer protection, and insurance requirements which are a feature of all such regulation. The Virginia General Assembly is

⁸ Section 10-202(b) of the Public Utilities Article provides: "The provisions of this division relating to taxicabs or of any public local law relating to taxicabs do not limit the jurisdiction of the Commission over a taxicab business as a common carrier even if the taxicab business operates in a jurisdiction other than Baltimore City, Baltimore County, the City of Cumberland, or the City of Hagerstown."

⁹ <http://lms.dccouncil.us/Download/31519/B20-0753-Enrollment.pdf>

¹⁰ http://dctaxi.dc.gov/sites/default/files/dc/sites/dc%20taxi/event_content/attachments/Chapters16and99.pdf

considering multiple draft bills related to the regulation of TNCs in the Commonwealth, and on January 19, state senators agreed on a compromise version following the model emerging in other jurisdictions (See ©124-126).

Other Jurisdictions

While the jurisdictions in the DC metropolitan area are still trying to figure out how to regulate TNCs, several jurisdictions have enacted laws or adopted regulations “legalizing” the ride-booking companies and creating new regulatory regimes applicable to them. In March 2014, the Seattle City Council enacted a law regulating TNCs as “for-hire driver services” which imposed licensing, insurance, and driver and vehicle safety standards, and included a cap on the number of for-hire drivers, limiting each TNC to 150 active drivers on the road at any given time.¹¹ In July, that law was repealed and replaced with a new law that allows all for-hire companies to continue operating without a cap placed on the number of drivers on the road.¹² In June 2014, Colorado became the first *state* to pass legislation¹³ regulating TNCs. The Colorado law requires a TNC to be licensed and insured, and imposes driver and vehicle safety standards.

In July 2014, the Minneapolis, Minnesota City Council passed a law regulating TNCs. At the same time, “the City Council voted to modernize the City’s longstanding taxi ordinances to make them less restrictive to companies while still maintaining safety for passengers.”¹⁴ Also in July, Columbus, Ohio enacted its “Peer-to-Peer Transportation Network” law. The Minneapolis¹⁵ and Columbus¹⁶ laws are similar in many respects to the Colorado and Seattle laws, in that they impose licensing, insurance, driver history, and vehicle inspection requirements.

As is evident from the preceding discussion, there are a number of common issues addressed by legislation regulating TNCs, generally relating to safety, consumer protection, and accessibility. While the particulars of the laws differ from jurisdiction to jurisdiction, all impose requirements related to insurance, driver and vehicle safety, licensing, and transparency in rates, and many also address accessibility concerns. Broward County, Florida is currently considering regulation of TNCs, and staff there generated an informative Powerpoint presentation for a recent workshop of the Board of County Commissioners.¹⁷ The presentation looked at several recently enacted TNC laws from local jurisdictions around the Country (Houston, TX; Seattle, WA; Austin, TX; Chicago, IL; Washington, DC; and Orlando, FL), and compared how the different laws treated these common issues (©127-152).

December 2, 2014 Public Hearing

The T&E Committee held a public hearing on all three Bills on December 2, 2014. There were 30 speakers at the hearing, representing a wide range of perspectives on the issues covered

¹¹ <http://www.washingtonpost.com/blogs/govbeat/wp/2014/03/18/seattle-becomes-first-city-to-cap-uber-lyft-vehicles/>

¹² <http://www.governing.com/news/headlines/mct-seattle-new-rideshare-rules.html>

¹³ <http://legiscan.com/CO/text/SB125/id/1022212/Colorado-2014-SB125-Enrolled.pdf>

¹⁴ <http://www.ci.minneapolis.mn.us/news/WCMS1P-128522>

¹⁵ <http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/wcms1p-129014.pdf>

¹⁶ <https://columbus.legistar.com/LegislationDetail.aspx?ID=1833098&GUID=D7A215D2-06C4-4F5F-BA3F-0CF2EAAB6E35&Options=&Search=&FullText=1>

¹⁷ <http://www.broward.org/Commission/Meetings/Documents/TaxiRegulatoryIssues010615.pdf>

in the Bills. Art Holmes, Director of the Department of Transportation, spoke on behalf of the County Executive, and urged thoughtful consideration of all perspectives (©43). Mr. Holmes suggested that the three Bills should be evaluated together, rather than individually, and emphasized the need for any legislation to address accessibility concerns. William S. Morrow, Executive Director of the Washington Area Metropolitan Transit Commission, spoke of the relationship of local transportation regulation and the regional Washington Metropolitan Area Transit Regulation Compact, and recommended amendments to the Bills to aid in mutual enforcement of laws (©44-53).

Much of the remaining testimony focused on how to regulate TNCs, and particularly whether they should be subject to the same regulation as taxicab companies. In addition to corporate representatives of Uber and Lyft, riders and drivers using each platform, attested to the positive experience (©54-63). The heads of all five taxicab companies operating in the County all testified in support of Bill 53-14 and against Bill 54-14 (©64-84). Alfred LaGasse of the Taxicab, Limousine, and Paratransit Association stated his view that TNCs should be subject to the same regulatory requirements as taxicab companies, ©85.

Beth Levie of the AFL-CIO spoke generally about the problems taxicab drivers face in their relations with taxicab companies (©98-104), and two Barwood taxicab drivers, Peter Ibek and Becaye Traore testified about problems they encounter in their relationship with Barwood, (©105-108).

The Greater Bethesda-Chevy Chase Chamber of Commerce supported Bill 53-14 and opposed Bill 54-14, asserting that all transportation-for-hire companies in the County be subject to the same safety, pricing, and consumer protection requirements (©109). Kimberly Jordan-Gaskins, Ms. Wheelchair Maryland, stated that “Uber and Lyft do not provide adequate service to people with disabilities.” Ms. Jordan-Gaskins urged that a County law regulating TNCs require TNCs to have wheelchair-accessible vehicles, as is required of the taxicab companies (©110-111).

Issues for Committee Discussion

The Bills collectively address a number of issues of common concern to the owners and operators of “traditional” regulated taxicabs and the TNCs and drivers that Bill 54-14 would regulate. Councilmember Berliner requested additional information from both Uber and Lyft. To determine the way forward, Council staff believes it would be useful to look at these issues of overlap, considering what the legislation before the Council proposes, what current law provides, and feedback or suggestions from the regulated entities (See ©112-114 and ©115-123). A brief look at the business models of most taxicab companies in the County and TNCs will provide a context for the consideration of many of the issues.

The Taxicab model

Most County taxicab companies lease their vehicles to drivers by the day or the week, and it's up to the driver to meet his expenses and make a living. Taxicab leases are often upward of \$100 per day, and the driver keeps his vehicle full time. Under this model, the company has little direct interest in how much business the driver turns over, but if it has many drivers making

good money, demand to lease its vehicles will increase, and it may collect more money in lease fees. Under a lease system, the driver typically pays for the gas, while the company pays for any repairs. Taxicab companies that run on a lease arrangement make their money on how many vehicles are being used -- in effect turning them into car rental companies that provide dispatch, insurance, and credit card payment processing services.

The TNC model

TNCs are not in the taxi business, at least in the conventional sense. They do not own vehicles, and do not employ cab drivers. They operate by matching a driver/car with a customer looking for a ride, and take a percentage of the fare for providing the service. See ©153. The service that a TNC provides is the screening that it does of the drivers/cars (to ensure both safety and comfort), its pricing/payment system, and its convenience (the ability to track the car that is coming to pick you up on your smartphone). A key difference between TNCs and most of the taxicab companies in the County is that TNCs make their money directly from the transport of passengers (in the form of the percentage of each fare), rather than by leasing a PVL-licensed vehicle to a driver, as do taxicab companies. Also, unlike taxicabs, TNC vehicles are personal vehicles that a driver uses as a for-hire vehicle on a part-time basis. Finally, because of the technology platform on which they operate, TNCs use a system of ratings of drivers and vehicles to provide a quality control mechanism.

General provisions

Bill 54-14 would define the terms “transportation network application company (TNAC)”¹⁸ and “transportation network operator (TNO)” to cover companies such as Uber and Lyft and their drivers, and would define “digital dispatch” to mean a network-based dispatch system which may be used by TNCs or current Passenger Vehicle License (PVL) holders.

Insurance

Should TNC vehicles be subject to different insurance requirements than taxicabs?

Bill 54-14 would require a TNC or TNO to carry insurance coverage of at least \$1 million per occurrence for accidents involving a TNO at all times when the TNO is engaged in a prearranged ride. It would also require a TNO, or a TNC on the TNO’s behalf, to maintain primary insurance coverage for the time period when a TNO is logged onto a TNC’s digital dispatch showing that the TNO is available to pick up passengers but is not engaged in a prearranged ride. See lines 222-305 at ©25-28 of Bill 54-14.

A unique aspect to insurance coverage for TNC’s is the shift made by a driver/vehicle from “personal” travel to “for-hire” travel when the TNC application is turned “on.” This shift creates a gray area in insurance coverage, but has been accommodated by the concept of “contingent” coverage. For example, when a driver is on a “personal” trip and the TNC application is inactive, their personal insurance applies. When the TNC application is active but a driver has not yet accepted a ride, the TNC provides contingent liability coverage if a driver’s

¹⁸ Bill 54-14 refers to what are commonly called TNCs as TNACs. For clarity and consistency in this memorandum, the term TNC will be used, understanding that this term encompassed what are referred to as TNACs in Bill 54-14.

personal insurance does not. When a driver has accepted a ride and though the end of the trip, the TNC's liability coverage becomes the primary coverage and covers liability for bodily injury and property damage for both passengers and/or third parties. This model has been adopted by the vast majority of, if not all, jurisdictions that have enacted laws regulating TNCs. Uber has posted the insurance policy carried by Rasier, LLC, an Uber subsidiary, online.¹⁹

Chapter 53 requires an applicant for a PVL to submit proof of insurance or self-insurance for the vehicle that covers bodily injury or death to any passenger or other person, and property damage, in amounts required by applicable regulations. The insurance must be provided by an insurer licensed to do business in the State or, alternatively, under a self-insurance program approved and administered by the state motor vehicle agency.²⁰ COMCOR 53.40.01.01 requires coverage in the following amounts: \$100,000 bodily injury or death each person; \$300,000 bodily injury or death each accident; \$25,000 property damage.

- **Uber:** Uber generally supports the structure and coverage amounts of Bill 54-14's insurance requirements, while requesting some amendments, most of which are technical in nature.
- **Lyft:** Lyft generally supports the structure and coverage amounts of Bill 54-14's insurance requirements, but raised concerns about a requirement that a TNC be the *primary* insurer when a TNO has turned on the app, but has not accepted a ride. Lyft submitted an explanation of how its insurance works ©154-155, and a letter from the company's insurance counsel explaining the interplay between a driver's personal coverage and a TNC's commercial coverage in this period ©156-159. Bill 54-14 requires the primary liability coverage during this period be maintained by "each TNO or a TNC, on the TNO's behalf." See lines 230-231 at ©25 of Bill 54-14.
- **CCTI:** CCTI's proposal would subject taxicabs and TNC vehicles to identical insurance requirements that are identical to the existing insurance requirements under Chapter 53.

The question of what is appropriate insurance coverage for vehicles using TNC platforms burst into the public consciousness with the New Year's Eve 2013 death of 6 year-old Sofia Liu in San Francisco. A driver using the Uber app, but not carrying a passenger, struck and killed Sofia as she walked in a crosswalk with her mother. The incident sparked a lawsuit, along with a great deal of public debate about this new mode of transportation service, and exactly who is responsible when accidents happen.²¹ It is unquestionable that in regulating TNCs and their drivers, provision must be made for insurance coverage at all times when a driver is using the app. Bill 54-14 reflects the model that has emerged in the dozens of jurisdictions that have passed laws regulating TNCs, in that it allows for a sort of hybrid coverage using the driver's personal liability insurance and commercial liability coverage carried by the TNC.

With the recent leak of an internal GEICO training document instructing its agents to reject customers involved in "ridesharing," questions arose as to whether TNC drivers would be

¹⁹ <https://www.scribd.com/doc/234793312/Ridesharing-Insurance-Policy-7-14-14>

²⁰ County Code, § 53-225.

²¹ <http://www.theverge.com/2014/1/28/5350660/lawsuit-uber-accident-death-girl-liability-insurance>

able to obtain personal coverage at all, potentially rendering the emerging model unworkable.²² Since that time, however, both USAA²³ and Farmers Insurance²⁴ have rolled out insurance policies which would cover TNC drivers, and it is likely that other large insurers will follow suit.

In view of the move of insurers toward accommodating the hybrid model embodied in most of the enacted laws regulating TNCs, and in Bill 54-14, the question remains for the Committee to consider whether this model provides adequate protection for passengers and the general public. The Committee may also consider whether the differences in the business models of TNCs and taxicab companies justifies the use of such a model or, in the alternative, whether all vehicles should be subject to identical insurance requirements as currently regulated taxicabs. The fact that personal vehicles are used, and often part-time, to provide service on a TNC platform could warrant different means to ensure proper coverage.

Fares/Ratesetting

Should taxicab rates be deregulated as proposed in Bill 54-14, or further? Should surge pricing be regulated beyond declared states of emergency?

Bill 54-14 would not regulate the fares charged by TNCs. It would amend the current law concerning taxicab rates to provide that fares for rides booked through digital dispatch, by either a TNC or a PVL holder, are not subject to the existing rate structure. It would also limit “surge pricing,” a fare structure that bases a rate on time and distance factors, increased by a multiplier related to consumer demand, during a declared state of emergency. See lines 32-65 at ©18-19 of Bill 54-14. Chapter 53 requires the County Executive to set taxicab rates by regulation. MCC § 53-106. These rates are set in COMCOR 53.17.01 ©160-162.

- **Uber:** Uber has raised no substantive issues with the provisions of Bill 54-14.
- **Lyft:** Lyft has raised no substantive issues with the provisions of Bill 54-14.
- **CCTI:** CCTI’s proposal regarding rates is generally consistent with existing law and the provisions of Bill 54-14, with one key exception. Under CCTI’s proposal, multipliers used in surge pricing would require advance approval by the Director.

There appears to be near agreement about the setting of fares booked through a digital dispatch. The justification for maintaining fixed fares for taxicab rides not booked through a digital dispatch is the need for predictability and uniformity when a customer gets a ride via street-hail or telephone. CCTI does propose to require advance approval of surge pricing multipliers. While this would arguably provide for protection of consumers from exorbitant fares at high-demand times and locations, it might also suppress the number of TNC drivers available at these times and places. Also, with appropriate notice and fare estimate requirements, a passenger could presumably refuse a ride at a surge price, and call a taxicab instead.

²² <http://www.sfgate.com/business/article/Leaked-transcript-shows-Geico-s-stance-against-5910113.php>

²³ <http://www.carriermanagement.com/news/2015/01/08/133917.htm>

²⁴ <http://www.carriermanagement.com/news/2015/01/15/134182.htm>

Driver Background Checks

Should TNOs and taxicab drivers be subject to different background check standards?

Bill 54-14 would require TNOs, *i.e.*, drivers, to be registered by TNCs. In order to be registered, a TNO would have to apply, and would be subject to a local and national criminal background check, a national sex offender database background check, and a full driving history check. A TNO applicant would be subject to disqualification for the same reasons that an applicant for a PVL or driver identification card is subject to disqualification under current law. Bill 54-14 would require a third party that is accredited by the National Association of Professional Background Screeners or a successor accreditation entity to conduct the checks. See lines 164-209 at ©23-24 of Bill 54-14.

The background checks required of taxicab drivers under Chapter 53 differ from the proposed TNO background checks primarily in the entity that must conduct them. In order to receive a driver identification card, the driver-applicant must have undergone a background check, conducted by the *appropriate state agency*, showing that the applicant is not disqualified under the provisions of the law.

- **Uber:** Uber supports Bill 54-14's allowance of third-party driver background checks, but requests deletion of several of the grounds for disqualification of a driver.²⁵
- **Lyft:** Like Uber, Lyft supports the allowed use of third-party background checks currently contained in Bill 54-14.
- **CCTI:** CCTI proposes to require TNOs and taxicab drivers to the same background checks – using fingerprints and conducted by the *appropriate state agency*, as is currently required for taxicab drivers under Chapter 53.

As drafted, Bill 54-14 allows for third-party background checks for TNOs, while requiring taxicab drivers to submit to a governmental check using fingerprints. As stories of TNC drivers being accused of crimes continue to emerge,²⁶ it is difficult to find a distinction between the two types of drivers when considering the need for accurate and complete background checks. The more appropriate question is likely: “which method of background checks provides the greatest level of safety for the public?”

The differences between the background check process used by Uber and a fingerprint-based, state-performed background check are discussed in the complaint filed against Uber by the District Attorneys of San Francisco and Los Angeles on December 9, 2014 (See ©163-

²⁵ The grounds for disqualification that Uber requests be deleted include: “has a charge pending;” “violation of any gaming law;” “pattern of reasonably verifiable complaints;” poor driving record; false statement or answer on application; generally unable to safely operate a vehicle; substantial delinquent debts; and general record of violations.

²⁶ In the last month, there have been widely reported accusations of criminal conduct by TNC drivers in Boston and Chicago, See: <http://www.bostonglobe.com/metro/2014/12/24/uber/LxoYKB2YcYzi4gVYMHY1nL/story.html> and <http://www.chicagotribune.com/news/local/breaking/chi-former-uber-driver-charged-in-november-sexual-assault-of-customer-20141229-story.html>.

174).²⁷ The use of fingerprints, a unique biometric identifier, as opposed to personal identifying information such as name, address, driver's license number, and social security number, appears to offer more protection against fraud.

As with the type of background check conducted, the items in a driver's background that are the basis for disqualification should be consistent between the types of drivers. As drafted, Bill 54-14 provides this consistency, though both the TNCs and CCTI have requested changes to the list of disqualifiers.

Licensing

Should TNOs be licensed at the County level? If so, should the number of licensed TNOs be limited, or should the number of TNOs logged on to a TNC's digital dispatch be limited?

Bill 54-14 would require a TNC to obtain a license to operate in the County. To obtain a license, a TNC would have to supply proof that it: 1) is licensed to do business in the State; 2) has a resident agent in the County; 3) maintains a website containing certain information; and 4) has the required insurance coverage. See lines 68-84 at ©19-20 of Bill 54-14. TNOs would not be licensed separately at the County level under Bill 54-14, but would have to register with the TNC after undergoing a background check as described above. The TNC would be required to maintain and supply to the Department a current registry of TNOs and vehicles registered with the TNC. See lines 90-91 at ©20 of Bill 54-14.

The licensing scheme for taxicabs under Chapter 53 is essentially a two-tiered system, as discussed on page 3, above. Taxicab vehicles are licensed through the issuance of PVLs, and the driver identification card system is a de facto licensing of drivers.

Bill 53-14 would alter the existing law related to taxicab licensing in two key ways. The Bill would amend the existing law to allow a fleet PVL holder to grant a sublicense to a vehicle owner to provide taxicab service under the license. See lines 7-33 at ©2-3. This amendment is an effort to expand the pool of available taxicab drivers. Current law requires that a license be issued only to the owner of each taxicab. Also, the Bill would adjust some of the requirements for obtaining a temporary driver identification card in an effort to shorten the time required to get qualified taxicab drivers on the road. See lines 105-180 at ©5-8.

- **Uber:** Uber requests deletion of the requirement to "provide to the Department" a current registry of TNOs and vehicles registered with the TNC. Uber asserts that this is confidential business information, and its disclosure would put the company at a competitive disadvantage. However, lack of this information would severely impair enforcement, as the Department would have no way of knowing how many TNOs and TNC vehicles are on the road, and would not have an effective way to determine if any given TNO or vehicle is registered as required under the law.

²⁷ The complaint alleges Uber has misled the public about the effectiveness of its background checks on drivers it hires, along with fraudulent airport fees and customer fare calculations that haven't been approved by the state. The DAs are seeking a permanent injunction against these practices. The full complaint is at: <https://www.scribd.com/doc/249694449/Uber-Complaint-Filed>

- **Lyft:** Lyft also requests an amendment to delete Bill 54-14's requirement that the company provide a TNO and vehicle registry to the Department, for the reasons offered by Uber. As an alternative, Lyft has submitted alternative language which would: (1) require a TNC to provide within 72 hours, upon request, to the police chief or designee "information relevant to" a "formal, non-criminal complaint" regarding a TNO or vehicle; (2) permit the Department to conduct an annual audit of a TNC's background check processes; and (3) require the County to take certain steps when responding to public records requests for records obtained from a TNC, including giving the TNC notice of the request prior to releasing any records. See ©175.
- **CCTI:** CCTI proposes to retain the TNC licensing provisions, but also to license TNOs individually (using the term "TNC License"), and provides for an initial issuance of 100 TNC Licenses in 2015, with provisions for additional issuances in future years. As an alternative to this cap on the number of TNC Licenses, CCTI has developed a technological means to limit the number of TNOs operating on a TNC app to 100 at any given time. See ©176-177. CCTI also proposes to require TNC vehicles have a "Class B" registration with the State Motor Vehicle Administration (MVA), and to subject TNOs to the same Driver Identification Card requirements as taxicab drivers.

Three key sub-issues make up the licensing question for Committee consideration: potential County licensing of TNOs; a potential cap on the number of such licenses; and the registration of TNC vehicles as "Class B" with the MVA.

County licensing of TNOs as taxicab drivers. State law requires all operators of motor vehicles for hire to have a for-hire driver's license issued by the PSC, unless the operator is licensed by a county or municipal corporation as a taxicab driver, after the conduct of criminal record and driving record checks by the county or municipal corporation. See § 10-103 of Public Utilities Article of the Maryland Code. In light of this provision, it would appear that all TNC drivers would need a PSC-issued license unless the County licenses the drivers as taxicab drivers. Such a license would require the County to conduct the background checks of the drivers.

Limit on the number of County licenses. As mentioned above, CCTI has requested a limit on the number of licenses issued to TNOs in 2015 to 100, or in the alternative, a system setting up a virtual queue under which no more than 100 TNOs could be on the road at any given time. In considering this sub-issue, the Committee should look to the different business models of TNCs and taxicabs. Council staff is not aware of any jurisdiction regulating TNCs that has placed a cap on the number permitted to operate. As discussed on page 7, Seattle passed a law that included a cap, but repealed it and replaced it with a law that did not include a limit on TNC vehicles.

"Class B" registration. The "Class B" registration in Maryland is the State's taxicab and sedan registration. A key feature of this registration is that issuance requires an inspection by the appropriate regulatory body (in this case, the County as taxicab regulator).²⁸ Bill 54-14 does not require this registration for TNC vehicles, while CCTI requests that it be a requirement. The fact

²⁸ <http://www.mva.maryland.gov/about-mva/info/27300/27300-26T.htm#Taxi>

that TNC vehicles are typically private vehicles, often used as for-hire vehicles on a part-time basis warrants consideration in determining whether to require “Class B” registration.

Vehicle Standards

Should TNC vehicles and taxicab vehicles be subject to different appearance and maintenance standards?

Under Bill 54-14’s provisions, vehicles used to provide transportation network service would be subject to age limits and initial and annual safety inspection requirements. Each vehicle must have a manufacturer’s rated seating capacity of 8 persons or fewer, have at least 4 doors and meet all applicable federal motor vehicle safety standards for vehicles of its size, type, and proposed use; and be no more than 10 model years old at entry into service and no more than 12 model years old while in service. See lines 210-217 at ©24-25 of Bill 54-14. Additionally, a TNC must certify that each vehicle have an annual state-required safety inspection; or an initial safety inspection within 90 days before entering service by a licensed mechanic in an inspection station authorized by the State of Maryland, the District of Columbia, or the Commonwealth of Virginia to perform vehicle safety inspections, and must annually verify the safety inspection status of each vehicle after the initial verification is conducted. See lines 102-110 at ©20-21 of Bill 54-14.

Under the provisions of Chapter 53, taxicab vehicles are subject to a number of requirements. Prior to obtaining a PVL, an applicant must provide a mechanical inspection certificate from a state-certified inspection station that shows that the vehicle is mechanically safe. MCC § 53-224. Each taxicab must be registered as a “Class B” for-hire vehicle with the Maryland Motor Vehicle Administration. MCC § 53-226. Taxicabs are subject to a “continuous operation” requirement, and PVLs for inactive taxicabs may be revoked for lack of use. MCC §§ 53-227, 53-228. A taxicab must not be more than four model years old when placed in service, and must not be more than seven model years old when used to provide taxicab service in the County. MCC §§ 53-228, 53-229. A licensee must maintain the vehicle in generally clean and safe operating condition. MCC § 53-230. Specific lettering, marking, and vehicle number display requirements apply to taxicabs, as does a uniform fleet color requirement. MCC §§ 53-231 through 233. Taxicabs must have “an accurate, properly installed and connected taximeter which has a security seal affixed by the Department.” MCC § 53-235. Each taxicab must undergo an inspection of its mechanical condition every six months at a time and place designated by the Department, and each licensee must permit reasonable inspections by the Director. MCC § 53-236.

Expedited Bill 53-14 would make a number of changes to the vehicle requirements applicable to taxicabs. It would change the age limitations on taxicabs by one year, to no more than five model years when placed in service, and no more than eight model years when in service. See lines 36-47 at ©3. It would also make the numbering, lettering, and color requirements less restrictive. See lines 49-90 at ©3-5. Finally, it would allow taxicabs, as an alternative to the current “hard” meter requirement, to be equipped with “a reliable, independently verifiable software-based metering system, approved by the Department.” See lines 91-103 at ©5. All of these changes are intended to allow currently licensed taxicabs to operate and deliver services in a manner similar to TNC vehicles.

- **Uber:** No substantive issues with the provisions of Bill 54-14.
- **Lyft:** No substantive issues with the provisions of Bill 54-14.
- **CCTI:** The CCTI proposal adopts the increase of age limits for taxicabs by one year, and proposes to limit the age of TNC vehicles to 10 years. The proposal also would require identical mechanical and maintenance standards to TNC vehicles and taxicabs.

There does not appear to be any dispute as to whether TNC vehicles should be required to have the lettering, numbering, and marking requirements applied to taxicabs. In fact, CCTI is seeking the relaxation of some of these requirements. With regard to vehicle inspection and maintenance standards, there is some divergence in the positions of the TNCs and CCTI. As with driver background checks, it is difficult to find a clear distinction in the need or justification for different inspection, maintenance, and age standards for TNC vehicles versus taxicabs. Two characteristics of the TNC model may provide justification for different standards: (1) the fact that TNC vehicles are personal vehicles often used part-time to provide for-hire driving services may support a different age limit for the vehicles; and (2) the rating systems used by TNCs such as Uber and Lyft, that perform a sort of self-regulation that is not present in the taxicab model, may obviate the need for identical inspection standards.

Accessibility

Should TNC vehicles/drivers be subject to the same accessibility standards as taxicabs? If not, should a surcharge (in the form of a per-trip charge to the passenger or annual charge to the TNC) be imposed to subsidize the maintenance and expansion of the accessible vehicle stock in the County?

Under Bill 54-14, a TNC would be required to have its digital dispatch interface be accessible to the blind and visually impaired and the deaf and hard of hearing. A TNC would be required to submit an accessibility improvement plan to the Director of MCDOT, and would be prohibited from imposing additional charges on individuals with disabilities. Finally, a TNO that accepts a ride request through digital dispatch from a passenger with a disability who uses mobility equipment, upon picking up the passenger the TNO must stow the passenger's mobility equipment in the vehicle if the vehicle is capable of stowing the equipment. If the passenger or TNO decides that the vehicle is not capable of stowing the equipment, the company that provides digital dispatch must not charge a trip cancellation fee or, if any fee was charged, must provide the passenger with a timely refund. See lines 318-339 at ©29 of Bill 54-14.

The current provisions of Chapter 53 require a fleet or association to have a Customer Service Plan that includes a phased in plan for service improvements to senior citizens, people with disabilities, and underserved populations. Section 53-506(a) requires that the overall number of accessible taxicab licenses be at least 5% of the total of available County taxicab licenses. By regulation, a fleet or association is required to maintain a level of at least 8% accessible vehicles. A taxicab fleet or association holding 30 or more PVLs must participate in user-side subsidy programs such as Call-n-ride. Specific standards for accessible taxicabs.

- **Uber:** No substantive issues with the provisions of Bill 54-14. Uber has indicated that it would be open to discussion about a surcharge to support accessibility programs.

- **Lyft:** No substantive issues with the provisions of Bill 54-14. Lyft has indicated that it would not object to a legislated requirement that it either collect a per-ride fee or pay a flat-fee surcharge to support the expansion of wheelchair accessible options in the County. See ©178-181.
- **CCTI:** CCTI proposes to require TNC vehicles to participate in user-side subsidy programs such as Call-n-Ride, unless they opt out by paying a fee to the County, and would subject TNCs to the same accessibility standards as taxicabs, including Americans with Disabilities Act compliance and a requirement that a participating TNC provide an adequate number of vehicles to meet service demand.

Accessibility standards have been a major issue in jurisdictions that have thus far engaged in regulating TNCs. Houston includes TNC vehicles in its requirement that 3% of the entire vehicle-for-hire fleet in the city be wheelchair accessible vehicles. Seattle and Austin impose 10 cent per ride surcharges to fund subsidies for expanding the number of wheelchair accessible vehicles in those cities. Minneapolis imposes a flat \$10,000 surcharge on Uber and Lyft to fund a program aimed at increasing the availability of wheelchair accessible vehicles (©180).

Bill 54-14, includes some accessibility provisions, described above, but does not include any specific requirements as to the availability of wheelchair accessible TNC vehicles or any charges or fees aimed at expanding the availability of wheelchair accessible vehicles-for-hire in the County. The Committee may wish to consider the approaches taken by other jurisdictions in determining how best to maintain or improve levels of service for County residents requiring wheelchair accessible transportation. The Committee may also wish to consider other measures strengthening the accessibility provisions in the Bill.

Data/Trip Records

Should TNCs and taxicabs be subject to different data reporting requirements?

Bill 54-14 would require TNCs to provide certain information about drivers, trips, and vehicles to the Department. As mentioned previously, a TNC must maintain and provide a current registry of each TNO and vehicle registered with the TNC. Also, a TNC must maintain any records required by the Department to enforce this Section, and as required by the Department or regulation, the TNC must transmit aggregate trip data collected by a digital dispatch or taxicab meter system to the Department for all trips. See lines 155-160 at ©22-23 of Bill 54-14.

As noted on page 3, above, taxicabs are required to compile and submit to the Department annually certain trip data. The data required is related to the number of trips, the number of vehicles, and revenue.

- **Uber:** Uber requests deletion of language allowing requirement by the Department or regulation to transmit aggregate trip data. Uber claims this data is proprietary, and that is concerned about protecting its passengers' privacy.

- **Lyft:** Lyft also objects to the required transmittal of trip data for essentially the same reasons stated by Uber.
- **CCTI:** CCTI proposes to codify, generally, the reporting requirement applicable to taxicabs by regulation, and also apply it to TNCs. Specifically, the CCTI proposal would require an annual report containing the following information:
 - Total number of trips requested;
 - Total number of trips serviced;
 - Total paid miles driven;
 - Total revenue from trips originating or terminating in the County;
 - Total revenue derived from Surge Pricing; and
 - Average number of vehicles providing Taxicab Service by month

It has been widely observed that the information compiled by TNCs could be of great value to governments in improving vehicle-for-hire service and transportation planning generally (©182-186). However, TNCs have been traditionally resistant to turning over trip data to regulating governments. However, recently Uber has begun sharing anonymized data concerning trips using the service (©187-188). In Boston, Uber will provide quarterly reports with trip logs showing the date and time each ride began and ended, the distance traveled and the zip codes where people were picked up and dropped off. By removing customer-identifying information, the TNCs can protect their customers' privacy, while still providing valuable information to the County. The Committee may wish to consider imposing anonymized trip data reporting requirements on TNCs similar to the reports Uber will be submitting in Boston.

Customer Service

Bill 54-14 does not impose specific customer service standards on TNCs. The rating systems utilized by TNCs function as a sort of self-regulation in that area.²⁹ The effectiveness of the ratings system is evidenced by the high levels of satisfaction expressed by TNC users.³⁰ Existing TNCs are known to be protective of their brand, with stories of drivers being deactivated because of low ratings.³¹ In order to ensure that customer complaints are addressed in a timely manner, the Committee may wish to consider requiring a TNC to have a local office with customer service agents available by telephone or in person.

In contrast, Chapter 53 requires customer service standards for taxicabs to be set by Executive regulation. MCC § 53-110 (©189-190). Since this requirement was enacted in 2004, these regulations have not been approved.

- **Uber:** No substantive issues with the provisions of Bill 54-14.
- **Lyft:** No substantive issues with the provisions of Bill 54-14.

²⁹ A description of Lyft's rating system can be accessed at <https://www.lyft.com/help/article/1453135>. A brief discussion of Uber's rating system is at <http://blog.uber.com/feedback>

³⁰ There is significant dissatisfaction expressed about surge pricing, which has been addressed earlier in this memorandum. The focus of this part of the discussion is customer satisfaction with the driver and vehicle.

³¹ See the testimony of Hal "Cory" Druskin at the public hearing on the Bills at ©96-97.

- **CCTI:** CCTI proposes to eliminate the customer service requirements section in its entirety.

By most accounts, TNCs have been successful in the marketplace in large part because they deliver a superior customer experience. The Committee may wish to consider whether additional customer service safeguards are necessary, or whether it is necessary to legislatively require a rating system or other sort of self-regulating mechanism. It is possible to conceive of a circumstance where TNCs are the dominant mode of for-hire transportation, and the competitive need to maintain high customer service standards wanes.

With regard to CCTI's requested deletion of the existing, though unimplemented, customer service requirements, the Committee may consider general satisfaction or dissatisfaction with taxicab service in the County. If existing customer service is acceptable and has reached and attained that level in the absence of the regulations, then perhaps the requirement is not necessary.

Centralized Digital Dispatch

Bill 55-14 represents an effort to adopt a program being pursued in Chicago and the District of Columbia (©191-195), and considered in New York City (©196-197), to create a digital dispatch system for all taxicabs. The intent of the Bill is twofold: (1) create a mechanism by which currently regulated taxicabs can deliver taxicab services in a manner competitive with TNCs; and (2) be a part of a uniform regional dispatch system that would better serve the transportation needs of passengers in the Washington, DC metropolitan area.

The D.C. regulations require the establishment of a taxicab cooperative,³² while Bill 55-14 merely requires the establishment of a centralized electronic dispatch system. Creating a workable system will require extended Committee discussion, and is closely related to some of the concerns raised by taxicab drivers, and such discussion would be appropriate as part of that larger conversation.

Company-Driver Relations

Since the Bills were introduced, several taxicab drivers affiliated with the Montgomery County Professional Drivers Union (MCPDU) have communicated with Councilmembers concerning problems in their relationships with the fleets for whom they drive. The drivers described a situation in which they must pay to the taxicab company what they perceive as an exorbitant daily lease rate for a taxicab with a PVL, a charge for insurance far above market rates, an elevated credit card processing fee, and myriad others charges related to their operation of a fleet taxicab. Drivers also expressed dissatisfaction with the dispute resolution and decision-making processes in the industry. See ©198-202. In response to information provided by the drivers and testimony at the public hearing. Councilmember Berliner, by letter, requested certain relevant information from the five taxicab companies operating in the County. All companies but Sun Cab have responded, providing varying amounts of information. This letter and the responses received to date are at ©203-230.

³² http://dctaxi.dc.gov/sites/default/files/dc/sites/dc%20taxi/event_content/attachments/Chapters16and99.pdf

It should be noted that TNC drivers are not universally happy with their respective TNCs. In October, groups of Uber drivers around the Country organized a protest to air various grievances about the company's operations.³³ The drivers were unhappy with Uber's reduced fares, tipping policy, and five-star rating system, and expressed concerns about driver safety. Earlier in the year, Uber drivers protested Uber policies at the company's New York office, saying that under Uber's pricing structure, drivers could not make a living working only for Uber.³⁴ A story by PBS Newshour's "Making Sense" in October 2014, entitled "What It's Really Like to be an Uber Driver," also offers some insight into the relationship of Uber and its drivers.³⁵

The issues raised by the drivers warrant a separate discussion by the Committee, and will be discussed fully in a future worksession on the Bills.

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³³ <http://www.businessinsider.com/uber-drivers-across-the-country-are-protesting-tomorrow--heres-why-2014-10>

³⁴ <http://www.businessinsider.com/uber-new-york-city-office-protests-2014-9>

³⁵ <http://www.pbs.org/newshour/making-sense/what-its-really-like-to-be-an-uber-driver/>

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Expedited Bill No. 53-14
Concerning: Taxicabs – Licenses –
Vehicle Requirements – Driver
Identification Cards
Revised: 10/10/2014 Draft No. 2
Introduced: October 28, 2014
Expires: April 28, 2016
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: 1/1/2016
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Floreen, Berliner, Riemer, and Council President Rice

AN EXPEDITED ACT to:

- (1) permit the holder of a fleet Passenger Vehicle License to grant a sublicense to another person on certain conditions;
- (2) increase the age limits for vehicles used as taxicabs;
- (3) amend certain requirements for color and markings of vehicles used as taxicabs;
- (4) allow software-based meters to be used in taxicabs;
- (5) amend certain requirements for temporary identification cards for taxicab drivers;
and
- (4) generally amend the laws governing the licensing and regulation of taxicabs.

By amending

Montgomery County Code
Chapter 53, Taxicabs

Sections 53-201, 53-228, 53-229, 53-231, 53-232, 53-233, 53-235, 53-306, 53-307 and
53-308

By adding

Section 53-204A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Sections 53-201, 53-228, 53-229, 53-231, 53-232, 53-233, 53-235,**
 2 **53-306, 53-307, and 53-308 are amended, and Section 53-204A is added, as**
 3 **follows:**

4 **53-201. Required.**

- 5 (a) A person must not provide taxicab service without possessing a
 6 license as required under this Chapter.
- 7 (b) [A] Except as provided in subsection (c)(3), a license must be issued
 8 only to the owner of each taxicab.
- 9 (c) A [licensee] person must not operate a taxicab or provide taxicab
 10 service unless the [licensee] person either:
- 11 (1) holds a fleet license; [or]
- 12 (2) holds one or more individual licenses and is affiliated with an
 13 association or a fleet[.]; or
- 14 (3) holds a sublicense granted by a holder of a fleet license under
 15 Section 53-204A and is affiliated with that fleet.
- 16 (d) A licensee must hold a license for each taxicab.

17 **53-204A. Sublicenses.**

- 18 (a) The holder of a fleet license may grant a sublicense to another person
 19 under this Section.
- 20 (b) A sublicense may be granted only if:
- 21 (1) the holder of a fleet license notifies the Department in writing
 22 of the proposed grant not less than 30 days before the date of
 23 the proposed grant, specifying all terms and conditions of the
 24 proposed grant and the identity of the proposed grantee;
- 25 (2) the Director finds that the proposed grantee meets all
 26 requirements for a licensee under this Chapter and applicable
 27 regulations; and

55 high, on each of the 2 sides, on each of the 2 rear door roof columns,
56 and on the rear of each taxicab].

57 * * *

58 **53-232. Doors; lettering; color; special equipment.**

59 (a) Each taxicab operated in the County must have at least 3 doors. All
60 doors must operate safely.

61 (b) A licensee or driver must not operate a taxicab unless the taxicab
62 bears markings in letters plainly distinguishable [and not less than 3
63 inches high,] on each of the 2 sides of the taxicab, showing the
64 approved name [and telephone number] of the fleet or association by
65 whom the taxicab is owned or operated[, and the word "taxicab,"
66 "taxi" or "cab."].

67 (c) [All taxicabs in a fleet or association] Each fleet or association must
68 [be uniform in color] register its colors with the Department. A fleet
69 or association may register one or more color combinations, and any
70 fleet or association may register black as one of its colors. A fleet or
71 association must not use colors that are similar to those of another
72 fleet or association so that the public can readily identify taxicabs
73 operated by that fleet or association. [However, the] The Director
74 may approve advertising in different colors or markings as long as the
75 public can still readily identify taxicabs operated by that licensee, or
76 the use of a set of different colors and markings to identify a
77 specialized service provided by or geographic area served by a fleet or
78 association. Any color or color combination approved by the
79 Department, other than black, must be reserved for the exclusive use
80 of that fleet or association when the fleet or association is operating
81 taxicabs in the County.

82 (d) Each licensee must insure that each fleet or association uses only the
 83 approved name of the fleet or association in advertising or listing its
 84 service to the public.

85 **53-233. Cruising lights.**

86 Each taxicab [must] may, but is not required to, have cruising lights that
 87 operate electrically as a sign or insignia mounted on the forward portion of the roof
 88 of the taxicab. [These] Cruising lights must not be used until approved by the
 89 Department[. These lights], and must be designed so that the vehicle can be easily
 90 identified as a taxicab.

91 **53-235. Taxicab meters.**

92 (a) Each taxicab must be equipped with:

93 (1) an accurate, properly installed and connected taximeter which
 94 has a security seal affixed by the Department[.]; or

95 (2) a reliable, independently verifiable software-based metering
 96 system, approved by the Department.

97 (b) In addition to regular inspections, the Department may conduct
 98 periodic tests of these meters or metering systems. Upon successful
 99 completion of the tests, [the] a taximeter must be affixed with a
 100 security seal, and a software-based metering system must be marked
 101 in a manner acceptable to the Department. These tests should be
 102 scheduled in a manner that minimizes interruption of taxicab service
 103 to the public.

104 * * *

105 **53-306. Application; temporary card.**

106 (a) A person who holds a valid identification card must apply for a
 107 renewal card not less than 30 days before the current card expires.

108 * * *

- 109 (c) (1) An applicant who has not held an identification card, or who
110 held a card that has expired, may apply for a short-term
111 temporary identification card under applicable regulations.
- 112 (2) The Director must not issue a temporary identification card
113 unless the applicant has:
- 114 (A) properly verified his or her identity;
- 115 (B) a valid driver's license issued by Maryland or a bordering
116 state (including the District of Columbia);
- 117 (C) submitted his or her driving records, as compiled by the
118 appropriate state motor vehicle agency, for the previous 3
119 calendar years from any jurisdiction where the applicant
120 held a license to drive a motor vehicle; and
- 121 (D) undergone a criminal background check, conducted by
122 the appropriate state agency, showing that the applicant is
123 not disqualified because of a criminal conviction, receipt
124 of probation before judgment in lieu of a conviction, or
125 pending criminal charge from operating a taxicab; and
126 [(E) passed the examination required under Section 53-308].
- 127 (3) [After August 31, 2007, the] The Director must not issue a
128 temporary or annual identification card unless the applicant has
129 shown, through a complete criminal background check, that the
130 applicant is not disqualified for any reason mentioned in
131 Section 53-309(a).
- 132 (4) Any temporary identification card issued under this subsection
133 must differ conspicuously in style and color from the annual
134 identification card.
- 135 (5) A temporary identification card expires [on the earlier of:

- 136 (A) 5 days after the Department receives the results of the
 137 nationwide criminal background check; or
 138 (B) 90] 45 days after the card was issued.
- 139 (6) The holder of a temporary identification card must return it to
 140 the Department, without further proceedings, on the earlier of:
 141 (A) the day the Department issues the holder an annual
 142 identification card under this Chapter;
 143 (B) the [90th] 45th day after the card was issued; or
 144 (C) 1 business day after the Department notifies the holder
 145 that the card has expired under subsection (c)(5)[(A)].
- 146 (7) By accepting a temporary identification card, the holder by
 147 operation of law waives any cause of action against the County
 148 or any officer, employee, or agency of the County for
 149 improperly issuing a license to the holder. By employing or
 150 leasing a taxicab to any person who holds a temporary
 151 identification card, a taxicab licensee by operation of law
 152 waives any cause of action against the County or any officer,
 153 employee, or agency of the County for improperly issuing a
 154 license to that person.
- 155 (d) The Director may extend the expiration date of an identification card
 156 [(including a temporary identification card issued under subsection
 157 (c))] up to 60 days if:
 158 (1) the applicant has submitted all required documentation; and
 159 (2) processing of required state or federal criminal background
 160 checks has been delayed through no fault of the applicant.

161 **53-307. Physician's certificate.**

162 (a) Before the Director issues an identification card, [including] other
163 than a temporary card issued under Section 53-306(c), the applicant
164 must furnish a physician’s certificate, issued within the previous 30
165 days, which certifies that:

166 (1) the applicant has been given a physical examination, including
167 an initial tuberculosis test and any other test required by
168 applicable regulation; and

169 (2) the applicant is free from any communicable disease, and is not
170 subject to any physical or mental impairment that could:

171 (A) adversely affect the applicant’s ability to drive safely; or

172 (B) otherwise endanger the public health, safety, or welfare.

173 * * *

174 **53-308. Examination of applicant.**

175 Before issuing an identification card, other than a temporary card issued
176 under Section 53-306(c), the Director must require the applicant to show that the
177 applicant is able to:

178 (a) perform the duties and responsibilities of a taxicab driver; and

179 (b) pass an examination on knowledge of traffic laws, duties under this
180 Chapter, and general qualifications to operate a taxicab in the County.

181 **Sec. 2. Expiration.** This Act and any regulation adopted under it
182 expires on January 1, 2016. Any taxicab modified as authorized by this Act may
183 continue to be used as modified as long as it remains in service.

184 **Sec. 3. Expedited Effective Date.** The Council declares that this
185 legislation is necessary for the immediate protection of the public interest. This
186 Act takes effect on the date when it becomes law.

LEGISLATIVE REQUEST REPORT

Expedited Bill 53-14

Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards

DESCRIPTION:	Expedited Bill 53-14 would address some of the issues faced by the taxicab industry in adapting to a market now populated by transportation network companies (TNCs) such as Uber and Lyft in addition to regulated taxicab companies. The Bill would amend current requirements related to the sublicensing of Passenger Vehicle Licenses (PVLs); vehicle age limits, meters, numbering and markings; and the issuance of temporary driver identification cards.
PROBLEM:	The regulated taxicab industry is faced with new competition from TNCs and must adapt to the changing marketplace.
GOALS AND OBJECTIVES:	Ensure a competitive market for the delivery of transit services while maintaining high standards of public safety, convenience, and comfort.
COORDINATION:	MCDOT
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Josh Hamlin, Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	N/A



ROCKVILLE, MARYLAND

MEMORANDUM

January 20, 2015

TO: George Leventhal, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECT: FEIS for
~~Taxicabs - Licenses, Vehicle Requirements, Driver Identification Cards~~
Bill 54-14, Taxicabs - Transportation Network Service – Requirements;
Bill 55-14, Taxicabs - Centralized Electronic Dispatch System

Please find attached the fiscal and economic impact statements for the above-referenced legislations.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Joseph F. Beach, Director, Department of Finance
Michael Coveyou, Department of Finance
Kevin Mayer, Department of Finance
Al R. Roshdieh, Acting Director, Department of Transportation
Alex Espinosa, Office of Management and Budget
Brady Goldsmith, Office of Management and Budget
Nacem Mia, Office of Management and Budget

Fiscal Impact Statement
Council Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards

1. Legislative Summary.

Expedited bill 53-14 would allow the permit holder of a fleet Passenger Vehicle License (PVL) to grant a sublicense to another person, increase the age limits for vehicles used as taxicabs, amend certain requirements for color and markings of vehicles used as taxicabs, allow software based meters to be used in taxicabs, and amend certain requirements for temporary identification cards for taxicab drivers.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The proposed legislation does not affect County revenues.

Managing the potential changes to Chapter 53 of the Montgomery County Code would require one additional Code Enforcement Inspector, one vehicle, and associated operating costs. FY16 costs are estimated at \$180,369.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Expenditures over the next six years are estimated to be \$754,174.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

N/A

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

It is unknown how many permit holders of PVL's will request sublicense to another person.

6. An estimate of the staff time needed to implement the bill.

Staff time to implement the proposed bill should not increase significantly. The increase of workload will come from the enforcement of the proposed legislation. Current estimate for this bill is one additional full time Code Enforcement Inspector.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

The additional full time Code Enforcement Inspector will allow staff to enforce compliance of the proposed legislation.

8. An estimate of costs when an additional appropriation is needed.

N/A

9. A description of any variable that could affect revenue and cost estimates.

The State Public Service Commission (PSC) has proposed legislation that could impact the pending legislation.

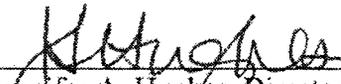
10. Ranges of revenue or expenditures that are uncertain or difficult to project.

It is unknown how many permit holders of PVL's will request sublicense to another person.

11. If a bill is likely to have no fiscal impact, why that is the case.

12. Other fiscal impacts or comments.

13. The following contributed to and concurred with this analysis: James Ryan MCDOT, Darlene Flynn MCDOT, and Brady Goldsmith OMB.



Jennifer A. Hughes, Director
Office of Management and Budget

1/20/15
Date

Bill 53-14

	FY16 costs	FY17 costs	FY18 costs	FY19 costs	FY20 costs	FY21 costs	Total Costs (6 yrs)
Expenditures:							
1 Inspector SWB	94,291.00	94,291.00	94,291.00	94,291.00	94,291.00	94,291.00	565,746.00
1 Vehicle & M/P	30,770.00	6,670.00	6,670.00	6,670.00	6,670.00	6,670.00	64,120.00
Laptop/Software	1,283.00						1,283.00
Cell Phone/charges	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00	7,800.00
Supplies/Printing and Misc. exp	2,500.00	500.00	500.00	500.00	500.00	500.00	5,000.00
Printing of new code books	2,475.00						2,475.00
Office phone	750.00						750.00
Marketing	<u>47,000.00</u>	<u>12,000.00</u>	<u>12,000.00</u>	<u>12,000.00</u>	<u>12,000.00</u>	<u>12,000.00</u>	107,000.00
Total	\$ 180,369.00	\$ 114,761.00	754,174.00				

Revenues: 0 None assumed

Note: Marketing including website development/ educational materials

Economic Impact Statement

Bill 53-14, Taxicabs – Licenses Vehicle Requirements – Driver Identification Cards

Background:

This legislation amends several sections of Chapter 53 of the County Code related to licensing and operation of taxicabs in Montgomery County. Specifically, Bill 53-14 would permit the holder of a Passenger Vehicle License (PVL) to grant a sublicense to another person. The legislation would change the age limitations on vehicles by one year, to no more than five model years when placed into service, and no more than eight model years when in service. The legislation would also relax current requirements on vehicle numbering, markings, colors, special equipment, and cruising lights. Bill 53-14 also amends certain requirement for temporary identification card for taxicab drivers, and allows for software-based meters to be used in taxicabs.

Bill 53-14 addresses the economic impact of transportation network companies (TNC), such as Uber and Lyft, on the County's taxicab industry. Specifically, TNCs are not regulated by the County, and, as such, TNCs allow customers to use their smart phones from any location to secure transportation and thereby providing a competitive advantage by increasing the supply of drivers and cars in the market.

To address the increase in the supply of drivers from TNCs, Bill 53-14 allows a permit holder of a PVL to grant a sublicense to another person thereby increasing the number of PVL drivers and by increasing the age limit of vehicles used by taxicabs it would increase the supply of vehicles and total taxi service in the County, and ensure a competitive market for the delivery of taxicab services.

1. The sources of information, assumptions, and methodologies used.

Source of information is the Montgomery County Department of Transportation (MCDOT).

The assumptions are that increasing the supply of drivers and the supply of vehicles by PVLs will enhance transit services in the County and ensure a competitive market for the delivery of transit services. According to MCDOT, the County current has issued 770 PVLS of which of which it is estimated that 550 are held by operating taxicabs and 220 are assigned to taxicabs that are currently idle and non-operating. As stated above, Bill 53-14 would allow the permit holder of the fleet or individual PVL to grant a sublicense to another individual. Since there are an estimated 220 idle/unused taxicabs in the County, the holder of the PVL, either fleet or individual, could receive revenues from either of two methods: 1) sell the used taxicab as a used car or cab, or 2) sublicense the vehicle (or both). Under option 2, the direct license holder, e.g., a current cab company would receive an estimated \$230 per week from the holder of the sublicense. Therefore, the holders of the PVLs could receive up to an estimated \$46,000 per week (220 x \$230) from sublicensing all idle vehicles without incurring operating costs. The sublicense holder would pay for the operating expenses for that vehicle including insurance and the fee for the PVL.

Economic Impact Statement

Bill 53-14, Taxicabs – Licenses Vehicle Requirements – Driver Identification Cards

2. A description of any variable that could affect the economic impact estimates.

The variables that could affect the economic impact estimates is the number of sublicenses issued, the pricing impact of increasing the supply of taxi services, and the effect of current supply of taxicabs by increasing the age limit of taxicabs.

3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

It is uncertain with any specificity to determine the economic impact on employment, spending, saving, investment, incomes, and property values in the County. Bill 53-14 would increase the number of drivers of taxicabs and therefore have a positive impact on employment. The changes would address the current competitive advantage experienced by TNCs and, due to the greater competition, benefit customers with better and faster service at potentially lower prices. By permitting software-based meters in taxicabs, Bill 53-14 addresses another competitive advantage by TNCs by providing passengers of taxicabs precise information on travel cost.

4. If a Bill is likely to have no economic impact, why is that the case?

Bill 53-14 could have a positive economic impact on PVLs but without actual data, it is difficult to precisely estimate the impacts on employment, business income, and investment.

5. The following contributed to or concurred with this analysis: David Platt and Rob Hagedoorn, Finance; Howard Benn and James Ryan, (MCDOT).



Joseph F. Beach, Director
Department of Finance

1/16/15

Date

Bill No. 54-14
Concerning: Taxicabs – Transportation
Network Service – Requirements
Revised: 10/24/2014 Draft No. 3
Introduced: October 28, 2014
Expires: April 28, 2016
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Berliner and Floreen

AN ACT to

- (1) require a transportation network application company to obtain a license to operate in the County;
- (2) require a transportation network application company and transportation network operator to meet certain registration requirements;
- (3) require a vehicle used to provide transportation network service to meet certain standards;
- (4) require a transportation network application company and transportation network operator to be insured;
- (5) require transportation network application company and transportation network operator to meet certain accessibility standards; and
- (6) generally amend the laws governing the licensing and regulation of taxicabs.

By amending

Montgomery County Code
Chapter 53, Taxicabs
Sections 53-101 and 53-106

By adding

Sections 53-801, 53-802, 53-803, 53-804, 53-805, and 53-806

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

28 Transportation network service means transporting a passenger between
 29 points chosen by the passenger and that is prearranged by a transportation
 30 network application company.

31 * * *

32 **53-106. Rates.**

33 (a) The County Executive must set taxicab rates for trips other than those
 34 scheduled through a digital dispatch service by regulation to promote
 35 the public interest after holding a public hearing and considering the
 36 recommendations of the Committee.

37 * * *

38 (c) Each rate charged for a trip booked scheduled through a digital
 39 dispatch service must comply with either:

- 40 (1) applicable rate regulations; or
- 41 (2) a time-and-distance or surge pricing rate set by the service.

42 (d) If a licensee or transportation network application company that uses
 43 digital dispatch charges a fare other than the metered taxicab rate,
 44 before the customer books a vehicle the licensee or company must
 45 disclose to the customer:

- 46 (1) the fare calculation method;
- 47 (2) the applicable rate being charged; and
- 48 (3) the option for the customer to receive an estimated fare.

49 The licensee or TNAC must review any customer complaint about a
 50 fare that exceeds the estimate provided under this subsection by 20%
 51 or \$25, whichever is less.

52 (e) During a state of emergency declared by the County Executive, a
 53 licensee or TNAC that provides digital dispatch and engages in surge
 54 pricing must limit the multiplier by which its base fare is multiplied to

55 the next highest multiple below the 3 highest multiples set on different
 56 days in the 60 days before the declaration of a state of emergency for
 57 the same type of service in the County.

58 [(c)](f) The Director may approve rates other than those set in the
 59 regulations as provided in a contract filed with the Department if the
 60 Director finds that the alternative rates will not result in a significant
 61 reduction of service to the general public. Any alternative rates that
 62 are higher than the rates set by regulation under subsection (a) must
 63 also be set by regulation.

64 [(d)](g) A person must not charge for taxicab service except as allowed
 65 under applicable regulations or [subsection (c)] this Section.

66 * * *

67 **Article 8. Transportation Network Application Companies.**

68 **53-801. Transportation network application company license; required.**

- 69 (a) A transportation network application company must obtain a license
 70 issued by the Director in order to operate in the County.
- 71 (b) A TNAC may obtain a license by applying to the Director on a form
 72 provided by the Department that, at a minimum, requires the applicant
 73 to provide:
- 74 (1) proof that the TNAC is licensed to do business in the State;
 - 75 (2) proof that the TNAC maintains a registered agent in the
 76 County;
 - 77 (3) proof that the TNAC maintains a website that includes the
 78 information required by subsection 53-802(c);
 - 79 (4) a written description of how the TNAC's digital dispatch
 80 system operates; and

81 (5) proof that the TNAC has secured all insurance policies required
82 by this Article.

83 (c) Any fee for a license issued under this Section must be set under
84 Section 53-107.

85 **53-802. Requirements for transportation network application companies.**

86 Each transportation network application company must:

87 (a) obtain a TNAC license required under Section 53-801:

88 (b) create an application process for a person to apply to register as a
89 TNO;

90 (c) maintain and provide to the Department a current registry of each
91 TNO and vehicle registered with the TNAC;

92 (d) maintain a website that contains:

93 (1) the TNAC's customer service telephone number or electronic
94 mail address;

95 (2) the TNAC's zero tolerance policy established under subsections
96 (h)-(i);

97 (3) the procedure for reporting a complaint about a TNO who a
98 passenger reasonably suspects violated the zero tolerance policy
99 under subsections (h)-(i); and

100 (4) a telephone number or electronic mail address for the
101 Department's Division of Transit Services Taxicab Unit.

102 (e) verify that each motor vehicle used for passenger service has passed:

103 (1) an annual state-required safety inspection; or

104 (2) an initial safety inspection within 90 days before entering
105 service by a licensed mechanic in an inspection station
106 authorized by the State of Maryland, the District of Columbia,

107 or the Commonwealth of Virginia to perform vehicle safety
 108 inspections.

109 (f) annually verify the safety inspection status of each vehicle after the
 110 initial verification is conducted;

111 (g) verify that each background check required by Section 53-803(b) has
 112 been conducted, and that no TNO is subject to disqualification under
 113 Section 53-803(c);

114 (h) (1) establish a zero tolerance policy on the use of alcohol or illegal
 115 drugs or being impaired by the use of alcohol or drugs while a
 116 transportation network operator is logged into a TNAC's digital
 117 dispatch;

118 (2) immediately suspend a TNO for the duration of the
 119 investigation upon receiving a written complaint from a
 120 passenger submitted through regular or electronic mail
 121 containing a reasonable allegation that the TNO violated the
 122 zero tolerance policy established under paragraph (1); and

123 (3) conduct an investigation when a passenger alleges that a TNO
 124 violated the zero tolerance policy established by paragraph (1);

125 (i) (1) establish a zero tolerance policy regarding discrimination or
 126 discriminatory conduct on the basis of a protected characteristic
 127 while a TNO is logged into a TNAC's digital dispatch system.

128 (2) Discriminatory conduct under this subsection includes:

129 (A) refusing service on the basis of a protected characteristic,
 130 including refusing service to an individual with a service
 131 animal unless the TNO has a documented serious
 132 medical allergy to animals on file with the TNAC;

- 133 (B) using derogatory or harassing language on the basis of a
 134 protected characteristic;
- 135 (C) refusing service based on the pickup or drop-off location
 136 of a passenger; and
- 137 (D) rating a passenger on the basis of a protected
 138 characteristic.
- 139 (3) Discriminatory conduct under this subsection does not include
 140 refusing to provide service to an individual with disabilities
 141 because of violent, seriously disruptive, or illegal conduct by
 142 the individual. However, a TNO must not refuse to provide
 143 service to an individual with a disability solely because the
 144 individual's disability results in an appearance or involuntary
 145 behavior that may offend, annoy, or inconvenience the TNO or
 146 another person.
- 147 (4) immediately suspend a TNO for the duration of the
 148 investigation after receiving a written complaint from a
 149 passenger submitted through regular or electronic mail
 150 containing a reasonable allegation that the TNO violated the
 151 zero tolerance policy established by paragraph (1); and
- 152 (4) conduct an investigation when a passenger submits a reasonable
 153 allegation that a TNO violated the zero tolerance policy
 154 established by paragraph (1); and
- 155 (j) maintain any records required by the Department to enforce this
 156 Section. A TNAC is not required to collect or transmit data or
 157 information about any specific customer or that customer's trip.
 158 However, as required by the Department or regulation, the TNAC



159 must transmit aggregate trip data collected by a digital dispatch or
 160 taxicab meter system to the Department for all trips.

161 **53-803. Registration of transportation network operators and vehicles.**

162 (a) To operate as a transportation network operator, an individual must
 163 submit an application to register with a TNAC.

164 (b) Before approving a TNO registration application submitted under
 165 subsection (a), each TNAC must have a third party that is accredited
 166 by the National Association of Professional Background Screeners or
 167 a successor accreditation entity conduct the following examinations:

- 168 (1) a local and national criminal background check;
- 169 (2) the national sex offender database background check; and
- 170 (3) a full driving record check.

171 (c) A TNAC must reject an application submitted under subsection (a)
 172 and must permanently disqualify any applicant:

173 (1) who, within 5 years before the registration application is
 174 submitted, was convicted of, pled guilty or no contest to, or was
 175 placed on probation without a finding of guilt for, or who when
 176 the application is submitted, has a charge pending for, or who
 177 has, within 3 years before the application was submitted,
 178 completed a sentence or period of probation based on a charge
 179 for:

- 180 (A) any offense involving violence or a weapon;
- 181 (B) any sex offense;
- 182 (C) soliciting for prostitution;
- 183 (D) illegal sale or use of alcoholic beverages;
- 184 (E) violation of any law governing controlled dangerous
 185 substances;

- 186 (F) violation of any gaming law;
 187 (G) any offense involving driving under the influence; or
 188 (H) any act of moral turpitude;
 189 (2) who has a pattern of reasonably verifiable complaints of
 190 substandard customer service during the previous 24 months;
 191 (3) whose driving record during the 3 years immediately before the
 192 application was submitted, demonstrates that the applicant is
 193 not a responsible, safe, or careful driver because the applicant
 194 has received more than 4 points under applicable criteria
 195 defined by the State Motor Vehicle Administration or the
 196 equivalent in another jurisdiction, or by other reasonably
 197 verifiable evidence of unsafe or dangerous driving;
 198 (4) who makes a false statement or gives a false answer on a
 199 registration application;
 200 (5) who is unable to safely operate a vehicle, or who may otherwise
 201 endanger the public health, safety, or welfare, or who would be
 202 unable to fulfill the duties of a driver as required by applicable
 203 regulation;
 204 (6) who has substantial delinquent debts to the County, State, or
 205 Federal government; or
 206 (7) whose record of violations of this Chapter or other laws or
 207 regulations of the County, State, or any other jurisdiction
 208 indicates that to protect public safety an operator should not be
 209 registered.
 210 (d) Each motor vehicle used for transportation network service must:
 211 (1) have a manufacturer's rated seating capacity of 8 persons or
 212 fewer, including the operator;

213 (2) have at least 4 doors and meet all applicable federal motor
 214 vehicle safety standards for vehicles of its size, type, and
 215 proposed use; and

216 (3) be no more than 10 model years old at entry into service and no
 217 more than 12 model years old while in service.

218 (e) A person registered with a TNAC as a TNO under this Section must
 219 be treated by the Department as holding the necessary authorization to
 220 operate in the County as may be required by another jurisdiction or
 221 interstate authority.

222 **53-804. Insurance requirements for transportation network application**
 223 **companies and operators.**

224 (a) Each TNAC or TNO must maintain a primary automobile liability
 225 insurance policy that provides coverage of at least \$1 million per
 226 occurrence for accidents involving a TNO at all times when the TNO
 227 is engaged in a prearranged ride.

228 (b) For the time period when a TNO is logged onto a TNAC's digital
 229 dispatch showing that the TNO is available to pick up passengers but
 230 is not engaged in a prearranged ride, each TNO or a TNAC, on the
 231 TNO's behalf, must maintain a primary automobile liability insurance
 232 policy that:

233 (1) recognizes that the TNO is a transportation network operator,
 234 and covers the TNO's provision of private vehicle-for-hire
 235 service while the operator is logged into the TNAC's digital
 236 dispatch showing that the TNO is available to pick up
 237 passengers; and

- 238 (2) provides minimum coverage of at least \$50,000 per person per
239 accident, with up to \$100,000 available to all persons per
240 accident, and \$25,000 for property damage per accident; and
- 241 (3) does one of the following:
- 242 (A) offers full time coverage similar to the coverage required
243 under Section 53-225; or
- 244 (B) offers a liability insurance policy purchased by the
245 TNAC that provides primary coverage for the time
246 period in which a TNO is logged into the TNAC's digital
247 dispatch showing that the TNO is available to pick up
248 passengers.
- 249 (c) If a TNAC obtains an insurance policy under this Section, it must
250 provide proof to the Department that the TNAC has secured the
251 policy.
- 252 (d) A TNAC must not allow a TNO who has obtained his or her own
253 policy to fulfill the requirements of this Section to accept a trip
254 request through the digital dispatch service used by the TNAC until
255 the TNAC verifies that the TNO maintains the insurance required
256 under this Section. If the insurance maintained by a TNO to fulfill the
257 insurance requirements of this Section has lapsed or been cancelled,
258 the TNAC must provide the coverage required by this Section,
259 beginning with the first dollar of a claim.
- 260 (e) Nothing in this Section requires a TNO to obtain a personal
261 automobile insurance policy that provides coverage for the time
262 period when the TNO is logged into a TNAC's digital dispatch
263 system.

264 (f) If more than one insurance policy held by a TNAC provides valid and
265 collectable coverage for a loss arising out of an occurrence involving
266 a motor vehicle operated by a TNO, the responsibility for the claim
267 must be divided on an equal basis among all of the applicable policies
268 unless the claim has been divided in a different manner by written
269 agreement of all insurers of the applicable policies and each policy
270 owner.

271 (g) In a claims coverage investigation, each TNAC must cooperate with
272 any insurer that insures the TNO's motor vehicle, including providing
273 relevant dates and times during which an accident occurred that
274 involved the TNO to determine whether the TNO was logged into a
275 TNAC's digital dispatch showing that the TNO is available to pick up
276 passengers.

277 (h) Each TNAC must disclose the insurance coverage requirements of
278 this Section on its website, and its terms of service must not contradict
279 or be used to evade any insurance requirement.

280 (i) By (first day of next month 90 days after this Act takes effect), each
281 TNAC that obtains insurance on a TNO's behalf under this Section
282 must disclose in writing to the TNO, as part of its agreement with the
283 TNO:

284 (1) the insurance coverage and limits of liability that the TNAC
285 provides while the TNO is logged into the TNAC's digital
286 dispatch showing that the TNO is available to pick up
287 passengers; and

288 (2) that the TNO's personal automobile insurance policy may not
289 provide coverage, including collision physical damage
290 coverage, comprehensive physical damage coverage, uninsured

291 and underinsured motorist coverage, or medical payments
 292 coverage, because the TNO uses a vehicle in connection with a
 293 TNAC.

294 (j) An insurance policy required by this Section may be obtained from
 295 any insurance company authorized to do business in the State.

296 (k) Each TNAC or TNO must secure primary insurance coverage that
 297 complies with the requirements of subsection (b) by (first day of next
 298 month 120 days after this Act takes effect). Until that date, each
 299 TNAC must maintain a contingent liability policy meeting at least the
 300 minimum limits of subsection (b) that will cover a claim if the TNO’s
 301 personal insurance policy denies a claim.

302 (l) In this Section, “pre-arranged ride” means a period of time that begins
 303 when a TNO accepts a requested ride through digital dispatch,
 304 continues while the TNO transports the passenger in the TNO’s
 305 vehicle, and ends when the passenger departs from the vehicle.

306 **53-805. Requirements for transportation network operators.**

307 (a) Each transportation network operator must:

308 (1) accept only rides booked through a TNAC’s digital dispatch,
 309 and must not solicit or accept street-hails;

310 (2) possess a valid driver’s license issued by Maryland, the District
 311 of Columbia, or Virginia;

312 (3) possess proof of personal motor vehicle insurance for any
 313 motor vehicle used as a private vehicle-for-hire; and

314 (4) be at least 21 years old.

315 (b) A TNO may affiliate with more than one company to use digital
 316 dispatch unless an agreement between the TNAC and the TNO
 317 provides otherwise.

- 318 **53-806. Accessibility of digital dispatch for individuals with disabilities.**
- 319 (a) By January 1, 2016, each TNAC that provides digital dispatch must:
- 320 (1) assure that its websites and mobile applications are accessible
- 321 to the blind and visually impaired and the deaf and hard of
- 322 hearing; and
- 323 (2) submit a plan to the Director that describes its actions to
- 324 improve service to senior citizens, people with disabilities, or
- 325 other underserved populations identified by the Director.
- 326 (b) Any TNAC that provides digital dispatch must not:
- 327 (1) impose any additional or special charge on an individual with a
- 328 disability for providing services to accommodate the individual;
- 329 or
- 330 (2) require an individual with a disability to be accompanied by an
- 331 attendant.
- 332 (c) If a TNO accepts a ride request through digital dispatch from a
- 333 passenger with a disability who uses mobility equipment, upon
- 334 picking up the passenger the TNO must stow the passenger's mobility
- 335 equipment in the vehicle if the vehicle is capable of stowing the
- 336 equipment. If the passenger or TNO decides that the vehicle is not
- 337 capable of stowing the equipment, the company that provides digital
- 338 dispatch must not charge a trip cancellation fee or, if any fee was
- 339 charged, must provide the passenger with a timely refund.

340 *Approved:*

341

Craig L. Rice, President, County Council

Date

LEGISLATIVE REQUEST REPORT

Bill 54-14

Taxicabs – Transportation Network Service - Requirements

DESCRIPTION:	Bill 54-14 would establish a regulatory framework applicable to the delivery of transportation network service. It would: require a transportation network application company (TNAC), such as Uber and Lyft, to obtain a license to operate in the County; require a TNAC and transportation network operator (TNO) to meet certain registration requirements; require a vehicle used to provide transportation network service to meet certain standards; require a TNAC and TNO to be insured; and require a TNAC and TNO to meet certain accessibility standards.
PROBLEM:	TNACs are not currently regulated in the County. These unregulated drivers and companies are not currently required to meet regulatory standards similar to those imposed on “traditional” taxicabs, such as insurance, driver training and testing, or vehicle inspection and maintenance requirements.
GOALS AND OBJECTIVES:	Ensure an efficient, competitive market for the delivery of transit services while maintaining high standards of public safety, convenience, and comfort.
COORDINATION:	MCDOT
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	Several jurisdictions have enacted similar regulatory regimes.
SOURCE OF INFORMATION:	Josh Hamlin, Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	N/A

Fiscal Impact Statement
Council Bill 54-14, Taxicabs – Transportation Network Service - Requirements

1. Legislative Summary.

Bill 54-14 would require a transportation network application company to obtain a license to operate in the County, require a transportation application company and transportation network operator to meet certain registration requirements, require a vehicles used to provide transportation network service to meet certain standards, require a transportation network applications company and transportation network operator to be insured, and require transportation network application company and transportation network operator to meet certain accessibility standards.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

Additional revenue of \$357,500 assuming an additional 550 drivers will be affected. It is uncertain how many new operators in the County will apply for licenses. The 550 driver figure represents the actual number of cabs currently operating and presumes the Transportation Network Companies (TNCs) will match those.

Managing the potential changes to Chapter 53 of the Montgomery County Code would require two additional Code Enforcement Inspectors, two vehicles, and associated operating costs. FY16 costs are estimated at \$328,126.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Revenues over the next six years are estimated at \$2,145,000.

Expenditures over the next six years are estimated at \$1,486,679.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

N/A

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

It is unknown how many new operators will apply for licenses.

6. An estimate of the staff time needed to implement the bill.

Staff time to implement the proposed bill should not increase significantly. The increase of workload will come from the enforcement of the proposed legislation. Current estimate for this bill is two additional full time Code Enforcement Inspectors.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

The additional full time Code Enforcement Inspectors will allow staff to enforce compliance of the proposed legislation.

8. An estimate of costs when an additional appropriation is needed.

N/A

9. A description of any variable that could affect revenue and cost estimates.

The State Public Service Commission (PSC) has proposed legislation that could impact the pending legislation.

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

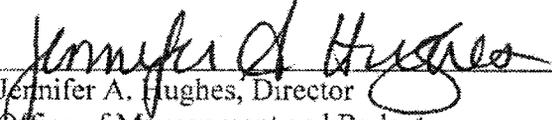
It is unknown how many new operators will apply for licenses.

11. If a bill is likely to have no fiscal impact, why that is the case.

N/A

12. Other fiscal impacts or comments.

13. The following contributed to and concurred with this analysis: James Ryan MCDOT, Darlene Flynn MCDOT, and Brady Goldsmith OMB.


Jennifer A. Hughes, Director
Office of Management and Budget

1/20/15
Date

Bill 54-14

	Expenditures:						Total
	FY16	FY17	FY18	FY19	FY20	FY21	Costs (6 yrs)
2 Inspectors	\$168,583.00	\$168,583.00	\$168,583.00	\$168,583.00	\$168,583.00	\$168,583.00	\$1,011,498.00
2 Vehicles	\$61,540.00	\$13,340.00	\$13,340.00	\$13,340.00	\$13,340.00	\$13,340.00	\$128,240.00
Backgrounds/FBI reports	\$27,637.50	\$27,637.50	\$27,637.50	\$27,637.50	\$27,637.50	\$27,637.50	\$17,588.00
Laptops/Software	\$2,566.00						\$2,566.00
Cell Phones/ charges	\$2,600.00	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00	\$14,600.00
Supplies/Printing and Misc. exp	\$5,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$10,000.00
Printing of new code books	\$11,700.00	\$6,750.00	\$6,750.00	\$6,750.00	\$6,750.00	\$6,750.00	\$45,450.00
Office phone	\$1,500.00						\$1,500.00
Marketing	<u>\$47,000.00</u>	<u>\$12,000.00</u>	<u>\$12,000.00</u>	<u>\$12,000.00</u>	<u>\$12,000.00</u>	<u>\$12,000.00</u>	\$107,000.00
Total	\$328,126.50	\$231,710.50	\$231,710.50	\$231,710.50	\$231,710.50	\$231,710.50	\$1,486,679.00

Revenues:

\$ 357,500.00	\$ 357,500.00	\$ 357,500.00	\$ 357,500.00	\$ 357,500.00	\$ 357,500.00	\$ 357,500.00	\$2,145,000.00
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Assumption for Revenue Bill 54-14 is that the cost of application, background, inspection and decals is \$650.00 per driver

We are assuming 550 drivers will be affected by this legislation and will comply

Backgrounds are \$50.25 per vehicle/driver

Note: Marketing including website development/ educational materials

Economic Impact Statement
Bill 54-14, Taxicabs – Transportation Network Services - Requirements

Background:

This legislation would require a transportation network application company to obtain a license to operate in the County and comply with requirements related to safety and consumer protection. Bill 54-14 would require Transportation Network Operators (TNOs) to be registered by a Transportation Network Application Company (TNAC) and require a TNO or TNAC to carry insurance coverage of at least \$1 million per occurrence for accidents. The legislation requires a TNAC to interface its digital dispatch system and be accessible to the blind and visually impaired and the deaf and hearing impaired passengers. Bill 54-14 is intended to limit “surge pricing” during a declared state of emergency.

1. The sources of information, assumptions, and methodologies used.

Montgomery County Department of Transportation (MCDOT)
Office of Management and Budget (OMB)

According to data provided by MCDOT and OMB, the number of drivers affected by Bill 54-14 is 550. The figure of 550 is the actual number of taxicabs operating in the County and assumes that the Transportation Network Companies (TNCs), such as Uber and Lyft, would match that number. The cost of application, background, inspection, and decals is \$650.00 per passenger vehicle license (PVL). Therefore, the total cost to the drivers is \$357,500 per year and an estimated \$2,145,000 over the next six years. Finally, the total number of trips in FY2014 was 3,696,420.

2. A description of any variable that could affect the economic impact estimates.

The variables that could affect the economic impact estimates are the number of drivers, the cost per driver, and the number of trips provided by a TNO in each year. The other variable that could affect the economic impact is the limit to “surge pricing” that could provide an economic benefit to passengers during certain “surge” periods.

3. The Bill’s positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

Based on data provided by MCDOT and OMB, the economic impact on TNAC or TNO is \$357,500 in costs to operate in the County with a total economic impact on business income. However, if TNAC or TNO passes those costs onto the passengers, the passengers would incur those costs at an average cost of less than ten cents per trip.

Economic Impact Statement
Bill 54-14, Taxicabs – Transportation Network Services - Requirements

4. If a Bill is likely to have no economic impact, why is that the case?

Due to the limited impact on either business or consumer income, Bill 54-14 would have a minimal economic impact on employment, spending, saving, investment, incomes, or property values in the County.

5. The following contributed to or concurred with this analysis: David Platt and Rob Hagedoorn, Finance; Howard Benn and James Ryan, MCDOT.



Joseph F. Beach, Director
Department of Finance

4/16/15

Date

Bill No. 55-14
Concerning: Taxicabs – Centralized
Electronic Dispatch System
Revised: 10/23/2014 Draft No. 1
Introduced: October 28, 2014
Expires: April 28, 2016
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmember Riemer

AN ACT to:

- (1) require the Department of Transportation to implement a centralized electronic taxicab dispatch system;
- (2) require certain taxicab operators to participate in the centralized electronic taxicab dispatch system; and
- (3) generally amend the law governing the licensing and regulation of taxicabs.

By adding

Montgomery County Code
Chapter 53, Taxicabs
Section 53-111

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 53-111 is added to Chapter 53 as follows:**

2 **53-111. Centralized electronic dispatch system.**

3 (a) The Director must establish a centralized electronic dispatch system to
4 dispatch taxicabs for trips that begin or end in the County through an
5 Internet-enabled application, digital platform, or telephone dispatch
6 system.

7 (b) The Director may enter into a contract with a licensee or other private
8 party through the County procurement process to manage and operate
9 the system.

10 (c) The Director may require every taxicab licensed under this Chapter to
11 participate in the system.

12 (d) The Director may require dispatch fees, approved under Section 53-
13 107, to be assessed to cover the costs of operating the system.

14 (e) The system must maintain verifiable records, in a form prescribed by
15 the Director, summarizing responses to requests for service made
16 under the system. The system must provide all required records to the
17 Director upon request.

18 (f) Nothing in this Section prohibits a licensee from being affiliated with
19 or dispatched by any other two-way dispatch system.

20 *Approved:*

21

Craig L. Rice, President, County Council

Date

22 *Approved:*

23

Isiah Leggett, County Executive

Date

LEGISLATIVE REQUEST REPORT

Bill 55-14

Taxicabs – Centralized Electronic Dispatch System

DESCRIPTION:	Would require the Department of Transportation to implement a centralized electronic taxicab dispatch system, and require certain taxicab operators to participate in the centralized electronic taxicab dispatch system.
PROBLEM:	Traditional taxicabs are competing, not always successfully, with often-unregulated taxi dispatch companies.
GOALS AND OBJECTIVES:	To enable, and potentially require, traditional taxicab companies in the County to jointly use an efficient centralized electronic dispatch system adapted to their operations.
COORDINATION:	Department of Transportation
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Josh Hamlin, Legislative Attorney; Michael Faden, Senior Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	N/A

F:\LAW\BILLS\1455 Taxicabs-Centralized Electronic Dispatch System\LRR.Doc

Fiscal Impact Statement
Council Bill 55-14, Taxicabs – Centralized Electronic Dispatch System

1. Legislative Summary.

Bill 55-14 would require the County Department of Transportation to implement a centralized electronic taxicab dispatch system and require certain taxicab operators to participate in the centralized electronic taxicab dispatch system.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

Additional revenue is expected at \$180,000 annually.

Expenditures on application design and management as well as marketing is estimated at \$297,000.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Revenues over the next six years are estimated at \$1,080,000.

Expenditures over the next six years are estimated at \$1,482,000.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

N/A

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

N/A

6. An estimate of the staff time needed to implement the bill.

N/A

7. An explanation of how the addition of new staff responsibilities would affect other duties.

N/A

8. An estimate of costs when an additional appropriation is needed.

N/A

9. A description of any variable that could affect revenue and cost estimates.

N/A

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

N/A

11. If a bill is likely to have no fiscal impact, why that is the case.

N/A

12. Other fiscal impacts or comments.

13. The following contributed to and concurred with this analysis: James Ryan MCDOT, Darlene Flynn MCDOT, and Brady Goldsmith OMB.

Jennifer A. Hughes
Jennifer A. Hughes, Director
Office of Management and Budget

1/20/15
Date

Bill 55-14

	Expenditures:						Total
	FY16	FY17	FY18	FY19	FY20	FY21	Costs (6 yrs)
APP Design and Management	\$250,000.00	\$220,000.00	\$220,000.00	\$220,000.00	\$220,000.00	\$220,000.00	\$1,350,000.00
Marketing	\$47,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$132,000.00
Total	\$297,000.00	\$237,000.00	\$237,000.00	\$237,000.00	\$237,000.00	\$237,000.00	\$1,482,000.00
Revenues: (see below)	\$ 180,000.00	\$1,080,000.00					

Assumption for Revenue Bill 55-14 is that the each ride using the APP will generate \$1.00 and we are assuming 5% of total trips from Fy14
 Total trips from FY14 is 3.6 M, 5% =180,000 trips. 1st year is no revenue because of development and implementation of program
 Note: Marketing including website development/ educational materials

Economic Impact Statement
Bill 55-14, Taxicabs – Centralized Electronic Dispatch System

Background:

This legislation would require the County Department of Transportation (MCDOT) to implement a centralized electronic taxicab dispatch system. Bill 55-14 would also require certain taxicab operators to participate in the centralized electronic taxicab dispatch system.

1. The sources of information, assumptions, and methodologies used.

Montgomery County Department of Transportation (MCDOT)
Office of Management and Budget (OMB)

According to data from MCDOT, each ride using a centralized electronic taxicab dispatch system will generate \$1.00 for the County through a charge assessed on the taxicab operator, and assuming 5 percent of approximately 3.6 million trips use the dispatch system, the total cost to taxicab operators would be \$180,000 per year.

2. A description of any variable that could affect the economic impact estimates.

The variables that could affect the economic impact estimates are the amount of the charge for the dispatch system for each ride, the cost of implementing the dispatch system, the annual cost of operating the dispatch system, and the number of trips using the dispatch system each year.

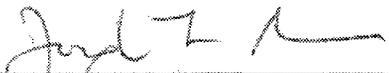
3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

Based on data provided in paragraph #1, Bill 54-14 would have a minimal economic impact on costs to taxicab operators. Such costs are dependent on the cost per ride and number of trips affected by the cost.

4. If a Bill is likely to have no economic impact, why is that the case?

Bill 55-14 would have no economic impact on the County's employment, saving, investment, incomes, and property values.

5. The following contributed to or concurred with this analysis: David Platt and Rob Hagedoorn, Finance; Howard Benn and James Ryan, MCDOT.



Joseph F. Beach, Director
Department of Finance



Date

1

**Testimony on Behalf of County Executive Isiah Leggett
December 2, 2014**

Good evening. I am Art Holmes, Director of the Department of Transportation for Montgomery County. I am here to testify on behalf of the County Executive on Bills 53-14, 54-14, and 55-14.

Thank you for having us here tonight to discuss this very fluid situation that is impacting all facets of the “for hire” transportation industry here in Montgomery County. Transportation “for hire” activities in Montgomery County consist of conventional taxicabs, limousine, Transportation Network Activities, owners and drivers. The arrival of UBER as a transportation provider in Montgomery County changed the environment relating to “for hire” transportation in the County.

The County is a unique place as it pertains to transportation, and we have to consider the entire population when it comes to safe, reliable, efficient and responsive transportation options. As we move to improve “for hire” transportation we should be aware of and consider the qualities and requirements of each of the aforementioned entities. The three bills we are discussing tonight are diverse and in each case separately target different aspects of “for hire” transportation activities.

Tonight you may hear from the taxicab owners, the transportation network companies (TNCS), and the drivers and/or their representatives. It is the county government’s job to ensure that all the people who reside and do business in the county are provided with safe, reliable and affordable options when it comes to the county’s varying transportation systems. We need to look at all the options, popular and not so popular and not rush to judgments and decisions that could leave people underserved given the advent of technology that has led to the changing landscape of the transportation industry.

With all of this in mind, I would like to emphasize that the county has a program which provides subsidized taxi trips for low-income seniors and those with disabilities. The Call-N-Ride program is a vital link for the users of the program to get to their appointments. Furthermore, current taxi regulations require that 8% of vehicles that companies operate be handicap accessible. Any legislation that is drafted needs to take into consideration the people who do not have smartphones, who rely heavily on accessible transportation and the other programs that the County offers that are essential to their safety and well-being.

Care should be taken to ensure that all segments and areas of the County are served. Additionally, the County’s regulatory framework should allow for a level playing field and address the issues of driver safety, insurance and protection of the public.

We do not recommend approval of these three Bills individually. We believe that these three Bills should be evaluated holistically to improve “for-hire” transportation systems in Montgomery County. We are ready to work with council staff, the taxi owners and drivers, and other stakeholders to change Chapter 53 in order to maintain a viable “for hire” transportation system in Montgomery County. Thank you for the opportunity to testify.

STATEMENT OF WILLIAM S. MORROW, JR.
EXECUTIVE DIRECTOR
WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

BEFORE THE
MONTGOMERY COUNTY COUNCIL

HEARING ON
BILL NO. 54-14 CONCERNING TRANSPORTATION NETWORK SERVICE
DECEMBER 2, 2014

Council President Leventhal, Vice President Floreen, distinguished Councilmembers, my name is William S. Morrow, Jr. I am Executive Director of the Washington Metropolitan Area Transit Commission (WMATC or Commission). I thank you for this opportunity to address the Council.

My testimony, which I am submitting on behalf of WMATC staff and which is not binding on the Commission, concerns the regulation of passenger carrier service under the Washington Metropolitan Area Transit Regulation Compact¹ (Compact) and how that relates to Bill No. 54-14 concerning transportation network service.

My analysis of Bill No. 54-14 is confined to the provisions relating to transportation network operators (TNOs). My testimony concludes that under the Compact, much of the service to be provided by TNOs under Bill No. 54-14 would be subject to WMATC licensing

¹ Pub. L. No. 101-505, § 1, 104 Stat. 1300 (1990), *amended* by Pub. L. No. 111-160, 124 Stat. 1124 (2010) (amending tit. I, art. III), (codified at MD. TRANSP. CODE ANN. § 10-203 (2014)).

requirements and associated rate and insurance regulations – even the transportation of passengers between points wholly within Montgomery County. Those TNOs not subject to WMATC licensing requirements would nonetheless be subject to WMATC interstate rate and insurance requirements, which in this case would be the State of Maryland rate and insurance requirements as adopted by the Commission for interstate trips in the Washington Metropolitan Area Transit District (Metropolitan District).

My testimony concludes with a recommendation that the Council amend Bill 54-14 in a manner that will aid in the mutual enforcement of laws regarding passenger transportation originating or terminating in Montgomery County.

Centralized Regulation

The Compact centralizes in WMATC the licensing and regulation of private-sector, for-hire passenger carriers on a regional basis throughout the Metropolitan District, which includes Montgomery and Prince George's Counties in Maryland, the District of Columbia, and much of Northern Virginia, including Reagan National and Dulles International Airports.

The Compact was enacted in 1960 by agreement of the State of Maryland, the District of Columbia and the Commonwealth of Virginia,² and was consented to by Congress after President Eisenhower vetoed competing legislation that would have created a new federal agency in the Commission's place.³ Creating a regional compact agency addressed the problems caused by the preexisting fragmentation of regulatory authority shared by three agencies of the States and the District of Columbia and one federal agency while avoiding a new layer of federal oversight.

² Pub. L. No. 86-794, § 1, 74 Stat. 1031 (1960).

³ District of Columbia, Maryland and Virginia Mass Transit Compact: Hearings on H.J. Res. 402 Before Subcomm. No. 3 of the House Comm. on the Judiciary, 86th Cong., 1st Sess. at 62 (1959).

The Compact was amended in 1962 to confirm the Commission's jurisdiction over vehicles that seat nine persons or less, including the driver, and to expressly include Washington Dulles International Airport in the Metropolitan District.⁴

The Compact was further amended in 1990 in large part for the purpose of "lowering barriers to market entry ... while maintaining a regional approach to transportation and keeping those controls necessary for the security of the public."⁵

Suspension and Preemption of Conflicting Laws

Under Article XIV, Section 2(a), of the Compact, the applicability of each law, rule, regulation, or order of a signatory relating to transportation subject to the Compact is suspended.

Moreover:

Upon entering into an interstate compact, a state effectively surrenders a portion of its sovereignty; the compact governs the relations of the parties with respect to the subject matter of the agreement and is superior to both prior and subsequent law. Further, when enacted, a compact constitutes not only law, but a contract which may not be amended, modified, or otherwise altered without the consent of all parties. It, therefore, appears settled that one party may not enact legislation which would impose burdens upon the compact absent the concurrence of the other signatories.

C.T. Hellmuth & Assocs., Inc., v. Washington Metro Area Transit Authority, 414 F. Supp. 408 (D. Md. 1976).

WMATC Scope of Authority

The Compact applies to "the transportation for hire by any carrier of persons between any points in the Metropolitan District" - without regard to political boundaries.⁶ TNO operations originating or terminating in Montgomery County, therefore, would fall under WMATC jurisdiction.

⁴ Pub. L. No. 87-767, 76 Stat. 764 (1962).

⁵ *Old Town Trolley Tours of Washington, Inc. v. WMATC*, 129 F.3d 201, 203 (D.C. Cir. 1997).

⁶ Compact, tit. I, art. II, & tit. II, art. XI, § 1.

“A person may not engage in transportation subject to [the Compact] unless there is in force a ‘Certificate of Authority’ issued by the Commission authorizing the person to engage in that transportation.”⁷ Each WMATC carrier must observe and enforce Commission regulations established under the Compact,⁸ including WMATC regulations governing rates (WMATC Regulation Nos. 55 & 56) and insurance (WMATC Regulation No. 58).

A partial exemption to WMATC’s otherwise plenary jurisdiction exists for operations conducted in “taxicabs and other vehicles that perform a bona fide taxicab service, where the taxicab or other vehicle has a seating capacity of 9 persons or less, including the driver.”⁹ WMATC’s jurisdiction over operations in such vehicles is limited to regulation of interstate rates and insurance.¹⁰ By Commission order, such interstate rates and insurance must meet the same requirements as those prescribed by the Compact signatories - the State of Maryland, the District of Columbia, and the Commonwealth of Virginia - for intrastate passenger carrier rates and insurance.¹¹

Availability of Partial Exemption for TNOs

The partial exemption for taxicabs under the Compact would not encompass TNOs for two reasons. First, Bill No. 54-14 defines a TNO in pertinent part as “an individual who operates a motor vehicle that is . . . not licensed as a taxicab.”¹² Second, Bill No. 54-14 provides that TNOs “must not solicit or accept street-hails.”¹³ The Compact, however, defines taxicab as “a motor vehicle for hire (other than a vehicle operated under a Certificate of Authority issued by

⁷ Compact, tit. II, art. XI, § 6(a).

⁸ Compact, tit. II, art. XI, § 5(b).

⁹ Compact, tit. II, art. XI, §§ 1(b) & 3(f).

¹⁰ *Id.*

¹¹ *In re Title II, Art. XII, § 1(c) of the Compact*, No. MP-83-01, WMATC Order No. 2559 at 13-14, 16 (May 24, 1984).

¹² Bill No. 54-14 at 2.

¹³ *Id.* at 13.

the Commission) having a seating capacity of 9 persons or less, including the driver, used to accept or solicit passengers along the public streets for transportation.”¹⁴ (Emphasis added).

TNO vehicles thus would not be partially exempt as taxicabs.

A partial exemption for TNOs conceivably might be available under the Compact on the alternative ground that the TNO operations contemplated in Bill No. 54-14 meet the definition of other vehicles that perform a bona fide taxicab service as that term is defined in WMATC Regulation No. 51-09.¹⁵ Under WMATC Regulation 51-09, other vehicles that perform a bona fide taxicab service means vehicles other than taxicabs used to perform a service that is:

- a) transportation intended in good faith to be provided only between points selected at will by the person or persons hiring the vehicle in which such transportation is provided;
- b) conducted in a vehicle subject to the exclusive use of the passenger or single party of passengers hiring the vehicle for the entire time such vehicle is under hire;
- c) priced at rates based on the duration and/or distance of the transportation rendered;
- d) conducted in a vehicle engaged solely in rendering or performing transportation as described in subparagraphs (a), (b), and (c) above; and
- e) conducted in a vehicle having a seating capacity of eight passengers or less in addition to the driver.

Whether TNO service licensed by Montgomery County would be exempt under Regulation No. 51-09 is unclear. The provisions of Bill No. 54-14 are consistent with subparagraphs (a), (c), & (e) of Regulation No. 51-09 but silent as to subparagraphs (b), & (d). Bill No. 54-14 defines transportation network service to mean “transporting a passenger between

¹⁴ Compact, tit. II, art. XI, § 4(d).

¹⁵ Available at <http://www.wmatc.gov/pdf/rules-regs.pdf>.

points chosen by the passenger,”¹⁶ which is consistent with Regulation No. 51-09(a). And proposed Code Section 53-106(c) stipulates that service provided by TNOs “through a digital dispatch service shall be priced in compliance with either “applicable rate regulations” or “a time-and-distance or surge pricing rate set by [a digital dispatch] service.”¹⁷ Surge pricing is defined under the bill as “a fare structure that bases a rate on time and distance factors, increased by a multiplier related to consumer demand.”¹⁸ Together, these provisions would appear to be consistent with Regulation No. 51-09(c). Finally, proposed Code Section 53-803(d) provides that “each motor vehicle used for transportation network service must have a manufacturer’s rated seating capacity of 8 persons or fewer, including the operator.”¹⁹ This is consistent with Regulation No. 51-09(e).

But Bill No-54-14 is silent with respect to whether TNO operations must be conducted in a vehicle subject to the exclusive use of the passenger or single party of passengers hiring the vehicle for the entire time such vehicle is under hire, as required by Regulation No. 51-09(b). And Bill No-54-14 is silent with respect to whether TNO operations must be conducted in a vehicle engaged solely in rendering or performing transportation as described in subparagraphs (a), (b), and (c), as required by Regulation No. 51-09(d).

The compatibility of TNO service under Bill No. 54-14 with Regulation No. 51-09, therefore, is in the abstract questionable at best.

In practice, the majority of transportation network service currently provided in the Washington Metropolitan Area clearly does not meet the 51-09 definition.

¹⁶ Bill No. 54-14 at 3.

¹⁷ Bill No. 54-14 at 3.

¹⁸ *Id.* at 2.

¹⁹ *Id.* at 9.

Current Service Not Exempt

Bill No-54-14 provides for the licensing of transportation network application companies (TNACs) for the purpose of connecting passengers with TNOs. In the case of Uber, the dominant company meeting the definition of a TNAC and currently operating in the Washington Metropolitan Area, the rates advertised on Uber's website do not conform to WMATC Regulation No. 51-09(c).

Uber advertises a flat fare between Dulles International Airport, on the one hand, and points inside the Capital Beltway, on the other.²⁰ Flat fares fail the duration/distance test of Regulation No. 51-09(c).²¹ Consequently, TNOs licensed by Montgomery County and operating under the auspices of Uber would not be partially exempt from WMATC's plenary jurisdiction.

And even if Uber dropped its flat fares, and the transportation network service performed by its TNOs under Bill No. 54-14 in practice met the definition of WMATC Regulation No. 51-09, WMATC precedent indicates that the rates charged by Uber for interstate transportation network service performed by said TNOs inside the Metropolitan District, and the commercial vehicle liability insurance in place on such interstate trips, would need to conform with the rate and insurance requirements established for intrastate passenger carrier service by the Maryland Public Service Commission.²²

WMATC Regulatory Requirements for Non-Exempt Operations

As noted above, the Compact applies to carriers. The Compact defines the term "carrier" as "a person who engages in the transportation of passengers by motor vehicle or other form or

²⁰ <https://www.uber.com/cities/washington-dc>.

²¹ *In re O. Oluokun, Inc., t/a Montgomery County Limo*, No. MP-93-43, WMATC Order No. 4225 at 2 (Dec. 16, 1993).

²² *See id.* at 1-2 (51-09 operations between Montgomery County and Reagan and Dulles Airports must meet MDPSC requirements).

means of conveyance for hire.”²³ Under Commission precedent, an entity furnishing both vehicle and driver for the purpose of transporting passengers for hire is presumed to be a carrier.²⁴ Bill No. 54-14 defines a TNO in pertinent part as “an individual who operates a motor vehicle that is owned or leased by the individual.”²⁵ Under WMATC precedent, therefore, TNOs would be the presumptive carriers and subject to the following requirements, among others.

Each TNO must hold its own WMATC certificate of authority.²⁶ A WMATC certificate of authority is not valid unless the holder is in compliance with the insurance requirements of the Commission.²⁷ The minimum commercial vehicle liability insurance required by WMATC is \$1.5 million, combined single limit, for carriers whose operations are confined to vehicles seating fewer than 16 persons, including the driver.²⁸ A WMATC carrier must maintain on file with the Commission at all times an acceptable, effective WMATC Certificate of Insurance and Policy Endorsement.²⁹ Failure to replace a WMATC Insurance Endorsement prior to termination results in immediate, automatic suspension of a carrier’s WMATC operating authority and places the carrier’s certificate of authority in jeopardy of revocation.³⁰

²³ Compact, tit. II, art. XI, § 4(a).

²⁴ *In re Better Bus. Connection, Inc., t/a BBC Express*, No. MP-13-028, Order No. 14,594 at 6 (Feb. 26, 2014); *In re Ecological Transp. Group, LLC, t/a Ecological Ride & as Ecological Limo*, No. AP-11-112, Order No. 13,246 at 2 (May 2, 2012); *In re Veolia Transp. on Demand, Inc.*, No. AP-07-006, Order No. 11,862 (Feb. 24, 2009); *In re Applied Bus. Mgmt. Solutions, Inc (ABMSI)*, No. AP-07-111, Order No. 10,733 at 3 (Sep. 5, 2007); *In re Carey Limo. D.C., Inc., & ADV Int’l Corp., t/a Moran Limo. Serv.*, No. AP-94-53, Order No. 4499 at 5 (Feb. 16, 1995).

²⁵ Bill No. 54-14 at 2.

²⁶ Compact, tit. II, art. XI, § 11(b).

²⁷ Compact, tit. II, art. XI, § 7(g).

²⁸ WMATC Regulation No. 58-02.

²⁹ WMATC Regulation No. 58-03.

³⁰ WMATC Regulation Nos. 58-12, 58-20.

A WMATC carrier may not charge a rate or fare for transportation subject to the Compact other than the applicable rate or fare specified in a tariff filed by the carrier with the Commission and in effect at the time.³¹

Bill No. 54-14 is silent with regard to whether TNOs may collect fares directly from passengers, but the common practice, and the practice followed by Uber, is that fares are collected by the company that handles the booking or scheduling. A portion of each collected fare is then remitted to the vehicle operator. Under this arrangement, a TNO would be expected to file a contract tariff with WMATC consisting of a copy of the TNO's agreement with the TNAC, plus a WMATC Contract Tariff Cover form.³²

TNOs collecting fares directly from passengers would need to file with WMATC a general tariff containing fixed rates and/or fixed fares.³³ Such a TNO would be required to charge and collect the rates or fares filed with WMATC for all service conducted under its WMATC certificate of authority, including service between points inside Montgomery County, as well as service between points inside Montgomery County, on the one hand, and points outside Montgomery County but inside the Metropolitan District, on the other.

Amendments to Strengthen Mutual Enforcement

WMATC cooperates with, and values the cooperation of, federal, state, and local agencies, including the Montgomery County Department of Transportation, in the mutual enforcement of applicable laws regarding passenger transportation in the Metropolitan District. To that end, WMATC urges the Council to amend Bill 54-14 as follows.

³¹ Compact, tit. II, art. XI, § 14(c).

³² WMATC Regulation No. 55-08. The form is used to list the contact information for both parties and to identify the filing date and expiration date of the underlying contract.

³³ WMATC Regulation No. 55-07.

On Page 3, Line 40, after “or”, insert “if no rate regulations apply, including the rate regulations of the Washington Metropolitan Area Transit Commission,”

On Page 10, Line 221, after “interstate authority.”, insert “The Department, however, in its discretion may share information with another jurisdiction or interstate authority, including but not limited to the Washington Metropolitan Area Transit Commission, and otherwise extend its cooperation to such other jurisdictions and interstate authorities, in the mutual enforcement of laws regarding passenger transportation in the Washington Metropolitan Area.”

On Page 13, after Line 305, insert “Nothing in this Section shall be construed as relieving a TNO of the insurance requirements of another jurisdiction or interstate authority, including but not limited to the Washington Metropolitan Area Transit Commission, as those requirements may apply to operations originating or terminating in Montgomery County.”

Respectfully Submitted

I thank the Council for its consideration of my testimony and recommendations.



William S. Morrow, Jr.
Executive Director

**Testimony of Zuhairah Washington
General Manager, Uber DC
Committee on Transportation, Infrastructure, Energy & Environment
Hearing on Bill 54-14
Monday, December 2, 2014 at 7:30 p.m.**

Good evening. First, I would like to thank Chair Roger Berliner and the other members of the Committee for providing Uber the opportunity to testify today about Bill 54-14. My name is Zuhairah Washington. I am the general manager of Uber DC – Uber’s regional office for the Washington, D.C. metropolitan area. As a Montgomery County resident, I am particularly excited to speak with the Council about the great things Uber and its driver-partners are doing in Montgomery County!

This is an exciting time for the County’s transportation industry. Innovative transportation network companies, or TNCs, are transforming the industry. These services—which enable independent drivers to connect with riders through digital platforms—are bringing safer, more affordable, and more reliable service to local residents.

Montgomery County residents have flocked to the service provided by Uber’s partners, because they provide a level of **convenience, safety, and affordability** that far exceeds traditional transportation alternatives. Uber’s top priority is connecting riders to the safest rides on the road; as such each potential partner goes through **rigorous, federal, state, and local background checks** that

are in many ways more thorough than the screening process for County taxi drivers. Each rider is also protected in the event of an accident during a trip by our **\$1 million** insurance policy, which far exceeds the amount County taxi drivers must carry.

Uber is also making Montgomery County a **more vibrant and livable community** by enabling a broad spectrum of residents to more easily get around—from young professionals and college students like Menge who use Uber after a night out on the town to prevent drunk driving, to senior citizens who can no longer drive, to folks like Adam who live in Takoma Park where it is often difficult to find on demand transportation. We have collected several stories shared by local residents in this booklet for your review.

In addition to the direct consumers of the service, the community as a whole experiences positive externalities. For example, since Uber was introduced, Seattle's DUI rates have decreased 10 percent, Chicago's traditionally underserved neighborhoods contain 40 percent of all Uber trips, and almost all cities have less traffic congestion and lower CO2 emissions.

The job creation benefits Uber provides are also numerous. Uber's platform has generated thousands of high paying jobs for County residents to date. As the Washington Post depicted in a recent article, TNC partners in the region can earn

upwards of **\$60,000 a year**. And they earn this income as independent entrepreneurs, setting their own hours and working at their own pace.

In recent months, **Virginia and the District of Columbia** have put in place TNC regulatory frameworks, both of which have been hailed as **innovative and balanced approaches**. We urge the Council to follow their lead.

Bill 54-14 is a very good starting point for the Council's consideration of this issue, and we commend the Council for their work on this bill and on the two taxi modernization bills that are before the Council tonight.

We have a number of suggestions on how to further refine Bill 54-14. We look forward to sharing our ideas and working with the Council in the coming weeks. And we look forward to continuing to connect Montgomery County residents with safe, reliable, and affordable transportation options for many years to come.

Thank you.

7

Dana Evan Jones

Uber Rider

Hello, my name is Dana Evans Jones and I am a small business owner residing in Bethesda, MD.

I own a small retail shop in downtown Bethesda. For a number of years, I didn't own a car and I relied on Barwood Taxi to get to work, as it is the only transportation option in downtown Bethesda outside of public transportation.

Everytime I called Barwood, it could take anywhere from 20-40 minutes. I wasn't able to ever call to see where the car was or rely on them and get somewhere quickly. Sometimes I waited so long that I had to just run out and find a cab standing by. The hardest part was that it didn't make it easy to manage or plan my time.

As a business owner and a mother of three, it is really important for me to get to my store on time or to get home on time. We are a one-car family so often it is not an option for me to drive myself.

My friend told me about Uber about a year ago. Since I've tried Uber, it has been so much easier for me to make my time reliable and plan more accordingly.

With Uber, I don't have to call a dispatch service and wait for them to connect me with a cab. I always know when a car is coming because I can see it in the app - and if it says it will arrive in 7 minutes - it arrives in 7 minutes. At first, I was a little wary about uberX, because I wasn't sure who would be picking me up. But I've come to find that with each and every one of my uberX experiences, my driver has been professional and very reliable.

Today, if I tell my children I will be home in 7 minutes, I know I will be home in 7 minutes. I no longer have to give myself a 40 minute window to get home. I no longer have to call and wait on Barwood, and be unsure if I have to wrap up with work in 15 minutes, or if I'll be waiting for 40. Uber has allowed me to take my time back.

Jim Aaron*Uber Partner*

Hello, my name is James Aaron. I'm an Uber partner and a resident of Kensington, MD. I started driving for Uber about a year ago.

I was in the IT consulting industry for 30 years, working for a disaster prevention company. I was downsized in 2009 so I started to look for new opportunities. I believe that in today's economy, you have to reinvent yourself, and it's important to never let yourself get down.

I started my own driving company where I help elders get around and I take people to the airport. Soon after, I found out about Uber and ridesharing and realized it was a great opportunity. Just like my own business, Uber allows me to make my own hours and work when I want to. But at the same time, it is easy to manage. Now, I drive about 20 hours a week on Uber - mostly in the mornings.

My kids are grown but I really do enjoy it - it's good for my business as well. I took a woman to the hospital yesterday - and I like when people write something positive about you and you see in the weekly report. Uber allows me to make money on the side while meeting people. The clientele is professional and pleasant, and I always have a great time while driving. People tell me all the time how much they enjoy Uber and how convenient it is for them.

Uber has given me great economic opportunity and I would recommend it to anyone looking for a job.

Elgasim Fadlalla

Uber Partner

Hello, my name is Elgasim Fadlalla and I am an Uber partner and a resident of Montgomery County of the past 19 years.

I am a veteran from Kuwait, and I was terminated from my job 9 months ago due to the department defense budget cut. I have four children and being laid off without pay was very hard for me and my family. While I was looking for new job opportunities, I came across Uber. I could not be happier I found Uber. Uber gives me the flexibility to work as much as I want and still have time to spend with my family.

Years ago, I also worked for Barwood Taxi. With Barwood, I didn't like that I wasn't able to own my own car and I had to pay rent - \$105 a day. You have to pay rent no matter how much or little you drive - so you have to drive a lot just to make a profit. With Uber, there are no fees or payments involved with not driving - it is much more flexible for drivers.

Additionally, if in an accident, Barwood charges the driver \$10 a day for the cost of the accident and to fix the car until it is paid off. I was in an accident, and although it wasn't my fault, I had to pay the \$10 a day. I had to drive maybe 5 hours a day, *every day*, before I could start making any money for myself.

Today, I am a full time Uber partner. Uber is my only source of income, and I make enough money to pay my mortgage, and to take care of my wife and four children. Uber has been a blessing in my life.

Dario Arana

Uber Partner

Hello, my name is Dario - I've lived in MoCo for 10 years and I'm in the restaurant industry. There have been many times I've had to rely on public transport to get to work - and this is sometimes tough as I don't live near public transportation; the closest bus stop is around 2 miles away. And in the restaurant industry, it's not uncommon to have to work during a snowstorm or in bad weather - so you see how this can make my commute unpleasant.

I heard about ridesharing from the people in my neighborhood - many of whom have used it and loved it. But what turned me to drive was my mother, who also has to rely on public transportation for work. Since metro bus is always on a weird schedule and Barwood never shows up, I thought to myself "What if I can help these people myself?"

Today, I drive for Uber and I always start driving in my neighborhood. Every time I get on the system, I receive the first request from someone in my neighborhood looking to go to the city or to work. I like driving in the Bethesda, Chevy Chase and Cathedral Heights areas because people in these areas feel that public transportation and taxis are not accessible and reliable enough. For these people, Uber is extremely beneficial and I feel that I am providing a valuable service to these neighborhoods.

For me, it's not about the money. For me, it's about helping my community and my family. I believe I was able to help my mother because she now has reliable transportation at all times. I bought her a smartphone and downloaded ridesharing apps for her, and now I don't feel that I have to worry anymore.

At the end of it all, Uber is just people helping people.

Bridget Frances*Uber Rider*

Hello, my name is Bridget Frances, and I am a Montgomery County resident and Uber rider.

I tried Uber when my friend gave me a promo code for a free ride. Today, I use it mainly to commute to work. I don't use it everyday, but I use it to get to the Shady Grove metro station when I'm running late or when I have a busy morning. When I request Uber, I know I can get to the metro right away. It saves me about an hour in the mornings.

I've come to find that Uber is quicker than the metro, more reliable than a bus, and cheaper than a cab. It is the quickest way for me to travel given that I live in an area where there are not a lot of cabs and public transportation is not close by. Anytime I open the Uber app, I've never had to wait more than a few minutes, even in my neighborhood - an area between Gaithersburg and Rockville with little to no cabs close by.

Just recently, my niece had her homecoming, and my sister and I were trying to figure out who would take her to the dance. I didn't want to call Barwood because Barwood isn't reliable enough, and I didn't want to put my 15 year old niece in a cab I couldn't trust. So Uber came to mind. I told my niece how to use it (to look for the license plate and only get in the car with the correct license plate) and on the day of homecoming, she called me after she requested her ride. She then sent me her ETA, and I could track her arrival in my phone. Being able to see exactly where she was and when she would get home gave me peace of mind.

I love Uber because it is reliable, safe, and even cheaper than a cab. It is the most convenient form of transportation in Montgomery County.

H

**Brandon Lyons- Mentor Driver
Hearing December 2, 2014**

Hi Im Brandon Lyons, I am one of the founding members of Lyft in this area. And now I am a mentor driver for Lyft as well. I actually live in DC, but Im speaking today because I have been hear since the beginning and many of my fellow drivers who are here tonight and do live in Montgomery County, weren't able to get on the speaking list, so I will speak partly for them as well.

I have been apart of this community since its start, I have attended every DC hearing and watched as DC passed regulations allowing Lyft to operate with the cities stamp of approval. I hope Montgomery County sees the benefits to Lyft and follows in DCs footsteps giving us approval to continue to operate here as well.

Lyft allows us to bridge social gaps that exist in our community while providing an alternative safe, and, friendly transportation option for both residents, and visitors.

Lyft has also provided me a way to have a flexible work schedule, and a wonderful way to meet people and tell them about what this area has to offer.

I love to drive for Lyft because I get to meet people I wouldn't normally meet and build connection and relationships with them.

A while ago I had some time to kill before my dr. apt and so I decided to pick up a passenger before my appointment. He happen to be going to the same dr's office. After our apts I waited for him and dropped him off as a friend not as my passenger. He is now once of my closest friends. We've grown a strong bond in the short amount of time we've known each other. But we both know we'll be friends for many years to come because of Lyft.

Its these kind of interactions that make Lyft special. Getting to come in contact with people you have never met and may never meet and having time in a car to find a common bond. Everyone who gets in your car you some how connect with and find special.

Lyft should stay in Montgomery County because it provides a way to bring a bunch of very different people together and build cultural bridges.

Thank you!

Montgomery County Hearing
12. 2

Kim Burton- Silver Spring – District 5

Hi my name is Kim Burton. I live in Silver Spring, District 5 for the last 13 years. I am a wife and mother of a 17 year old. Before I started driving for Lyft I was working on a contractor for SEIU and the contract ran out. I needed work, that would cover the bills but also give me the flexibility to look for another position. Lyft allowed me to do that.

As a woman safety is important to me. I love that I dont have to deal with cash and everything is handled via the app. I like that Lyft is tracking me via GPS and knows who I have in my car and where we are are going. Woman who get into my car love that I am a female driver.

Also, the Lyft community is so friendly. The passengers, the other drivers. We look out for each other, help each other and make sure people get safely to where they need to go. Its not about just getting someone from point A to point B but also building a community or friendship at the same time.

Folks tell me they cannot always depend on metro. Sometimes its delayed and its getting expensive. Lyft provides a service on demand with clean cars and a friendly driver.

I hope Montgomery County follows DC and so many other cities around the countries lead and keep Lyft in Bethesda, Tacoma Park, Silver Spring, and the rest of the county!

Thank you!

LEE BARNES,
President & CEO Barwood Taxi
Oral Testimony - Montgomery County Council Hearing
DECEMBER 2, 2014
Bill 53-14, Bill 54-14, Bill 55-14

Good evening. I'm Lee Barnes, President of Barwood Transportation. Barwood is a family owned business that has been serving the County for over fifty years. On behalf of my company and CCTI, (Coalition for A Competitive Taxi Industry) of which Barwood is a founding member, I wish to offer some comments on the legislation before the Council this evening. I support the passage of Bill 53-14 as a first step toward creating a level playing field to allow the taxi industry to compete.

Many Councilmembers have expressed great interest in the issues raised by the presence of so-called Transportation Network Companies (TNCs). This highlights the need to step back and seriously consider a complete overhaul of the statutory structure governing local taxicab service. And so CCTI is offering to work with the Council on a

complete revision of Chapter 53 which I hope we will discuss at length in the coming days and weeks.

We believe this overhaul should incorporate aspects of Bills 53-14 and 55-14, both of which Barwood and CCTI support. Let's be clear, the taxi industry cannot afford to wait the days, weeks, or even months for Chapter 53 to be overhauled; which is why we support the immediate passage of Bill 53-14. Also we believe there are a number of basic issues which Bill 54-14 has failed to address and representatives of the member companies of CCTI will be speaking to some of those issues tonight.

Certainly Bill 54-14 is well intentioned but it codifies a total imbalance in the way the two transportation providers, TNCs and taxis, are treated.

First, Bill 54-14 does nothing to free up the taxi industry so we can compete on a level playing field with TNCs. Second, the bill relaxes established rules on transportation

providers for TNCs and *completely* relaxes public safety considerations for one group of transportation providers.

Third and finally, the bill does not require TNCs to answer to anyone; there is no government entity or agency oversight.

I will focus on one of the pieces of the puzzle, which gets a bit technical but gets to the crux of the matter: How do we best define transportation for hire services in the County?

At the outset, we should dispense with the myth that Transportation Network Companies such as Uber and Lyft offer “ride sharing.” Their operators are not providing ride-sharing. They are not a car pool service or other ad hoc group linking travelers with common destinations. These services are nothing more, or less, than for-hire transportation. Their customers pay a fee, often a very substantial one, for a driver to transport them to a destination determined by the passenger. And after that trip, the

driver leaves in search for another customer to transport. The "TNC's" set the fares at will and charge the drivers anywhere from 20-25%. Keep in mind that the majority of the drivers are full-time.

Let's consider Maryland law for a moment. The State puts all forms of for-hire transportation under the jurisdiction of the Public Service Commission. Taxicab service is the only exception. In short, the County's authority is limited to the issue of taxicab service and the vehicles and persons that provide that service. But the definitions for "taxicab service" have been rendered largely meaningless by the continuing evolution of technology. Smart phones and GPS systems allow for-hire transportation provider to charge by time and distance. And "hailing" can be done, not with a wave of an arm, but with the flick of a thumb or forefinger. Yet what has always distinguished taxis from other forms of personal for-hire transportation is the ability to provide immediate service. There have always been many ways to book a car to the airport if done

sufficiently in advance, but only one way to get one right away. And that distinction should be preserved.

In preserving the right to provide immediate service, we do not advocate excluding TNCs. Rather, we agree with what is proposed in 54-14-- to set up a process where companies can register to provide taxicab services in the County so long as they meet certain basic requirements of public safety and transparency that all for-hire transportation providers must meet. We believe our proposal creates a marketplace for transportation that provides more and better choices to the riding public, while assuring the safety of the riding public and providing a fair set of rules by which all of us must abide.

We recognize and welcome the changes to our industry. We understand that the old ways have changed forever and we look forward to a new law that will enable us, as well as others, to provide improved service to our customers. Again we support

expediting the passage of Bill 53-14 and we suggest a well thought out overhaul of the entire code as we are offering. Thank you.

:P: Chapter 53/Lee Barnes Council Testimony

BARWOOD

PROTECT PASSENGER SAFETY

SUPPORT FAIR COMPETITION

October 9, 2014

Background

App-based transportation companies like Uber and Lyft are working hard to avoid regulations that protect passengers and drivers, and promote fair competition. They are operating outside of Maryland and Montgomery County law and wish to keep it that way.

The Maryland Public Service Commission ruled that UberBlack and Uber SUV are common carriers and must operate under the applicable laws. The Montgomery County Department of Transportation has determined that Uber is not permitted to operate unless it adheres to the requirements of Chapter 53. However, Uber flagrantly breaks the law every day by ignoring State and County rules and regulations designed to promote the public good.

Unregulated app-based taxi services operate in such a way that puts passengers at risk and creates a situation that makes fair competition impossible.

Unregulated Transportation Companies Hurt Passengers

- **Customer service and safety requirements applied to regulated taxicabs do not apply to companies like Uber**
 - Unregulated transportation companies can put drivers on the road without any required passenger protections such as criminal background checks and drug testing.
 - Uber's terms and conditions claim zero liability. Uber requires its customers to indemnify Uber from any and all liability.

- **No protections against price gouging**
 - Companies like Uber charge passengers whatever they want whenever they want.
 - Their terms and conditions state they can change their rates at any time.
 - They use "surge pricing," requiring passengers to pay 2 - 10 times the usual fare.

- **Disabled and disadvantaged passengers are not served by unregulated companies**
 - Avoiding serving Maryland's most needy residents in favor of more lucrative fares is standard with unregulated transportation companies like Uber.

Unregulated Transportation Companies Create An Anti-Competitive Environment

- **Taxicab companies use smartphone apps** so passengers can book online. But they comply with all State and local transportation regulations. Companies like Uber should do the same.

- **Licensed taxicab companies must adhere to stringent and costly regulations** such as those listed below. Companies like Uber operate without any regulation.
 - Maintaining commercial liability insurance to protect passengers
 - Conducting vehicle safety inspections
 - Providing mandatory driver training
 - Providing service 24/7 to all
 - App-based taxi companies service only the most affluent passengers who have smartphones and credit cards.

- **Companies like Uber "cherry-pick" the most lucrative fares**, seriously cutting into the livelihood of regulated taxicab drivers who are obligated to serve an entire jurisdiction.

Unregulated Transportation Companies Charge Whatever They Want Whenever They Want

- **Passengers must submit to unpredictable pricing and unregulated fares** because app-based companies can change their rates at any time. In times of high demand, they employ "surge pricing," requiring passengers to pay triple the usual fare.

Transportation Companies Using Smartphone Technology Are Still Transportation Companies.

- **Both the State of Maryland and Montgomery County governments have stated unequivocally that Uber and Lyft are transportation for hire companies.** They provide transportation to customers for a fee, contract with and dispatch trips to drivers. Consider other industries that provide apps for customers to transact business, such as major insurance companies. Those insurers are most certainly not technology companies.

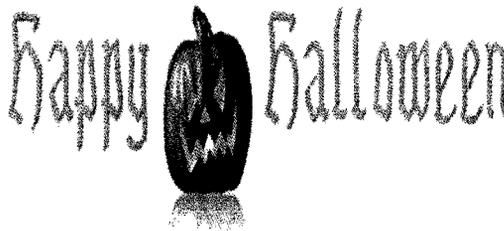
IF IT ACTS LIKE TAXI SERVICE, THEN TREAT IT LIKE A TAXI SERVICE

	Licensed Taxi Company	Unregulated Transportation Company such as Uber
<i>Unregulated transportation companies have many of the same characteristics as those that are regulated...</i>		
Contracts with drivers	yes	yes
Dispatches trips to drivers	yes	yes
Evaluates drivers based on quality of service	yes	yes
Fares based on time & distance travelled	yes	yes
Credit card payments processed by company	yes	yes
<i>...but their unregulated status provides no passenger protection and establishes an uneven playing field, making it hard for regulated transportation companies to compete.</i>		
Required to charge regulated rates – no "surge pricing"	yes	NO
Required to provide service 24 hours per day, 7 days a week	yes	NO
Required to accept responsibility for and protect passenger safety	yes	NO
Required to serve all customers in jurisdiction	yes	NO
Required to provide wheelchair accessible vehicles	yes	NO

Community Service vs Community Exploitation

Barwood Taxi provided free rides to people who needed safe transportation home on Halloween through the SoberRide program. Plus, we provided 500 more rides than usual that night to Halloween revelers, all at the standard meter rate.

The only free rides Uber gave were to first-time users as a marketing promotion. And Uber exploited people who chose not to drink and drive by charging them more than seven times their normal fare.



Happy Halloween from Barwood Taxi

Dear Valued Client,

Barwood is happy to announce our yearly participation in Sober Ride, a free cab-ride service available through Washington Regional Alcohol Program (WRAP).



To receive a free cab ride home (up to a \$30.00 fare), please call: 1-800-200-TAXI (8294).

Date: Friday, October 31
Program Hours: 10:00 p.m. - 4:00 a.m.

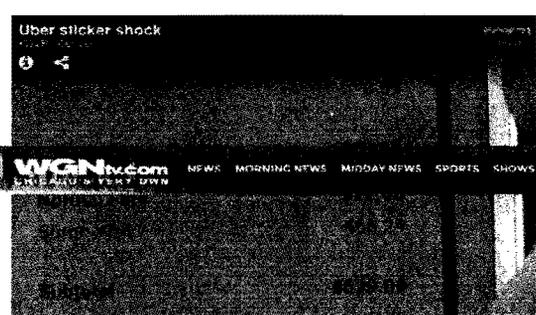
Note: All trips must be booked using the 1-800 number above. Riders are financially responsible for any taxi fares over \$30.00. Sober Ride does not include tips. You must be 21 or older to use this service.

Go Blue... Ride with us! We care about your safety. Please visit www.soberide.com for further details.

Man's Halloween Uber ride ends in frightfully shocking fare

POSTED 3:03 PM NOVEMBER 3, 2016 BY WGN WEB DESK

FACEBOOK TWITTER GOOGLE LINKEDIN PINTEREST EMAIL



A Colorado man's 18 mile cab ride with Uber ended in a frightful fare Halloween night.

KDVR reports, the man was leaving a Halloween party and knew the ride home wouldn't be cheap because of the length of the trip.

"I was expecting \$44, \$50, \$60, \$100 on the outside," Elliott Asbury said.

But when he arrived at his destination, the final total was \$539 dollars.

"[The driver] was shocked, he was embarrassed actually," Asbury told KDVR. "He gave me his card and he was like, 'Make phone calls. Get in touch with customer service. This can't be right.'"

But according to Uber, the total was correct. On busy nights, Uber has "dynamic pricing," which is also known as "surge pricing." It multiplies fares as a way to quell demand and attract a greater supply of drivers.

The surge at the time multiplied Asbury's normal fare more than seven times, but he said he didn't realize what that would do to his total fare.

Asbury's huge fare was also due to his inexperience with the app. He mistakenly requested a premium, Black Car instead of a cheaper UberX ride because he didn't see the options or understand the difference. He also didn't spot an option to estimate his fare.

Asbury said he has learned his lesson and told KDVR he has some advice for anyone else planning to use Uber during a similar surge.

"Don't bother man," Asbury said. "Rent a helicopter."

FILED IN: NEWS

Montgomery County Hearing on Bill 54-14

My name is Dwight Kines, representing Sun Cab, and we operate a fleet of 68 taxis in Montgomery County. I am here tonight to testify in opposition to Council Bill # 54-14. You have already heard from many drivers tonight about the income reduction that they have experienced since the TNC's came into Montgomery County. In fact, even though the companies are feeling the pain, the drivers are getting squeezed more than any of us. Some have made the argument that it's due to the high fees that they cab companies charge. Well there has been little, if any, increase in driver fees in the past 2-3 years. The biggest impact to their income has been the reduction in revenue. In a typical day, a taxi driver takes the good, high tipping trips and combines them with the harder to serve, shorter trips and comes up with a good living. And they were making a good living before the TNC's arrived and started to "skim the cream" ...there just are not enough of the higher priced jobs to counterbalance the lower profit trips.

"Well, let them drive for Uber..", you say? That well is starting to run dry even as we speak. Hiring drivers without limits will continue to decrease driver income...and, believe me, they have no limit to the number of drivers that they hire. Now a good driver, that has always driven safely and provided high customer service levels, has left the cab business, tried a TNC and may or may not be successful and service will suffer for those that need it the most...elderly, disabled, lower income. This has proven to be true in other jurisdictions where deregulation was attempted and, make no mistake about it; we are essentially talking about deregulation tonight. These jurisdictions actually experienced rising prices (believe it or not...) and a drop in service as the good drivers left the business.

One of the reasons (and you will hear many more...) that taxis are regulated is to ensure that all segments of the population and all areas of the County are served. Requiring the cab companies and drivers to pick up the underserved all over the county but allowing these new companies to only service those passengers with cell phones or credit cards puts us at a competitive disadvantage. I can assure you

that our service levels today would have been a lot better if we could have only run up and down Rockville Pike or take passengers to the airport...not to mention being able to double or triple our fares for bad weather.

Speaking of increasing fares during periods of peak demand, that option needs to be there for the cab drivers, as well. I'm not talking about a dollar or two but something significant so that a driver has the incentive to pass by someone hailing his cab while he is on his way to a call. Too many drivers are not willing to take the chance that the caller will still be there and will pick up the flag trip. Surcharges for pickups during busy times will incentivize him to drive the extra miles to pick up the caller. But again, these surcharges need to apply to all passengers, not just the affluent. And they will be posted in the cab where the public and clearly understand the charges.

In conclusion, our industry (drivers and the cab companies) have always faced competition and taken them on...that is not the issue. The problem comes when someone is allowed to operate in a regulated environment without regulations. Rewriting Chapter 53 to make it apply to all of us will allow us to continue to safely serve all of Montgomery County. Thank you for your time tonight.

Before the Montgomery County Council
Public Hearing on Bills 53-14, 54-14, 55-14

TESTIMONY OF DAVID MOHEBBI

President, Regency Taxi

December 2, 2014

- My name is David Mohebbi. In 1979 I started my career in the transportation industry as a taxi driver here in Montgomery County while I was a freshman in college. Over the last 35 years I have grown several businesses, and I am now the president of our family business, Regency Taxi, the second largest fleet in the County. We are also the owner of a taxi digital dispatch software company called IT-Curves that is based right here in Montgomery County, and not in Silicon Valley, This software has taxi company customers across the country in over twenty cities. In addition IT-Curves has patented a smart phone national app much more advanced than the Uber app, that is currently at use at Regency Taxi and other IT-Curves customer's Taxi companies, and could be integrated and implemented in every taxi company across the country.
- Taxi business in general is an over regulated business, along with increased regulations, However , there have also been major strides in innovations, Such as:
 - 1- Over time came the Taxi meters,

- 2- Then in the 1940s, the two way radio was utilized to improve communications between the dispatch and drivers.
- 3- In the 1980s, computer assisted dispatching was first introduced, and taxi companies spent millions of dollars in this innovation for better customer service.
- 4- Now we have the mobile app booking system and dispatch that are changing the industry.
- **We need to make sure that with these strides in innovation, we do not lose sight of important customer protections; I am here to address four important topics directed to this proposed legislation concerning the TNCs:**
 1. **Accessibility**
 2. **Safety**
 3. **Discrimination**
 4. **Customer Service**

1. Accessibility:

- a. In Montgomery county 8% of the entire taxi fleets are accessible vehicles, this is one of the highest percentages across the country, for example in Fairfax County it is 4%, in DC it is less than 1% and in

Prince George County it is none. We need to make sure that accessibility is addressed by the legislation.

- b. We need to make sure that accessibility is addressed by the TNCs legislation.
- c. During the great recession of 2008, Regency on its own started a program called "The senior citizens transportation bailout program" and has maintained it to the present time, where any citizen of Montgomery County over the age of 70, can ride in a Regency taxi for free, no questions asked, and Regency pays the drivers the full trip cost at its own expense.
- d. Will the TNCs also provide these services? Who is going to be there to serve these customers if my drivers leave to drive for a TNC?

2. Safety

- a. Safety is paramount to our industry.
- b. The public deserves to know that the vehicle they are traveling in has been approved by the state to provide for-hire services, just like a taxi.
- c. You must ensure that all operators for TNCs or for Taxi companies have commercial "FOR HIRE" tags – these tags require state inspections twice a year and commercial insurance.

- d. Since it will be impossible for any agency to enforce the law and constantly watch thousands of unmarked vehicles working as taxicabs, it is a must to force all TNCs to have a for hire tags, Just like with Taxis, this way the MVA would help to at least create a level of protection for the safety of the passengers.

3. Discrimination

- a. Taxi drivers have to pick up every call. If the taxi driver does not pick up a passenger, the taxi company and the driver has to answer for it.
- b. TNC operators can choose who they want to pick up/where they want to pick up. There is no recourse if someone's reservation does not get picked up. There is no phone number that anyone can even call.
- c. TNCs are serving only the customers who have credit cards and smart phones, not the underprivileged and the elderly. Requirements to serve these populations should be built in, to protect these residents of Montgomery County, and to stop any discrimination.

4. Customer Service

- a. We are required to have someone staff our phone lines, 24 hours per day 7 days a week. We also have customer service standards. We have a complaint hotline and out of 1.1 million trips last year, there was only 1 complaint for every 10,000 trips.

- b. Where is the customer service infrastructure from the TNC? If there is a problem with your ride, or your driver does not show up, can you call someone to make a complaint?
- c. TNCs do not have the same customer service plans and capabilities.
- d. The legislation should address customer service requirements.

If I can just leave you with one thought on the issue of customer service and safety – imagine that you have a daughter – and that she calls to say that she is taking an Uber home and should be there soon. Two hours later she does not show up. What do you do????? Who do you call????? If it was a taxi company, you would know exactly who to call. But with a TNC? There is no clear answer.

Before the Montgomery County Council
Public Hearing on Bills 53-14, 54-14, 55-14

TESTIMONY OF REZA RAOOFI
President, Action Taxi
December 2, 2014

- My name is Reza Raoofi. I started my career in the transportation industry as a taxi driver here in Montgomery County. I am now the owner of Action Taxi, one of the few fleets of taxis in the County.
- **I am here to address the importance of ENFORCEMENT in this legislation as it relates to TNC and TNOs**

1. Current enforcement of the taxi industry

- a. Chapter 53 of the Montgomery County Code is full of requirements that taxi companies must fulfill. Also included in Chapter 53 are provisions for enforcement of these requirements, including very strict reporting standards.
- b. We have “for hire” tags, which have very strict inspection and insurance requirements.
- c. If a vehicle’s inspection is late, the vehicle must be removed from service.

Testimony for Robert Alexander

Ralexander@rmalimo.com

240-833-0133

December 2, 2014

My name is Rob Alexander, and I am the CEO of RMA Worldwide Chauffeured Transportation Services and Orange Taxi, based here in Montgomery County.

Drivers, passengers and pedestrians face enormous risks with uberX, Lyft or other so-called ridesharing drivers. These drivers' primary line of defense in an accident is their personal insurance coverage, but that insurance coverage simply will not hold water. When they get in an accident, they are operating as a commercial driver. It is the law that anyone who picks up a passenger for money must have primary commercial automobile liability insurance coverage. UberX drivers simply and absolutely do not carry this insurance. Let me tell you why:

First, Uber and Lyft tell their drivers not to worry because they carry a million dollars in excess liability coverage, but that excess liability coverage is not guaranteed to kick in. So if an accident happens, the injured party will **first** be wrangling with the driver's personal auto insurance, and **then** when that is denied, they'll have to wrangle with a \$40 billion dollar company and its army of lawyers.

The *second thing* is that we now know that one of the largest insurance carriers in the country, Geico, is instructing its sales force to deny coverage of anyone who drives for a ridesharing company. The Washington Post and others have written about this extensively in the last week. Let's also not forget that one year ago a six-year-old girl was killed in a cross walk by an uberX driver. That driver's insurance company has not paid **any** money to the family **because** the driver was operating commercially. Uber, the \$40 billion dollar company that consistently lies about its commitment to safety, has yet to pay a penny and is fighting this poor family in court over the death of their child. This is absolutely unacceptable and it never would have happened if the driver had primary commercial auto liability insurance coverage.

The *third* reason we can't believe anything Uber tells us is that their terms and conditions specifically state, "...The company does not intend to

provide transportation services or act in any way as a transportation carrier, and has **no responsibility or liability** for any transportation services provided to you...” How can they simultaneously discuss insurance **and** claim they have no responsibility. They’re talking out of both sides of their mouth.

There is a **fourth** reason why this insurance is inadequate, and that is that proper insurance is expensive. Roughly speaking, it costs \$1000 a year to insure a personal car. It cost \$5,000 to \$10,000 per year for me to insure one of my taxis, just one. So, what uberX driver or Lyft driver is going to suddenly be willing to invest \$10,000 a year just for the privilege of driving for a company that doesn’t have its’ drivers backs?

Montgomery County has been criticized often over the past few years for being unfriendly to new business. But new business cannot come at the hands of forsaking the public’s safety: your safety, my safety, my wife and children’s safety. If Montgomery County continues to turn a blind eye to the illegal operations of uberX, Lyft and other ridesharing drivers in this county, you can be absolutely assured that the blame will fall squarely at the feet of our elected officials who now know about the massive insurance problems with these companies and yet have done nothing to adequately protect the public.

If I sound angry, I am. As a guy who’s been in the transportation business for more than 25 years, I can tell you that what keeps me up at night is not whether I can meet payroll, it’s not whether my cars will be on time for the airport pickup. It’s getting the call at 3 o’clock in the morning that one of my drivers has been involved in an accident. We’re not transporting pizzas. We’re not transporting packages. We’re transporting people with families who love them. We have to do everything in our power to ensure the safest ride, operated by responsible companies.

**Before the Montgomery County Council
Public Hearing on Proposed Taxicab Bills
December 2, 2014**

**Testimony of the Taxicab, Limousine & Paratransit Association (TLPA)
3200 Tower Oaks Boulevard, Suite 220, Rockville, Maryland 20852**

Thank you for the opportunity to address the taxicab ordinance revisions before you today. My name is Alfred LaGasse, and I serve as the Chief Executive Officer of the Taxicab, Limousine & Paratransit Association, which is referred to as TLPA. The TLPA has been based here in Montgomery County for the past 39 years and I have been a Montgomery County resident for the past 36 years.

The TLPA was initially formed in 1917 and serves as the national organization that represents taxicab, limousine, sedan, airport shuttle, paratransit, and non-emergency medical fleets. TLPA has over 1,000 member companies that operate 100,000 passenger vehicles. TLPA member companies transport more than 900 million passengers annually. The full licensed local passenger transportation service for-hire industry (TLPA members and nonmembers) in the United States transports 2 billion passengers annually.

Lyft and uberX currently operate in Montgomery County as unlicensed taxicab companies. These companies recruit independent contractor drivers, take requests for immediate rides from passengers, dispatch a car to the passenger's door, accept credit card payments from the passengers, and pay the drivers the same as other taxicab companies do.

The basic service, which is the response to an order for immediate service, where they transport a passenger from point A to point B, is what has always been referred to as taxicab service. Before you say, "Well, they use an app," I hope you understand that in Montgomery County the major taxi companies use a variety of dispatch methods including the use of an app. The method of dispatching a taxicab, whether it is by an app or not, should not foster the development of a different set of public safety and licensing rules for the taxi operations.

Here are a few fundamental questions for your consideration for the taxicab services to be delivered in Montgomery County:

- 1) Should any for profit transportation service ever be allowed to operate with part time insurance, or require injured parties to have to contact multiple insurance companies to see which of them, if any, will accept responsibility for a claim?
 - Past Councils have required all taxicabs in Montgomery County to purchase primary commercial automobile liability insurance that has coverage 24/7. This is what every licensed taxi and limousine in Maryland is required to have to help protect the passengers and the general public. It means that the vehicle is covered 100 percent of the time, and that injured parties have one readily identifiable insurance company to contact to obtain compensation. Lyft and Uber should also be required to meet this fundamental public safety requirement.

- 2) Should any for profit transportation service provider be allowed to require passengers to waive their legal rights before the transportation service will transport them?
 - Past Councils have not allowed this type of public safety dodge, which is currently required by Lyft and Uber.

- 3) Should any for profit transportation service provider be allowed to adjust rates at will to charge passengers more for a trip based on whatever standard the company chooses to implement without public oversight or limits?
 - Past Councils have chosen to set a uniform rate so that passengers can rely on a fare structure that is equally fair to all at all times. Uber and Lyft use surge-pricing at their discretion when it snows, rains, is a holiday, a rush hour, or late at night, thereby giving wealthier people better access than lower income people to this basic transportation service. The highest surge factor I remember seeing that Uber charged in the U.S. was 13.1 times the normal fare, but there is a record of 50 times the normal fare being charged overseas.

- 4) Should drivers pass the most thorough background check available, which is a fingerprint check through a law enforcement agency since drivers are alone with passengers in all parts of the community at all times of the day?
 - Past Councils have chosen to require this more intensive background check because there is no other background check available that comes close to the thoroughness of a background check conducted by a police department or the FBI. Commercially available background checks used by Uber and Lyft are faster and more convenient, but they are considerably less reliable.

- 5) Should vehicles being used to transport passengers for profit be required to pass a public agency conducted mechanical safety inspection?
 - Past Councils have determined that since wear and tear increases at an exponential rate for these vehicles, periodic safety inspections are needed. If Uber and Lyft want to provide for profit transportation service in Montgomery County, those vehicles should pass periodic mechanical inspections too.

In the past five years, Lyft and uberX have only succeeded in convincing about fifteen government authorities out of about 2,000 in the U.S. to change their taxicab and/or limousine public safety and licensing requirements to allow them to legally operate. Also, I hope that you are aware that New York State and New York City did not bow to Uber and Lyft's lobbying, and now Uber and Lyft operate in full compliance with the existing for-hire passenger transportation regulations, including primary commercial automobile insurance coverage 24/7, drivers who have passed a driver background check through a law enforcement agency to obtain a commercial driver's license, and vehicles that must periodically pass a mechanical vehicle inspection to obtain a commercial vehicle license plate.

TLPA Testimony on Proposed Taxi Bills
December 2, 2014
Page 3

As you review and amend the county's taxicab regulations I urge you to support changes that allow for innovation, that allow for responsible cost cutting, that allow for regulatory simplicity, and that allow for Uber and Lyft and all other taxicab services to operate under one uniform set of public safety and licensing requirements. In other words a level playing field that treats all providers of taxicab services in Montgomery County the same and ensures safe and reliable taxicab service for all residents and visitors to the county.

I moved by family here and we have stayed here because I believe that Montgomery County sets a higher standard for public safety and general public fairness in its actions. The taxi ordinance before you is all about public safety and fairness. I understand that revising a taxicab ordinance may not seem like a priority issue given all of your other responsibilities, but I urge you to take the time to incorporate the same degree of concern for public safety and for general fairness on this taxicab ordinance as you do on other matters you address.

Thank you for this opportunity to share our views.

Respectfully submitted,

Alfred LaGasse, CEO
Taxicab, Limousine & Paratransit Association
3200 Tower Oaks Boulevard, Suite 220
Rockville, MD 20852
T: 301-984-5700
alagasse@tlpa.org

My name is Glenn Gilliam; I am a dedicated wheelchair van taxi driver.

I drive everyday day, six, sometimes seven days a week caring disabled people to their destinations. I take pride helping these people and I enjoy helping them at the same time earning money for myself and my family. My customers love me and I love them. I know some drivers talk negative about the taxi companies and only see the glass half full, but I have been driving for a long time and I don't have any problem earning a living, driving a taxi.

I have some friends who switched to Uber and Lyft and their experience with them has been a nightmare. There is no support what so ever and Uber and Lyft only look for their own interest and nothing else. They add as many drivers as they can without any limitation, and there is not enough business to support them. They make you go out and buy a new car and sign this huge contract with them, owing a lot of money. They take all the payments plus their 20% up front before the drivers see a penny of their hard earned money. They take it directly from their account.

I drive anywhere in the county where I choose and I serve every client regardless of how short of a trip it is. I never pick and choose and I make sure I take care of my passengers all the time. Uber Drivers only do the credit card trips and only some sections of the county.

All these times they have been operating in our county illegally without any license, picking and choosing good long trips. Please if you are considering passing a bill legalizing them; make sure they are working with the same rules and regulations we the taxi drivers have to go through. You cannot have them do the same job giving them all the

freedom to do whatever they want to do, while we the taxi drivers are so much regulated.

I give you one example, as a taxi driver while I am sitting on the Metro Station, if anyone gets into my taxi, regardless what time of the day it is and where they are going, by regulations I have to take them and I am not allowed to ask for any money up front. If I do I will lose my job and my taxi license, But Uber drivers always have the credit card approval before they start a trip. There have been occasions when I got to the destination, and the passenger got out without paying.

I have given a good service to my customers for such a long time, and now it is getting harder and harder to work with all of these un-marked vehicles working the hotels and business center stealing our fares. We live and work in a safe county with a lot of laws and regulations, why do I have to pay all these fees and renew my hack license and go through safety inspections and cosmetic inspections, while the other side does not have to follow any of these rules and regulations doing exactly what I do, and not pay any fees to the county?

We the drivers need a better balanced playing field. I don't want to go out and buy a new car and be in a huge debt to Uber to be able to work for them. I like the fact that our taxi company provides me with the car, Insurance, and does all services and maintenance that I could not afford to do on my own. On top of that they give me the clients, and all I have to do is to take care of those clients and I will make good money. I never had an issue making money until recently when hundreds of these illegal operators started popping up everywhere stealing our passengers.

Please whatever laws you are writing, make sure you have thought how you are planning to enforce it, any law without enforcement is useless.....

Thank you,

My name is Elaine Bastide, For years I have been using the free ride program offered by Regency Taxi. I take my husband to the doctor offices often using this great program.

Sometimes I need to go and pick up a prescription and I use the free ride program as well.

Even at times my husband and I use the free ride program just to go visit friends and family members or go to church.

Every time I call their call center to make the reservation, I feel bad since I am not paying anything, but immediately their call center manager Cindy who by now knows me well, Makes me feel at ease and with a smile makes my reservation. I don't know what would I do without their help. How would I take care of my husband? What would other people like us do.

For years Regency has given back to the community, helping us at the time we needed it. I hope you don't make a decision jeopardizing the great services we currently have. We live in a great family oriented community in Montgomery County, Please don't let outsiders come and turn things upside down for my husband and I and everyone else.

Thank you,

**BRUCE BLOCK
MONTGOMERY COUNTY COUNCIL PUBLIC HEARING
TESTIMONY
DECEMBER 2, 2014**

Good evening, and thank you for the opportunity to appear before you to comment on the bills before you this evening and to shine some light on the real issues surrounding the Uber and Lyft transportation companies from a taxi drivers' perspective.

First, let me provide you with a short resume of my background. I have lived in Montgomery County for more than 30 years. I am a Barwood driver and the lack of consistent application of taxi regulations on all taxi service providers directly affects me. My undergrad degree is in mathematics and economics, I am a serial entrepreneur who has created four companies and taken one of them public. I have an MBA in Finance from American University and an executive certificate in Health Care Administration from Boston University. I have spent my entire career providing consulting services to members of the C-suite in both government and industry, in infrastructure, strategy and operations.

The reality of the Uber and Lyft transportation companies is that they are the 21st century equivalent of the Gypsy cabs of the 1970s. For those of you that are as old as I am and are from New York will remember the years of the Gypsy Cabs and the efforts of the city government to clean them up and eliminate them from the streets.

The claims of the Uber Company that they are exempt from traditional taxi regulations because they are a software company are ludicrous. In case you didn't know the original name of Uber was the **Uber Cab Company**. The name was obviously changed to skirt the law and taxi regulations. It is easy to determine what goods or services a company provides by simply looking at their revenue stream and how that is derived. Does Uber sell their software? NO they don't. Their claim would be like saying that Amazon is a software company and not an online retailer. Uber's revenue stream is derived totally off the backs of the drivers that work for them. Drivers who work for Uber in exactly the same way drivers work for Barwood, Regency, and SunCab.

They are, despite their protestations, a taxi company that is unlicensed, unregulated, and uncontrolled. Their drivers are hired without the same level of background checks as to their driving record, their criminal record, or maintenance record as taxis in Montgomery County. They compete unfairly with licensed, regulated and controlled taxi companies. They set their own fares and like many other start-ups try to capture market share by under pricing their product or service to drive out other legitimate and regulated companies. In Economics this is called dumping and we experience this, for example, in our dealings with China. The USTA fights this unfair practice all the time. Under price, capture the market, drive out competition, and raise prices. In fact, we can already see this playing out in New York with Uber using the excuse of demand pricing to raise fares as much as four times the normal fares during peak hours, to the detriment of the riding public. Many of the Uber drivers reside not only

outside Montgomery County but outside Maryland and they earn revenue from customers in Maryland and **do not** return any portion of that revenue in taxes to Maryland but to other jurisdictions.

I have no problem with competition. I have a problem with UNFAIR competition. I have a problem that unlicensed, untested, uncontrolled, unregulated drivers are allowed to compete with me, just as Gypsy cabs did in the 70s and 80s and at the same time place the traveling public in potential danger. The reason that Uber is fighting ANY constraints on their operation is their concern, which is typical of any start up trying to go public, is that they know they will lose revenue. Their position that they will continue to provide Uber taxi drivers in Maryland no matter what action regulators take, is untenable. Many of the Uber taxi drivers, who are primarily part time drivers, would no longer work for Uber if they had to go through background criminal checks, if they had to go through testing for a commercial driver's license, if they had to have their cars state inspected, if they had to get a health check-up, if they had to go through a review of their driving record.

This is an issue NOT about competition but about regulation to **protect** the consuming public. There is absolutely NO difference between the traditional cab companies and these new taxi services. The method of placing an order has changed over the years and will continue to change with advances in technology. It is the **PERFORMANCE** of the service function to the consuming public that must be regulated and those regulations **MUST be applied consistently across all providers of the same services**. To create a multi-tiered system with certain regulations applied to some and not all is WRONG. What you do for one you must do for all that provide the exact same transportation function. Otherwise, the public will be at the mercy of unregulated, unlicensed, unscrupulous companies whose goal is to maximize their profit and NOT to serve the consuming public.

At the very least the Montgomery County Council should impose the exact same regulations on Uber taxi drivers that they and the State of Maryland impose on drivers from other firms. The Council should insist that in the event that Uber and Lyft refuse to comply with those regulations that their software be modified to reject any travel requests that originate from Montgomery County and that severe penalties will be imposed on both Uber and their taxi drivers for accepting travel requests that originate in Montgomery county.

Thank You for your time.

**Jaynul Islam
ORAL TESTIMONY
Montgomery County Council
December 2, 2014**

Expedited Bill 53-14

Taxicabs - Licenses - Vehicle Requirements - Driver Identification Cards

Bill 54-14

Taxicabs - Transportation Network Service - Requirements

I'm Jaynul Islam, a Barwood taxi, affiliate driver. I support expedited Bill 53-14 and strongly OPPOSE Bill 54-14.

I've had the privilege of driving for Barwood and serving the citizens of Montgomery County for more than 8 years. As an affiliate driver I hold a Passenger Vehicle License, also known as a PVL. At one point I had two PVLs but was recently forced to sell one due to the illegal competition from TNCs.

As a licensed transportation provider I am required by Montgomery County and the state of Maryland to follow many rules and regulations. My vehicle must be inspected multiple times each year. The fares I can charge my passengers are regulated and I am required to carry certain levels of commercial liability insurance to protect my passengers.

I must renew my taxicab ID as often as every two years, this includes getting a new federal fingerprinted background check and physical each time I renew. These are just some of the many rules the state and county enforces because I earn my living by transporting people.

As an owner and a driver I feel I have been negatively affected by the influx of unlicensed operators who work for Uber and Lyft. I'd like to leave you with three points I feel are crucial as you consider legislative changes to Chapter 53.

Number 1. Please Support Fair Competition

PVL holders and taxi drivers must follow all rules and regulations; however, Transportation Network Companies, or TNCs, like Uber and Lyft do not have to follow ANY.

Here is one example: a Montgomery County taxi driver must keep an antiquated paper manifest listing each trip, even though trip logs are available electronically. If an authority finds that a driver does not have a manifest, the driver can be fined \$75.00. Another example is that drivers like me are fined if the off duty sign is not displayed

properly, but UberX drivers don't follow this requirement. In fact, their cars often look no different than your average personal car on the street.

Please let me be clear, I have nothing against competition, as long as it is fair.

Proposed regulation 54-14 does nothing to level the playing field.

Number 2. Insurance

As a PVL holder, I have liability insurance that costs me over \$300 a month. Most Uber X drivers own their vehicle, just like me, but they only have personal insurance, as if they are not providing public transportation.

Number 3. Customer Service and Safety

As a driver I take pride in providing excellent customer service to ALL citizens, regardless of race, age, income, or ability, as should all drivers. Uber's ability to charge absurdly large surge pricing allows them to cherry-pick fares. In Montgomery County, these TNC's don't provide wheelchair-accessible service.

SUMMARY

TNC's can say they are technology companies but Uber and Lyft are charging money to take passengers from point A to point B, and therefore they are taxi services.

I applaud Montgomery County's decision to review and revise Chapter 53 and I support expedited bill 53-14. This way, traditional taxi drivers can continue to work, make a living and serve ALL the citizens of Montgomery County at fair prices.

In closing, I mentioned earlier that I had two PVLs and now I have one. I was forced to sell one because Uber recruited my driver and I couldn't find another. Why would someone drive for me, and have to go through the two-week or more County approval process, when they can go right out on the road for Uber or Lyft? I couldn't afford to let the car sit so I sold the PVL, and for less than I paid for it. PVL's aren't worth as much now, with the TNC's taking business away with none of the regulatory responsibilities.

Thank you for very much your time.

12/02/14

TESTIMONY OF HAL "CORY" DRUSKIN
Montgomery County Council Hearing on Uber/Lyft Issues

- I worked for Barwood.
- I saw an opportunity to potentially make more \$\$ with Uber.
- I didn't have a new enough car.
- When I signed up to be a driver for Uber, I received emails from Uber about special leasing deals available only to Uber drivers.
 - o No credit check
- All I needed was a \$1,000 security deposit.
- I thought this sounded good.
- In July 2014, I entered into lease agreement with "Santander Consumer USA" - but through Uber - for \$1300/month for a Toyota Avalon. The dealer required proof that I was an Uber driver before they would give me the lease.
- Santander would take the lease payment directly from my paycheck from Uber.
- **Uber is named in the lease in several places, and according to the lease, the vehicle is to be used "exclusively for business and commercial purposes as a livery vehicle to meet riders' requests conveyed through Uber during the term of the Lease."**
- Once I got the car, I started driving for UberX, even though I only had temporary tags.
- Three weeks after I started working for Uber, I got a "4.5" customer rating out of a possible 5 points because I talked to the customers too much, and this 4.5 out of 5 rating was not sufficient for Uber standards.
- Uber terminated me just a few weeks after I swallowed the bait of Uber's "special financing" and leasing offer.

- Now I am stuck with a lease on a car that is many more times what I can afford.
- I have a bachelor's degree in Business Management and Uber did not make clear to me that they could terminate me so easily, and that I would still be stuck with the exorbitant lease payments on the Avalon without the income that they promised I would be making in order to cover the payments. I can only imagine that many recent immigrants and/or non-native English speakers are falling trap to this same issue.
- I have returned to the taxi industry now where I am treated much more fairly.

Beth Levie
AFL-CIO
9402 Russell Rd, Silver Spring, MD 20910
202 285-3667

My name is Beth Levie. I am an AFL-CIO representative. I live in Montgomery County. I appreciate the opportunity to talk to you about taxi drivers.

Taxi drivers play an essential part in the public transportation infrastructure. But unlike many other workers who serve the public, they do not have the legal protections of employees. The industry is characterized by enormous power disparity between companies and drivers. This is most concretely demonstrated by the high lease and other charges imposed on drivers by companies. Indeed, many Montgomery County taxi drivers report working 6 days a week, over 12 hours a day, and after paying lease and other fees to the companies and paying for gas, make less than the County's minimum wage. This is not good for drivers or their passengers. You can change this through reforming the taxi ordinance.

We at the AFL-CIO believe that all workers should be able to make a living wage and all workers should have a voice over their working conditions. Over the last several years the AFL-CIO and its affiliates have been organizing workers that don't have the legal protections of employees. The National Taxi Workers Alliance is an affiliate of the AFL-CIO that represents taxi drivers around the country. The local affiliate of the NTWA is the Montgomery County Professional Drivers' Union. Two of our members are speaking today on their lives as taxi drivers and how a reformed taxi ordinance is needed.

Many taxi jurisdictions across the country regulate the details of the lease agreement between the drivers and the companies they drive for. NTWA affiliates and organizing committees around the country organize so that these regulated fees will be set so that drivers can make a living income. What makes the Montgomery County taxi ordinance so unjust is that it does not regulate what the companies can charge their drivers.

That is why this hearing and the Council's decision to review the Taxi Ordinance is so important. The County has the opportunity to revise the ordinance to improve service for customers while at the same time ensuring that taxi drivers can make a livable income for the hard work they do.

Drivers have been organizing for years for a fair regulatory system. After a taxi protest at the County Building for a reasonable limit on fees that companies can charge drivers, the County paid for mediation between drivers and companies. In mediation, the drivers asked the companies to join them in reforming the taxi ordinance together so that drivers and companies will be treated fairly. The companies rejected any regulatory changes. With our testimony we are including our letter to the mediator laying out our proposal.

When considering the specific bills under discussion today, ask the following questions. 1. Does the bill set reasonable limits on what the companies can charge drivers and reasonable job protections for drivers so they can make a livable income and be secure that they won't be discharged unjustly? 2. Does it give drivers a real voice in the decisions that affect them so that

they will be treated with dignity and respect? And 3. Does the bill decrease the power disparity between drivers and companies? We urge that bills for which you cannot answer yes to these three questions be amended so you can answer yes to them. We also urge that you not trust, without proof, any company's claim, Taxi or TNC, about what its drivers are making per hour.

In addition, with regards to bill 54-14, we would like an explanation of the right for fleets to sub-license and how you think it will impact drivers.

Concerning Bill 55-14 we support universal dispatch system provided that drivers have a real voice in the development and implementation.

A bill that addresses our concerns would have the following items. This bill would put a cap on both rent charges and credit card charges and sets up a process for the county cab drivers and the companies to work together to fairly set these caps and to improve the delivery of transportation services. It also has protections against unjust treatment and sets up a fair dispute resolution system. We do not think any bill should be passed that does not include these protections for drivers.

The drivers of the Montgomery County Professional Drivers Union and I are willing to work with you on all levels from high concept to the smallest of details on reforming the taxi code so that drivers will be treated with dignity and respect. I thank you for your attention. We look forward to working with you.

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(RET.)

November 13, 2014

Via email

Hon. John M. Glynn
Creative Dispute Resolutions, LLC
51 Monroe Street, Suite 1102
Rockville, MD 20850

Dear Judge Glynn:

As you know, I represent associations formed by, or affiliated with, taxi drivers in Montgomery County, Maryland. As a follow-up to our mediation sessions, I am submitting this position statement, setting forth in more detail where the taxi drivers stand with respect to each of the issues discussed.

1. Reduce and cap leasing/rent cost to \$80.83 per day/\$484.98 per week

Your report should recommend that Montgomery County implement a lease cap of \$80.83 per day/\$484.98 per week. An explanation of Barwood's practices shows that a \$480 lease rate is fair and will pay Barwood the same rate it charges in other circumstances.

Barwood is the costliest carrier in Montgomery County. Its lease rate is \$107.30 per day/\$643.80 per week. That cost is broken by Barwood as follows:

- \$64.65 per day/\$388.80 per week for lease of the vehicle
- \$19.20 per day/\$115.20 per week for telephone/dispatch service
- \$23.45 per day/\$140.70 per week for vehicle liability coverage

If, however, a driver has his own car and PVL, Barwood charges that driver only \$5.00 per day/\$30.00 per week for telephone/dispatch service. Thus, by its own terms, the fair market value of Barwood's dispatch service is \$5.00 per day/\$30.00 per week.

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With respect to insurance, in the District of Columbia, drivers pay \$30 per week for better insurance coverage than that offered by the Montgomery County companies. In Montgomery County, drivers that own their own PVLs and drive for Barwood and others are able to obtain their own better insurance coverage for \$3500 per annum, which is \$11.18 per day using a 6 day/per week calculation.

Therefore, if you were to keep the daily and weekly rate for the lease of the vehicle the same, but lower the dispatch and insurance charges to their market value, the rates would be as follows:

\$64.65 per day/\$388.80 per week for lease of the vehicle
\$5.00 per day/\$30.00 per week for telephone/dispatch service
\$11.18 per day/\$67.08 per week for vehicle liability coverage

TOTAL: \$80.83 per day/\$484.98 per week.

Several cities and localities across the country have implemented lease caps and maximum rent regulations to help improve taxi driver income. Below are examples from Seattle, WA and New York City, NY.

Seattle, WA

City of Seattle Taxicab and for-Hire vehicle Rules
Rule R-6.310.315 – Taxicab Vehicle Lease

In 2008, the Seattle Municipal code (SMC) on Taxicab and for-hire vehicle rules was amended to set a maximum lease rate that owners can charge drivers. Currently, the maximum lease rate that can be charged to a lease driver is \$85 per shift, \$475 per week, or \$1,900 per month.

New York City, NY

New York City Taxi and limousine commission's Chapter 58-21(c) of the TLC rulebook.

New York City introduced the maximum lease rules in 1996 to insure drivers are protected from excessive fees and costs by medallion owners. In 2013, the TLC updated its lease cap rules by barring owners from charging drivers the 5% credit card fee and instead folded the cost of credit card processing into the lease.

Language from the TLC rulebook and a breakdown of the current lease cap rates is as follows:

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Standard Lease Cap Rates. An Owner of a Taxicab can charge a lease rate to a Driver that is not greater than the following Standard Lease Caps:

- \$105, for all 12-hour day shifts**
- \$115, for the 12-hour night shift on Sunday, Monday and Tuesday**
- \$120, for the 12-hour night shift on Wednesday**
- \$129, for the 12-hour night shifts on Thursday, Friday and Saturday**
- \$630, for any one-week day shift for one week or longer**
- \$737 for any one week night shift for one week or longer.**

2. Drivers should be able to determine their own means to accept credit cards, and a 5% maximum charge to drivers should be imposed where a company's terminal is used

As you know, the majority of cab drivers in Montgomery County are forced to pay exorbitant fees to process credit card transactions. Those fees can range from 5% to as high as 7.9% (8.5% in some instances) for Barwood drivers. Your report should recommend that the County set certain standards that must be met and allow drivers the freedom to choose a credit card terminal that best fits their needs. If, however, the drivers are forced to use company terminals, then the county should set the maximum credit card fee at 5%. That type of system is consistent with those in surrounding jurisdictions.

For example, in Alexandria, Section 9-12-32(t)(1) of the Alexandria Virginia Taxi Ordinance mandates a 5% maximum percentage credit card fee if a certificate holder mandates that its affiliated drivers use a specific credit card processor.

It is important to remember that each driver in Montgomery County is treated as an independent contractor. Although the drivers understand the County's need to mandate that credit cards be an acceptable form of payment, as independent contractors, the drivers should be the ones to determine how best to meet such a mandate. It is the drivers, and not the fleet companies, who depend upon the customers' fare to run their business. The City of San Francisco has recognized this very basic idea. Section 1124-(d)(1) of the San Francisco Transportation Code stipulates that a driver has the right to choose a credit card payment processing merchant account service so long as it conforms to the standards placed by the city. No fleet company, under the San Francisco Code, may retaliate against a driver for electing, or not electing, to establish his or her own credit card processing account.

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3. Uniform Contract Requirements

Your report should recommend that the County mandate certain fair contracting principles for all driver-fleet company contracts. As we discussed in the mediation sessions, some drivers lease their vehicles and others own their own vehicles and PVL. No matter what the arrangement, the contracts between the drivers and the companies are contracts of adhesion. To ensure a fair contracting system, and as free a market as possible, your report should recommend the following:

A. In Montgomery County, even if a driver owns his own car and PVL, he must still enter into a contract with one of the five fleet companies and drive a taxi only with those companies' colors and markings. Barwood, for example, requires such PVL holders to contract with it for five (5) years. If the contract is terminated early, that driver must pay a penalty. To ensure a system that will bring a modicum of competition and market pressure on the fleet companies, a PVL holder should be able to terminate his contract at will, and take his services to another company. Again, it is important to emphasize that the drivers are treated as independent contractors. As such, they should be free to choose where to take their services.

B. With respect to drivers who lease their vehicles, you should recommend that the County adopt requirements ensuring the following:

- The lease be in plain language
- No expense may be charged to a driver unless set forth in the lease
- The lease terms may not be changed unless agreed upon by both parties
- Payments may not be required from the drivers more frequently than weekly
- Drivers are given the opportunity to review a proposed lease for seven (7) days prior to signing.

4. Dispute Resolution Process

Your report should recommend that the County mandate that all fleet companies adhere to a County dispute resolution system to resolve all disputes between drivers and fleet companies. These disputes would include, but not be limited to, a termination of the driver's contract without cause, a breach of that contract, and/or the non-renewal of a contract without cause. The resolution system would culminate in arbitration conducted by arbitrators appointed by the driver

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and company under the AAA rules for labor arbitration, and the services of the arbitrators would be paid by the County. In the alternative, the costs for the arbitrators would be borne equally by the driver and company, provided however, that the County mandate that the companies must recognize and adhere to a system whereby drivers may choose to have the company deduct a portion of their payments and forward such to a third-party advocacy organization designated by the driver for purposes of assisting the driver in any arbitration.

5. The County Should Adopt a Regular Review of Chapter 53

Your report should recommend that, every two years, the County review Chapter 53 with meaningful input from both the drivers and the fleet companies. The review will include recommendations to the County Council on: (1) the maximum lease rate, (2) the number of PVLs issued, (3) the meter fare rates, (4) the number of face cards issued to drivers by the County, and (5) on-going technological changes affecting the industry. The goal of this process should be to ensure viable fleet companies, living wages for drivers, and an appropriate level of service for the citizens of Montgomery County.

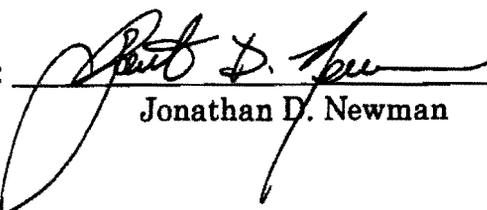
To engage in such a review, the County should set dates for initial meetings between the fleet companies and drivers, the date by which a recommendation must be made to the Department of Transportation, and a date by which the Department of Transportation must make a report on recommended changes to the County Council. The County should also provide, in Chapter 53, that the report of the Department of Transportation shall be adopted by a date certain after its submittal, unless altered or amended by the Council.

Please contact me with any questions.

Sincerely,

SHERMAN, DUNN, COHEN, LEIFER & YELLIG, P.C.

By:



Jonathan D. Newman

Peter Ibek

Good evening. My name is Peter Ibek. I have been a Barwood taxi driver for 16 years. I am president of the Montgomery County Professional Drivers Union. From the time I picked up my first wheel chair bound passenger I have been concerned about providing good service to the disabled and all people in Montgomery County. I want to continue driving a cab. I want to continue helping my customers. But Barwood and the other companies, through their excessive lease and other fees, make it difficult for us to continue. We could make a living wage if Barwood charged a fair amount for the cars it leases us and the insurance and dispatch services it sells us. But they don't.

I am thrilled that the council will be looking at reforming Chapter 53. What we need is a thorough reform of the system so that the county puts as much effort in regulating the amount that companies charge us and the quality of services they provide us as it does the amount we charge customers and the quality of service we provide them.

I will say a few words about the bills under discussion today. But first I want to give an example from my own experience of the exploitation of drivers by companies that occurs because of the lack of protective regulation.

Barwood makes us pay them over \$7,300 a year for commercial insurance. Several years ago I got into an accident that totaled my taxicab. I had been leasing that cab from Barwood for 6 years and 8 months when the accident happened. Through all that time I paid insurance to Barwood and I still do. But when the accident happened, Barwood made me pay for the totaled car, and the remaining 4 months of lease, and the lease for the new car and the insurance for the new car. Plus 2 dollars a day added to the new lease for a whole year. All of that after paying over \$190,000 to Barwood for over 6 years. My friends who own their own cabs pay much less for real insurance with good coverage.

Chapter 53 must be reformed so that the amount that cab companies can charge us for insurance is fair, that the coverage is comprehensive, and that the companies cannot gouge us with other charges when we have an accident. We need similar strong regulations to protect driver from the companies price gouging us on the lease and dispatch. In fact, the drivers would like to see a thorough restructuring of Chapter 53 so that all parties including drivers are represented and have a real voice. The restricting should have the following features.

1. a binding systematic approach to dispute resolution where drivers can be represented by their union
2. a uniform lease agreement whose terms are negotiated between the union and the companies with strict limits on lease, insurance, dispatch and other fees.
3. A periodic study of driver income and working conditions including what percentage of drivers are making less than the county's minimum wage and why drivers who have left the industry have done so.

With regard to the bills under discussion today, we consider 53-14, which lowers the regulation on vehicle age an insult to taxi drivers and customers. We can compete against Uber and Lyft if

the taxi service is high quality and treats both customers and drivers with dignity. 53-14 goes in the wrong direction by lowering the standards in the industry instead of strengthening them.

We are supportive of 55-14, the universal dispatch bill, provided that drivers have a real voice in development and implementation. If the dispatch system is going to be outsourced instead of run in-house, it should be outsourced to the drivers through a driver operated co-op.

Driver attitudes towards 54-14, the bill that legalizes Uber and Lyft, are complex. Under the current taxi system where the taxi companies can price gouge us, competition could make the taxi companies exploit us less for fear we would leave. For that reason we hear guarded support from the bill from some taxi drivers. But under a reformed taxi system where taxis are responsive to the needs of drivers and customers, Uber and Lyft, operating under a different system, where customers could be charged a very low fair because drivers are making less than minimum wage with inadequate insurance, would be unfair competition that should be opposed.

Thank you very much for giving me your attention. I would love to talk to you more about these issues. I can be reached at 301-442-3049.

Becaye Traore

Hello, my name is Becaye Traore. I have been a Barwood cab driver for the past [8] years and I'm a member of the Montgomery County Professional Drivers Union. I would like to thank you for providing me with the opportunity to speak here to today.

Ladies and Gentlemen, I am here today to tell you that taxi drivers in Montgomery County are suffering under conditions you would not believe and the bills in front of us, with the exception of 55-14, do nothing to change this situation.

For many of us that rent our cabs from the companies, we usually start our day with around \$170 in the hole. That is because we have to pay around \$110 for the rent, \$50 for gas, and at least \$10 for credit card and other miscellaneous fees. By the way, we have to pay that amount regardless if it is a snow storm or if it's a sunny day, no exceptions. Many drivers work 6 or more days a week, often 16 or more hours a day, because that is the only way to be able to pay the rent and take some money home. It is surprising that there aren't more accidents in this industry because of the long hours we work.

- On top of these costs, we also have to cover burdensome arbitrary fees like,
 - Paying 12% for metro access rides, 7.85% credit card fees.
 - \$25 to process tickets (example; ICC ticket for \$2 becomes \$27)
 - \$3 daily equipment fee
 - \$3 late fee
 - Nearly \$8,000 Liability insurance a year no coverage for the driver.

I'm here to register my deep concerns over some of the bills in front of us today.

"Bill – 53-14 – attempts to create a level playing field to enable taxi companies to compete against Uber"

I do not think the best way to compete against Uber is by empowering cab companies to keep the status-quo, to continue to pass costs onto drivers as I believe this bill will ultimately does. The way this legislation is written will not help Taxi companies in Montgomery County to compete against Uber; they just need to abandon their old way to do business.

- Sublicense of Fleet PVLs –
 - First, this already creates two tiers of PVLs – one owned by companies which can be sublicensed and another owned by individuals that can't.
 - Second, the Company can perpetually bind sublicensed drivers via multiple year contracts under threat of monetary penalty just as they do today with the "affiliate and partner drivers" and their 5 year contracts.
 - Third, it is just allow Company to salvage theirs unused PVLS for fear to be taken by the County because of Taxi parked idle for more than two (2) months lack of drivers.

Alternative: Uniform contract and conditions should be set with drivers input. Unused PVL's from companies should be returned to the county and distributed to drivers who will use them.

- Increase the age limits for vehicles-
Industry is moving towards newer, more environmentally friendly cars, not old junk yard vehicles that can put driver and county resident lives at risk.

- Older cars are bad for the environment and have high gas costs to drivers
- They can be a danger to us drivers that actually have to operate them.
- Amend certain requirements for color and marking of vehicles used as taxicabs.
 - Looking like Uber cars is not going to bring back drivers, providing low and regulated lease rates will.

The best way to compete against Uber is for the Taxi industry to change their old way of conducting business, and then they can get back their customers which are Drivers.

Appropriate level of services for the citizens of Montgomery County

- Living wages for drivers
- Reduce and cap the rents for the drivers.
- Uniform contract and reduction of lot fees for Private owner of PVL and Affiliate drivers.
- Reduce Credit card fees and cap at 4% and allow drivers to choose a payment service provider of their choice.

We believe will address both driver and customer concerns as the industry evolves.

- Centralized dispatch.
- Creation of Co- Operative Taxi Company.

Thank you for your time, I look forward answering any of your questions.



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**TESTIMONY BY GINANNE M. ITALIANO
PRESIDENT & CEO
THE GREATER BETHESDA-CHEVY CHASE CHAMBER OF COMMERCE
BEFORE THE MONTGOMERY COUNTY COUNCIL ON
BILL #53-14 TAXICABS – LICENSES – VEHICLE REQUIREMENTS – DRIVER
IDENTIFICATION CARDS; AND
BILL #54-14 – TAXICABS – TRANSPORTATION NETWORK SERVICE - REQUIREMENTS –
DECEMBER 2, 2014**

Good evening. On behalf of The Greater Bethesda-Chevy Chase Chamber, I would like to thank Councilmembers Berliner and Floreen – as well as the co-sponsors of Bills #53-14 and #54-14 – for their efforts in addressing the issues regarding taxicab and transportation network service operations in the County.

The Greater Bethesda Chevy Chase Chamber of Commerce supports the tenets of free enterprise, entrepreneurship, and competition; and believes that free enterprise is the engine for economic growth and development. We join the County in encouraging new companies to do business here, and to provide services that will help make our community thrive. But with the ever-increasing presence of Transportation Network Companies in our County, what we are lacking is fair competition – the ability of all transportation companies to compete on a level playing field. That is why I am here to testify this evening.

Both pieces of legislation have helped our County to focus on the need for changes to the current transportation-for-hire regulations. That said, we believe that it is extremely important that these companies, no matter their business style or the logistics of their operations, be encouraged and enabled to compete under the same regulations.

Minimum requirements for important items such as driver background checks, insurance coverage, pricing, accessibility, and consumer protection should be the same for all companies. Whether it be Uber, Barwood, Lyft, or another transportation for hire company, our members' employees who patronize these services should feel confident that the driver, the car, and the company all are being regulated fairly and equally.

As you know, there are taxicab companies that have been doing business in Montgomery County for decades in compliance with some of the most antiquated regulations around. To that end, we particularly appreciate and support the recommendations in Bill #53-14, which will loosen some of those laws and help these companies to better compete with new businesses coming into the County.

Again, we encourage all new transportation for hire companies to consider doing business in our County. There is no question that competition is good for everyone concerned. We do ask however, that in your deliberations, amendments be considered where necessary and appropriate, to ensure that all transportation-for-hire companies are treated the same under the law. We would welcome the opportunity to work with you in focusing on changing the regulatory imbalance that already exists.

Thank you.

KIMBERLY JORDAN-GASKINS
Montgomery County Council
Public Hearing – Bill 54-14
December 2, 2014

Good evening. Thank you for the opportunity to share my thoughts with you this evening. I am here as a Montgomery County resident concerned about Bill 54-14 and its impact on wheelchair accessible taxi service.

As the current Ms. Wheelchair Maryland and a vocal community advocate, I am committed to speaking out against any form of discrimination against the disabled community. It was very upsetting to learn that Bill 54-14 does not require transportation network application companies (TNACs) and their drivers to provide accessible vehicles for people with disabilities.

The current law in Montgomery County states that licensed taxi companies have a duty to accept and transport persons with disabilities and provide accessible taxicabs. The modified minivans provided by licensed taxi companies provide a safe, secure and affordable transportation option that accommodates individuals with manual and motorized wheelchairs.

However, as written, the language of the bill is not strong enough and seems to make providing accessible service discretionary for TNAC's and their drivers. **While the bill calls for all website and mobile applications to be accessible to individuals with disabilities, what good is an "accessible app" if accessible vehicles are not required.**

According to the current language of the bill, a TNAC driver who picks up a passenger with a disability "must stow the passenger's mobility equipment if the vehicle is capable of stowing the equipment." If not, then the passenger will be provided a refund.

A motorized wheelchair or service animal cannot simply be stowed in a trunk or the backseat of a sedan. Imagine this, if someone in a wheelchair were to request transportation from Uber or Lyft and indicate that he/she is in wheelchair, they probably would not get a vehicle that is properly equipped with a ramp or lift capable of accommodating passengers who need to ride in their wheelchairs. Furthermore, once the driver realized he could not simply "stow the wheelchair," the passenger would get her money back but still be left without transportation. This is completely unacceptable.

Also, the bill states that TNACs must submit a plan to improve service to people with disabilities. This is a clear acknowledgment that a problem currently exists – **Uber and Lyft do not provide adequate service to people with disabilities.**

But, rather than address the problem outright, it seems the Council would have us wait for these companies to come up with a plan to address it at a later date. **How long are we supposed to**

wait for the equal service and treatment already required by law? How can we trust that Uber will even submit a plan when they are already fighting accessibility regulations in D.C.? Providing service for residents with disabilities should be a priority for **all** transportation companies who want to operate in the County.

Thanks to current County regulations, my friends in the wheelchair community and other people with physical disabilities can use taxicabs and be just as mobile as everyone else. **If companies like Barwood and Regency Taxi are required to provide wheelchair accessible vans, why not Uber and Lyft?**

The passage of Bill 54-14 will certify that these intolerant business practices are acceptable. Montgomery County can do better than this. We deserve better than this. Do not sanction this discrimination against people with disabilities.

I ask you to vote NO on this legislation and make sure all companies providing taxi service in Montgomery County are required to have accessible vehicles.

Thank you for your time.

SYNOPSIS OF CHAPTER 53 REVISIONS OFFERED BY CCTI

January 20, 2015

In response to the three bills recently introduced by the Montgomery County Council, CCTI, the County taxi trade group, proposes a fully integrated rewrite of Chapter 53 of the Montgomery County Code. The recent developments in technology, coupled with the entry of new transportation providers that employ this technology, have challenged traditional for-hire transportation providers as well as regulators. Many of the challenges are a boon to the riding public, however, some of the new entrants have benefited from their avoidance of existing regulatory controls, creating a volatile and potentially dangerous marketplace.

In recognition of these challenges, CCTI offers a new vision of the local for-hire ground transportation market. This version of Chapter 53 attempts to simultaneously address the following issues and concerns:

- permit the entry of Transportation Network Companies (“TNCs”) into the Montgomery County taxi market
- create a licensing and regulatory framework for all providers that will permit more choice for passengers while maintaining a high level of public safety and transparency
- create a fair regulatory scheme that will treat new entrants and existing providers fairly
- create better economic opportunities for drivers
- insure that the transportation needs of the economically and physically disadvantaged will continue to be met and improved
- remove archaic and unnecessary regulations that have stifled innovation

Below is a brief synopsis of the changes being offered by CCTI:

Chapter 100.

101. Among the definitions changed or introduced are the terms “Digital Dispatch,” “Driver Identification Card,” “Immediate Service,” “Surge Pricing,” “Taxicab Service,” “Transportation Network Company (TNC),” “Transportation Network Operator,” and “TNC Vehicle.” Each of these definitions are essential to understanding the entire statutory scheme and to make clear the jurisdictional boundaries between the County’s exclusive ability to regulate taxicab service and the overlapping jurisdictions of the

WMATC and the Maryland Public Service Commission which regulate all other forms of for-hire passenger transportation.

103. Requires that all providers of taxicab service, including registered TNCs, to be licensed and prohibits unlicensed providers from providing taxicab service.

106. Permits TNCs and taxi companies to set its fares, including surge pricing, with Department approval, on trips booked through a Digital Dispatch system.

110. Incorporates Bill 55-14 establishing County sponsored centralized dispatch system available to all drivers and operators. Eliminates the Customer Service reporting requirements.

111. Requires TNCs and taxi companies to provide certain basic service data on an annual basis.

Chapter 200.

201. Requires a TNC Operator wishing to provide taxicab service to be licensed by the County.

204. Eliminates the restrictions on the sale of PVLs. Permits the issuance of 100 TNC Licenses in 2015.

206-211. Requires all applicants for licenses to go through the same processes- criminal background checks and provision of driving records.

212. Adopts Bill 54-14's registration process for TNCs. Deletes "special licenses" that had never been issued.

221. Requires TNCs to participate in Call-n-Ride and other user-side subsidy programs unless they opt out by paying a fee to be established by the Council.

222. Eliminates the requirement that a provider must provide a customer service plan.

224. All vehicles, including TNC vehicles, must pass a Maryland state-certified mechanical inspection before obtaining a license to provide service.

225. Requires all vehicles providing taxicab service to comply with existing County insurance requirements- liability insurance of \$100,000 per person/\$300,000 per occurrence- obtained through a Maryland registered insurer or a MVA approved self-insurer.

226. Requires all vehicles providing taxi service to have “Class B” tags as required by Maryland law.

227. Deletes requirements of “continuous operation.”

228. Extends age of taxicab for 1 year as per Bill 53-14. Permits TNC vehicles to be no more than 10 model years old.

231. Incorporates the changes originally found in Bill 53-14.

234. Incorporates the changes found in Bill 53-14

Chapter 300.

301. Requires all licensed operator to obtain a Driver Identification card.

306. Reinstates temporary IDs, as in 53-14, after obtaining a criminal background check but before completing the medical exam required in sec.307.

308. Deletes driver testing requirement.

312. Requires all providers to accept and convey all passengers

315. Eliminates requirement of drivers to maintain paper manifests.

Chapter 500.

501. Requires all providers, including TNCs, to provide accessible taxicab service.

Chapter 600.

603. Permits law enforcement to impound vehicles that are illegally providing taxicab service.



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

ROGER BERLINER
COUNCILMEMBER
DISTRICT 1

CHAIRMAN
TRANSPORTATION, INFRASTRUCTURE
ENERGY & ENVIRONMENT COMMITTEE

December 19, 2014

Zuhairah Washington
General Manager
Uber DC

Dear Ms. Washington:

I first would like to thank you and Uber for your input on Bill 54-14, which would create a regulatory framework within which ridesharing companies like Uber could legally operate in Montgomery County and is currently being considered by the County Council. While I am a proponent of increased ridesharing in the county, there are fundamental issues of concern to the public that must be addressed. The purpose of my letter today is to ask your assistance in addressing some of these issues.

There was compelling testimony from various viewpoints at the December 2 public hearing on this Bill. The perspectives shared at the public hearing will be invaluable to our Committee and the Council as it considers how best to address this complicated set of issues.

At the public hearing, three issues related to Uber's business practices caught my attention and, I believe, that of my colleagues on the Transportation, Infrastructure, Energy and Environment (T&E) Committee:

- insurance;
- driver background checks; and
- vehicle leasing offered through Uber.

In addition to these three issues, recent media reports have highlighted concerns about Uber's use of the data it collects about its passengers and the security of that data. In trying to understand and analyze the complex issues facing us, our Committee will benefit from receiving as much information as possible about current practices of transportation network companies such as Uber. For that reason, I ask for your responses to these issues, described in more detail below.

Insurance

While it appears that the \$1 million commercial liability insurance carried by Uber compares favorably to the insurance requirements placed on traditional taxicabs, we have some concern about the extent of coverage, particularly during "period one," when a driver is logged into the app but has

not yet accepted a ride. During this period, I understand that Uber's coverage is contingent on the drivers' personal insurer denying a claim. If the driver's personal insurer denies coverage, Uber can dispute the insurer's coverage determination. I am concerned that this process is likely to delay compensating victims, resulting in higher claims handling costs and legal fees. Please give us a narrative description of how the claims process will work when an accident involving an Uber driver occurs during period one. I also request Uber's response to these concerns about delay and costs, including your suggestions for how any delays or costs can be avoided or mitigated.

Background checks

With regard to driver background checks, the complaint filed against Uber in California by two county district attorneys on December 9 has highlighted questions about the reliability of Uber's background check process. The California complaint contrasts Uber's process, using driver-submitted personal identifiers such name, address, driver's license number and state, and social security number, with the background check process used for traditional taxicab drivers, which relies on fingerprint identification. As described in the complaint, Uber's process appears to lack sufficient certainty that the background check report is actually associated with the particular applicant. Such certainty is traditionally provided by using a unique biometric identifier such as fingerprints, as is done for taxicab drivers. The Committee would benefit from your response to this concern, as well as a list of which, if any, jurisdictions have enacted laws requiring Uber to use fingerprints as an identifier in performing background checks.

Vehicle leasing offered through Uber

At the public hearing, we heard from a gentleman who relayed his story of leasing a vehicle through Uber, only to be terminated due to his driver rating (of 4.5 out of 5) and left to make lease payments apparently calculated on the premise that the vehicle would be used to provide for-hire transportation. Please describe: (1) how any such lease or purchase arrangements work; (2) how the driver rating system works, including how Uber decides to terminate drivers based on this rating; and (3) whether Uber is prepared to make arrangements for terminated drivers who leased a vehicle.

Data usage and security

Uber maintains the position that it carefully protects customer trip data, but reports of use of its "God View" feature by employees have raised questions about Uber's commitment in this regard.¹ Also, in an article posted December 1 on the Washington Post website,² the possibility of a large scale data breach involving Uber's passenger information was explored. Both of these issues are legitimate causes of concern for County residents using Uber's service, and information about how Uber intends to protect customer data from misuse from both inside and outside the company would be useful to our Committee. At the same time, Uber representatives have expressed reservations about the County having access to driver and anonymized trip data. I request that Uber provide us with a list of other jurisdictions that have required such data to be provided.

¹ <http://www.cnet.com/news/god-view-under-spotlight-as-uber-investigation-intensifies/>

² <http://www.washingtonpost.com/blogs/the-switch/wp/2014/12/01/is-ubers-rider-database-a-sitting-duck-for-hackers/>

Please supply the requested responses by January 7, 2015, so that we can consider it along with information submitted at the public hearing, and so that these issues can be adequately addressed by our staff in preparing materials for our Committee's January 26, 2015 worksession.

I look forward to continuing to work with you as we create a more equitable, safe, and sustainable for-hire transportation system to serve all residents of Montgomery County.

Sincerely,



Roger Berliner
Councilmember, District 1
Chair, Transportation, Infrastructure, Energy, and
Environment Committee

CC: Arthur Holmes, Director, Department of Transportation
Tom Street, Assistant Chief Administrative Officer
Bonnie Kirkland, Assistant Chief Administrative Officer
Steve Farber, Council Administrator
Glenn Orlin, Deputy Council Administrator
Josh Hamlin, Legislative Attorney
Michael Faden, Senior Legislative Attorney
James Ryan, Chief, Taxicab Office, Department of Transportation
Councilmembers

U B E R

January 9, 2015

The Honorable Roger Berliner
Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

Dear Councilmember Berliner,

Thank you for your December 19, 2014 letter seeking my input on several issues that arose during the December 2nd public hearing on Bill 54-14, legislation that would create a legal framework for transportation network companies ("TNCs") in Montgomery County. I welcome the opportunity to respond.

A. Insurance

You asked that I provide you with more information about insurance coverage during period one of a TNC trip, the period when a partner is logged into the app but has not yet accepted a trip request. All partners who utilize the Uber app to connect with riders are covered for their TNC activities under an insurance policy held by Rasier LLC.¹ Rasier's policy provides coverage that is more comprehensive than the coverage maintained by taxicab companies in Montgomery County for their drivers. Rasier's policy provides \$1 million of coverage when a Rasier partner is engaged in a TNC trip, which is expressly primary to any personal auto policy that covers the Rasier partner. This is more than three times the amount of coverage taxicabs are required to carry in Montgomery County. During the period of time when a TNC partner is logged onto Rasier's digital network but has not accepted a TNC trip, Rasier maintains a contingent liability policy which provides \$50,000 for bodily injury per person, \$100,000 for bodily injury to all persons, and \$25,000 for property damage in any one accident. This contingent policy provides coverage should a Rasier partner's own policy fail to provide coverage, lapse or if no other insurance is available.

You also asked several questions about the claims process when a Rasier partner is involved in an incident. Rasier and/or its insurer fully cooperate with personal insurers to ensure coverage determinations are made promptly, and I am not aware of any coverage determination delays that have negatively impacted injured parties. I am also not aware of any coverage litigation against Rasier since it introduced its TNC business in 2013. This

¹ Uber Technologies, Inc., the parent company, is a technology company. Uber Technologies' subsidiary, Rasier, operates as a TNC.

is because Rasier's insurer (like all insurers in Maryland) has a statutory obligation to promptly determine coverage and pay losses.²

Moreover, section 53-804(g) of Bill 54-14 would further reinforce existing law on this issue by requiring TNCs to cooperate with a personal insurer in a claims coverage investigation, "including providing relevant dates and times during which an accident occurred that involved the [TNC partner] to determine whether the [TNC partner] was logged into a [TNC's] digital dispatch showing that the [TNC partner] is available to pick up passengers." We support the inclusion of this language.

B. Background Checks

You asked several questions about the background check process for drivers who use the Uber app to connect with riders. Rasier has contracted with Hirease, a background check company that is accredited by the National Association of Professional Background Screeners—the nation's preeminent background screener accreditation entity—and has an A+ rating from the Better Business Bureau.

Hirease conducts a multi-layered federal, state, and local criminal background checks that is, in many ways, more in-depth than the Live Scan fingerprint background check process Maryland taxicab drivers undergo. For example, the database Live Scan relies upon depends on the manual submission of information by hundreds, if not thousands, of state and county courthouses across the country. Given the substantial amount of manual data entry involved in this process, the database will undoubtedly have out-of-date information and may contain certain errors and omissions. Indeed, a 2014 Wall Street Journal investigation found that only half of the records in the Live Scan database have fully up-to-date information, and that the records often fail to indicate whether those arrested were ever charged or had charges dropped.³ Rather than relying on a system that is dependent on the timeliness and accuracy of manual data entry, Hirease conducts a primary search of court records and, when necessary, sends individuals to locations where records are maintained, including the courthouse in any county where the applicant has resided in the past seven years.

In addition to the accuracy and timeliness issues associated with a Live Scan check, it often takes at least several weeks longer than Hirease's background check. This means Montgomery County residents who wish to work as TNC partners, and who would otherwise pass the Hirease background check, will be forced to wait several additional

² An insurer must acknowledge its receipt of notice of a claim within 15 working days of such receipt, Md. COMAR § 31.15.07.03(B)(10), and must affirm or deny coverage within 15 working days after receiving properly completed claim forms, Md. Code Ann., Ins. § 27-303(12).

³ See Gary Fields & John R. Emshwillier, *As Arrest Records Rise Americans Find Consequences Can Last a Lifetime*, Wall Street Journal, Aug. 18, 2014, <http://www.wsj.com/articles/as-arrest-records-rise-americans-find-consequences-can-last-a-lifetime-1408415402>

weeks to begin earning income if this process were imposed on TNC partners. This unnecessary lag time will also decrease the number of TNC partners on the road, which would result in less affordable and reliable service for Montgomery County residents.

You also asked how we ensure that prospective partners do not commit identity fraud by relying on someone else's identifying information for their background check. First, a prospective partner must provide a driver's license to Rasier, which should provide conclusive evidence of the individual's identity in any in-person onboarding session. In addition, Hirease employs multiple verification layers in its background check process. This includes conducting searches of the prospective partner in multiple databases, including the National Criminal Database and the National Sex Offender Registry, and then cross-referencing the information it obtains from those database checks. Its process also includes a social security trace that retrieves all publicly accessible records in which the prospective partner listed his or her social security number. These searches provide Hirease's experts with many sources of data to compare to the information the prospective partner submitted with his or her application.

Finally, your letter asked that I provide you with a list of jurisdictions that have enacted laws requiring TNC partners to obtain a fingerprint background check. The vast majority of jurisdictions that have enacted laws, or put in place rules governing TNCs generally or regulating specific TNCs, require TNCs to use third party background check companies rather than the Live Scan background check process. This includes numerous cities, the District of Columbia,⁴ and every state that has addressed TNCs to date (California, Colorado, Massachusetts, Kentucky, Virginia, and Pennsylvania). A small minority of jurisdictions requires TNC drivers to obtain a Live Scan fingerprint background check. To my knowledge, these jurisdictions are Columbus, Ohio; Houston, Texas; and San Antonio, Texas. We urge Montgomery County to follow the lead of the majority of jurisdictions that have addressed this issue and determined that public safety is best served by requiring TNCs to use third party background check companies.

C. Vehicle Leasing

One of the many public policy benefits of TNCs is that they have helped generate great economic opportunities for many individuals in the Washington Metropolitan Area.⁵ Montgomery County residents who work as Rasier partners greatly value the fact that they can start their own business with very low start-up costs (partners need little

⁴ See Vehicle-for-hire Innovation Act, Bill 20-0753 § 20j-2 (approved October 28, 2014). It is noteworthy that the District requires taxi drivers to obtain Live Scan fingerprint background checks, but enacted legislation that will require TNC drivers to satisfy a background check by third party background screeners accredited by the National Association of Professional Background Screeners.

⁵ For example, in April 2014, the Washington Post profiled a Rasier partner in the Washington Metropolitan Area who was on pace to make \$64,000 a year. Steve Hendrix & Lori Aratani, *Driving for Dollars: Thousands Sign up to Work for UberX and Other Ride-Share Services*, Wash. Post, Apr. 13, 2014.

more than a personal vehicle and a clean background check to get started). They also greatly value the independence they have to set their hours and work at their own pace.

Uber's vehicle financing program (which you asked several questions about) is designed to help reduce the barriers to entry for someone who wants to purchase a car for use on the Uber network. The program has several components. First, Uber has partnered with auto lenders who have agreed to reduce down payments and provide partners with better access to financing. Second, Uber has partnered with auto manufacturers who provide preferential pricing and discounts. These entities are willing to enter into these arrangements with partners because their affiliation with Uber makes them more credit-worthy.

You also asked about Uber's driver rating system in light of an individual who testified at the December 2nd hearing that he was deactivated from the Uber app due to his low driver rating and left to make payments on a leased vehicle he obtained through Uber's vehicle financing program. Uber utilizes a driver rating system to ensure riders receive the safe, professional, and reliable service associated with the Uber brand. After each trip, a rider has the opportunity to rate a partner on a five-star system and provide specific written feedback. When a partner's rating falls below a certain level, we contact the partner to alert them of their low rating, explain the reasons for the rating, offer specific suggestions, and offer them the opportunity to attend a class to help improve their service. If the partner is not able to improve his or her performance, we take additional steps to ensure that riders do not receive poor or unsafe service, including, when necessary, deactivating partners' access to the Uber app. We only deactivate partners' access if we determine it is absolutely necessary to do so and, in making that determination, we give special consideration to partners who have leased a vehicle through the vehicle financing program given their financial investment.⁶

Finally, you asked whether Uber is prepared to make arrangements for terminated drivers who have leased a vehicle. Uber is not a party to any lease transaction between a partner and the lessor and does not have the power to modify the terms of these leases. However, a partner who has leased a vehicle is able to terminate their lease by paying a penalty.⁷

⁶ I would be happy to further discuss with you in person the rider feedback Uber received about the witness who testified at the December 2nd meeting.

⁷ The penalty is \$1,000 in the first year of the lease; \$750 in the second year; \$500 in the third year; and \$250 in the fourth year.

D. Data Usage and Security

You asked about our efforts to protect rider data from misuse from inside the company in light of recent media reports on this subject. We care deeply about the privacy of our riders, and we recognize that the success of our business depends on maintaining their trust and satisfaction. Uber has always had a strong culture of protecting rider information, and Uber prohibits employees from accessing rider personal information except for legitimate business purposes.

Uber's key privacy policies are set forth in our user Privacy Policy, available on Uber's website and in the app (<https://www.uber.com/legal/usa/privacy>). As described in the Privacy Policy, Uber collects basic information from riders—information necessary to provide the service. Uber provides most of the data collected from a rider to the rider in his or her account, including the rider's trip information and history. As these are Uber's transaction records—core business records—they are maintained as long as a rider has an account. If a rider cancels his or her account, the records will be retained until the account is settled and there is no longer a business need to retain them.

Uber also describes in the Privacy Policy the instances in which we disclose rider information, including pursuant to service provider agreements and valid law enforcement requests. We also describe in the Privacy Policy what Uber does with the information collected. It is neither unusual nor unexpected for a business to use the data of its customers as necessary to provide the service, to improve the service, and to run the business. Also like other businesses, Uber has internal tools that employees use to do business—everything from licensed software to database management systems.

Your letter specifically references a tool that has been referred to in the press as "God View" (an early internal name for the first version of the tool). The tool is a real-time aerial view of the movement of cars on the Uber platform. It is essential to Uber's operations teams, which are responsible for numerous real-time tasks to keep the service up and running properly. These tasks include observing whether cars are clustered in one section of town and too sparsely represented in other areas of town in order to help with balancing supply and demand. If there are rides being requested in an area of town with too few vehicles, Uber can send messages to drivers letting them know that there are potential riders in that area. A real-time view of trips is also critical to providing a quick response in the event of a rider or driver letting us know of a safety concern. This tool is made available only to employees working in operations or other areas, like fraud prevention, where it is necessary to have a real-time view of trips.

Your letter also asked how Uber intends to protect customer data from a large-scale data breach. Uber is well aware of the ongoing threat that criminal hackers pose to all businesses. Safeguarding our riders' information and data from a cyber attack is of the utmost importance to Uber and we have invested—and continue to invest—considerable resources in our cyber security infrastructure to guard against this threat.

Finally, you asked several questions about our position on submitting driver and trip data to the County. We have expressed concerns with these requirements because much driver and trip data is highly confidential, proprietary business information for the company. Further, it is not clear to us how submission of such information advances compelling governmental or regulatory purposes. That said, we would be happy to discuss further with you the types and categories of information you believe Montgomery County needs and work with you to meet the County's needs.⁸

Thank you for your continued leadership on transportation issues in Montgomery County. I look forward to working with you in the coming weeks as the Council considers Bill 54-14.

Sincerely,

/s/

Zuhairah Washington
General Manager
Uber DC

⁸ You asked that we provide you with a list of all jurisdictions that require TNCs to submit some form of driver or trip data and information to the government. We would be happy to work with you to provide you with example statutes and ordinances once we have a better understanding of the type and categories of information you believe Montgomery County needs.

Virginia Politics

Uber and Lyft closer to permanent legality in Virginia

By Rachel Weiner January 20

Uber and Lyft are moving closer to permanent legal status in the state of Virginia after a hearing Monday where state senators agreed on a compromise regulatory framework for the phone-based car services.

The two companies have been operating in Virginia on a temporary basis since August. Initially told they were breaking the law and could not operate in the commonwealth, the companies quickly won interim permits from the administration of Gov. Terry McAuliffe (D) amid pressure from customers and high-powered lobbyists.

Under the legislation, such companies would pay \$100,000 for a license to operate in the state. Drivers must undergo background checks, and the company or the driver must have insurance that covers up to \$1 million in accident damages.

That insurance would need to be active whenever a passenger is in a car. A lower level of coverage would be required whenever a driver is logged into the company's application, in case an accident occurs on the way to pick up a customer. While individual drivers could purchase their own hybrid personal-

commercial insurance, no such coverage is available yet in Virginia. Any gap left by the driver's insurance must be covered by the company.

The companies cannot discriminate or charge higher rates to disabled passengers, and when wheelchair-accessible cars cannot be located, they are supposed to direct customers to a company that provides them.

Dozens of Uber drivers showed up for the hearing, with several testifying about their support for companies that let non-professional drivers make money chauffeuring their neighbors.

It's "a perfect opportunity for people who are struggling in the job market," said Kia Thomas Hamel, a Navy veteran from Fairfax. She said she had applied mostly for federal government jobs but was frustrated by the slow process; she became an Uber driver in three weeks. Moreover, she said the flexible hours made it easier to make more time for her children when her military husband was deployed.

Several cab drivers and company owners argued against Uber and Lyft, however, saying the companies had bullied their way into avoiding existing regulations. "It is not a public service — it is a noncompetitive service," said C.I. Dodhy, president of the Alexandria-based United Taxicab Operators Association.

A private investigator working for another taxi association said that he had successfully hailed 22 Uber cabs on the street in Virginia cities and that in half those cars the driver gave a phone number for a second ride. Under both their temporary permits and the new regulations, drivers for these companies are supposed to pick up riders only through their apps.

“I don’t have a \$1.9 million valuation. I don’t have money to donate to your campaigns or pressure the governor,” said Randy Freeman, who runs a private Richmond-based cab company. “I only have one plea — be fair.”

Several lawmakers expressed desire after the testimony to let such existing small-business owners into the new system without paying the high initial fee. Also left undecided by the subcommittee hearing testimony Monday was whether background checks by third-party operators are stringent enough to pass muster.

Rachel Weiner covers local politics for The Washington Post.

What additional measures were taken to allow them to operate?

- ⇒ TNCs have been authorized in numerous jurisdictions using a variety of different models

- ⇒ Case studies:
 - ⇒ Houston, TX
 - ⇒ Seattle, WA
 - ⇒ Austin, TX
 - ⇒ Chicago, IL
 - ⇒ Washington, DC
 - ⇒ Orlando, FL

Houston, TX

- Licensing TNC licensing required (permit); Drivers licensed by City. TNC officers subject to criminal background check.
- Insurance TNC required to provide commercial automobile liability insurance policies in the amount of \$1 million, to cover liability from any occurrence arising out of or caused by operation of transportation network from the time a driver is matched with and accepts a trip request until trip completion. Insurance in the minimum amounts specified by state Act must be in effect while driver logged into network even though not actively engaged in providing service.

Houston, TX

- Minimum level of service
 - 3% of vehicles must be wheelchair accessible, and provide service to persons with disabilities;
 - Task Force created to study all aspects of transportation needs for persons with disabilities, including certain specified areas of access.
 - TNC must have a place of business within the City which is in compliance with applicable deed restrictions enforceable by the City.
 - Driver shall not refuse to transport a passenger to a designated location within the City.

Houston, TX

⇒ Background

City shall perform background check on drivers and TNC officers. Driver history provided by driver at application. Driver fingerprinting required. Drivers must be authorized by City prior to work at airport.

⇒ Vehicle Requirements

Vehicle must have at least 2 doors, coupe, sedan or light-duty vehicle, and meet applicable Federal Motor Vehicle Safety Standards. Vehicles cannot be older than 7 years or have greater than 150,000 miles whichever comes first. Vehicle must display consistent and distinctive emblem.

Houston, TX

- ➔ Vehicle Inspection Vehicle inspected by City designated facility. Annual inspection required.
- ➔ Fees Permit fee 2% of annual gross receipts.

Houston TNC requirements vs BC Taxi, Luxury Sedan, Limo and Van



TNC

Houston Requirements

Fare controls						
Licensing Requirements						<ul style="list-style-type: none"> • Annual license for TNC • TNC officers subject to criminal background check
Minimum level of service						<ul style="list-style-type: none"> • Prohibit service refusal • Place of business within City • 3% of vehicles wheelchair accessible
Entry restrictions						
Public safety requirements						<ul style="list-style-type: none"> • Vehicle must be inspected at facility designated by City • Vehicles cannot be older than 7 years or have greater than 150,000 miles • Vehicle must display consistent and distinctive emblem. • Driver must be licensed by City <ul style="list-style-type: none"> • City conducts background checks • Insurance verification
by jurisdiction						
by provider						

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Seattle, WA

- ⇒ Licensing TNC licensing required; Drivers licensed by City. TNC must maintain current registry of vehicle drivers and vehicles.
- ⇒ Insurance Required for TNC and driver. \$100,000/\$300,000 per person/per accident while active on TNC dispatch system.
- ⇒ Background City or approved company shall perform background check on drivers. Driver history obtained by City at application. Driver fingerprinting required.

Seattle, WA

- Minimum level of service
 - Require that passengers can view a TNC driver's photo and the vehicle's license plate number on the device used to connect with the dispatch application before the trip is initiated
 - Driver shall transport wheelchairs, guide dogs, groceries, packages or luggage of handicap passengers. TNC shall allow passengers to indicate whether they require a wheelchair-accessible vehicle.
 - Maintain an office that is open and staffed from 9 a.m. until 5 p.m. on all business days.
 - Maintain a mailing address and toll-free business and customer complaint telephone numbers that are answered during hours of operation.

Seattle, WA

- ⇒ Vehicle Requirements Vehicle age 10 years or less. Four-door minimum. City issued vehicle decal with unique ID number.
- ⇒ Vehicle Inspection Vehicle inspected by City approved mechanic. Annual inspection required. Vehicle service records must be kept by TNC.
- ⇒ Fees TNC shall remit a per ride fee of \$0.10, not to total greater than \$525,000 per year.

Seattle TNC requirements vs BC Taxi, Luxury Sedan, Limo and Van



TNC



Seattle Requirements

Fare controls						
Licensing Requirements						<ul style="list-style-type: none"> TNC licensing required TNC must maintain current registry of vehicle drivers and vehicles.
Minimum level of service						<ul style="list-style-type: none"> Office staffed from 9 a.m. until 5 p.m. on all business days. Toll-free business number answered during hours of operation.
Entry restrictions						
Public safety requirements by jurisdiction						<ul style="list-style-type: none"> Annual vehicle inspection by mechanic. Driver background check by County or third party County licenses drivers Insurance required Per ride fee of \$0.10, not to total greater than \$525,000 per year.
by provider						

Austin, TX

- ➔ Licensing TNC agreement required (with City); Drivers licensed by City.
- ➔ Insurance TNC required to provide primary commercial automobile liability insurance with a minimum combined single limit of \$1 million for each occurrence of bodily injury and property damage for accidents involving TNC vehicles in transit, from the time a driver accepts a trip request, during the accepted trip, until trip completion. Coverage also required in the amount of \$30,000 death/personal injury per person, \$60,000 per incident and \$25,000 for property damage when driver is logged into TNC network until time driver accepts a trip.

Austin, TX

- ⇒ Minimum level of service
 - ⇒ Maintain a web site
 - ⇒ Provide a 24-hour customer service phone number and email address.
 - ⇒ Maintain an agent for service of process in the City.
 - ⇒ Set aside 10 cents from every ride and use funds to support riders requiring ADA accommodations.
 - ⇒ Accommodate service animals.
 - ⇒ Publicize their need for ADA vehicles and drivers to provide service to all passengers.
 - ⇒ An accessible service request indicator must be available on the app within three months of the TNC agreement.
 - ⇒ Surge pricing requires a fare estimator that enables riders to estimate the total surge pricing fare prior to requesting a ride.

Austin, TX

- ➔ Background
City approved company shall perform background check on drivers. Driver history required at application.
- ➔ Vehicle Requirements
None specified
- ➔ Vehicle Inspection
Vehicle inspected in compliance with state requirements. Driver must carry proof of inspection.
- ➔ Fees
Fees imposed to be set by separate ordinance.

Austin, TX TNC requirements vs BC Taxi, Luxury Sedan, Limo and Van



Austin Requirements

	Taxi	Luxury Sedan	Limo	Van	TNC	Austin Requirements
Fare controls	✓	✗	✗	✗	✗	
Licensing Requirements	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> TNC enters into a 1 year agreement with City. Stakeholder group to make recommendations on a pilot program.
Minimum level of service	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> 24-hour phone number Maintain agent within City \$0.10 of every fare to support riders requiring ADA accommodations
Entry restrictions	✓	✓	✗	✗	✗	
Public safety requirements	✓	✓	✓	✓	✗	<ul style="list-style-type: none"> Driver must be licensed by City Insurance verification
by jurisdiction	✓	✓	✓	✓	✗	
by provider	✓	✓	✓	✓	✓	

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Chicago, IL

- Licensing TNC licensing required; Drivers registered with TNC.
- Insurance TNC required to provide commercial general and commercial automobile liability insurance policies, each in the amount of \$1 million, to cover liability from any occurrence arising out of or caused by operation of transportation network.
- Background TNC shall perform background checks on drivers. Verify every three years. TNC and driver fingerprinting.



Chicago, IL

- Minimum level of service
 - Pick up or discharge prohibited at airport or designated taxi stands or loading zones unless commissioner determines transportation can be done in while preserving security and public safety.
 - Wheelchair-accessible emblems must be displayed.
 - TNC must provide opportunity to indicate whether they require wheelchair –accessible transportation and redirect said passengers to centralized dispatch system if they cannot. Records must be kept for number of accessible requests and include if service provided.
 - Mayor authorized to establish a ground transportation Task Force to make recommendations on specified issues.
 - TNC must have a place of business in the city.

Chicago, IL

- ⇒ Vehicle Requirements Must seat less than 10 passengers; must have at least 2 doors, coupe, sedan or light-duty vehicle. Distinctive signage required.
- ⇒ Vehicle Inspection TNC must verify vehicle inspected by City approved facility. Annual inspection required. TNC must maintain written documentation.
- ⇒ Fees Annual fee for issuance or renewal of transportation network company license is \$25,000 plus \$25 for each transportation network driver registered with the company.

Chicago, IL TNC requirements vs BC Taxi, Luxury Sedan, Limo and Van



Chicago Requirements

	Taxi	Luxury Sedan	Limo	Van	TNC	Chicago Requirements
Fare controls	✓	✗	✗	✗	✗	
Licensing Requirements	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> • Annual license for TNC • TNC must maintain a current registry of vehicle drivers.
Minimum level of service	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> • Licensee shall keep accurate records subject to inspection • Any licensee shall have an affirmative duty to respond to requests for service
Entry restrictions	✓	✓	✗	✗	✗	
Public safety requirements by jurisdiction	✓	✓	✓	✓	✗	<ul style="list-style-type: none"> • Vehicle must be inspected by a city licensed motor vehicle repair shop or at a facility designated by the city • TNC shall perform local and national criminal history background checks on its drivers. Verify checks every three years
Public safety requirements by provider	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> • Insurance verification

hhl

Washington, DC

- ➔ Licensing TNC licensing required (register); Drivers registered with TNC.
- ➔ Insurance TNC required to provide primary liability insurance policy when driver has app operational and when driver accepts trip. 50K personal property per accident, 100K per accident, 25K for property damage.
- ➔ Background TNC shall perform background check on drivers. TNC shall perform driver history check. Verify every three years.

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Washington, DC

- Minimum level of service
 - Web site with a telephone number or electronic mail address and the telephone number or electronic mail address for taxi cab commission.
 - Web site and mobile app accessible to the visually and hearing impaired.
 - Refusal of service based upon protected class, including service animal, is prohibited.
 - No additional charges on persons with disabilities nor requirement to be accompanied by an attendant.
 - Driver must store passengers mobility equipment in the vehicle if capable of doing so. If not, passenger shall not be charged for trip cancellation.
 - Refusal of service based upon location of passenger is prohibited.
 - Rating of passenger on the basis of protected class is prohibited.



Washington, DC

- ⇒ Vehicle Requirements Vehicle age 10 years or less. Four-door minimum. Vehicles shall display consistent and distinctive trade dress. Vehicles must comply with federal ADA regulations.
- ⇒ Vehicle Inspection Vehicle inspected by City approved mechanic or state authorized inspection station. TNC to verify annual inspection.
- ⇒ Fees 1% of all gross receipts that physically originate in DC.

Washington, DC TNC requirements vs BC Taxi, Luxury Sedan, Limo and Van



Washington, DC Requirements

	Taxi	Luxury Sedan	Limo	Van	TNC	Notes
Fare controls	✓	✗	✗	✗	✗	
Licensing Requirements	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> TNC registration required TNC must maintain current registry of vehicles and drivers.
Minimum level of service	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> No refusal of service to passenger based on location or protected class. Website with telephone number.
Entry restrictions	✓	✓	✗	✗	✗	
Public safety requirements	✓	✓	✓	✓	✗	<ul style="list-style-type: none"> TNC performs national background check of drivers <ul style="list-style-type: none"> Verify every 3 years TNC required to provide liability insurance Vehicle age 10 years or less Licensed mechanic or inspection station must perform safety inspection Fee of 1% of all gross receipts originating in DC.
by jurisdiction	✓	✓	✓	✓	✗	
by provider	✓	✓	✓	✓	✓	

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Orlando, FL

- ➔ Licensing TNC licensing required; Drivers licensed by City. Vehicles licensed by City.
- ➔ Fare Control Must charge at least as much as taxi fares. Passengers must be informed of the fare amount in advance.
- ➔ Insurance Required to provide \$1 million automobile liability and property damage insurance combined single incident if transporting 7 or more passengers. Required to provide insurance at the minimum amount set forth by statute when transporting 6 or less passengers. May be self insured.

bh1

Orlando, FL

- ⇒ Minimum level of service
 - ⇒ Service refusal for protected classes prohibited
 - ⇒ Driver dress code
 - ⇒ TNC must have local office, accessible by phone or in person during normal business hours.

Orlando, FL

- ➔ Background City shall perform background check on drivers. City shall perform driver history check.
- ➔ Vehicle Requirements Lettering requirements to identify company's identification. Vehicles must be passenger vehicles that seats at least 5 persons.
- ➔ Vehicle Inspection Vehicle inspected by ASE mechanic. Annual inspection required.
- ➔ Fees Permit fee is \$250 per vehicle initially; \$200 per vehicle thereafter.

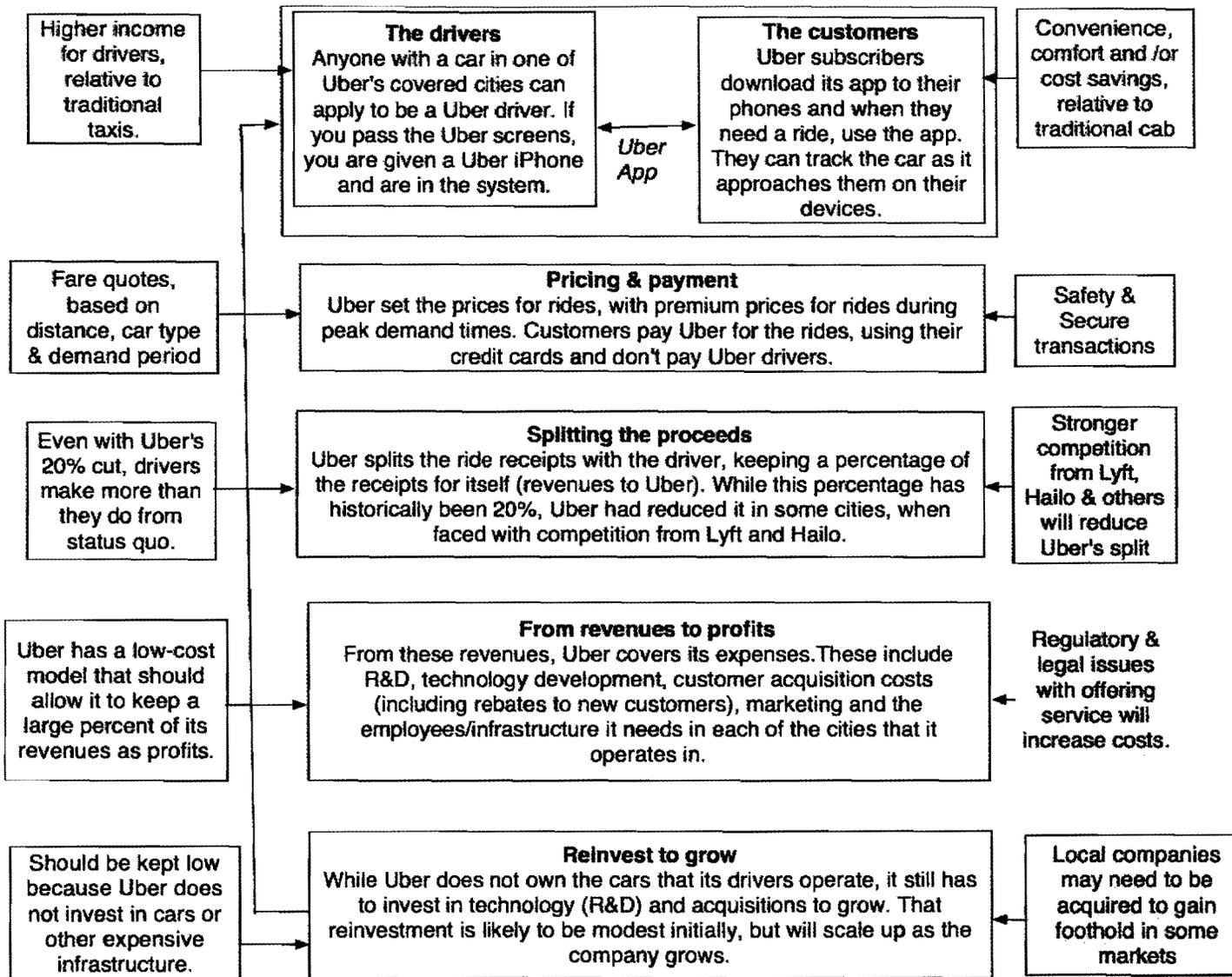
Orlando TNC requirements vs BC Taxi, Luxury Sedan, Limo and Van



Orlando Requirements

						Orlando Requirements
Fare controls						<ul style="list-style-type: none"> Fare must be disclosed in advance Same minimum fare as taxi
Licensing Requirements						<ul style="list-style-type: none"> Annual license for each vehicle Vehicle must be marked
Minimum level of service						<ul style="list-style-type: none"> No refusal of service to passenger Local office accessible by phone or in person during business hours.
Entry restrictions						
Public safety requirements by jurisdiction						<ul style="list-style-type: none"> Vehicle must be inspected by ASE mechanic <ul style="list-style-type: none"> Annual inspection certification submitted to Orlando Driver must be licensed by Orlando Insurance verification
by provider						

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HOW DOES OUR INSURANCE POLICY WORK?

The subject of insurance can be a complicated one, but it's important you know how and when our policies cover you and your passengers in the event of an incident. The following is an overview of how our insurance policies work. There are four coverages included in our insurance policies (unless otherwise noted, these coverages are in effect from the time you accept a ride request until the time the ride has ended in the app.)

- Commercial Automobile
- Contingent Liability (coverage only while in driver mode waiting for a ride request)
- Contingent Comprehensive & Collision
- Uninsured/Underinsured Motorist (UM/UIM)

HOW DOES LYFT'S LIABILITY COVERAGE WORK?

Our liability insurance is designed to act as the primary coverage during the period from the time you accept a ride request until the time the ride has ended in the app. *Note: If you have commercial insurance, Lyft's policy remains excess of your commercial insurance coverage.* Here's how it works:

- DRIVER MODE **OFF**
Your personal insurance is your insurance policy.
- DRIVER MODE **ON** BUT NOT YET ACCEPTED A RIDE
Lyft provides Contingent Liability to protect you if your personal insurance doesn't.
- RIDE REQUEST **ACCEPTED** THROUGH THE **END** OF LYFT RIDE
Lyft's liability coverage is primary to your personal insurance. It's designed to cover your liability for property damage and bodily injury of passengers and/or third parties.

HOW DOES CONTINGENT LIABILITY COVERAGE WORK?

Our contingent liability coverage is designed to provide coverage **when the app is in driver mode before you've received a ride request** in the event your personal insurance does not respond. The policy has a \$50,000 maximum per person, \$100,000 maximum per accident, and a \$25,000 maximum for physical damage. There is **no deductible** under this policy.

HOW DOES CONTINGENT COLLISION COVERAGE WORK?

Our contingent collision coverage is designed to cover physical damage to your vehicle resulting from an accident **as long as you have obtained collision coverage on your personal automobile policy.** The policy has a \$2,500 deductible and a \$50,000 maximum for physical damage to your vehicle. Like any driver's personal auto policy, this policy is designed to step in regardless of whether or not you're at fault. This policy will respond if your personal auto policy declines the claim for collision damages to your vehicle solely because you are driving with Lyft.

HOW DOES CONTINGENT COMPREHENSIVE COVERAGE WORK?

Similar to our contingent collision coverage, our contingent comprehensive coverage is designed to cover physical damage to your vehicle resulting from a non-collision event (for example a fire, vandalism, a natural disaster, etc.) **as long as you have obtained comprehensive coverage on your personal automobile policy.** The policy has a \$2,500 deductible and a \$50,000 maximum for physical damage to your vehicle. Like any driver's personal auto policy, this policy is designed to step in regardless of whether or not you're at fault. This policy will respond if your personal auto policy declines the claim for comprehensive damages to your vehicle solely because you are driving with Lyft.

WHAT DOES UM/UIM MEAN AND HOW DOES THIS COVERAGE WORK?

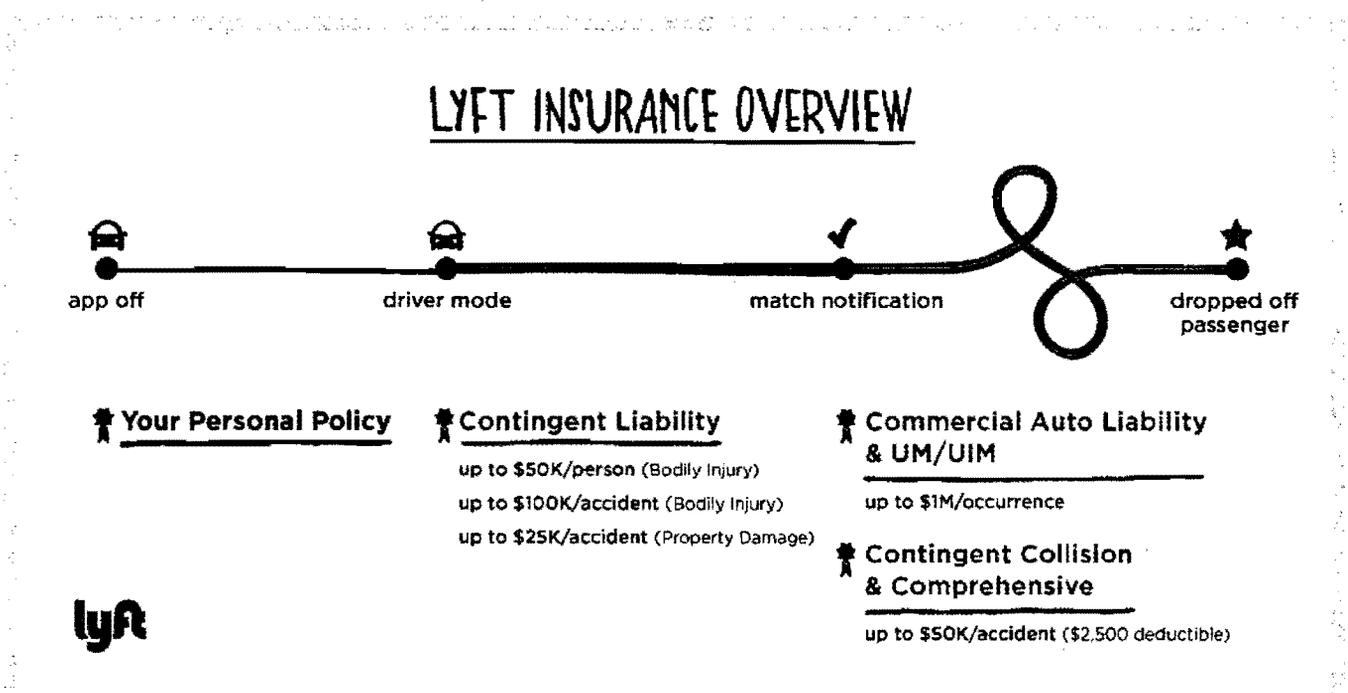
UM stands for uninsured motorist and UIM stands for underinsured motorist. In the event of an accident (once you have accepted a ride and are transporting a passenger) with a driver who is uninsured or underinsured and is ultimately at fault for bodily injury caused to you, your passengers, or third parties, our UM/UIM coverage will apply for up to \$1M per incident. There is no deductible on UM/UIM claims.

WHEN DO THESE COVERAGES APPLY?

It depends on the coverage. During the time the Lyft app is on and available to accept a request (also known as "Driver Mode"), the contingent liability policy is in effect. The other three coverages are in effect beginning when you've accepted a passenger ride request and are on your way to pick the passenger up. They continue while you're giving a ride to a passenger and until you end the ride in the app.

WHAT STATES ARE COVERED BY THIS POLICY?

Our policy is available in all states in the U.S, except New York State.





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March 18, 2014

Lyft, Inc.
548 Market Street #68514
San Francisco, CA 94104

Re: Insurance Issues Related to Match Mode

Ladies and Gentlemen:

Lyft provides drivers utilizing its platform (the “Lyft Platform”) with a \$1 million per occurrence liability insurance policy (the “Liability Policy”), which provides coverage when a driver is driving a passenger arranged by the Lyft Platform or when a driver has accepted a request for a ride via the Lyft Platform and is en route to pick up the passenger. These circumstances are referred to as “Driving on the Lyft Platform.”

Some have raised the issue of whether a driver’s personal insurer can deny coverage for an accident that occurs during “Match Mode” before or after a driver is Driving on the Lyft Platform on the basis of a livery or public conveyance exclusion (“Exclusion”). A personal insurer should provide coverage for a driver during Match Mode (and should not be able to deny coverage under the Exclusion) per the arguments set forth below.

1. A Driver in Match Mode is Not Operating a Car for Hire or For a Business Use and Therefore the Exclusion Should Not Apply

Match Mode is when a Lyft driver indicates that the driver would like to be notified of potential riders that are near the driver that need a ride. When a Lyft user requests a ride, the request is seen by an approved driver who has the Lyft app open in Match Mode. The driver can then decide to provide the requested ride by tapping a button in the app, or to ignore the requested ride. A driver may see requests and decide not to provide rides at that time, for reasons as simple as being busy tending to personal matters. Thus, prior to accepting a particular match, the driver is just in Match Mode and is not Driving on the Lyft Platform. Similarly, once a driver drops off a passenger at the passenger’s destination, the driver is no longer Driving on the Lyft Platform. Once a ride has ended, the driver may drive home, to work, or wherever else the driver may wish to go. If the driver is no longer interested to be notified of a potential rider near the driver’s location, he/she can toggle off of Match Mode by swiping a button on the Lyft app. If the driver would like to be notified of additional potential riders, he/she can stay in Match Mode. Accordingly, a driver in Match Mode is simply operating his/her personal auto for personal reasons. Therefore, the Exclusion should not operate to bar coverage under the driver’s personal auto policy.

Any argument by a driver's personal auto insurer that the Exclusion applies simply as a result of entering Match Mode would have the effect of saying that every registered TNC driver is at all times operating a livery service simply because the driver has the ability to pick a rider. This is not a reasonable position as there is nothing inherently "commercial" nor is it a business use just because a Lyft driver is in Match Mode and merely has the ability to be matched with a rider. The driver is operating his/her personally owned vehicle; the vehicle is titled/registered as a personal vehicle; and there is no requirement that a Lyft driver drive more than they otherwise would simply because they have the ability to pick up a rider – so no increased risk for the insurer. Even if a driver in Match Mode drives more miles, this increase in risk to the insurer is covered by the insurer's existing right to collect more premium based upon the number of miles driven by the driver. For example, it is acceptable for drivers to be in Match Mode all day while they are running personal errands and, even if the driver is matched with a rider by the Lyft platform, the driver may disregard such matches and go the entire day without picking up a single rider. In this instance, it would be quite unreasonable for the Liability Policy to cover the driver even though the driver has not provided one ride. Match Mode essentially just provides a driver with the ability to learn about available passengers, which can then be accepted or ignored by the driver.

The Exclusion language found in personal auto policies has different wording depending on the issuing insurer and the actual policy issued. However, all such Exclusions include the requirement that the carrying of passengers or things be for a charge, fee or compensation. If there is no charge, fee or compensation paying passenger in the driver's car, or if the driver is not on their way to pick up a charge, fee or compensation paying passenger, the Exclusion's charge, fee or compensation paying requirement is not satisfied and that Exclusion should not be able to be relied upon by the insurer. This is not like a pizza delivery driver who, while on duty (whether delivering a pizza or returning from delivering a pizza) is only driving at the particular time in the course of their employment as a pizza delivery driver. For a Lyft driver, when not Driving on the Lyft Platform, he/she is, by definition, driving for personal, as opposed to business/commercial, pursuits. Said differently, when a Lyft driver is in Match Mode, the driving they are doing is not inextricably tied to being a Lyft driver, they are driving just as any regular driver – running personal errands, commuting to/from work, etc. Thus, even if a Lyft driver dropped off a passenger five minutes before an accident, so long as they are in Match Mode and not Driving on the Lyft Platform (despite having the required TNC signage on their car) the driver has returned to being just an ordinary driver like everyone else, therefore, their personal auto policy should provide coverage.

There needs to be a bright-line rule for when a driver is being a TNC driver, and thus covered under the Liability Policy and the most reasonable bright-line is whether the driver is Driving on the Lyft Platform or not. Simply being in Match Mode is too broad to be a reasonable distinction between personal and business use.

2. The Exclusion will be Narrowly Construed Against a Personal Auto Insurer Such that it Will be Difficult for an Insurer to Exclude Coverage under the Exclusion

It is a standard principle of insurance contract interpretation in every state that any exclusion in a policy (including Exclusions discussed herein) will be narrowly construed against

an insurer.¹ Specifically, insurance coverage is “interpreted broadly so as to afford the greatest possible protection to the insured, [whereas] ... exclusionary clauses are interpreted narrowly against the insurer.” *White v. Western Title Ins. Co.*, 40 Cal.3d. 870, 881 (1985). Additionally, “[a]n insurer cannot escape its basic duty to insure by means of an exclusionary clause that is unclear. As we have declared time and again ‘any exception to the performance of the basic underlying obligation must be so stated as clearly to apprise the insured of its effect.’ *Gray v. Zurich Ins. Co.*, 65 Cal. 2d 263, 26 (1966). Thus, ‘the burden rests upon the insurer to phrase exceptions and exclusions in clear and unmistakable language.’ *Harris v. Glens Falls Ins. Co.*, 6 Cal. 3d 699, 701 (1972). The exclusionary clause ‘must be *conspicuous, plain and clear.*’ *Steven v. Fidelity & Cas. Co.*, 58 Cal.2d 862, 878 (1962).” *State Farm Mut. Auto Ins. Co. v. Jacober*, 10 Cal.3d 193, 201-202 (1973). Still further, the burden is on the insurer to establish that the claim is specifically excluded. *See Aydin Corp. v. First State Ins. Co.*, 18 Cal.4th 1182, 1188 (1998).

Therefore, if the facts of any particular claim are such (*i.e.*, no passenger, running personal errands, on way home, off-duty, etc.) that they call into to question the applicability of an Exclusion it should be construed by a Court against the insurer. When the driver is simply in Match Mode, the insurer will likely not be able to point to facts showing that the Exclusion clearly applies. Based on the burden of proof that insurers face in connection with relying on a policy exclusion, and the fact that it will be difficult for an insurer to show that a driver in Match Mode was engaged in a livery or business use, the Exclusion should be found to be inapplicable and there should be coverage under the driver’s personal auto policy.

3. There are Good Policy Arguments that Personal Auto Policies Are the Best Method of Providing Liability Coverage While a Driver is in Match Mode

First, it is perfectly acceptable with the CPUC and the various TNCs that drivers can be registered and in Match Mode on more than one TNC platform at the same time. For example, at any one point in time a driver can be in Match Mode on the Lyft, Uber X, and Sidecar platforms. If a TNC’s liability policy covered a driver while at all times in Match Mode, there would be uncertainty as to which TNC’s liability policy would be responsible for a claim resulting from an accident that occurred while the driver was in Match Mode for more than one TNC, leading to confusion. Because of the “other insurance” clauses of liability policies, and such clauses’ differing language, protracted conflicts and litigation could ensue among injured parties, drivers, TNCs, the driver’s insurer and TNC insurers. In California, this conflicts with the express purpose of Insurance Code section 11580.8, which states that it is the public policy of the State of California “to avoid so far as possible conflicts and litigation, with resulting court congestion” involving the order in which two or more liability policies covering the same loss apply. Therefore, simply requiring a TNC’s liability policy to be responsible for Match Mode claims would lead to confusion, finger-pointing, and costly litigation. The better approach is for the driver’s personal auto policy to be responsible when a driver is in Match Mode, and for the TNC’s liability policy to be responsible when a TNC driver is driving on the TNC’s platform.

Second, if personal auto insurers are allowed to exclude coverage for drivers in Match Mode and if the TNC’s liability policy is required to provide coverage for a driver while in

¹ We cite California authorities herein, but the same principles of insurance contract construction/interpretation exist in every state.

Lyft, Inc.
March 18, 2014
Page 4

Match Mode, imagine the “great deal” a driver could get if he/she only needed to be in Match Mode to be covered by a \$1 million liability policy. Rather than pay for such coverage from a personal insurer, a driver could lower liability limits to the \$15k/\$30k minimum, register with a TNC, enter Match Mode every time the vehicle is driven and even if the driver never drove a passenger he/she would always have “free” \$1 million in liability insurance coverage.

Very truly yours,



RANDALL A. DOCTOR
For the Firm

COMCOR - Code of Montgomery County Regulations

**CHAPTER 53. TAXICABS — REGULATIONS / ARTICLE I. IN GENERAL, SEC. 53-17
RATES — REGULATIONS / COMCOR 53.17.01 Taxicab Rates**

COMCOR 53.17.01 Taxicab Rates

**CHAPTER 53. TAXICABS — REGULATIONS / ARTICLE I. IN GENERAL, SEC. 53-17
RATES — REGULATIONS / COMCOR 53.17.01 Taxicab Rates / 53.17.01.01 Taxicab
Rates**

53.17.01.01 Taxicab Rates

A. Rate for One Passenger:

Rate for the Initial Charge

\$4.00

For each one-fourth mile to fifteen miles

\$.50

B. Waiting and Traffic Delay Time:

Rate for time beginning five minutes after the time the taxicab was called

for

and for, time when the taxicab is stopped, or has slowed to a speed of less than thirteen miles per hour. The extra time it may take to assist a person with disabilities may not be charged as waiting time.

\$28

C. Additional Passengers:

Rate for more than one passenger in the same party. There is no charge for a personal care attendant accompanying a person with disabilities for mobility purposes. There is no charge for children under five years of age when accompanied by an adult. All other passengers must pay the additional passenger charge.

mobility

\$1.00

D. Personal Service for Loading Items:

- Charge for any service provided by the driver in loading suitcases, parcels, or other personal effects at the request of the passenger.
- \$1.00
- E. Pick-up and Delivery:
Charge for pickup and delivery service performed at the request of the passenger.
- \$2.00
- F. Snow Emergency:
Charge in the event a snow emergency is declared by the State for the County.
- \$2.50
- G. Service Animal:
Service animal traveling with a person with disabilities must be accommodated at no additional charge.
- \$0.00
- H. Tolls and Surcharges:
Any toll or surcharge, as required, during the course of the trip.
- As Required

**CHAPTER 53. TAXICABS — REGULATIONS / ARTICLE I. IN GENERAL, SEC. 53-17
RATES — REGULATIONS / COMCOR 53.17.01 Taxicab Rates / 53.17.01.02 Fuel
Surcharge**

53.17.01.02 Fuel Surcharge

Surcharges become effective in the amounts listed below when the average price of regular unleaded gasoline, based on the American Automobile Association Maryland Metropolitan Area Averages, Washington (Maryland Only) are in place for 30 consecutive days. The surcharges are rescinded or return to the prior surcharge when prices fall below the price point for 30 consecutive days as follows:

<u>Gas Cost</u>	<u>Surcharge</u>
\$5.00	\$0.50

\$5.50	\$1.00
\$6.00	\$1.50
\$6.50	\$2.00

**CHAPTER 53. TAXICABS — REGULATIONS / ARTICLE I. IN GENERAL, SEC. 53-17
RATES — REGULATIONS / COMCOR 53.17.01 Taxicab Rates / 53.17.01.03 Additional
Passengers for County Grant Trips
53.17.01.03 Additional Passengers for County Grant Trips**

The additional passenger rate for County grant trips is the rate for more than one passenger in the same party when all the passengers are paying for the trip with the grant funds or grant funded fare media. The purpose of the rate is to encourage taxicab drivers to participate in transit initiatives funded by grants to the County.

The rate for each additional passenger for County Grant trips \$5.00

**CHAPTER 53. TAXICABS — REGULATIONS / ARTICLE I. IN GENERAL, SEC. 53-17
RATES — REGULATIONS / COMCOR 53.17.01 Taxicab Rates / 53.17.01.04 Effective
Date
53.17.01.04 Effective Date**

This regulation becomes effective when the Council adopts a resolution approving the regulation or on a later date specified in the regulation. If the Council takes no action of approval or disapproval, the regulation becomes automatically effective 61 days after the Council received it, or on any later deadline set by regulation.

(Administrative History: Reg. No. 30-08 (Method 2); Orig. Dept.: Public Works and Transportation; Supersedes: Reg. No. 19-05, which superseded Reg. No. 25-03, which superseded Reg. No. 23-00, which superseded Reg. No. 39-97)

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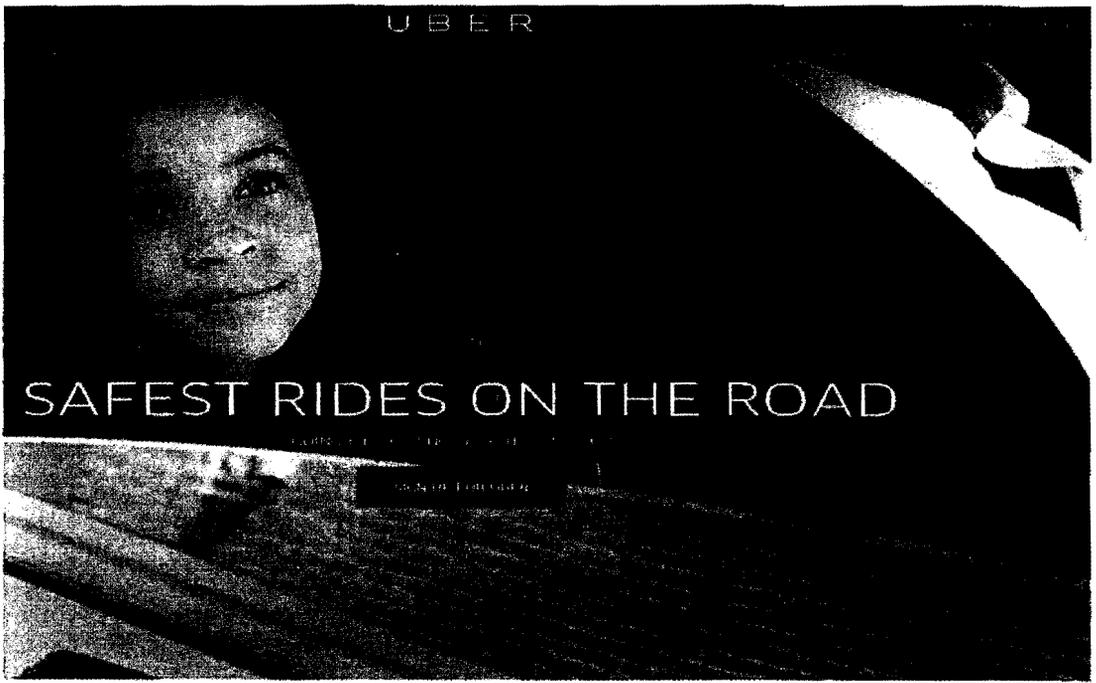
GENERAL ALLEGATIONS

UNTRUE OR MISLEADING REPRESENTATIONS ABOUT SAFETY MEASURES

Uber's General Statements About Safety and Background Checks

13. Uber's business model depends upon convincing its customers it is safe to get into a stranger's car despite its admission, buried in its terms and conditions, that its customers "may be exposed to transportation that is potentially dangerous, offensive, harmful to minors, unsafe or otherwise objectionable." In a successful effort to do so, Uber makes a number of representations on its webpages, in communications with customers and in the media designed to create the impression that Uber does everything it can to ensure its customers' safety. These include, but are not limited to, the representations set forth below.

14. Under the tagline "SAFEST RIDE ON THE ROAD – Going the Distance to Put People First" on Uber's prominent "Safety" webpage (www.uber.com/safety), Uber represents that, "Wherever you are around the world, Uber is committed to connecting you to the safest ride on the road."



Wherever you are around the world, Uber is committed to connecting you to the safest ride on the road. That means setting the strictest safety standards possible, then working hard to improve them every day. The specifics vary depending on what local governments allow, but within each city we operate, we aim to go above and beyond local requirements to ensure your comfort and security - what we're doing in the US is an example of our standards around the world.

1 15. Uber expands on this theme, explaining below the picture of a young girl riding in an
2 Uber car, “That means setting the strictest safety standards possible, then working hard to improve
3 them every day. The specifics vary, depending upon what local governments allow, but within
4 each city we operate, we aim to go above and beyond local requirements to ensure your comfort
5 and security – and what we’re doing in the US is an example of our standards around the world.”

6 16. On the same page (www.uber.com/safety) under the tagline, “RIDER SAFETY,”
7 Uber introduces the centerpiece of its advertising about customer safety: “BACKGROUND
8 CHECKS YOU CAN TRUST.” Through the end of October, 2014, Uber represented to its
9 customers, “Every ridesharing and livery driver is thoroughly screened through a rigorous process
10 we’ve developed using industry-leading standards. This includes a three-step criminal background
11 screening for the U.S. — with county, federal and multi-state checks that go back as far as the law
12 allows — and ongoing reviews of drivers’ motor vehicle records throughout their time on Uber.”

RIDER SAFETY

13
14
15 From the moment you request a ride to the moment you arrive, the Uber experience has been designed from the ground up with
your safety in mind.



BACKGROUND CHECKS YOU CAN TRUST

Every ridesharing and livery driver is thoroughly screened through a rigorous process we’ve developed using industry-leading standards. This includes a three-step criminal background screening for the U.S. — with county, federal and multi-state checks that go back as far as the law allows — and ongoing reviews of drivers’ motor vehicle records throughout their time on Uber.

[READ MORE](#)

27 In November of 2014, Uber changed the words “industry-leading” to “constantly improving.”

1 diligently to ensure we're doing everything we can to make Uber the safest experience on the
2 road."

3 19. Repeating this theme, in a June 25, 2014 NBCBayArea.com news report, Uber
4 spokesperson Kasselmann is quoted as saying, "We're confident that every ride on the Uber
5 platform is safer than a taxi."

6 Uber's Representations About The Safe Rides Fee

7 20. Uber reinforces the message about its efforts to ensure customer safety and the
8 quality of its background checks when it charges UberX customers a \$1.00 "Safe Rides Fee,"
9 which is separately itemized on the electronic receipt sent to the customer.

12 **\$26.09**

San Francisco Alert

FARE BREAKDOWN

Base Fare	2.20
Distance	14.92
Time	3.97
Subtotal	\$21.09
SFO Airport Fee	4.00
Safe Rides Fee	1.00
Total	\$26.09

Map data ©2014 Google

10:49
Pickup Location

11:04
Dropoff Address: SFO, San Francisco International Airport (SFO), San Francisco, CA

uberX 11.45 00:35:17 LBAFORD Personal \$26.09

21. Next to the words "Safe Rides Fee" is a question mark that hyperlinks to an
24 explanation of the Safe Rides Fee. Beginning with Uber's April 2014 introduction of the "Safe
25 Rides Fee" through the end of October, 2014, the hyperlink connected to the following explanation
26 stating that the fee is used to support, among other things, "an industry-leading background check
27 process."

1 What Is The Safe Rides Fee?
2
3

4 From the beginning, we've always been committed to connecting you with the
5 safest rides on the road. The Safe Rides Fee is a small fee added to uberX fares
6 on behalf of drivers in cities with uberX ridesharing. This Safe Rides Fee supports
7 continued efforts to ensure the safest possible platform for Uber riders and
8 drivers, including an industry-leading background check process, regular motor
9 vehicle checks, driver safety education, development of safety features in the
10 app, and more. For complete pricing transparency, you'll see this as a separate
11 line item on every uberX receipt.

12 In the U.S., the Safe Rides Fee is always \$1 USD. In Canada, it is \$1 CAD.

13 22. In October of 2014, Uber changed the words "industry-leading" to "a Federal, state,
14 and local background check." Uber continues to represent to the public that it is committed to
15 rider safety, claiming that the Safe Rides Fee "supports continued efforts to ensure the safest
16 possible platform for Uber riders and drivers"

17 23. The representations made by Uber set forth in the foregoing paragraphs are untrue or
18 misleading in violation of California law. Viewed separately or together, the representations are
19 likely to mislead consumers into believing that Uber does everything it can to ensure their safety
20 when, in fact, the centerpiece of Uber's customer safety assurances — the background check
21 process Uber describes as "industry-leading" and touts as "often more rigorous than what is
22 required to become a taxi driver" — does not use fingerprint identification and therefore cannot
23 ensure the information Uber obtains from a background check actually pertains to the applicant.

24 24. Instead, of using fingerprints, Uber's background check process relies upon its
25 drivers to submit personal identifiers (name, address, driver's license number and state, and social
26 security number) through an online webpage. Uber provides this information to Hirease, Inc., the
27 private company that performs its background checks. This process cannot ensure that the
information in the background check report is actually associated with the applicant since it does

1 not use a unique biometric identifier such as a fingerprint. In fact, the sample report Hirease posts
2 on its website has a disclaimer stating, “Final verification of an individual’s identity and proper use
3 of report contents are the user’s responsibility.”

4 25. Because of inaccuracies in background check information provided by private
5 companies, California’s Investigative Consumer Reporting Agencies Act requires those
6 companies to include on the first page of every background check report a notice, in at least
7 12-point boldface type, setting forth that “the report does not guarantee the accuracy or
8 truthfulness of the information as to the subject of the investigation, but only that it is accurately
9 copied from public records, and information generated as a result of identity theft, including
10 evidence of criminal activity, may be inaccurately associated with the consumer who is the subject
11 of the report.”

12 26. By contrast, the taxi regulators in the most populous parts of California require
13 drivers to undergo criminal background checks using fingerprint identification employing a
14 technology called “Live Scan.” Taxi regulators in Uber’s home town of San Francisco, as well as
15 California’s most populous city – Los Angeles, the rest of the 10 most populous cities in
16 California, and all 34 cities in Orange County all require Live Scan. Live Scan fingerprinting in
17 California occurs at a facility designated by the California Department of Justice. The fingerprints
18 allow a biometric search of the California Department of Justice’s criminal history databases and
19 the option to obtain a search of the Federal Bureau of Investigation’s database of multistate
20 criminal history information. The process of using a biometric identifier to search government
21 databases through the California Department of Justice (“Live Scan/DOJ Process”) is the gold
22 standard for a background check process in California.

23 27. Because of the unique identifying characteristics of fingerprints, the Live Scan/DOJ
24 Process provides assurance that the person whose criminal history has been run is, in fact, the
25 applicant. This would ensure that a registered sex offender could not use his law-abiding brother’s
26 identification information to become an Uber driver. It would also ensure that a convicted burglar
27 could not borrow his cousin’s identification information to become an Uber driver in order to case

1 the empty homes of customers he takes to the airport.

2 28. Uber's own background check provider, Hirease, explains why a fingerprint-based
3 background check process is far superior: "Fingerprinting helps uncover criminal history not
4 discovered through traditional methods, offers extra protection to aid in meeting industry
5 guidelines, and helps prevent fraud."

6 29. Uber's representations concerning the quality of its background check process are
7 untrue or misleading. Contrary to Uber's multiple representations that it employs "background
8 checks you can trust," that it uses a background check process that "leads the industry," and that its
9 background check process is "often more rigorous than what is required to become a taxi driver,"
10 Uber's background check process does not provide the level of security provided by the
11 fingerprint-based Live Scan/DOJ Process employed for performing background checks on taxi
12 drivers in California's most populous cities.

13 *Uber's Misleading Statements In Response To Incidents Involving Its Drivers*

14 30. During the past year, Uber has consistently repeated its misleading statements about
15 the quality of its background checks and commitment to safety in response to a series of well-
16 publicized incidents involving Uber drivers.

17 31. In January 2014, online news site PandoDaily.com reported that an Uber driver in
18 San Francisco who had been accused of verbally and physically assaulting a passenger had a
19 significant criminal history which should have disqualified him from becoming an Uber driver. In
20 June 2014, Forbes.com reported that the driver had been on probation for a battery conviction
21 when Uber hired him in October 2013. When questioned about the decision to allow an applicant
22 with a conviction for violent crime to drive for Uber, spokesperson Kasselmann told NBC Bay Area
23 News that "Uber works with Hirease to conduct stringent background checks, which all drivers
24 must undergo and clear to partner with Uber." Kasselmann then claimed that the driver "had a
25 clean background check in October."

26 //

27 //

1 32. On December 31, 2013, an Uber driver struck and killed a six-year-old girl while
2 driving in San Francisco. In response to the incident, the next day Uber posted a "Statement on
3 New Year's Eve Accident" on its blog in which the company represented, "We are committed to
4 improving the already best in class safety and accountability of the Uber platform, for both riders
5 and drivers." Two weeks after Uber made its statement, the San Francisco Business Times
6 reported that the driver had been convicted of reckless driving in Florida in September 2004.

7 33. In February 2014, the Chicago Tribune reported that a 24-year-old Uber driver had a
8 felony conviction for residential burglary in 2010, a misdemeanor conviction for criminal damage
9 to property in 2009, another misdemeanor conviction in 2008 for breaking into a car to steal a GPS
10 and satellite radio receiver, a history of speeding tickets, and had his license suspended twice in
11 2008. Uber posted an apology on its website: "[W]e have already taken steps to prevent this from
12 happening again, by expanding our background check process to set new industry-leading
13 standards. . . We are sincerely sorry for this error, and want to assure all riders that we are taking
14 the necessary steps to fix it and build the safest option for consumers."

15 34. Two months later, on April 24, 2014, an NBC television affiliate in Los Angeles aired
16 an investigative report about Uber's driver background checks in which the station enlisted a
17 woman to apply to become an Uber driver. She was on felony probation for making criminal
18 threats (willfully threatening to commit a crime which will result in death or great bodily injury to
19 another person), and during the broadcast described the conduct leading to her arrest: "I pulled a
20 girl out of a car and almost beat her to death." On March 3, 2014, Uber sent the woman an email
21 notifying her that she passed her background check. According to the NBC report, Uber would not
22 respond to the station's request for comment about this case. Instead, Uber spokesperson Lane
23 Kasselmann sent an email explaining Uber's background screening policy. The email ended with,
24 "We're confident that every ride on Uber is safer than a taxi."

25 35. In July 2014, WDIV-TV 4 in Detroit broadcast a segment on an investigation it had
26 performed in which it found Uber drivers who had previously had their licenses suspended, Uber
27 drivers who had been in a serious accident with injuries, Uber drivers with speeding tickets, Uber

1 drivers who been cited for no proof of insurance, and Uber drivers who were driving vehicles
2 registered to other people. In response to the report, Uber spokesperson Lauren Altmin issued this
3 statement: “We work every day to connect riders with the safest rides on the road and go above
4 and beyond local requirements in every city we operate. Uber only partners with drivers who pass
5 an industry-leading screening that includes a criminal background check at the county, federal and
6 multi-state level going back as far as the law allows. We also conduct ongoing reviews of drivers’
7 motor vehicle records during their time as an Uber partner. . . . For more information on what
8 makes Uber the safest rides on the road, please see our website: <https://www.uber.com/safety>.”

9 36. Uber’s response to well-publicized incidents involving its drivers is to repeat its
10 misleading mantra about the quality of its background check process, and to continue to assure the
11 public that it does everything it can to ensure its customers’ safety. Uber continues to repeat its
12 claims that it aims “to go above and beyond local requirements to ensure your comfort and
13 security,” that it “is committed to connecting you to the safest ride on the road,” that it makes
14 “continued efforts to ensure the safest possible platform for Uber riders,” and that it goes “above
15 and beyond local requirements in every city we operate.”

16 37. These representations are untrue or misleading. At the same time Uber was stating
17 that it is “working diligently to ensure we’re doing everything we can to make Uber the safest
18 experience on the road,” it was instead working diligently to ensure it was doing everything it
19 could to successfully defeat a bill pending in the California legislature that would have actually
20 made Uber safer for its customers and the public. Introduced in the 2013-2014 California
21 legislative session, Assembly Bill 612 would have made three important changes to current
22 California law.

23 38. First, the legislation would have required Transportation Network Companies
24 (“TNCs”) to use the Live Scan/DOJ Process to obtain background check information from the
25 same government repositories of criminal history information used by law enforcement. The
26 legislative analysis prepared for hearings by the Assembly Committee on Transportation noted that
27 existing California Public Utilities Commission regulations allow TNCs to “use a third party firm

1 that fails to provide a comprehensive search.” The analysis stated that the bill would provide “a
2 uniform process by using the DOJ system to ensure the most comprehensive and updated data of
3 an employee is provided”

4 39. Second, the legislation would have required mandatory controlled substance and
5 alcohol testing for TNC drivers. This would have provided a mechanism for identifying drivers
6 with substance abuse problems before a rider or member of the public was hurt, and would have
7 put teeth into Uber’s “Zero Tolerance Policy” which currently relies upon after-the-fact complaints
8 from riders.

9 40. Third, the legislation would have required TNCs to participate in the Department of
10 Motor Vehicles Employer Pull Notice Program (“EPN”). Participants in the program receive
11 automatic notification of any driving-related convictions, failures to appear in court, accidents,
12 driver’s license suspensions or revocations, and any other actions taken against the driving
13 privileges of their drivers. Although Uber represents to the public that it conducts “ongoing
14 reviews of drivers’ motor vehicle records during their time as an Uber partner,” the company does
15 not choose to participate in EPN, and therefore does not receive automatic and timely notification.
16 While Uber does not disclose how often it checks its drivers’ motor vehicle records, under current
17 California law it is only required to do so quarterly.

18 41. Within six weeks of creating a blog posting devoted to safety in which Uber
19 represented, “We’ll continue innovating, refining, and working diligently to ensure we’re doing
20 everything we can to make Uber the safest experience on the road,” Uber mounted a campaign to
21 defeat Assembly Bill 612. As part of this campaign, Uber created its June 11, 2014 blog posting
22 with the heading “California: Get on Board” in which it described the legislation as “a flagrant
23 attempt to stymie innovation and competition.” Uber listed the names and contact information for
24 all of the members of the California Senate Energy, Utilities and Communications Committee,
25 encouraged the public to contact the legislators to oppose the bill, and provided a link for the
26 public to “tweet your support for Uber in California!”

27 //

Criminal Justice Complex (P421100)

Category Public Safety
 Sub Category Correction and Rehabilitation
 Administering Agency General Services (AAGE29)
 Planning Area Rockville

Date Last Modified 4/21/14
 Required Adequate Public Facility No
 Relocation Impact Yes
 Status Preliminary Design Stage

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	4,207	442	1,029	2,736	0	0	0	0	1,368	1,368	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	4,207	442	1,029	2,736	0	0	0	0	1,368	1,368	0

FUNDING SCHEDULE (\$000s)											
G.O. Bonds	2,839	442	1,029	1,368	0	0	0	0	684	684	0
State Aid	1,368	0	0	1,368	0	0	0	0	684	684	0
Total	4,207	442	1,029	2,736	0	0	0	0	1,368	1,368	0

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	-5,119
Appropriation Request Est.	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		6,590
Expenditure / Encumbrances		442
Unencumbered Balance		6,148

Date First Appropriation	FY 11
First Cost Estimate	
Current Scope	FY 13 6,590
Last FY's Cost Estimate	5,045

Description

This project provides for the design of a Criminal Justice Complex (CJC). The CJC will be constructed on the site of the existing District One Police Station located at the north end of Seven Locks Road. The primary function at CJC will be to operate as the Intake Unit, providing initial care, custody, and security of inmates for up to 72 hours prior to transfer to the Montgomery County Correctional Facility (MCCF) in Clarksburg. The maximum number of beds at the CJC will be approximately 200. The Unit also provides psychological and medical screening, and risk assessment to determine the appropriate classification level of inmates for security assessment. In addition, the Central Processing Unit (CPU) will provide processing of arrested offenders by law enforcement. Other uses include: District Court Commissioners' area; Department of Health and Human Services Mental Health Assessment and Placement Unit; Pre-Trial Services Assessment Unit; Public Defenders Unit; and the Police Warrants and Fugitive Unit. The project incorporates technical requirements from the Detention Center Reuse project in addition to updated space requirements developed by an interagency working group. The CJC does not include storage anticipated to be provided by the housing tower building at Montgomery County Detention Center (MCDC).

Location

1451 Seven Locks Road, Rockville

Cost Change

The cost has decreased as a result of delaying the project.

Justification

This project is consistent with Council Resolution 13-356 passed by the County Council on December 5, 1995 which approved two jail facilities at two locations - Rockville and Clarksburg - as priority public safety uses. The renovation of the existing MCDC facility (Detention Center Reuse Project No. 429755) was determined not to be cost effective due to the need for significant capital expenditures, life cycle costs, and continued maintenance as a result of aging systems. It was determined to be cost effective to replace MCDC with a new Criminal Justice Complex facility.

Other

Lease arrangements with the State regarding the District Court Commissioners' space will be developed prior to the completion of the construction of the Central Processing Unit (CPU) portion of this project. The Executive will finalize the Program of Requirements (POR) for the Criminal Justice Complex, and provide a copy of the POR to the Public Safety Committee by Fall 2014. The Executive will also evaluate the current MCDC site on Seven Locks Road to assess land use opportunities at the site that maximize value. The Executive will report back to the Public Safety Committee on its findings by Fall 2014.

Disclosures

A pedestrian impact analysis has been completed for this project.

The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.

Coordination

- (a) Each licensee shall:
 - i. Provide upon the request of the police chief, or their designees, in the event of a formal, non-criminal complaint to the Montgomery County Sheriff's Department or the Director of the Montgomery County Department of Transportation, information relevant to the formal complaint regarding the TNC drivers and vehicles as necessary to resolve the complaint. After receiving a formal request by the City for records related to the formal complaint, the TNC shall have 72 business hours to comply under this section
 - ii. Respond to a properly issued subpoena, warrant, or order by a court of competent jurisdiction.
 - iii. Permit the Montgomery County Department of Transportation to conduct an annual audit of TNC's criminal and driving record background check processes. Such audit shall consist of a sampling of no more than 25 drivers total. The TNC shall provide evidence that each of the sampled active drivers was subject to and passed the criminal background check and driving record check required pursuant to this Chapter.

- (b) If a third party submits a public records request to Montgomery County for records that Montgomery County obtained from the TNC pursuant to this section, Montgomery County shall:
 - i. Advise the requester of any potential exclusions to the request to the extent permissible under Maryland law, in an effort to protect what has been asserted by the company to constitute personal, business and proprietary information and designated as having trade secret status, and;
 - ii. Advise the TNC regarding the existence of the request in order to allow the TNC to take any necessary legal actions to assert any applicable exemptions to release of such records under Maryland law.

POTENTIAL ENFORCEMENT MECHANISM

We heard several questions raised by the government participants at our meeting with MCDOT today, but there was no discussion about the potential revenue derived by requiring Transportation Network Companies (“TNC”) and Transportation Network Operators (the “TNC Drivers”) to register, like the taxi companies and taxi operators, who have been paying for the operation of the DoT Taxi Unit. Instead, they were stymied about how the County could possibly enforce any regulations that might be imposed, especially given that the Department only has two inspectors.

As the government participants suggested, there is a new paradigm, but no one is thinking about how to use the tools of that paradigm for an appropriate level of regulation. It occurs to me that rather than the County thinking in terms of traditional enforcement (e.g. mystery rider calling for ride, demanding proof of license, impoundment, etc.), there is a technological solution to this issue.

In essence, when a TNC Driver applies for and is issued a Montgomery County TNC Driver license, the TNC Driver would be issued a license number or PIN, which the driver would be required to enter/register with the TNC in order for that driver to appear on and access the TNC’s Application (“App”) to accept trips in Montgomery County. Without the Montgomery County license number or PIN affiliated with the driver’s profile with the TNC, the driver’s vehicle will be “dark” and masked from the GPS used by the TNC App while in Montgomery County (and thus unavailable to passengers).

This concept is explained more specifically below:

1. In order to log onto the “driver side” of the TNC App in Montgomery County (and thus appear on the TNC’s App as an available car to provide a ride), the TNC Driver MUST have entered his/her Montgomery County PIN into the TNC’s software when they logged on OR when the TNC DRIVER’s vehicle crosses into Montgomery County. There would be no issue as to physical enforcement, because drivers without Montgomery County PINs in their profile with the TNC App simply would not be available on the TNC App as a potential driver available to provide service. If a driver’s PIN is suspended by the County for any reason under the County’s TNC-related regulations, or is rendered inactive for failure to pay fees, etc, the TNC would be required to immediately disable that driver’s access to the App while in Montgomery County. Because the TNC Apps are entirely GPS-based, the TNC should be able to delineate the boundaries of the County and enable/disable access (by masking from the GPS system) accordingly. [Indeed, an added benefit of this system is that it could be used on a national/jurisdiction-by-jurisdiction basis. Any jurisdiction that enacts regulations over TNCs and TNOs could issue similar license codes. When a driver signs up with a TNC, he/she would be required to enter/provide the license number/PIN for each jurisdiction in which the TNC driver is licensed. If they have fulfilled the requirements for all jurisdictions, they have unfettered access to the App and all of the

TNC's potential passengers. If not, they simply "disappear" off the App when in the jurisdiction for which they do not qualify and have a license number in the TNC's system.]

2. In addition, instead of limiting the number of licenses issued to TNOs, the County could limit the number of licensed drivers that the TNC can have logged onto the App in Montgomery County at any given time. For example, TNC "ABC Corp" could be issued 50 TNC Driver "slots" and would be permitted to have as many as 50 TNC Drivers on their App at any given time. However, because there may be more than 50 TNC Driver licenses issued, and the number of TNC Drivers logged on in the County would fluctuate as drivers drive to other jurisdictions to deliver passengers, there would be an electronic queue where other licensed Montgomery County TNOs would wait to log on until one of that company's 50 "TNO Slots" becomes available (because a different driver logged off or ventured into another jurisdiction).
3. Obviously, any TNC providing an App-based service to customers in Montgomery County would be required to register and pay whatever fees are deemed appropriate by Montgomery County.
4. The TNC would be required, at its cost, to furnish the County with access to software through which the County can:
 1. Verify the license number/PIN of each TNC Driver that appears on the TNC App as available to pick up passengers in the County and
 2. Monitor compliance with the limitation on how many TNC Drivers that TNC is permitted to have on the road at any given time.

I believe that this concept could address the following issues:

- 1) TNC drivers must meet Montgomery County standards in order to receive a Montgomery County "PIN";
- 2) There is no reason to limit the number of the TNC Driver licenses/PINs (which addresses one of the TNCs's concerns); and
- 3) In order to ensure that the current taxi drivers are not inundated by thousands of TNO drivers, each TNC is limited as to how many TNC drivers are permitted on that TNC App within the County at any given time.

Hamlin, Joseph

From: Morrison, Drew
Sent: Friday, December 19, 2014 1:53 PM
To: Faden, Michael; Hamlin, Joseph
Subject: FW: Montgomery County Bill 54-14 - Lyft Feedback
Attachments: AUSTIN TNC FINAL ORDINANCE.pdf; 7 Insurance Overview.pdf; Randall Doctor Final Match Mode Letter 3.18.14 (00011261).pdf; Final Cincinnati Ordinance.pdf; Minneapolis Code Ch 343.pdf; 14 Lyft Access.pdf; Draft Information Provision language--Mont. Cty.pdf

Lyft's response to our questions from the phone conversation.

Drew

Drew Morrison
Legislative Aide
Office of Councilmember Roger Berliner
100 Maryland Ave
Rockville, MD 20850
240-777-7962
Drew.Morrison@montgomerycountymd.gov

From: Katie Kincaid [mailto:kkincaid@lyft.com]
Sent: Friday, December 19, 2014 12:43 PM
To: Morrison, Drew; Trupp, Zac
Cc: Joseph Okpaku
Subject: Montgomery County Bill 54-14 - Lyft Feedback

Councilmember Berliner & Drew,

Thank you for taking the time to chat regarding Montgomery County's proposed regulations for Transportation Network Services, Bill 54-14. As discussed, attached and below is additional information and feedback on those issues we covered on the phone.

1. Attached - The legislation that was recently passed in Illinois ([here's the link](#)). We believe that this is essentially a model framework for ridesharing in that it ensures that there aren't unnecessary barriers to the success of the ridesharing model while still ensuring that there are robust standards and checks in place to protect the public.
2. Attached - An overview of how our insurance works and a letter written by our insurance counsel addressing the issues with requiring that TNCs be primary in period 1 (the period in which the app is on but a ride request has yet to be accepted). Please note that the Illinois legislature codified our current insurance practices (along with Austin, attached).
3. Regarding criminal background checks, the language in ordinances and regulations across the country have tended to be pretty consistent on this issue. Please see the language in the Austin ordinance (Pt. 3(A)(7)) and the Illinois legislation (Section 15) for suggestions on this issue. If you need additional examples, we'd be glad to provide them.
4. Attached - We have attached draft language regarding the provision of information to the County. We believe that this framework covers any potential public safety or regulatory issue that might arise.

5. Wheelchair accessibility: as we discussed, we strongly believe that Lyft and other TNCs have proven their ability to add mobility options to the disabled community at large (please see the "Lyft Access" document, attached). However, with respect to wheelchair-accessible vehicles, since we do not own any vehicles, we do not have the ability to provide a wheelchair-accessible "fleet". In other jurisdictions, we have agreed to contribute a per ride fee to help that jurisdiction expand wheelchair-accessible options (see Austin, Part 3(B)(23)) or a flat-fee surcharge (see Minneapolis ordinance, p. 11, attached). We have also agreed to refer customers requiring to other wheelchair-accessible options (Austin, Part 3(B)(24) and Cincinnati ordinance, p. 8 (attached)). We would be glad to codify these options in Montgomery County.

We would be glad to discuss these issues again once you've had a chance to review this information. Thank you for your leadership on creating appropriate regulations for Transportation Network Services in Montgomery County, and for your openness to our input on these specific issues.

Best,
Katie

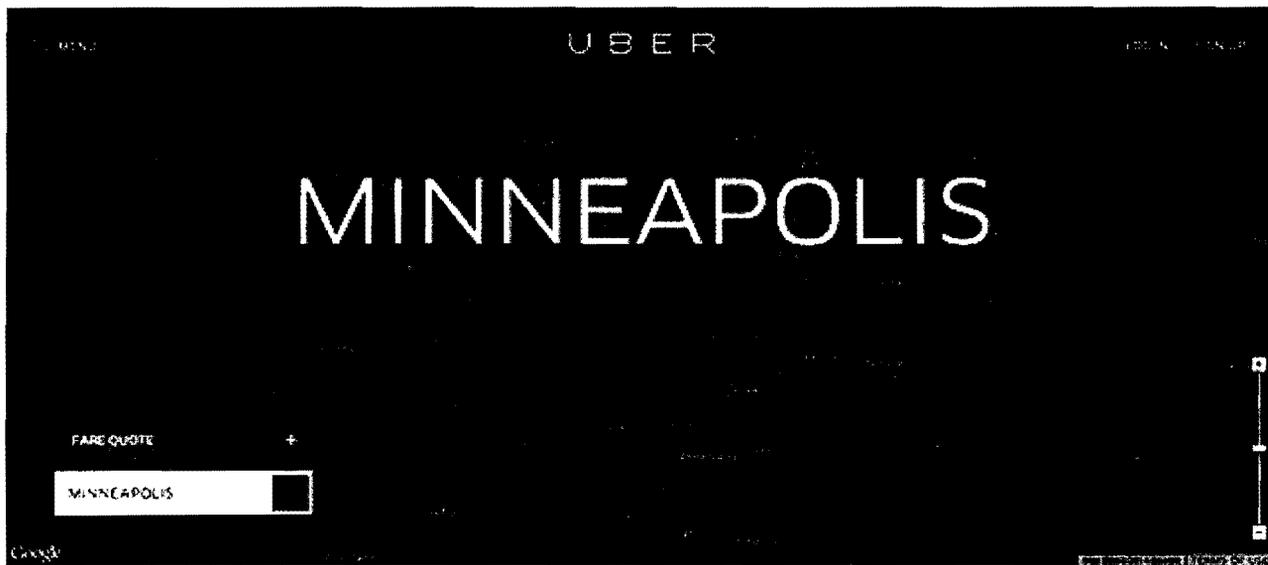
Katie Kincaid | Lyft | *Manager, Government Relations*
646.784.0485

<http://www.youtube.com/watch?v=X2bQdf408T8>

MINNPOST

New program hopes to spur availability of wheelchair-accessible cabs in Minneapolis

By Karen Boros | 07/17/14



The Transportation Network Companies Lyft and Uber would each be assessed a \$10,000 surcharge for the initiative.

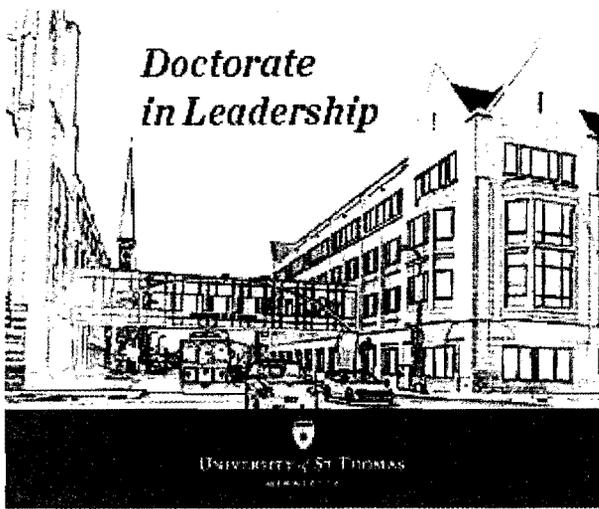
program designed to encourage the creation of more wheelchair-ready taxicabs is part of a larger plan to overhaul of how taxis and transportation network companies such as Lyft and Uber are governed in Minneapolis. The City Council is expected to vote on the proposal Friday.

Currently, taxicab companies operating in Minneapolis are required to have 10 percent of their vehicles wheelchair ready — a provision that few of the companies are in compliance with, according to Grant Wilson, the city's manager of business licenses.

Under the new plan, a pool of money would be created for the wheelchair incentives program by assessing a \$20 charge to each of the roughly 900 taxicabs in Minneapolis. In addition, the Transportation Network Companies Lyft and Uber would each be assessed a \$10,000 surcharge for the initiative.

“There are concerns that [drivers] can pick and choose who they want to give a ride to and when they want to give them a ride,” said Council Member Cam Gordon, who pointed out that persons requiring a wheelchair are not the only passengers with complaints about service.

“What are we going to do if it looks like people of color are not getting picked up or parts of the city are not being served?”



“There is a requirement to provide service to all persons seeking a ride and a responsibility to convey all orderly passengers,” replied Wilson, who explained that service for both the taxicabs and cars-for-hire will be monitored.

Taxicab companies must have at least 10 licensed wheelchair-accessible cabs in their fleet to qualify for the incentive program, which will waive the \$950 license fee for each of those vehicles. The program will also supply stipends for training drivers to work with passengers needing wheelchairs.

Companies with less than 10 wheelchair-accessible vehicles will still qualify for a license-fee reduction, though at half the rate: \$475 for each wheelchair accessible vehicle in their fleet.

To qualify for the incentive program, the taxicab companies are also required to have 24-hour dispatch and around-the-clock service availability.

“What we’ve seen is that there has been quite a bit of discrimination over the years in our ability to get cabs,” said Council Member Jacob Frey, who sponsored the revised ordinances.

The new rules will allow the app-based Lyft and UberX services to operate legally in Minneapolis, where both have already been in service for several months while the new rules were being written.

The two companies allow individual drivers, using their own vehicles, to arrange via smartphone passenger pick up and drop off for an agreed upon fee. The services are not bound by the city-issued fee structure for taxicabs.

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Uber's data could be a treasure trove for cities. But they're wasting the chance to get it.

By Emily Badger October 30, 2014

The District of Columbia passed new legislation this week legalizing services like UberX and Lyft that allow non-professional drivers with their own personal cars to compete with traditional taxis. In a sign that Uber got pretty much what it wanted out of the city, the company then held a press call Wednesday afternoon to celebrate.

"I think you're seeing some momentum here," said David Plouffe, Uber's brand new senior vice president of policy and strategy, citing the District's legislation as a model for the rest of the country. "Maybe even Uber-mentum, if you want to be cute."

The city's new law, opposed by the taxi industry, requires Uber and its competitors to register with the D.C. Taxicab Commission and provide \$1 million primary insurance coverage to drivers from the moment they accept a ride to the time they drop off a passenger. Drivers will also have to go through criminal background checks, and their cars annual inspections.

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Uber no longer disputes any of these requirements — insurance, background checks, vehicle safety — as anti-innovation or unnecessary. But the District did fail to get out of Uber one thing that the company is still reluctant to give: access to its data.

Such data could be tremendously valuable to local governments, but one city after the next has been leaving it on the table. Uber amasses vast amounts of information on when and where it collects passengers and where it takes them. Anonymized versions of this data — designed to protect the privacy of individual drivers and riders — would help cities verify that Uber drivers aren't discriminating against certain neighborhoods or disabled passengers, that Uber is actually weeding out drivers who do, that the company is truly serving the public in exchange for the public's confidence in it.

This is precisely the kind of data cities already demand of taxicabs, and if we had it for UberX and Lyft, too, it would be a lot easier to ensure consumer protection.

This stuff would also be a boon for transportation planners, who spend a lot of time (and money) trying to understand the travel patterns of residents that are already passively captured by transportation apps. Uber is building a sophisticated picture of how people move around many cities — where the demand is, where people want to go, when those trips take place down to the minute. This larger picture will ultimately help Uber build its new, more complex carpooling tool. But it could also help cities plan infrastructure, manage traffic flow, and understand commuters better.

Add to all of this some anonymized payment data, and the public would have a much better idea of what kind of jobs Uber is really creating, and how it's adjusting "surge" prices during events like emergencies.

Right now, the data we do get typically comes from Uber's own occasional in-house analyses. Consumers and public officials should be skeptical of these numbers, not because Uber is a particularly dishonest company, but because selective data-sharing can never be truly transparent.

David Alpert, editor of the blog Greater Greater Washington, made a great case for all of this in the Post last month, as Washington was still considering its regulation. When the United States deregulated the airline industry in the late 1970s, it required of private airlines something very similar to what cities should require of these ground-transportation companies today:

The federal government stopped prescribing airlines' exact routes and fares but, in addition to continuing to ensure safety, it collected data from the airlines about their routes, schedules, fares, how full the planes are, on-time performance and much more. Government officials now crunch these numbers and, more important, so do travel journalists, bloggers, watchdogs and advocates. If an airline starts doing shady things, people will know.

Cities have one golden chance to ask for this data, to set up a permanent structure where companies like Uber would hand it over regularly. That's when local governments have the most leverage over Uber — when they're deciding whether and how to legalize it. The ask must be specific, and spelled out in the regulation itself: Perhaps cities require anonymized origin-destination and time data for every trip (taken *or canceled*), without information on the rider or passenger, down to some larger geography like Census blocks that would preserve consumer privacy. Aggregated data about neighborhoods instead of trips wouldn't be truly

transparent. And vague statutory requirements for "data sharing" will only allow these companies to shrug off the specifics later.

Uber will resist this idea, because its data is its most prized possession. As a quasi-transportation company, it doesn't actually own any cars, or infrastructure, or engineering plans, or vehicle technology. But what it does have that's made it a multi-billion-dollar company is this very fine-grained information about riders and drivers, and the systems to leverage it. Uber considers this data proprietary and private. And it's true that some of it is.

"I don't think there are many people out there who want it spread over the Internet what time they were picked up or where," Plouffe says.

He cites the embarrassing scenario where New York City recently released taxicab usage data under a Freedom of Information request without properly anonymizing it first. As a result, you may have read about the private transportation habits of Bradley Cooper and Ashlee Simpson.

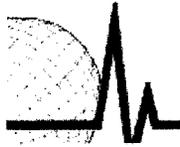
For all its sophistication, though, Uber ought to be able to figure out how to give cities the data they need while stripping out personally identifiable information. Plouffe recognizes the public value of Uber's data. The company worked with the city of New York last week to identify the Uber driver who unknowingly drove across town a passenger coming down with Ebola.

"If that person had been in a taxicab, and paid with cash, and had no receipt," Plouffe says, "there would have been a citywide manhunt for cab drivers described by physical characteristics of that driver."

Because Uber keeps a data trail of every trip, it could immediately identify the driver. It was an "interesting moment," Plouffe adds, when it became clear that Uber has this other value (the company did not give city officials the names of other passengers who'd been in the same Uber car, he said, since health officials said that wasn't necessary).

The greatest public value in the company's data, though, won't simply come from complying with authorities in an emergency, but from revealing how well it serves the public every day. If cities don't demand this now, they will eventually wind up with a growing transportation sector on which the public depends, but that operates entirely out of public view.

Emily Badger is a reporter for Wonkblog covering urban policy. She was previously a staff writer at The Atlantic Cities.



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WSJ.com

January 13, 2015, 6:00 AM ET

Uber Offers Trip Data to Cities, Starting With Boston

By Douglas MacMillan



Getty Images

For the first time, Uber is giving government officials a look inside its rich trove of transportation data.

The company said Tuesday it will provide the city of Boston with anonymized information about rides on the car-hailing service in the hopes it will help ease traffic congestion and lead to smarter city planning.

Uber will give Boston officials a quarterly report with trip logs showing the date and time each ride began and ended, the distance traveled and the zip codes where people were picked up and dropped off. None of the data will contain the names of passengers or their specific locations, the company said.

Earlier this month, Massachusetts established new rules which officially recognized Uber and other ridesharing services as official modes of transportation.

The data partnership marks the first time Uber has opened up its transportation database, one of the most valuable assets for a company that owns no cars and employs no drivers. In exchange for helping regulators track user data, the company hopes to build political clout and make a stronger case for its legitimacy in many places where its legal status is in doubt.

Uber is currently in talks to share data reports with New York City, and is open to discussing similar arrangements anywhere it operates in the U.S., said Justin Kintz, head of policy for North America.

"We intend to make this a national standard policy that we are going to offer any U.S. city that's an Uber city that's interested in access to similar data," Kintz said.

Uber's data could help city officials determine where to build new roads or offer other transportation options based on daily commute patterns. It could also help them prioritize which potholes and other maintenance issues need to be addressed first, Kintz said.

But in sharing data with third parties, Uber risks magnifying concerns recently raised about user privacy. Last November, Sen. Al Franken (D-Min.) called on Uber to explain how it controls its employees' access to an internal tool called "God view," a dashboard that reportedly gives employees a view into the movements of specific users. He remains unsatisfied with the company's inability to say what constitutes a "legitimate business purpose" for viewing user data.

Kintz said he is confident the company can provide anonymized trip information to cities in a way that does not sacrifice user privacy.

Many cities already collect trip data from taxis and have asked Uber to follow suit. New York suspended parts of Uber's operation earlier this month because the company failed to provide data requested by the New York Taxi and Limousine Commission, though the service remains legal and fully operational in the city.

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MONTGOMERY COUNTY CODE

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.* /
ARTICLE 1. GENERAL PROVISIONS / Sec. 53-110. Customer service requirements.**

Sec. 53-110. Customer service requirements.

(a) A regulation issued by the Executive must establish:

- (1) specific customer service requirements and minimum performance criteria applicable to each licensee, but which may vary by type of licensee;
- (2) the required submission dates for any customer service plan and other data that licensees must regularly submit;
- (3) the dates certain minimum levels of service and other performance requirements must be met; and
- (4) the consequences of failure to meet any requirements.

The service requirements and performance criteria must focus on recurring problems with customer service that the Department has identified through customer complaints or otherwise.

(b) These regulations must also include:

- (1) performance-based qualifications and requirements for receiving additional licenses under Section 53-205;
- (2) the standards and procedure by which the Director may deny or revoke a license if a licensee does not meet any mandatory customer service requirement;
- (3) defined geographic areas of service, subject to modification as provided in Section 53-222(b)(10), and minimum acceptable service parameters for each geographic area;
- (4) information required for a review or audit of performance criteria and data submission;
- (5) guidelines for a complaint resolution process for customer complaints that employs, to the extent feasible, an independent mediation or dispute resolution mechanism;
- (6) guidelines for procedures each fleet or association must employ to keep each person who calls for service informed of the status of that person's request;
- (7) any special procedures that the Executive concludes are necessary to assign appropriate priority to service requests from persons with special medical needs or

non-emergency travel to or from medical facilities; and

(8) the percentage of calls for prearranged service that should be picked up within 10 minutes, and the percentage of calls for immediate service that should be picked up within 20 minutes. The Executive by regulation may set a different response standard for each type of service. "Prearranged service" is service requested, by telephone or electronically, at least 2 hours before the passenger is scheduled to be picked up.

(c) As a condition of receiving a license under this Chapter, each licensee must agree that all data submitted under this Section is public information. The Director must regularly make that information available to the public in an annual report on taxicab service in a format set by regulation, and in any other fashion that the Director finds will inform the public.

(d) The Director, after consulting the Taxicab Services Advisory Committee, may use any reasonable mechanism to collect more data that may be used to measure and evaluate customer service performance, including complaint data, customer surveys, and service sampling techniques. (2004 L.M.C., ch. 27, § 1.)



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Transportation

D.C. taxi commission chief offers a final plan to push fleet into the modern age



Advertisement

Taxi drivers await passengers at Union Station. On Wednesday, drivers plan to stage a protest downtown against ride-share services. (Nikki Kahn/The Washington Post)

By **Lori Aratani** October 7 Follow @loriara

The chairman of the D.C. Taxicab Commission will unveil a series of proposals Wednesday that he says will make the city's fleet a model for others in the country struggling to retain drivers and compete with popular app-based services including Uber and Lyft.

Ron Linton suggests that all city cabs adopt a single app that would allow customers to hail a taxi — just as they do with Uber and Lyft. He also wants to create a van

The Most Popular

All Over

THE WASHINGTON POST

(191)

service for underserved areas of the city and offer veteran drivers health-care and retirement benefits.

The proposals by Linton, who has overseen other recent fleet improvements, including the installation of credit card readers in all cabs, represent his final push to bring D.C. taxis into the modern age as he nears the end of his term.

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“We’re giving them the tools to serve the consumers of their business,” Linton said. “Now it’s up to them.”

Several private company apps, such as Curb and Hailo, allow customers to order a cab via smartphone; a handful of cab companies also offer their own apps. But, if adopted, Linton’s proposal would be one of the first times a city has offered cab companies a tool to compete with app-based services both on price and convenience.

Last month, Chicago Mayor Rahm Emanuel (D) unveiled a similar proposal for a centralized taxi dispatch system in that city.

“Soon, cities across the country will be doing this,” Emanuel said then.

Whether Linton’s proposal can win the support of drivers and lure back customers who have dropped

traditional cabs for services like Uber remains to be seen, but the plan is another sign of how such services have shaken an industry often hostile to change.

(Washington Post owner Jeff Bezos is an Uber investor.)

The city's taxi drivers have fought many of the taxicab commission's and the D.C. Council's efforts to modernize the fleet. Last year, separate groups of cabbies sued to delay new requirements, including those that required them to install new dome lights and credit card readers. Hundreds of cabdrivers voted to form an association affiliated with the local Teamsters Union.

Linton's proposal comes a day after the D.C. Council gave preliminary approval to legislation that will allow such ride-share services as UberX, Lyft and Sidecar to continue operating in the District.

Taxi drivers have argued that the legislation gives an unfair advantage to the services, which don't have to meet the same licensing and training requirements.

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Taxi Cab Service (D)
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Staff Today in Rockville M

On Wednesday, drivers plan to stage a protest against the services, similar to one in June that snarled traffic in downtown Washington, near the John A. Wilson Building.

Linton's efforts also come as the D.C. Council considers legislation that would abolish the taxicab commission — part of a larger effort by council member Mary M. Cheh (D-Ward 3) to reorganize how transportation and parking services are managed in the District.

As he ponders the possible end to his term as head of the D.C. Taxicab Commission, Linton said he wanted to make one last push to improve cab service in the nation's capital.

He is hopeful that the proposal for the new app will be approved by December. It would be managed by a cooperative association that would market the app and set rates.

Another proposal would provide health care, disability and retirement benefits for veteran cabdrivers.

"It's not fair to expect someone to drive a cab for 30 years and have nothing in the end," he said. "I want to get this on the table so we can start the discussions."

Taxi drivers, the companies they work for and the city would contribute money to help pay for the benefits.

The city's contribution probably would come from the 25-cent surcharge passengers pay for each ride. The benefits would kick in after 20, 30 and 40 years of service, Linton said.

And next month, Linton plans to propose creating a van service for areas of the city where cab service is

unreliable, such as Anacostia and parts of Ward 6. Similar services, sometimes called jitneys, have operated in San Francisco, New York, Chicago and Houston.

Linton said he envisions a service that would be owned and operated by individuals who live in the neighborhood. The commission would provide incentives to help eligible individuals purchase a vehicle — most likely a wheelchair-enabled van — through grants or other means. The service would focus on a specific geographical area but would not necessarily serve a fixed route.

“What we’re trying to do is create a base for a stable, professional, consumer-oriented taxi industry,” he said.

Lori Aratani writes about how people live, work and play in the D.C. region for The Post’s Transportation and Development team.

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START-UPS

Chicago and New York Officials Look to Build Uber-Like Apps for Taxis

By Mike Isaac

December 11, 2014 6:14 pm

If you can't beat them, join them.

Regulators in Chicago have approved a plan to create one or more applications that would allow users to hail taxis from any operators in the city, using a smartphone. In New York, a City Council member proposed a similar app on Monday that would let residents “e-hail” any of the 20,000 cabs that circulate in the city on a daily basis.

It is a new tack for officials in the two cities, a reaction to the surging use of hail-a-ride apps like Uber and Lyft.

Regulators in New York have not yet voted on the bill on the e-hail app, which was first proposed by Benjamin Kallos, a councilman who represents the Upper East Side and Roosevelt Island.

In Chicago, the plan to create such apps is part of the so-called Taxi Driver Fairness Reforms package, a plan backed by a taxi union and City Council members that would update regulations around taxi cab lease rates and violations like traffic tickets, among others. The city is expected to solicit third-party application developers to build the official app or set of apps. The City Council gave no further details on its selection criteria, nor did it give information on how the initiative would be financed.

“These reforms represent what is necessary to further modernize this growing industry,” Rahm Emanuel, Chicago’s mayor, said in a statement. William Morris

[Register](#) or [Log in](#).

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Endeavor, the talent agency where Mr. Emanuel's brother Ari is co-chief, is an investor in Uber.

In just five years, Uber and Lyft, start-ups based in San Francisco, have shook up the taxi and limousine industry, offering a more tech-savvy approach to ride-sharing. After downloading the companies' apps, customers can summon cars to pick them up based on GPS location data tracked by their iPhones or Android phones without having to whistle or call for a cab on the street.

Many taxi and limousine unions argue that the start-ups have pushed their way into hundreds of cities around the world without stopping to abide by local rules and regulations. Lawmakers in many cities have pushed back against Uber and Lyft, calling for more comprehensive legislation and stricter policies on how the companies screen their drivers.

Other start-ups have tried to marry existing transportation infrastructure with new technology. Flywheel, for instance, allows users to e-hail local taxicabs in San Francisco, Seattle and Los Angeles using a smartphone app. Hailo, another app-based start-up, offers a similar service.

Uber and Lyft, however, far outweigh these alternatives in popularity and funding; Uber has raised about \$2.7 billion in venture capital to date, while Lyft has raised more than \$300 million. This year, Hailo pulled its business out of North America to focus entirely on Europe; at the time, Hailo's chief executive cited the "astronomical" cost of marketing the service in the United States and the popularity of Uber as his company's reasons for leaving the country.

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November 13, 2014

Via email

Hon. John M. Glynn
Creative Dispute Resolutions, LLC
51 Monroe Street, Suite 1102
Rockville, MD 20850

Dear Judge Glynn:

As you know, I represent associations formed by, or affiliated with, taxi drivers in Montgomery County, Maryland. As a follow-up to our mediation sessions, I am submitting this position statement, setting forth in more detail where the taxi drivers stand with respect to each of the issues discussed.

1. Reduce and cap leasing/rent cost to \$80.83 per day/\$484.98 per week

Your report should recommend that Montgomery County implement a lease cap of \$80.83 per day/\$484.98 per week. An explanation of Barwood's practices shows that a \$480 lease rate is fair and will pay Barwood the same rate it charges in other circumstances.

Barwood is the costliest carrier in Montgomery County. Its lease rate is \$107.30 per day/\$643.80 per week. That cost is broken by Barwood as follows:

\$64.65 per day/\$388.80 per week for lease of the vehicle
\$19.20 per day/\$115.20 per week for telephone/dispatch service
\$23.45 per day/\$140.70 per week for vehicle liability coverage

If, however, a driver has his own car and PVL, Barwood charges that driver only \$5.00 per day/\$30.00 per week for telephone/dispatch service. Thus, by its own terms, the fair market value of Barwood's dispatch service is \$5.00 per day/\$30.00 per week.

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November 13, 2014
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With respect to insurance, in the District of Columbia, drivers pay \$30 per week for better insurance coverage than that offered by the Montgomery County companies. In Montgomery County, drivers that own their own PVLs and drive for Barwood and others are able to obtain their own better insurance coverage for \$3500 per annum, which is \$11.18 per day using a 6 day/per week calculation.

Therefore, if you were to keep the daily and weekly rate for the lease of the vehicle the same, but lower the dispatch and insurance charges to their market value, the rates would be as follows:

\$64.65 per day/\$388.80 per week for lease of the vehicle
\$5.00 per day/\$30.00 per week for telephone/dispatch service
\$11.18 per day/\$67.08 per week for vehicle liability coverage

TOTAL: \$80.83 per day/\$484.98 per week.

Several cities and localities across the country have implemented lease caps and maximum rent regulations to help improve taxi driver income. Below are examples from Seattle, WA and New York City, NY.

Seattle, WA

City of Seattle Taxicab and for-Hire vehicle Rules
Rule R-6.310.315 – Taxicab Vehicle Lease

In 2008, the Seattle Municipal code (SMC) on Taxicab and for-hire vehicle rules was amended to set a maximum lease rate that owners can charge drivers. Currently, the maximum lease rate that can be charged to a lease driver is \$85 per shift, \$475 per week, or \$1,900 per month.

New York City, NY

New York City Taxi and limousine commission's Chapter 58-21(c) of the TLC rulebook.

New York City introduced the maximum lease rules in 1996 to insure drivers are protected from excessive fees and costs by medallion owners. In 2013, the TLC updated its lease cap rules by barring owners from charging drivers the 5% credit card fee and instead folded the cost of credit card processing into the lease.

Language from the TLC rulebook and a breakdown of the current lease cap rates is as follows:

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Standard Lease Cap Rates. An Owner of a Taxicab can charge a lease rate to a Driver that is not greater than the following Standard Lease Caps:

\$105, for all 12-hour day shifts
\$115, for the 12-hour night shift on Sunday, Monday and Tuesday
\$120, for the 12-hour night shift on Wednesday
\$129, for the 12-hour night shifts on Thursday, Friday and Saturday
\$630, for any one-week day shift for one week or longer
\$737 for any one week night shift for one week or longer.

2. Drivers should be able to determine their own means to accept credit cards, and a 5% maximum charge to drivers should be imposed where a company's terminal is used

As you know, the majority of cab drivers in Montgomery County are forced to pay exorbitant fees to process credit card transactions. Those fees can range from 5% to as high as 7.9% (8.5% in some instances) for Barwood drivers. Your report should recommend that the County set certain standards that must be met and allow drivers the freedom to choose a credit card terminal that best fits their needs. If, however, the drivers are forced to use company terminals, then the county should set the maximum credit card fee at 5%. That type of system is consistent with those in surrounding jurisdictions.

For example, in Alexandria, Section 9-12-32(t)(1) of the Alexandria Virginia Taxi Ordinance mandates a 5% maximum percentage credit card fee if a certificate holder mandates that its affiliated drivers use a specific credit card processor.

It is important to remember that each driver in Montgomery County is treated as an independent contractor. Although the drivers understand the County's need to mandate that credit cards be an acceptable form of payment, as independent contractors, the drivers should be the ones to determine how best to meet such a mandate. It is the drivers, and not the fleet companies, who depend upon the customers' fare to run their business. The City of San Francisco has recognized this very basic idea. Section 1124-(d)(1) of the San Francisco Transportation Code stipulates that a driver has the right to choose a credit card payment processing merchant account service so long as it conforms to the standards placed by the city. No fleet company, under the San Francisco Code, may retaliate against a driver for electing, or not electing, to establish his or her own credit card processing account.

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3. Uniform Contract Requirements

Your report should recommend that the County mandate certain fair contracting principles for all driver-fleet company contracts. As we discussed in the mediation sessions, some drivers lease their vehicles and others own their own vehicles and PVL. No matter what the arrangement, the contracts between the drivers and the companies are contracts of adhesion. To ensure a fair contracting system, and as free a market as possible, your report should recommend the following:

A. In Montgomery County, even if a driver owns his own car and PVL, he must still enter into a contract with one of the five fleet companies and drive a taxi only with those companies' colors and markings. Barwood, for example, requires such PVL holders to contract with it for five (5) years. If the contract is terminated early, that driver must pay a penalty. To ensure a system that will bring a modicum of competition and market pressure on the fleet companies, a PVL holder should be able to terminate his contract at will, and take his services to another company. Again, it is important to emphasize that the drivers are treated as independent contractors. As such, they should be free to choose where to take their services.

B. With respect to drivers who lease their vehicles, you should recommend that the County adopt requirements ensuring the following:

- The lease be in plain language
- No expense may be charged to a driver unless set forth in the lease
- The lease terms may not be changed unless agreed upon by both parties
- Payments may not be required from the drivers more frequently than weekly
- Drivers are given the opportunity to review a proposed lease for seven (7) days prior to signing.

4. Dispute Resolution Process

Your report should recommend that the County mandate that all fleet companies adhere to a County dispute resolution system to resolve all disputes between drivers and fleet companies. These disputes would include, but not be limited to, a termination of the driver's contract without cause, a breach of that contract, and/or the non-renewal of a contract without cause. The resolution system would culminate in arbitration conducted by arbitrators appointed by the driver

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and company under the AAA rules for labor arbitration, and the services of the arbitrators would be paid by the County. In the alternative, the costs for the arbitrators would be borne equally by the driver and company, provided however, that the County mandate that the companies must recognize and adhere to a system whereby drivers may choose to have the company deduct a portion of their payments and forward such to a third-party advocacy organization designated by the driver for purposes of assisting the driver in any arbitration.

5. The County Should Adopt a Regular Review of Chapter 53

Your report should recommend that, every two years, the County review Chapter 53 with meaningful input from both the drivers and the fleet companies. The review will include recommendations to the County Council on: (1) the maximum lease rate, (2) the number of PVLs issued, (3) the meter fare rates, (4) the number of face cards issued to drivers by the County, and (5) on-going technological changes affecting the industry. The goal of this process should be to ensure viable fleet companies, living wages for drivers, and an appropriate level of service for the citizens of Montgomery County.

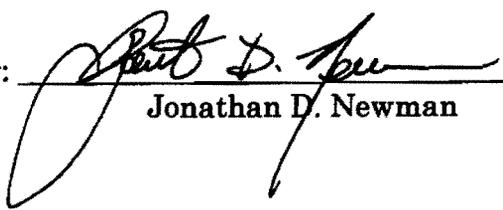
To engage in such a review, the County should set dates for initial meetings between the fleet companies and drivers, the date by which a recommendation must be made to the Department of Transportation, and a date by which the Department of Transportation must make a report on recommended changes to the County Council. The County should also provide, in Chapter 53, that the report of the Department of Transportation shall be adopted by a date certain after its submittal, unless altered or amended by the Council.

Please contact me with any questions.

Sincerely,

SHERMAN, DUNN, COHEN, LEIFER & YELLOG, P.C.

By: _____


Jonathan D. Newman



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

ROGER BERLINER
COUNCILMEMBER
DISTRICT 1

CHAIRMAN
TRANSPORTATION, INFRASTRUCTURE
ENERGY & ENVIRONMENT COMMITTEE

December 11, 2014

Robert Alexander, President
Orange Taxi
12270 Wilkins Avenue
Rockville, Maryland 20852

Dear Mr. Alexander:

As you know, the Montgomery County Council is considering three bills which would alter the regulation of taxicabs and ridesharing companies in the County. Bill 53-14 would make a number of changes to existing provisions in Chapter 53 of the County Code regulating taxicabs. Bill 54-14 would create a regulatory framework within which ridesharing companies like Uber and Lyft could operate. Bill 55-14 would require the County Department of Transportation to implement a centralized electronic dispatch system. A public hearing on all three bills was held on December 2, 2014, and the perspectives shared at the public hearing will be invaluable to the Council as it considers how best to address this complicated set of issues.

At the public hearing, a number of taxicab drivers testified about what they view as certain unfair practices of the taxicab companies with whom they contract. The drivers described a situation in which they must pay an exorbitant daily lease rate for a taxicab with a Passenger Vehicle License (PVL), a charge for insurance well above market rates, an elevated credit card processing fee, and other charges related to their operation of a fleet taxicab. As we move forward with a substantial revision of the County's taxicab law, these drivers' concerns deserve to be addressed.

In trying to understand and analyze these issues, our Committee will benefit from receiving as much information as possible about current practices in the taxi business. For that reason, I ask you to send me a copy of any standard lease or driver agreement that your company uses and any addenda regularly used to contract with drivers. If your company does not use a standard lease, please supply a representative sample of leases and agreements you use. In addition to the general form and terms of the agreements, we would like to see the following specific information:

- The amount you charge for the lease of the taxicab with a PVL;
- The amount you charge drivers for any insurance;
- The amount (by percentage) of any fee you charge for credit card processing;
- Any other fee or charge that a driver is required to pay to your company in order to operate a taxicab.

Please supply the requested documents and information by December 22, 2014, so that we can consider it along with information submitted at the public hearing, and so that these issues can be adequately addressed by our staff in preparing materials for our Committee's January 26, 2015 worksession.

I look forward to continuing to work with you to revise Chapter 53 and create a more equitable and sustainable for-hire transportation system to serve all residents of Montgomery County.

Sincerely,



Roger Berliner
Councilmember, District 1
Chair, Transportation, Infrastructure,
Energy, and Environment Committee

cc: Arthur Holmes, Director, Department of Transportation
Tom Street, Assistant Chief Administrative Officer
Bonnie Kirkland, Assistant Chief Administrative Officer
Steve Farber, Council Administrator
Glenn Orlin, Deputy Council Administrator
Josh Hamlin, Legislative Attorney
Michael Faden, Senior Legislative Attorney
James Ryan, Chief, Taxicab Office, Department of Transportation
Councilmembers



REGENCY TAXI, INC.

Roger Berliner,
Councilmember
District 1
Chairman, Transportation Committee

Dear Mr. Berliner:

In the response of your letter Dated 12-11- 2014 I am provide you a copy of taxicab lease agreement of Regency Taxi and also providing specific information according to your letter.

Regency Taxi is charging from \$90-\$113 rent per day to leasing drivers with a PVL. Daily amount depends on the vehicle. Regency Taxi also has \$75 per day for new drivers as promotion. This is applicable for first 6 months.

Regency Taxi does not charge for Insurance. Their lease includes insurance.

Regency Taxi is charging 6% of credit card amount which is processed by the system of company. Regency is paying 4.5% to 5% to credit card companies as service charges. 1%-1.5% is administrative expenses. Company is providing this service on the basis on no loss no profit.

Thank you for your inquiry. I hope document and information are sufficient to help you.

Sincerely

David Mohebbi

President, Regency Taxi

REGENCY CAB, INC

TAXICAB LEASE AGREEMENT

THIS TAXICAB LEASE AGREEMENT, (hereinafter the "Lease"), is made this _____ day of _____, 20____ by and between Regency Cab, Inc, and _____

an independent contractor, who currently resides at _____

(hereinafter " Driver")

RECITALS

(a) REGENCY desires to offer for lease a Taxicab and Driver desires for lease from REGENCY a Taxicab.

(b) REGENCY and Driver (hereinafter collectively the "Parties") desire to enter into a long-term agreement.

(c) Driver has a valid and current Maryland, Washington DC, or Virginia Driver's License that permits him to operate a Taxicab.

NOW, THEREFORE, in consideration of mutual covenants and promises provided for herein, and for such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows :

1. INCORPORATION OF RECITALS. The above Recitals are made part of and incorporated into the lease.

2. TAXICAB. REGENCY hereby leases to Driver and Driver hereby leases from REGENCY the following described Taxicab (hereafter referred to as the "Taxicab"):

Taxicab No.	Year /Make
VIN No.	Tag No.

TERM AND RENEWAL

A. The term of this agreement shall be for one (1) year beginning on _____, 20____, and ending, if not sooner terminated in accordance with the lease, on _____, 20____.

B. The lease shall automatically renew for additional annual periods unless one party notifies the other party in writing at least 30 days before the end of the lease or renewal thereof.

4. USE OF TAXICAB. Except as otherwise provided in this lease, during the Lease, Driver has full and complete access to and use of the Taxicab at all hours of the day, each and every day, subject to the limits imposed by this Lease or by any State, County or local law, ordinance or regulation. Driver may determine the hours and locations of operation of the Taxicab.

5. LEASE PAYMENTS; LATE FEES; PAYMENT INCREASES

A. Except as otherwise provided in the Lease, Driver shall pay REGENCY an annual rent for the Taxicab equal to \$ _____. The annual rent shall be payable in weekly installment amounts. One - sixth of the weekly installment is payable daily Monday through Saturday. The total weekly rent installment shall be \$ _____ of which one sixth amount is \$ _____. All rent is due and payable at the business office of REGENCY on or before 5:00 P. M. of each day.

B. If driver fails to pay a daily installment, a \$ _____ late charge will be imposed and must be paid with the daily payment of the next day. If all rent for any weekly period beginning on Monday is not paid by 5:00 P.M. on Saturday, Driver will be charged an additional one-sixth of the weekly installment payment as an additional late fee.

C. REGENCY reserves the right to increase the rental rate no more than 2 times per year and not to exceed the CPU index for increases in operational costs. REGENCY will give Driver notice of this increase at least one week in advance of its effective date.

6. MAINTENANCE

A. Except as otherwise provided in the lease, REGENCY is responsible to maintain the Taxicab in a good and safe operating condition, as required by State, County or local laws, ordinances and regulations. Driver shall be responsible for any damage to the Taxicab, ordinary wear and tear excluded, that results from collision, vandalism or other event or by a failure of Driver to report, promptly upon discovery, any need for repair or maintenance.

B. Driver shall produce the Taxicab to REGENCY or its designated repair facility when scheduled for repair or maintenance. If the Taxicab is held by REGENCY for repair or maintenance longer than 3 hours in any given week (Monday through Sunday), Driver shall be given a credit against the rent at the rate of \$ _____ per hour for each hour in excess of three (3) hours not to exceed the daily Lease installment (hereafter "rent credit"). REGENCY may, at its sole discretion, provide a substitute Taxicab for Driver in lieu of the rent credit.

C. Driver shall not perform, nor permit any person not authorized by REGENCY to perform, any repair or maintenance work on the Taxicab.

D. Driver shall not alter, remove, or add to, any of the numbering, lettering, insignia or colors of the interior or exterior of the Taxicab.

7. LICENSES. Driver represents and warrants to REGENCY that he/she is, and at all times during the lease term shall remain, the holder of a valid Maryland, Washington DC, or Virginia drivers license. Driver further represents and warrants that Driver is familiar with all State, County, and Local laws, ordinances and regulations in and about the normal operating area of REGENCY relating to licensing, use and operation of the Taxicab.

8. ACCIDENTS / CITATIONS.

A. If the Taxicab is involved in any traffic accident, whether or not such accident results in property damage or personal injury, Driver shall immediately notify REGENCY and shall otherwise comply with all relevant laws, ordinances or regulations relating to the duties of an operator of a motor Taxicab involved in an accident.

THE POLICE SHOULD ALWAYS BE CALLED IMMEDIATELY. DRIVER SHALL OBTAIN THE NAMES AND ADDRESSES OF EVERY PERSON IN THE VICINITY.

After an accident, Driver shall complete an accident report and/or meet with Regency, its attorney and/or its insurance adjuster to complete an accident report or as may be otherwise requested. Driver shall make him / herself available, at any time and from time to time, for any alcohol / drug testing as may be required by company policy or by law, ordinance or regulation.

B. Notwithstanding that REGENCY carries liability insurance for bodily injury and property damage as required by law, Driver shall be fully liable to REGENCY for any damage to the Taxicab, including compensation for lost rent while the Taxicab is being repaired. Driver shall indemnify and hold REGENCY harmless from and against any payment made by REGENCY on account of any personal injury, property damage, or any consequential or other damages, including any amount paid in settlement of any pending or threatened action, and all attorney's fees incurred to defend or to prosecute any action arising out of such accident, as a result of any accident involving Driver.

B. Driver shall immediately report to REGENCY and provide a copy of any citation issued to Driver for any traffic infraction. Driver shall also immediately report to REGENCY and provide a copy of any citation issued against the Taxicab for any parking violation. Driver is solely responsible to pay all fines or penalties imposed as a result of any such traffic infractions or parking violations, as well as any towing charges, storage charges or other fees or charges which may result from such infractions or violations. In addition, if Driver fails to notify REGENCY as required herein and REGENCY receives notice only by mail, Driver shall pay REGENCY an additional amount equal to the greater of the original fine or penalty or \$ 25.00 to cover the administrative costs and expenses incurred by REGENCY.

9. EVENTS OF DEFAULT; TERMINATION

A. The following shall each constitute an event of default, upon the occurrence of which REGENCY may immediately terminate this lease, without further notice:

- i. Driver fails to make a rental installment payment for three days or more;
- ii. The filing of any criminal complaint, either misdemeanor or felony, against Driver;
- iii. The receipt by REGENCY of any complaint of reckless or improper driving or other misconduct on the part of the driver;
- iv. Any other breach of Driver's obligations under this Lease.

B. Any failure by REGENCY to terminate this lease as a result of Driver's default on any one occasion shall not be deemed a waiver of REGENCY'S right to terminate this lease upon any subsequent occasion.

C. In addition to any other remedies available to REGENCY, if driver terminates this lease or any renewal of the lease before the end of the term, driver shall pay REGENCY an early termination fee of 5% of the total lease payments not made during the lease or any renewal of the lease.

D. Upon any termination of this Lease, Driver shall immediately return the Taxicab to Regency's lot. If driver fails to do so, REGENCY may take immediate possession of the Taxicab wherever it may be located and may enter premises belonging to Driver for such purpose without liability for trespass. Driver shall also be liable to REGENCY for all costs and labor incurred by REGENCY to restore the Taxicab to its original condition, ordinary wear and tear excluded.

10. INDEPENDENT CONTRACTOR. The parties agree and understood that Driver ^{is not} the employee of REGENCY, but is a self-employed independent contractor. Driver shall be solely responsible for all income taxes and social security taxes assessed upon income earned by Driver in the operation of the Taxicab. It is further understood and agreed that Driver is not covered by Maryland unemployment, insurance, labor management or workman's compensation laws, or any other laws, ordinances or regulations governing or affecting employer-employee relations.

11. NONASSIGNABILITY. This Taxicab Lease Agreement may not be assigned by Driver, nor may any other person be permitted to use or operate the Taxicab, without the express prior written consent of REGENCY. The Taxicab may not be taken or driven out of the Washington Metropolitan Area unless requested by a paying passenger and with Regency's advance authorization. Driver agrees not to use or to permit the use of the Taxicab other than as a Taxicab for hire.

12. CUSTOMER RELATIONS. Driver hereby acknowledges that a clean Taxicab, safe, honest, prompt, and courteous service and a good professional attitude is essential to maintaining good customer relations and continued patronage. Accordingly, Driver covenants and agrees at all times to maintain him/herself in such a manner and the failure to do so shall be a breach of this agreement.

13. DISPUTES. If any dispute arises under this Agreement, Driver agrees to waive his/her right to a jury trial. Driver agrees to pay all courts costs and attorney fees incurred by REGENCY in any action brought against Driver to collect any amounts owed to REGENCY under this Lease

14. UNDERSTANDING OF AGREEMENT; REPRESENTATION. Each party represents that the Party has read and understands the Lease and has had the opportunity to be represented by counsel of the Party's choosing.

15. MARYLAND LAW. This Lease shall be governed by the laws of the State of Maryland.

IN WITNESS WHEREOF, each Party has signed and executed this Lease on the date and year first written above.

ATTEST:

REGENCY CAB, INC.

BY:

WITNESS:

(SEAL)

DRIVER



December 19, 2014

Roger Berliner, Councilmember
Montgomery County Council
100 Maryland Ave.
6th Floor
Rockville, MD 20850

Dear Mr. Berliner:

I am writing in response to your letter of December 11, 2014 in which you seek certain information regarding my company's business practices. Your letter makes reference to the testimony of three Barwood drivers at the recent public hearing and I would very much like the opportunity to rebut their claims. Certainly your assertion that our taxicab lease rates are "exorbitant," which we vehemently deny, must be addressed.

Your request seeks proprietary information that we would prefer not to make a part of the public record at this time. Nevertheless, I would very much like to meet with you and share with you not only the information you seek, but also provide you a wider perspective on the economics of our business and the local taxicab industry in general. To that end, I will contact your office to set up a meeting as soon as possible to discuss these very important issues. I am willing to meet with any other Councilmember to discuss these issues as well.

I look forward to meeting with you.

Very truly yours,

Lee Barnes

cc: Arthur Holmes, Director, Department of Transportation
Tom Street, Assistant Chief Administrative Officer
Bonnie Kirkland, Assistant Chief Administrative Officer
Steve Farber, Council Administrator
Glenn Orlin, Deputy Council Administrator
Josh Hamlin, Legislative Attorney
Michael Faden Senior Legislative Attorney
James Ryan, Chief, Taxicab Office, Department of Transportation
Craig Rice, Councilmember
Hans Reimer, Councilmember

Isiah Leggett, County Executive
Marc Elrich, Councilmember
Nancy Floreen, Councilmember
Tom Hucker, Councilmember
Sidney Katz, Councilmember
George Leventhal, Councilmember
Nancy Navarro, Councilmember

ACTION TAXI, INC.

December 22, 2014

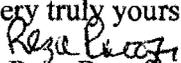
Roger Berliner, Councilmember
Montgomery County Council
100 Maryland Ave.
6th Floor
Rockville, MD 20850

Dear Mr. Berliner:

I am writing in response to your letter of December 11, 2014 in which you seek certain information regarding my company's business practices. Your request seeks proprietary information that we would prefer not to make a part of the public record at this time, however, in the spirit of cooperation we offer the following:

1. **Taxicab Lease Rates.** Our company leases taxis to drivers at a rate of \$90.00- \$115.00 per day. The exact rate is determined by the age of the vehicle rented. Because wheelchair accessible vehicles are less desired by drivers they are all rented out at \$90.00 per day. Drivers rent the vehicles full time (24 hours a day) and pay rent for only six days a week. The lease fee covers all driver overhead costs including insurance, maintenance and dispatch.
2. **Credit Card Processing fees.** We charge our drivers 5% of all credit card transactions. This fee covers the overhead of processing credit cards which includes the bank's fee, the fees of the third party contractor who processes the charges and the risk of loss due to fraudulent charges and chargebacks.
3. **Call-N-Ride fees.** Our company charges our drivers nothing for Montgomery County Call-N-Ride trips although the administrative cost of this program is very high.

If you have any further questions or would like further information, please do not hesitate to contact me. We would be glad for the opportunity to discuss any of these matters with you or your staff.

Very truly yours,

Reza Raoof

President

ACTION TAXI, INC.

cc: Arthur Holmes, Director, Department of Transportation
Tom Street, Assistant Chief Administrative Officer
Bonnie Kirkland, Assistant Chief Administrative Officer
Steve Farber, Council Administrator
Glenn Orlin, Deputy Council Administrator
Josh Hamlin, Legislative Attorney
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Nancy Floreen, Councilmember
Tom Hucker, Councilmember
Sidney Katz, Councilmember
George Leventhal, Councilmember
Nancy Navarro, Councilmember
Craig Rice, Councilmember
Hans Reimer, Councilmember

Hamlin, Joseph

From: Morrison, Drew
Sent: Tuesday, December 23, 2014 6:05 PM
To: Faden, Michael; Hamlin, Joseph; berliner.rog@gmail.com
Subject: Fw: Emailing on Behalf of Robert Alexander, President - Orange Taxi
Attachments: Orange Taxi Lease.rtf

Orange has provided price information and lease information.

From: Berliner's Office, Councilmember
Sent: Tuesday, December 23, 2014 4:44 PM
To: Morrison, Drew
Subject: FW: Emailing on Behalf of Robert Alexander, President - Orange Taxi

From: Chris White [mailto:cwhite@rmalimo.com]
Sent: Tuesday, December 23, 2014 4:37 PM
To: Berliner's Office, Councilmember
Cc: 'Robert Alexander'
Subject: Emailing on Behalf of Robert Alexander, President - Orange Taxi

Dear Councilmember Berliner,

Thank you for your letter of December 11, 2014, concerning the three bills the Council is considering that would alter the regulation of taxicabs and ridesharing companies in Montgomery County. I am pleased that the Council has taken up this important issue and I am happy to provide any information necessary.

Per your request, I have enclosed a copy of our standard Taxicab Vehicle Lease Agreement for your review.

In your letter, you also made reference to a public hearing in which a number of taxicab drivers testified to what they view as unfair business practices on the part of the taxicab companies in Montgomery County. I can assure you that Orange Taxi makes every effort to engage our taxicab drivers fairly and honestly, and treat them as business partners rather than customers. However, I understand your need to analyze this issue thoroughly and to have as much information as possible at your disposal. To that end, here is the additional information you requested:

- The amount charged for lease of a taxicab with a PVL: \$90-\$107 per day depending on vehicle age and fuel efficiency;
- The amount charged to drivers for insurance: Orange Taxi does not charge drivers for insurance;
- The amount (by percentage) of any fee charged for credit card processing: Orange Taxi does not charge credit card fees to lessee drivers; however, we do charge a 5% credit card processing fee to owner/operators who affiliate with Orange Taxi;
- Any other fee/charge that a driver is required to pay in order to operate a taxicab: Orange Taxi charges a \$25 administrative fee for each traffic/toll violation incurred by a driver in an Orange Taxi vehicle.

Please do not hesitate to contact me if you have any questions or require further information from Orange Taxi about this issue.

Sincerely,
Robert Alexander
President

TAXICAB VEHICLE LEASE AGREEMENT

THIS AGREEMENT (this "Agreement") is made this ____ day of _____, 2014 (the "Effective Date"), between OT ____ LLC, a Maryland limited liability company having its principal office at 12270 Wilkins Avenue, Rockville, Maryland 20852 (hereinafter referenced as "Company"), and _____, a _____ with an address of _____ (hereinafter referenced as "Lessee").

Lessee enters into this Agreement for the purpose of operating Lessee's own business operating the "Vehicle" (as defined herein) as an "Independent Lessee" (as defined herein) pursuant to the terms of this Agreement.

Company has entered into this Agreement in reliance upon and in recognition of the fact Lessee will (1) have the full and sole responsibility for the management and operation of Lessee's business to provide taxicab service to the general public and (2) have the right or authority to direct and/or control the details of Lessee's business in doing so.

In consideration of the mutual covenants and agreements contained herein, Company and Lessee agree as follows:

1. **TERM OF AGREEMENT.** Subject to Section 11 below, the initial term of this Agreement shall be for a period of one (1) year from the Effective Date. After the expiration of the initial term, this Agreement shall thereafter be renewed only upon the execution of a written extension agreement signed by Company and Lessee. Upon any termination of this Agreement, Lessee shall not be relieved of any obligations under this Agreement that have accrued prior to its termination.

2. **INDEPENDENT LESSEE.**

(a) The parties intend that this Agreement establishes Lessee as an "Independent Lessee" of Company. Lessee acknowledges the Independent Lessee relationship is only with Company and not with any "Affiliated Company" (as such term is defined below). This Agreement does not establish Lessee as a legal representative, joint venturer or partner of Company or any Affiliated Company. Lessee is an independent lessee and is not authorized to make any contract, agreement, warranty, or representation on behalf of Company or any Affiliated Company, or to create any obligation, expressed or implied, on behalf of Company or any Affiliated Company. Lessee is not an employee of Company or any Affiliated Company. Lessee shall be solely responsible for the payment of taxes on any income received by Lessee. Lessee will not, and is not entitled to, receive benefits, including retirement or worker's compensation benefits, traditionally associated with an employment relationship. Lessee elects and hereby gives notice in advance that if Lessee is entitled to coverage under the worker's compensation act, Lessee reserves all Lessee's rights at common law under the statutes of the State of Maryland other than the worker's compensation act, and will not be bound by the said worker's compensation act, which notice and election shall be binding on the heirs, executors, administrators and assigns of the parties hereto.

(b) Lessee further acknowledges Lessee, not Company, is responsible as an independent lessee to prepare all reports and make all payments required by any taxing authorities, whether federal or state, including self-employment taxes.

(c) Lessee, in Lessee's sole discretion, shall determine if Lessee shall work, in what areas Lessee shall operate (subject to all applicable laws, regulations, and Permits), the days and hours Lessee shall work, the routes over which Lessee shall carry Lessee's customers and the methods by which Lessee shall obtain Lessee's customers.

(d) Lessee may not sublease the use of the Vehicle to any Unauthorized Driver.

3. GOODWILL, LOGOS, SERVICE MARKS OR TRADE NAMES.

(a) Lessee hereby acknowledges the validity of the trade name(s) used by the Company. Lessee acknowledges any trade name(s), logos or service marks provided by or utilized by Company remain the property of Company. Lessee agrees not to contest the rights of Company in the trade name(s), logos or service marks. Lessee shall not use, with the operation of the Vehicle, a trade name, logo or service mark other than those provided or approved by Company or such independent name as Lessee may duly register and operate under, provided that such other name may be approved in advance by Company.

(b) Lessee recognizes the good will of the community toward Company, Lessee, the trade name(s), logos or service marks is critical to the success of Lessee's business. Lessee agrees Lessee shall not act in any manner detrimental to that community good will. Lessee agrees and acknowledges that any communication to or conduct toward Lessee's customers which is threatening, abusive, harassing, or sexually offensive would be a violation of this Agreement.

(c) Lessee covenants and agrees that Lessee will not, during any term of this Agreement, or for a period of two (2) years after the expiration or cancellation of this Agreement, disclose to any person, firm or corporation, or any other entity whatsoever, any "Confidential Information" concerning the business or affairs of Company which Lessee may have acquired in the course of or incidental to Lessee's performance under this Agreement. The term "Confidential Information" includes but is not limited to manuals, discs, tapes, reports, computer files and printouts, business strategies, service agreements, financial results, pricing, marketing strategies and plans. Lessee acknowledges and agrees that such confidential information constitutes "trade secret" information within the meaning of the Uniform Trade Secrets Act or the Maryland Uniform Trade Secrets Act and agrees not to disclose any trade secrets, confidential and proprietary information to any third (3rd) parties unless required by court order or subpoena.

(d) Lessee agrees to pay Company for all damages, including reasonable attorneys' fees, incurred by Company resulting from any violation of the requirements of this Section 3, including but not limited to legal costs and fees incurred in obtaining injunctive relief. Lessee and Company agree that the damages from use of Company's trade name(s), logos or service marks or

disclosing Confidential Information in violation of this Agreement are difficult to quantify and that Lessee agrees to pay Company \$250.00 per violation per day.

_____ Lessee's Initials Acknowledging Agreement Regarding Confidentiality and Disclosure of Protected Information

4. EQUIPMENT AND SERVICES.

(a) Subject to the provisions of this Agreement, Company agrees to lease the Vehicle to Lessee during the term of this Agreement for use by Lessee to provide Taxicab Service. The Vehicle is specifically identified in Exhibit A to this Agreement, which may be modified from time to time by the parties, and shall be treated as part of this Agreement for all purposes. Each week during the Term of this Agreement, Lessee shall select periods of time that it desires to rent the Vehicle from Company. Lessee shall pick the Vehicle up from the Company at the beginning of such rental period and shall return the Vehicle to the Company in good working condition at the end of the rental period. The Vehicle will have a full tank of gas when Lessee picks up the Vehicle and will have a full tank of gas when Lessee returns the Vehicle. If Lessee fails to pick up the Vehicle within thirty (30) minutes following the start of the rental period, then the Company shall have the right to rent the Vehicle to another lessee.

(b) Lessee acknowledges that, from time to time, Company may install audio and video recording equipment, and/or Global Positioning System ("GPS") equipment in the Vehicle, and, for safety and other reasons, may use the equipment to record events or conversations that occur in or near the Vehicle, and/or to track and/or record the location of the Vehicle. Lessee consents to the installation of all such equipment, and to the recording and other activities described in the preceding sentence.

(c) Except as otherwise provided in this Agreement with respect to damage to the Vehicle for which Lessee is responsible, Company agrees to provide necessary maintenance and repairs with respect to the Vehicle at no charge to Lessee and Lessee agrees to return the Vehicle to Company for necessary maintenance and repairs. Upon reasonable notice, Lessee agrees to make the Vehicle available for inspection, repairs or maintenance as deemed necessary by Company. Lessee further agrees to notify Company of any mechanical problems with the Vehicle immediately after Lessee became aware or should have become aware of the same. In the event the Vehicle becomes inoperable because of maintenance or repair requirements, a vehicle of similar type and quality to the Vehicle may be substituted by Company.

(c) Lessee is responsible for payment of the cost of all fuel used while he/she is operating the Vehicle, and may purchase such fuel from the vendor of his/her choice, provided that such fuel satisfies the manufacturer's specifications. As between Company and Lessee, Lessee is also responsible for payment of all parking fees, tolls, fines, penalties, and other expenses incurred while he/she is operating, or has parked, the Vehicle.

(d) Company agrees to furnish Lessee with the applicable operating Permit or operating authority authorizing operation of the Vehicle. Lessee agrees that such Permit or authority is owned by Company, must be returned to Company upon termination of this Agreement, and may be used only in connection with Lessee's operation of the Vehicle as provided for in this Agreement.

(e) Company agrees to furnish Lessee access, for Lessee's optional use, to twenty-four (24) hour dispatching service. Lessee is not required to use the dispatch service but if he does by bidding on a passenger placed into the dispatch service, then Lessee agrees to accept any passengers assigned to him through the dispatch service. Lessee, in addition to the 24-hour dispatching service, may receive requests for service directly from Lessee's customers, provided that all calls for service to be paid via credit card or voucher issued by Company must be pre-verified by Lessee with the Company otherwise Lessee shall bear sole risk of loss if the credit card is denied or voucher not pre-verified.

(f) Lessee agrees not to modify the Vehicle without the express written permission of Company. At the end of the lease period, if requested by Company, Lessee agrees to remove all modifications made by Lessee and restore the Vehicle to the condition in which Lessee received it from Company. To the extent that Company elects not to require Lessee to remove modifications, Lessee agrees that such modifications become the property of Company as of the end of the Lessee's possession of the Vehicle.

5. DISCLAIMER OF WARRANTIES AND REPRESENTATIONS.

(a) Lessee understands and agrees that Company makes no warranty, either expressed or implied, with respect to the Vehicle, its merchantability, age, prior use, certification, or the fitness for a particular purpose. Nothing herein contained shall be construed to deprive the Lessee of rights, if any, Lessee may have against any party other than Company or Affiliated Company. The Vehicle and all other personal property provided to Lessee in connection with this Lease are provided in "as is" condition.

(b) No representation has been made that Lessee is not free to reasonably equip the Vehicle as Lessee deems necessary for the operation of the Vehicle. Lessee understands that Lessee may equip the Vehicle as long as installation of the equipment does not violate this Agreement.

(c) Lessee acknowledges that neither Company nor any Affiliated Company has made any representation as to whether or not Lessee's operation of the Vehicle will be profitable. Lessee further acknowledges Company has warned Lessee that LESSEE MAY NOT MAKE A PROFIT by the operation of the Vehicle. Lessee acknowledges Lessee has not relied upon any representations of Company or any Affiliated Company regarding the profitability of operating the Vehicle when deciding to execute this Agreement.

_____ **Lessee's Initials Re: No Representations or Warranties**

6. FEES AND DEPOSITS.

(a) Company agrees to lease the Vehicle to Lessee for the fees set forth in Exhibit A.

(b) Lessee further agrees to pay a deposit equal to Ten Dollars (\$10.00) per day, each time a lease payment is due, until such time as the cumulative amount of such deposits equals One Thousand Dollars (\$1,000.00). As long as the deposit equals or exceeds One Thousand Dollars (\$1,000.00), Company will pay Lessee five percent (5.00%) simple annual interest on the deposit balance. Such deposit shall be held by Company for the sole purposes of covering any and all damage to the Vehicle or loss of equipment from the Vehicle while it is in Lessee's custody. Lessee shall be entitled to a return of the balance of all sums on deposit with Company subject to the prescribed deductions for damage to the Vehicle or deduction for debts (the "Net Deposit") no sooner than thirty (30) days after the termination of this Agreement. In order to receive such return of the Net Deposit, Lessee must make written demand upon Company. Within five (5) days after receipt of such written demand, but in no case sooner than thirty (30) days after termination, Company must make the Net Deposit available for pickup by the Lessee at Company's principal office. That day is hereinafter referred to as "due date". If Company fails to refund the Net Deposit on or before the due date, then the Net Deposit shall bear interest at eighteen percent (18%) per annum beginning on the day after due date and continuing until the Net Deposit is paid by Company to the Lessee. Notwithstanding anything to the contrary stated herein, if the Lessee fails to make written demand to Company for the refund of the Net Deposit within one (1) year of the termination of this Agreement, then the Net Deposit shall be deemed to be forfeited by the Lessee and shall become the exclusive property of Company.

(c) In the event Company, for any business reason, deems it necessary or advisable to institute a general increase in the fees for the use of the Vehicle, the said fees as specified in this Agreement may be increased by Company upon thirty (30) days written notice to Lessee.

(d) Lessee agrees to pay a reasonable fee to Company, as set forth in Exhibit A, for Company's services in processing Company and credit card vouchers voluntarily submitted by Lessee. Notwithstanding the foregoing, Lessee is in no way required to use Company's credit card processing services and is entitled to purchase his own credit card processing machine.

(e) Lessee agrees to be financially responsible for any and all damage to the Vehicle or any controlled substance (whether or not prescribed by a physician), of an authorized driver of the Vehicle, or unauthorized use of the Vehicle by a third party. Lessee agrees that in the event of a collision, Lessee is responsible to take all reasonable measures to minimize any additional damage to the Vehicle. Any additional damage will be fully the responsibility of Lessee. Lessee's liability for damage to the Vehicle shall in no case exceed the fair market value of the Vehicle at the time of the occurrence plus any and all out-of-pocket expenses incurred by Company with respect to such collision, such as towing and storage charges. In the event of any payment(s) hereunder, Company shall be subrogated to all of Lessee's rights of recovery therefor against any person or organization, and Lessee shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

(f) Lessee agrees that Company may furnish, install and maintain advertising signs on the Vehicle at Company's sole cost. Revenues from advertising space sold shall be payable solely to Company and Lessee shall have no right to share in such revenues.

7. LAWS AND OPERATING AGREEMENTS.

(a) Lessee acknowledges that, while operating the Vehicle pursuant to the terms of this Agreement, Lessee must comply with all laws, ordinances, rules, and regulations, including those issued by any federal, state, county, municipal, or other governmental authority; and the terms and conditions of all operating agreements, quoted/negotiated fees, or contracts to which Company is a party. In furtherance of the foregoing, Lessee represents and warrants to Company that he or she shall comply with all requirements of Chapter 53 of the Montgomery County Code (the "Chapter") and the customer service standards adopted by the Chapter, including but not limited to the following:

(i) Lessee shall be responsible for displaying the taxicab license in the Vehicle at all times in a location that is plainly visible to passengers (Section 53-202);

(ii) Lessee shall ensure that the Vehicle contains sufficient copies of a summary of insurance information that may be given to passengers, members of the public and law enforcement officers which shall include the name and address of the Vehicle owner, the Vehicle's license tag number, the name, address, office hours, and telephone number of the insurance claims office responsible for adjusting any insurance claim arising from the use of the Vehicle and the name, address and telephone number of the Department of Public Works and Transportation and any other government agency where complaints regarding insurance claims handling may be filed (Section 53-225(d)); and

(iii) Lessee must have a valid driver identification card and display it at all times prominently in the Vehicle in a location that is plainly visible to passengers (Section 53-301 and 52-302), and must apply for a renewal card not less than thirty (30) days before the current card expires (Section 53-305).

(b) Lessee acknowledges this Agreement may be terminated immediately at any time if Lessee has failed to comply with its obligations under any of the laws or regulations referenced above, if Lessee has violated any of the terms of this Agreement or if Company has a reasonable good-faith belief that Lessee may present an "Unreasonable Risk of Harm" (defined below) to passengers or other vehicle operators.

(c) Lessee agrees to exercise good business etiquette, and at all times conduct himself/herself in a manner that would not be detrimental to the goodwill inherent in the Company's name, trademarks, service marks, or logos.

8. ASSIGNMENT.

(a) Lessee's rights and obligations hereunder are not transferable or assignable in whole or in part. Any other purported transfer or assignment shall be null and void, and shall not relieve Lessee of any obligations under this Agreement.

(b) Company may assign or transfer any of its rights or benefits under this Agreement, as it may deem necessary or appropriate, without notice to the Lessee.

9. DRIVING RECORD; INSURANCE.

(a) Lessee agrees that, during the term of this Agreement, he will at all times maintain an Acceptable Driving Record, as defined in Section 20(h) of this Agreement.

(b) Company will provide Lessee, for the operation of the Vehicle in compliance with the terms of this Agreement, only the types and amounts of insurance coverage as necessary to satisfy the minimum requirements of any federal or state law, ordinance, or regulation, or any Service Agreement to which Company is a party. Any and all other types and amounts of insurance coverages that may be waived by Lessee are hereby waived.

(c) In the event of an accident, theft, or other loss arising from or in connection with the operation of the Vehicle, Lessee must provide written notice of the facts of the incident to Company as soon as feasible (but no later than 24 hours) after the incident. Lessee agrees to provide prompt notice to Company if any claim, demand, suit, or process is made upon Lessee.

(d) Lessee agrees to cooperate in the defense or pursuit of any claim against or on behalf of Company.

(e) Lessee acknowledges that in the event of an accident that is determined to have been caused by Lessee's negligence, Lessee may be responsible for damages whose amount exceeds the insurance coverage provided under this Agreement. In such an event, Lessee could be liable for amounts in excess of the coverage. Lessee further acknowledges that Lessee may obtain additional insurance coverage at Lessee's own expense to reduce Lessee's exposure to a claim whose damages exceed the amounts of insurance provided under this Agreement. If Lessee decides to obtain additional insurance coverage, Lessee may do so at his/her own expense. Lessee agrees to provide Company with a copy of any insurance policy purchased that may cover claims against Lessee arising in connection with Lessee's operation of the Vehicle.

(f) Lessee must comply with all of the terms and requirements of this Agreement. If Lessee fails to so comply, the coverages provided herein will be void. Lessee's responsibilities, duties, and obligations related to the coverage provided under this Agreement, including but not limited to indemnities, assumptions of liability, and subrogation rights, shall survive the cancellation of this Agreement. No insurance coverage is provided under this Agreement if, when

the claim arises, the Vehicle is being operated by an "Unauthorized Driver" (as defined in Section 20(k) below).

(g) Lessee agrees and acknowledges that the insurance provided by Company under this Agreement provides no coverage or duty to provide a defense for any claim, demand or lawsuit (or portion thereof) seeking to recover: (1) punitive or exemplary damages against Lessee; or (2) damages based upon intentional or deliberate actions by Lessee including but not limited to assault and battery.

(h) Lessee's responsibilities, duties, and obligations related to the insurance coverage provided herein shall survive the termination of this Agreement.

_____ **Lessee's Initials Re: Insurance**

10. TITLE. Nothing herein contained shall give or convey to Lessee any ownership right or other right, other than the rights expressly stated in this Agreement, to the Vehicle provided pursuant to the terms of this Agreement. Lessee expressly disclaims any interest, right, or title to the operating Permit or operating authority for the Vehicle.

11. TERMINATION.

(a) This Agreement may be terminated at any time by mutual agreement, whereupon the parties shall adjust all financial obligations between them as of the termination date and, except for obligations that expressly survive termination of this Agreement, the parties shall thereafter have no further liability to the other.

(b) Either Company or Lessee may terminate this Agreement in the event the other breaches any of the terms, obligations, or provisions of this Agreement and fails to cure such breach within thirty (30) days following receipt of written notice of such breach.

(c) Either Company or Lessee may terminate this Agreement at any time upon no less than thirty (30) days' written notice to the other party, whereupon the parties shall adjust all financial obligations between them as of the termination date and, except for obligations that expressly survive termination of this Agreement, the parties shall thereafter have no further liability to the other.

(d) If Company reasonably believes Lessee is or will be in breach of this Agreement, then as an alternative to termination, Company may in its sole discretion immediately but temporarily suspend Lessee's right to operate the Vehicle under this Agreement or right to use Company's dispatch system for a period of time sufficient to investigate Company's belief. Such temporary revocation by Company's shall not waive Company's right to terminate this Agreement on a later date as herein provided.

(e) Notwithstanding the foregoing, Lessee acknowledges this Agreement may be terminated immediately at any time if Lessee has failed to comply with its obligations under any of the laws or regulations referenced above, if Lessee has violated any of the terms of this Agreement or if Company has a reasonable good-faith belief that Lessee may present an Unreasonable Risk of Harm to passengers or other vehicle operators. For example, Lessee agrees to be tested for the illegal use of controlled substances, or for blood alcohol level. Lessee may be tested on a random, volunteer, "reason to believe," or post-accident basis. Refusal to test is breach of this Agreement and grounds for immediate termination of this Agreement.

(f) If Lessee does not operate the Vehicle under this Agreement for a period of ten (10) consecutive days, Company may terminate this Agreement without notice to Lessee.

12. PROCEDURES AFTER TERMINATION. Immediately upon termination of this Agreement by either party, Lessee shall cease to be authorized to operate the Vehicle and shall:

(a) Promptly pay Company all sums owing under this Agreement, which sums shall be due and payable to Company within twenty-four (24) hours after termination of this Agreement. All unpaid sums under this Agreement automatically shall bear interest at eighteen percent (18%) per annum beginning thirty (30) days after the date such sums become due and continuing until such sums are paid;

(b) Immediately and permanently discontinue the use of the trade name "Orange Taxi", all similar names and marks, and any name or mark containing the designation "Orange Taxi", or any other designation, indicating or tending to indicate the Lessee is an authorized Company Lessee.

(c) Promptly surrender to Company the Vehicle and all associated personal property previously furnished by Company to Lessee under the terms of this Agreement in good condition, normal wear and tear excepted;

(d) Thereafter refrain from doing anything that would indicate Lessee is an authorized Company Lessee;

(e) Permit Company to enter on Lessee's premises and take possession of the Vehicle and all associated personal property provided under this Agreement, all without liability for damages, if any; and

(f) Pay the costs incurred by Company in exercising its rights as set forth herein, as well as the cost of any legal proceeding, including reasonable attorney's fees, made necessary by Lessee's failure or refusal to comply with any of the terms or provisions of this Agreement. Lessee shall not utilize or communicate to any individual or entity Confidential Information except as necessary for Lessee to operate under this Agreement or a subsequent agreement with any Affiliated Company.

(g) Lessee acknowledges Company's ability to protect Confidential Information is critical to Company's success. Lessee acknowledges that Company, because of the unique nature of the Confidential Information, would suffer irreparable harm in the event Lessee breaches its obligation under this Agreement in that monetary damages would be difficult to calculate and inadequate to compensate Company for such a breach. Lessee and Company agree that in the event of a breach by Lessee, Company shall be entitled, in addition to monetary relief, to injunctive relief as may be necessary to restrain any continuing or further breach by Lessee, without the showing or proving of any actual damages by Company.

13. FAILURE TO EXERCISE RIGHT. The failure of either party to act or exercise any right under this Agreement upon the breach of any of the terms hereof by the other party shall not be construed as a waiver of such breach, or prevent the party from thereafter enforcing strict compliance with any and all of the terms of this Agreement.

14. CONSTRUCTION. This Agreement is expressly conditioned upon the validity of this Agreement under the law of the State of Maryland. In the event any provision of this Agreement is held invalid by a court of competent jurisdiction, or prohibited by statute, this Agreement shall be modified so as to delete the offending provision(s) and this Agreement shall be construed and enforced as if said invalid provision had never been inserted herein.

15. INDEMNIFICATION AND HOLD HARMLESS. Lessee agrees to fully protect, defend, hold harmless, and unconditionally indemnify Company and any Affiliated Company and its/their agents, servants, employees, partners, members, officers and directors, from and against and for all liability, costs, expenses, claims and damages, including attorney's fees, for which Company or any Affiliated Company may at any time suffer, sustain or become liable by reason of any incident(s) which create in any manner damages to the person or property of Lessee arising from any acts or omissions of any of Lessee related directly or indirectly to the operation of the Vehicle. This Agreement to indemnify and hold harmless extends to any and all damages including damages to Lessee that may occur related to or arising from any claim based upon a products liability or strict liability theory of recovery, which involves liability facts or damages which are related to any goods or services provided herein, except to the extent that such damages are covered by insurance policies that will otherwise compensate Company for such matters. Lessee further agrees to indemnify Company and each Affiliated Company for any claim or cause of action that may ever be asserted by anyone claiming by or on behalf of Lessee, Lessee's estate, Lessee's spouse, children or heirs.

_____ **Lessee's Initials Re: Indemnification and Hold Harmless**

16. ACKNOWLEDGMENT OF POTENTIAL RISKS. Lessee acknowledges the operation of the Vehicle may subject Lessee to various risks, including, but not limited to, the possibility of being injured (a) in the course of operating the Vehicle or lifting heavy objects, (b) on account of a motor vehicle crash, and (c) by criminal activity by a third party. Lessee acknowledges Lessee has been made aware of the possibility of exposure to these and other risks, and acknowledges that Section 16 of this Agreement prevents Lessee from recovering any monetary damages from

Company or any Affiliated Company for any damages or injuries Lessee may suffer arising out of the operation of the Vehicle.

_____ **Lessee's Initials Re: Acknowledgment of Potential Risks**

17. CONSULTATION WITH COUNSEL. Lessee acknowledges that he/she has had ample opportunity, constituting at least three (3) business days from delivery of this Agreement, to consult an attorney of his/her choice prior to the execution of this document. Lessee acknowledges this Agreement gives each of the parties to the Agreement rights and obligations. Lessee further acknowledges that portions of this Agreement waive or restrict legal remedies or rights of Lessee. With this understanding and acknowledgment:

_____ **(Initial) Lessee elects not to consult an attorney prior to the execution of this Agreement and desire to enter into this Agreement at its sole risk without any attorney's review.**

OR

_____ **(Initial) Lessee has consulted an attorney prior to the execution of this Agreement and, after such consultation, desires to enter into this Agreement.**

18. ENTIRE AGREEMENT. This Agreement contains the entire agreement between Company and Lessee, no other representation having induced Lessee to execute this Agreement. This Agreement may be amended only by a writing signed by Company and Lessee. Lessee acknowledges that this Agreement supersedes all prior agreements, if any, between Lessee and Company.

19. VENUE AND CHOICE OF LAW. It is expressly agreed and stipulated by the parties that this Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland (exclusive of its conflict of laws provisions). Both parties, at either party's request, are required to participate in good-faith in an independent third (3rd) party mediation or alternative dispute resolution process which may be administered by the Department of Public Works and Transportation or its designee; provided, however, this does not preclude either party from taking any other lawful action to enforce this Agreement. The only venue for any litigation arising between or among the parties to this Agreement, whether in tort or contract, shall be in Montgomery County, Maryland. Each party waives any right to jury trial.

20. DEFINITIONS. The following terms, as used in this Agreement, shall be defined as follows:

- (a) "The Vehicle" means the Vehicle identified in Exhibit A to this Agreement.

(b) "Taxicab Service" means demand-response, ground transportation service in a vehicle licensed by one or more jurisdictions as a taxicab, and other than in a vehicle providing publicly scheduled service, if operated pursuant to the terms of this Agreement.

(c) "Service Agreement" means any agreement under which Company agrees to provide Taxicab Service to third parties. Participation by Lessee in the business that is available through or because of a Service Agreement is voluntary. If Lessee voluntarily participates, Lessee does so under the terms of the Service Agreement and subject to meeting prerequisite and procedural requirements reasonably imposed to satisfy the terms of the Service Agreement.

(d) "Affiliated Company" means any and all companies related through ownership interest to Company, including, but not limited to, Company's parent, sister, and subsidiary companies.

(e) "Customer Information" means information known to Lessee regarding the identity of individuals or entities that have utilized or have expressed a desire to utilize the services of Lessee or any other person leasing a vehicle from any Affiliated Company.

(f) "Confidential Information" means information or material proprietary to Company or any Affiliated Company or designated as confidential information by Company or an Affiliated Company that Lessee may obtain knowledge of or access to as a result of operating the Vehicle under this Agreement. This includes but is not limited to the following types of information (whether or not reduced to writing): customer lists, customer information, procedures or knowledge unique to Company or the operation of taxicab vehicles under written agreement with Company or any Affiliated Company. Information commonly known by the general public shall not be Confidential Information.

(g) "Independent Lessee" means a person who, in pursuit of an independent business, undertakes to do specific work for another person, using his own means and methods without submitting himself to the control of such other person with respect to the details of the work and who represents the will of such other person only as to the result of his work and not as to the means by which it is accomplished.

(h) "Acceptable Driving Record" means any record (and the aggregate of all such records) from any government agency, insurance company or other person, of Lessee's history of (1) being licensed as a driver, including as a driver of any vehicle licensed to carry passengers or property; (2) compliance with the requirements of the Chapter; (3) accidents (regardless of fault); or (4) other conduct (whether or not while driving) that would lead Company to reasonably believe that Lessee does not pose an Unreasonable Risk of Harm to others while operating the Vehicle. Notwithstanding the preceding sentence, Lessee does not have an Acceptable Driving Record if Company's insurer will not provide insurance for any risks incurred while Lessee is driving the Vehicle.

(i) "Unreasonable Risk of Harm": Lessee poses an unreasonable risk of harm if Company believes in good-faith that Lessee has: (1) not maintained an Acceptable Driving Record; or (2) been involved in activity which would lead Company to believe Lessee would harm passengers or pose an unreasonable risk of harm to passengers or others as a result of operation of the Vehicle.

(j) "Permit" is defined as the permit, operating authority, document, tag, or other item that is evidence of the regulatory authority's authorization for Company to permit the Vehicle to be operated as a taxicab.

(k) "Unauthorized Driver" is defined as anyone: (1) operating the Vehicle who has not entered into a written agreement, approved by Company, with Lessee for the operation of the Vehicle; or (2) who has not been authorized in writing by Company to enter into the written agreement with Lessee for the operation of the Vehicle.

21. MISCELLANEOUS PROVISIONS.

(a) Company and its successors and assigns are intended as, and constitute, beneficiaries of the terms and provisions of this Agreement, and any action instituted to compel compliance with any of its terms and provisions and/or for the recovery of damages may be brought by Company or any of its successors and assigns.

(b) Lessee agrees that failure by Lessee to maintain an Acceptable Driving Record is a breach by Lessee of this Agreement.

(c) Lessee agrees the operation of the Vehicle by someone who is not authorized by Company would be a breach of the terms of the Agreement. Lessee further acknowledges any unauthorized driver is not covered by any insurance provided under this Agreement. If the Vehicle is operated by an unauthorized driver, Lessee agrees to indemnify and hold harmless Company and each Affiliated Company from any damages which Company or any Affiliated Company may sustain or for which any Affiliated Company may become liable by reason of any incident(s) directly or indirectly related to the operation of the Vehicle by any unauthorized driver.

(d) HEADINGS: The headings and organization of this Agreement are for convenience only and shall not be construed as substantive in nature.

(e) QUALIFIED PARTICIPATION: Lessee acknowledges that some of the business that may be available to Lessee may require certain qualifications as a prerequisite to performing the transportation services, and that Lessee has no claim against Company for its unwillingness to provide access to any such business for which Lessee is not qualified.

(f) THEFT OF GOODS OR SERVICES: Lessee agrees that refusal or failure to pay amounts due under this Agreement while at the same time retaining possession of the Vehicle constitutes theft by Lessee. Lessee acknowledges and understands criminal charges may be filed

against Lessee should Lessee retain possession of the Vehicle while failing or refusing to pay amounts due under this Agreement.

(g) **CHARGES AND CREDITS:** Lessee acknowledges and certifies to Company that any charges or credits applied to Lessee's account are true, correct, and accurate. Lessee accepts full responsibility for fraudulent, inaccurate, or inconsistent charges or credits. Lessee acknowledges that if Lessee participates knowingly in any manner with fraudulent charges or credits, said knowing actions would breach this Agreement, and could expose Lessee to civil and criminal remedies.

(h) **INTERFERENCE WITH COMPANY'S ABILITY TO PROVIDE SERVICE:** Lessee agrees not to act in any manner that would interfere with Company's ability to provide services to Lessee or other drivers. Lessee and Company agree that any communication to or contact with Company's employees or representatives which could reasonably be construed as abusive or harassing will interfere with Company's ability to provide services to other Independent Lessee drivers. Lessee further agrees that any complaints with regard to Company's performance under this Agreement shall promptly be brought to the attention of one of Company's managers, who would then have the authority to correct breaches of this Agreement by Company.

(i) **RIGHTS AND BENEFITS:** Lessee acknowledges that all rights and benefits provided under this Agreement apply only if and when Lessee is operating the Vehicle, and do not apply when Lessee is operating any other vehicle.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the date first above written.

Company:

OT ___ LLC, a Maryland limited liability company

By: _____

Name:

Title

LESSEE:

Name:

Address: _____

Social Security No.: _____

EXHIBIT A

This is Exhibit A to the Agreement between Lessee and Company dated _____, 2014 (the "Agreement"). Defined terms used herein shall have the meanings given to such terms in the Agreement.

Company agrees to lease the Vehicle identified in this Exhibit A to Lessee, subject to the terms and conditions of the Agreement and subject to the fees set forth below.

- Year, Make, and Model: _____
- VIN: _____
- Color: _____
- Hybrid? _____ (yes or no)
- Base Lease Fee: Lessee shall pay \$ _____ per Lease Period (if no split) and \$ _____ per Lease Period (if split)**
- Credit/Voucher Processing Fee: Lessee shall pay \$ _____ per voucher (NOTE – Lessee can use his own credit card processing machine/services and this fee would not be charged)
- Repair Fee: If the Vehicle is being repaired and Company cannot provide a replacement Vehicle to Lessee for a Lease Period that has been previously selected by Lessee, then Company shall provide Lessee with a credit of \$8.00 per hour of such Lease Period that Lessee is unable to operate his Business.
- Lease Period: The "Lease Period" shall be each 7-day week starting on Monday and ending on Sunday. Lessee must check Option #1 or Option #2 below.

_____ Option #1: Fixed Arrangement. Lessee hereby agrees to select the following lease hours and days during the Lease Period: _____

_____.

_____ Option #2: Variable Arrangement. Lessee hereby agrees to select lease hours and days for each Lease Period on a weekly basis. By the Wednesday prior to the Monday start of the Lease Period, Lessee shall select lease hours and days. Lessee acknowledges that Company shall lease the Vehicle on a first-come, first-served basis.

**Fees may be adjusted up or down for specified periods, such as a "high" season, or when special events are occurring in the Washington, D.C. area. For example, if the Super Bowl were occurring in Washington, D.C., the Company could increase the fees charged to lessees for that particular time.

MEMORANDUM

Councilmembers: please retain this Addendum and attachments for future worksessions.

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM: Josh Hamlin, Legislative Attorney 
Michael Faden, Senior Legislative Attorney

SUBJECT: **Addendum for Worksession:** Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards; Bill 54-14, Taxicabs – Transportation Network Service Requirements; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System.

Additional Materials for Committee Consideration

Council staff received additional materials from Barwood and Sun Cab after the Committee packet went to print. Also, there are some additional attachments that may aid the Committee's consideration of the issues raised in the packet.

This addendum contains:	<u>Circle #</u>
Barwood response to request for information	231
Sun Cab response to request for information	235
Illinois TNC law	237
Austin, Texas TNC law	248

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G. CLIFTON PATTERSON, III, MD & DC
JOHN MARSHALL, MD & DC

JOSEPH J. MULHERN, MD & DC
(Annapolis Office)

January 23, 2015

Michael Faden, Esquire
Staff Counsel
Montgomery County Council
100 Maryland Avenue
6th Floor
Rockville, Maryland 20850

RE: Barwood, Inc.

Dear Mr. Faden:

I want to thank you for taking the time to meet with Larry Shulman and me on January 9, 2015. Your attention to the issues arising from the pending transportation bills is much appreciated.

I also want to follow up with a discussion we had at the meeting concerning the response of Barwood to Mr. Berliner's letter of December 11. It is my understanding that the Council is very interested in learning how taxi drivers are charged. Based upon our discussion, I have been authorized to share some information in this regard, however, Barwood has serious concern that inquiry into the finances of taxi fleets and drivers will lead into areas of regulation that clearly should be left to the marketplace.

It is hard not to feel like the taxi fleets are the scapegoats of a transportation system almost exclusively controlled by the inflexible regulatory scheme put into place by the Council ten years ago. And now, without any serious deliberation or discussion, the Council is contemplating not only the introduction of an extremely well-financed competitor, but also limiting the existing taxi fleets' incomes. As part of this inquiry we must ask whether Uber and Lyft are also being required to turn over how their pricing models benefit drivers? More importantly, could you please explain how taxi drivers' incomes will be improved by the addition of an unlimited number of TNC drivers flooding the market? This is a most important question that must be addressed.

It is important to understand that the fees and rates are set by cab companies as a response to the market, and in such a fashion as to allow the businesses to make a profit. Accordingly, lease fees are set by a variety of considerations. Presently, Barwood's daily lease

fee ranges between \$109.30 per day and \$111.30 per day. The daily lease rate is collected for six days per week and the driver can operate a seventh day rent free. The Barwood fleet also leases hybrid vehicles, which are leased at \$121.30 a day. The purchase price of these latter vehicles is significantly higher which accounts for the higher charge, however the hybrid drivers actually save more than \$30.00 a day for fuel costs, and if they were allowed to bring their own vehicle as we have proposed, they would see more savings, the most significant costs to maintaining a fleet vehicle is the high maintenance and acquisition costs. We believe that the Barwood's "rack rate" lease fees may be higher than those of other companies but nevertheless are consistent with Barwood's market position and the fact that Barwood provides better services and a larger number of customers to its drivers.

Barwood also has a number of affiliates. The affiliates are operators who own their vehicle but affiliate with the Barwood fleet to take advantage of Barwood's dispatch system and other benefits. The affiliation fee is between \$161.70 and \$231.55 per week. Those who affiliate at the higher rate receive a number of incentives and benefits which include annual good customer service cash rebates, discounts on repairs, free monthly routine maintenance and substitute drivers. Barwood's staff also provides assistance with many of the annual County and state reporting requirements, vehicle paperwork and other administrative tasks.

Barwood also offers a number of ways for leased drivers to lower their daily rent. First, very few drivers actually drive a full 52 weeks a year. The average driver will take as much as 2-3 months off from driving and travel home to their country of origin. During those times a driver is not charged and the fleet has to either replace the driver or allow the vehicle to sit idle, thereby not producing revenue. In this robust jobs market drivers are difficult to find. This year it was especially difficult when there were opportunities to drive a more lucrative surge priced vehicle, with no regulatory oversight.

In an effort to attract and keep drivers, Barwood has several lease discount programs in place. Long term drivers can qualify for a "veteran's discount" which can lower the daily lease fee by as much as \$20.00 per day. Other experienced drivers qualify to be mentors to help train newer drivers and their daily lease fee will be reduced as much as \$30.00 per day. Drivers with exemplary safety records are given lease discounts. New drivers get benefits including a \$20.00 per day reduction for the first two weeks after being given a cab to lease and a third week for a reduction of \$10.00 per day. New drivers also qualify for rebates for prompt processing of their application, the required physical, and their CJIS visit. Drivers that recruit new drivers to lease or affiliate with Barwood can earn further bonuses of as much as \$1,500.00 or more annually. All told, in 2014 Barwood paid out over \$200,000 in incentives and discounts to its drivers. Attached hereto is a simple chart which shows the real daily cost for drivers who qualify for these discounts.

Barwood assesses a 7.95% technology and marketing service fee ("TMSF") which is deducted from all credit card transactions. This fee covers the bank fees from a credit

January 23, 2015

Page | 3

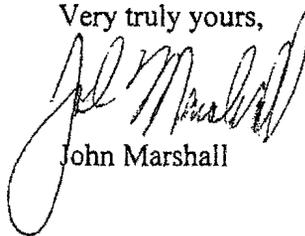
transaction but also many costs associated with the maintenance and support of equipment as well as the use of new technologies. Barwood shall soon introduce its own "cloud based closest vehicle dispatch" mobile phone app, to complement the current Barwood app. The TMSF also contributes to Barwood's investment in marketing projects, such as co-branding opportunities like, Way2 Ride, Curb and CardOne.

Finally, you should be advised that Barwood does not deduct any fees from the drivers who perform under the mandatory Montgomery County "Call N Ride" program. While other companies do so (and may not admit it), the Barwood drivers receive 100% of the fares charged from this program. This program, however, costs Barwood a substantial amount of money. First, Barwood pays out to the drivers on a daily basis for their service. Barwood then bills the County on a weekly basis and, if lucky, will receive reimbursement from the County within thirty to forty-five days after billing. This means that Barwood's cash flow may be adversely affected for as long as sixty days. Barwood takes the risk of any Call N Ride fare that is not approved by the County. Since the institution of the new electronic billing system in July of 2013, Barwood has had over \$22,000.00 rejected by the County solely due to the County contractor's difficulties with radio frequency. Of that total, Barwood has been permitted to rebill a portion, however, Barwood is still waiting for reimbursement for over \$14,000.00. This process of billing and rebilling requires an inordinate amount of individual manpower, which is a significant cost to Barwood.

As we discussed in our meeting, Mr. Barnes would like to discuss the realities and larger issues of the finances of a taxicab fleet. Topics to be discussed should involve driver income, fleet profit margins, the availability of drivers in the local market and the true costs of operation and the County's regulatory scheme. We look forward to meeting with you on January 29 to discuss these issues.

In the meantime, should you have any questions or need further clarification, please do not hesitate to contact me.

Very truly yours,



John Marshall

JM:wjc
cc: Roger Berliner

BARWOOD TAXI DAILY FEES 1-22-15

Daily Fees	Standard Vehicle	Hybrid Vehicle	Affiliates (Driver Owns Vehicle)
Lease Fee	\$110.00	\$121.00	
Fuel Savings		-\$30.00	
Affiliation Fee (weekly fee/7 days)			\$23.00
Long Term Driver Daily Incentive	-\$20.00	-\$20.00	
Mentor Daily Incentive	-\$30.00	-\$30.00	
TOTAL DAILY FEE	\$60.00	\$41.00	\$23.00

Drivers operate an average of 264 days/year. If they avail themselves of the incentives, their monthly fee to Barwood averages \$1584.

Technology Fee			
Per Credit Card Transaction	7.95%	7.95%	7.95%

Bonuses			
Daily Exemplary Safety Record Bonus	\$2.00	\$2.00	
New Driver Daily Discount (first 2 weeks)	\$20.00	\$20.00	
New Driver Daily Discount (3rd week)	\$10.00	\$10.00	
New Driver Recruiting Bonus (annual)	\$1,500.00	\$1,500.00	

Hamlin, Joseph

From: Morrison, Drew
Sent: Monday, January 26, 2015 8:07 AM
To: Hamlin, Joseph
Subject: FW: lease Info

Drew Morrison
Legislative Aide
Office of Councilmember Roger Berliner
100 Maryland Ave
Rockville, MD 20850
240-777-7962
Drew.Morrison@montgomerycountymd.gov

From: Kines, Dwight [mailto:dwight.kines@transdev.com]
Sent: Sunday, January 25, 2015 12:12 PM
To: Morrison, Drew
Subject: FW: lease Info

Drew, Sorry for the late reply. I have been on the road for much of the time since receiving your email. I will reply by email now and can get you something more formal, if needed, at a later date.

Sun Cab operates 60 PVL's in Montgomery County and currently have nine PVL holders affiliated with us. We are not a full service taxi company in the traditional sense of the word. We do not operate a maintenance garage or a call center on site. Repairs are done at an outside facility and cab orders are taken and trips are dispatched from a call center in Utah. We are just now starting to train drivers that have not driven a cab before...until now we only contracted with drivers that already had their badge. Our plan has always been to invest in a shop and larger facility once we reached 75 PVL's. We operate from our regional office in downtown Silver Spring. This allows us to maintain low overhead, while still providing services to our drivers.

Currently our weekly fees for the following vehicles are:

Crown Victoria \$550
Hybrid \$605
Wheelchair van \$535

This includes the car, insurance, maintenance, etc...everything a driver needs to start driving a taxi with no investment.

We also have an option whereby the driver can purchase the car from us. He can obtain a loan from any financial institution or we will finance it for him (great for those that don't have the money for a down payment or have shaky credit history). The weekly fee depends on the cost of the car and the length of time he finances it over. Other weekly fees under this arrangement include:

PVL lease \$75
Insurance \$75
Association dues \$110

For those PVL holders that affiliate with us, the weekly fees are as follows:

Insurance (optional) \$75

Association dues \$110

We do not charge our drivers a fee for processing credit cards.

Other driver fees:

12% for any trips completed under the WMATA contract. This covers the addl personnel and technology required to dispatch, audit, and bill the vouchers for that contract.

8% for Medicaid trips under the County contract...same expenses as above but fewer trips.

We do not charge fees for any other hospital, hotel, or corporate account.

At this time, I do not wish to submit our agreements to the County in this format. However, I am willing to meet in person to review all of our documents...Independent contractor agreements, vehicle financing agreement, association agreements. Please let me know if you would like to meet.

Thanks

DRK

From: Morrison, Drew [<mailto:Drew.Morrison@montgomerycountymd.gov>] operate

Sent: Wednesday, January 21, 2015 4:28 PM

To: Kines, Dwight

Subject: lease Info

Hey Dwight,

Want to let you know that I spoke with Roger about the lease issue. We will unfortunately be insisting on having the lease information. If Sun does not feel comfortable with doing so, we'd ask you write a letter to that effect and we can add that to the record.

Please send the letter to both Josh Hamlin (joseph.hamlin@montgomerycountymd.gov) and myself.

Sincerely,

Drew

Drew Morrison

Legislative Aide

Office of Councilmember Roger Berliner

100 Maryland Ave

Rockville, MD 20850

240-777-7962

Drew.Morrison@montgomerycountymd.gov

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Transportation Network Providers Act.

6 Section 5. Definitions.

7 "Transportation network company" or "TNC" means an entity
8 operating in this State that uses a digital network or software
9 application service to connect passengers to transportation
10 network company services provided by transportation network
11 company drivers. A TNC is not deemed to own, control, operate,
12 or manage the vehicles used by TNC drivers, and is not a
13 taxicab association or a for-hire vehicle owner.

14 "Transportation network company driver" or "TNC driver"
15 means an individual who operates a motor vehicle that is:

16 (1) owned, leased, or otherwise authorized for use by
17 the individual;

18 (2) not a taxicab or for-hire public passenger vehicle;
19 and

20 (3) used to provide transportation network company
21 services.

22 "Transportation network company services" or "TNC
23 services" means transportation of a passenger between points

1 chosen by the passenger and prearranged with a TNC driver
2 through the use of a TNC digital network or software
3 application. TNC services shall begin when a TNC driver accepts
4 a request for transportation received through the TNC's digital
5 network or software application service, continue while the TNC
6 driver transports the passenger in the TNC driver's vehicle,
7 and end when the passenger exits the TNC driver's vehicle. TNC
8 service is not a taxicab, for-hire vehicle, or street hail
9 service.

10 Section 10. Insurance.

11 (a) Transportation network companies and participating TNC
12 drivers shall comply with the automobile liability insurance
13 requirements of this Section as required.

14 (b) The following automobile liability insurance
15 requirements shall apply from the moment a participating TNC
16 driver logs on to the transportation network company's digital
17 network or software application until the TNC driver accepts a
18 request to transport a passenger, and from the moment the TNC
19 driver completes the transaction on the digital network or
20 software application or the ride is complete, whichever is
21 later, until the TNC driver either accepts another ride request
22 on the digital network or software application or logs off the
23 digital network or software application:

24 (1) Automobile liability insurance shall be in the
25 amount of at least \$50,000 for death and personal injury

1 per person, \$100,000 for death and personal injury per
2 incident, and \$25,000 for property damage.

3 (2) Contingent automobile liability insurance in the
4 amounts required in paragraph (1) of this subsection (b)
5 shall be maintained by a transportation network company and
6 provide coverage in the event a participating TNC driver's
7 own automobile liability policy excludes coverage
8 according to its policy terms or does not provide at least
9 the limits of coverage required in paragraph (1) of this
10 subsection (b).

11 (c) The following automobile liability insurance
12 requirements shall apply from the moment a TNC driver accepts a
13 ride request on the transportation network company's digital
14 network or software application until the TNC driver completes
15 the transaction on the digital network or software application
16 or until the ride is complete, whichever is later:

17 (1) Automobile liability insurance shall be primary
18 and in the amount of \$1,000,000 for death, personal injury,
19 and property damage. The requirements for the coverage
20 required by this paragraph (1) may be satisfied by any of
21 the following:

22 (A) automobile liability insurance maintained by a
23 participating TNC driver;

24 (B) automobile liability company insurance
25 maintained by a transportation network company; or

26 (C) any combination of subparagraphs (A) and (B).

1 (2) Insurance coverage provided under this subsection
2 (c) shall also provide for uninsured motorist coverage and
3 underinsured motorist coverage in the amount of \$50,000
4 from the moment a passenger enters the vehicle of a
5 participating TNC driver until the passenger exits the
6 vehicle.

7 (3) The insurer, in the case of insurance coverage
8 provided under this subsection (c), shall have the duty to
9 defend and indemnify the insured.

10 (4) Coverage under an automobile liability insurance
11 policy required under this subsection (c) shall not be
12 dependent on a personal automobile insurance policy first
13 denying a claim nor shall a personal automobile insurance
14 policy be required to first deny a claim.

15 (d) In every instance when automobile liability insurance
16 maintained by a participating TNC driver to fulfill the
17 insurance obligations of this Section has lapsed or ceased to
18 exist, the transportation network company shall provide the
19 coverage required by this Section beginning with the first
20 dollar of a claim.

21 (e) This Section shall not limit the liability of a
22 transportation network company arising out of an automobile
23 accident involving a participating TNC driver in any action for
24 damages against a transportation network company for an amount
25 above the required insurance coverage.

26 (f) The transportation network company shall disclose in

1 writing to TNC drivers, as part of its agreement with those TNC
2 drivers, the following:

3 (1) the insurance coverage and limits of liability that
4 the transportation network company provides while the TNC
5 driver uses a vehicle in connection with a transportation
6 network company's digital network or software application;
7 and

8 (2) that the TNC driver's own insurance policy may not
9 provide coverage while the TNC driver uses a vehicle in
10 connection with a transportation network company digital
11 network depending on its terms.

12 (g) An insurance policy required by this Section may be
13 placed with an admitted Illinois insurer, or with an authorized
14 surplus line insurer under Section 445 of the Illinois
15 Insurance Code; and is not subject to any restriction or
16 limitation on the issuance of a policy contained in Section
17 445a of the Illinois Insurance Code.

18 (h) Any insurance policy required by this Section shall
19 satisfy the financial responsibility requirement for a motor
20 vehicle under Sections 7-203 and 7-601 of the Illinois Vehicle
21 Code.

22 Section 15. Driver requirements.

23 (a) Prior to permitting an individual to act as a TNC
24 driver on its digital platform, the TNC shall:

25 (1) require the individual to submit an application to

1 the TNC, which includes information regarding his or her
2 address, age, driver's license, driving history, motor
3 vehicle registration, automobile liability insurance, and
4 other information required by the TNC;

5 (2) conduct, or have a third party conduct, a local and
6 national criminal history background check for each
7 individual applicant that shall include:

8 (A) Multi-State or Multi-Jurisdictional Criminal
9 Records Locator or other similar commercial nationwide
10 database with validation (primary source search); and

11 (B) National Sex Offenders Registry database; and

12 (3) obtain and review a driving history research report
13 for the individual.

14 (b) The TNC shall not permit an individual to act as a TNC
15 driver on its digital platform who:

16 (1) has had more than 3 moving violations in the prior
17 three-year period, or one major violation in the prior
18 three-year period including, but not limited to,
19 attempting to evade the police, reckless driving, or
20 driving on a suspended or revoked license;

21 (2) has been convicted, within the past 7 years, of
22 driving under the influence of drugs or alcohol, fraud,
23 sexual offenses, use of a motor vehicle to commit a felony,
24 a crime involving property damage, or theft, acts of
25 violence, or acts of terror;

26 (3) is a match in the National Sex Offenders Registry

1 database;

2 (4) does not possess a valid driver's license;

3 (5) does not possess proof of registration for the
4 motor vehicle used to provide TNC services;

5 (6) does not possess proof of automobile liability
6 insurance for the motor vehicle used to provide TNC
7 services; or

8 (7) is under 19 years of age.

9 Section 20. Non-discrimination.

10 (a) The TNC shall adopt and notify TNC drivers of a policy
11 of non-discrimination on the basis of destination, race, color,
12 national origin, religious belief or affiliation, sex,
13 disability, age, sexual orientation, or gender identity with
14 respect to passengers and potential passengers.

15 (b) TNC drivers shall comply with all applicable laws
16 regarding non-discrimination against passengers or potential
17 passengers on the basis of destination, race, color, national
18 origin, religious belief or affiliation, sex, disability, age,
19 sexual orientation, or gender identity.

20 (c) TNC drivers shall comply with all applicable laws
21 relating to accommodation of service animals.

22 (d) A TNC shall not impose additional charges for providing
23 services to persons with physical disabilities because of those
24 disabilities.

25 (e) A TNC shall provide passengers an opportunity to

1 indicate whether they require a wheelchair accessible vehicle.
2 If a TNC cannot arrange wheelchair-accessible TNC service in
3 any instance, it shall direct the passenger to an alternate
4 provider of wheelchair-accessible service, if available.

5 (f) If a unit of local government has requirements for
6 licensed chauffeurs not to discriminate in providing service in
7 under-served areas, TNC drivers participating in TNC services
8 within that unit of local government shall be subject to the
9 same non-discrimination requirements for providing service in
10 under-served areas.

11 Section 25. Safety.

12 (a) The TNC shall implement a zero tolerance policy on the
13 use of drugs or alcohol while a TNC driver is providing TNC
14 services or is logged into the TNC's digital network but is not
15 providing TNC services.

16 (b) The TNC shall provide notice of the zero tolerance
17 policy on its website, as well as procedures to report a
18 complaint about a driver with whom a passenger was matched and
19 whom the passenger reasonably suspects was under the influence
20 of drugs or alcohol during the course of the trip.

21 (c) Upon receipt of a passenger's complaint alleging a
22 violation of the zero tolerance policy, the TNC shall
23 immediately suspend the TNC driver's access to the TNC's
24 digital platform, and shall conduct an investigation into the
25 reported incident. The suspension shall last the duration of

1 the investigation.

2 (d) The TNC shall require that any motor vehicle that a TNC
3 driver will use to provide TNC services meets vehicle safety
4 and emissions requirements for a private motor vehicle in this
5 State.

6 (e) TNCs or TNC drivers are not common carriers, contract
7 carriers or motor carriers, as defined by applicable State law,
8 nor do they provide taxicab or for-hire vehicle service.

9 Section 30. Operational.

10 (a) A TNC may charge a fare for the services provided to
11 passengers; provided that, if a fare is charged, the TNC shall
12 disclose to passengers the fare calculation method on its
13 website or within the software application service.

14 (b) The TNC shall provide passengers with the applicable
15 rates being charged and the option to receive an estimated fare
16 before the passenger enters the TNC driver's vehicle.

17 (c) The TNC's software application or website shall display
18 a picture of the TNC driver, and the license plate number of
19 the motor vehicle utilized for providing the TNC service before
20 the passenger enters the TNC driver's vehicle.

21 (d) Within a reasonable period of time following the
22 completion of a trip, a TNC shall transmit an electronic
23 receipt to the passenger that lists:

24 (1) the origin and destination of the trip;

25 (2) the total time and distance of the trip; and

1 (3) an itemization of the total fare paid, if any.

2 (e) Dispatches for TNC services shall be made only to
3 eligible TNC drivers under Section 15 of this Act who are
4 properly licensed under State law and local ordinances
5 addressing these drivers if applicable.

6 (f) A taxicab may accept a request for transportation
7 received through a TNC's digital network or software
8 application service, and may charge a fare for those services
9 that is similar to those charged by a TNC.

10 Section 35. The Ridesharing Arrangements Act is amended by
11 changing Section 2 as follows:

12 (625 ILCS 30/2) (from Ch. 95 1/2, par. 902)

13 Sec. 2. (a) "Ridesharing arrangement" means the
14 transportation by motor vehicle of not more than 16 persons
15 (including the driver):

16 (1) for purposes incidental to another purpose of the
17 driver, for which no fee is charged or paid except to reimburse
18 the driver or owner of the vehicle for his operating expenses
19 on a nonprofit basis; or

20 (2) when such persons are travelling between their homes
21 and their places of employment, or places reasonably convenient
22 thereto, for which (i) no fee is charged or paid except to
23 reimburse the driver or owner of the vehicle for his operating
24 expenses on a nonprofit basis, or (ii) a fee is charged in

1 accordance with the provisions of Section 6 of this Act.

2 (b) "For-profit ridesharing arrangement" means a
3 ridesharing arrangement for which a fee is charged in
4 accordance with Section 6 of this Act, and does not include
5 transportation network company services under the
6 Transportation Network Providers Act.

7 (Source: P.A. 83-1091.)

ORDINANCE NO. 20141016-038

AN ORDINANCE DEFINING TRANSPORTATION NETWORK COMPANIES (TNCs) AND DIRECTING THE CITY MANAGER TO ENTER INTO AGREEMENTS WITH TNCs TO ALLOW THEIR OPERATION; CREATING A PENALTY; AND AMENDING CITY CODE CHAPTER 13-2 TO INCREASE CERTAIN PENALTIES.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. FINDINGS.

- (A) Many Austinites prefer or rely on modes of transportation other than their own private vehicle, including those who are not able to drive a car, those who choose not to own a car, and those who have been drinking and should not be behind the wheel.
- (B) More and better transportation alternatives are a priority for many Austinites and are prioritized in the Imagine Austin Comprehensive Plan.
- (C) Particularly at times of peak demand, such as weekend nights and during festivals and special events, many Austinites do not have realistic alternatives to driving a personal vehicle.
- (D) Austin is in the midst of a drunken driving epidemic, with over 6,000 DWIs occurring in 2013 alone, fed in part by revelers' lack of transportation options late at night.
- (E) Taxicab service in Austin is not consistently meeting the demand for a variety of reasons, including inefficiencies of the owner-operator system of our taxi franchises which prevent cabs from being directed to drive at certain times or places, having three individual dispatch systems, and having times of extreme peaks in demand for these services.
- (F) Austin is not unique in the level of regulatory burden that it places on its taxicab drivers and franchises.
- (G) Transportation Network Companies (TNCs) are a recent innovation in transportation services that use an online-enabled application (app) or platform to connect passengers with drivers.

- (H) Through smartphone technology, TNCs are able to be more responsive to meeting the needs of specific passengers, particularly with regard to wait time, and can also be more responsive overall to fluctuations in demand.
- (I) TNCs, like any for-hire transportation alternative, must be regulated to protect the safety of their drivers, riders, and the general public.
- (J) TNCs do not currently fit into the conventional transportation regulatory framework and are operating outside of the regulatory framework in many U.S. cities, including Austin.
- (K) There are unanswered questions about how TNCs can meet the needs of those with disabilities who require specific vehicle types in order to be transported.
- (L) The Austin City Council approved Resolution No. 20130307-67 directing the City Manager to explore ridesharing regulations in peer cities, including insurance requirements, background checks, and cost-sharing parameters.
- (M) Staff responded to Resolution No. 20130307-67 with a memo dated May 31, 2013 which described that no peer cities were allowing ridesharing for compensation.
- (N) On June 6, 2013 Council discussed clarifying the definition of ridesharing to exclude instances in which the compensation was higher than the federally determined \$.56/mile with further direction to staff to explore a pilot for ridesharing where the driver could be compensated, as well as insurance requirements and regulations to protect the safety of users.
- (O) Staff issued memos on June 19 and August 21, 2013 outlining a series of concerns over a pilot program allowing ridesharing with compensation to exist in Austin.
- (P) On August 22, 2013, the Council passed a revised definition of ridesharing definitively disallowing ridesharing in which the compensation exceeds \$.56/mile in Austin.
- (Q) On November 20, 2013 the Urban Transportation Commission created a TNC Subcommittee to examine and make recommendations on allowing TNCs to legally operate in Austin and that subcommittee began meeting in January, 2014.
- (R) Council passed Resolution No. 20140515-24 directing the City Manager to convene a stakeholder group to make recommendations on a pilot program for TNCs.

- (S) The stakeholder group has been meeting regularly, although without the input of the public.
- (T) Some members of the stakeholder group have expressed concerns about the information that the stakeholder group is receiving, the way that input is being handled within the stakeholder group, and over the composition of the stakeholder group.
- (U) Two well-known TNCs have since begun operating outside of the regulatory framework in Austin and are allegedly carrying thousands of riders each week without oversight or regulation and without sharing any of the information that could be helpful to the City in understanding where the gaps are in our current transportation network, and how this new transportation mode relates to the existing modes.
- (V) The primary safety regulations needed to protect the safety of the public, namely insurance requirements and driver background checks, are generally agreed upon by stakeholders working on this topic and are in accordance with those TNCs that are operating in Austin currently.
- (W) There are still a variety of components of TNC regulation that must be determined, including, but not limited to compliance with the Americans with Disabilities Act.
- (X) The City of Austin is currently expending precious police resources by citing and impounding the vehicles of TNC drivers, taking resources away from such initiatives as arresting those who are driving while impaired.
- (Y) Some cities and states, such as Detroit and Virginia, have taken the approach of signing agreements with TNCs who meet certain safety criteria while they evaluate their transportation codes to determine permanent changes needed to regulate them.

PART 2. DEFINITION.

A Transportation Network Company (TNC) is defined as an organization whether a corporation, partnership, sole proprietor, or other form, that provides on-demand transportation services for compensation using an online-enabled application (app) or platform to connect passengers with drivers.

PART 3. TNC OPERATION.

- (A) A TNC may operate in accordance with the process set forth in this ordinance.
- (B) A TNC must enter into an agreement with the City that includes the following provisions:

- (1) A TNC must provide primary commercial automobile liability insurance coverage with a minimum combined single limit of \$1 million for each occurrence of bodily injury and property damage for accidents involving TNC vehicles in transit, beginning with the time that the TNC driver accepts a trip request on the TNC's digital network, or during the accepted trip, and ending when the rider departs the vehicle, naming the City of Austin as an additional insured. The policy shall be accompanied by a commitment from the insurer that such policy will not be cancelled or coverage reduced without at least 30 days' notice.
- (2) During the time period beginning when a TNC driver has logged into a TNC's digital network and indicated that they are available to receive requests for transportation until such time when the TNC driver accepts a request for transportation through the TNC's digital network, Transportation network company insurance shall be in the amount of at least thirty thousand dollars (\$30,000) for death and personal injury per person, sixty thousand dollars (\$60,000) for death and personal injury per incident, and twenty five thousand dollars (\$25,000) for property damage. The requirements for the coverage required by this paragraph shall be satisfied by any of the following:
 - (a) transportation network company insurance maintained by a participating driver;
 - (b) transportation network company insurance or commercial insurance maintained by a transportation network company that provides coverage in the event a participating driver's insurance policy under subparagraph (a) has ceased to exist or has been canceled, or the participating driver does not otherwise maintain transportation network company insurance pursuant to this subdivision;
 - (c) any combination of subparagraphs (a) and (b); and
 - (d) "transportation network company insurance" is defined as a liability insurance policy that specifically covers liabilities arising from a driver's use of a vehicle in connection with a transportation network company's online-enabled application or platform.
- (3) Data on insurance claims and the effectiveness of the coverages described in Sections (B)(1) and (B)(2) shall be submitted to the City for annual review. After review, this ordinance and the City's

agreements with the TNCs may be amended to correct any deficiencies and improve insurance protection.

- (4) Insurance coverage required by Sections (B)(1) and (B)(2) may be placed with an eligible surplus lines insurer.
- (5) A TNC shall disclose in writing to participating drivers, as part of its agreement with those drivers, the insurance coverage and limits of liability that the TNC provides while the driver uses a vehicle in connection with a transportation network company's online-enabled application or platform. A TNC shall also disclose in writing to participating drivers, as part of its agreement with those drivers, that the driver's personal automobile insurance policy may not provide collision or comprehensive coverage for damage to the vehicle used by the driver from the moment the driver logs on to the TNC's online-enabled application or platform to the moment the driver logs off the TNC's online-enabled application or platform.
- (6) TNC drivers must possess a valid driver's license, proof of registration, and current automobile liability insurance, must be at least 21 years old, and must use a vehicle that is in compliance with Texas' inspection requirements and possess proof of a successful inspection.
- (7) Criminal background and driver history checks for all TNC drivers, as set forth below, are required upon application to drive and annually thereafter.
 - (a) A criminal background check is required and must be national in scope and prevent any person who has been convicted, within the past seven years, of driving under the influence of drugs or alcohol, or who has been convicted at any time for fraud, sexual offenses, use of a motor vehicle to commit a felony, gun related violations, resisting/evading arrest, reckless driving, a crime involving property damage, and/or theft, acts of violence, or acts of terror from driving for a TNC.
 - (b) A TNC driver history check is required and must prevent anyone with more than three moving violations within the three-year period before the driving history check, or anyone charged with driving without insurance or a suspended license within the three-year period prior to the history check, from driving for a TNC.

- (c) A TNC driver may be authorized to drive for a TNC under this ordinance if the TNC has caused the criminal history of the driver to be researched by a company approved by the Austin Transportation Department Director (Director), and the results of that search demonstrate that the driver has no convictions of any offense listed in this ordinance. A TNC driver may be authorized to drive for a TNC under this ordinance if the TNC has caused the criminal history of the driver to be researched by a company approved by the Director, and the results of that search demonstrate that the driver has no convictions of any offense listed in this ordinance. These results must be available for audit by a private, agreed-upon third party, for further criminal history checks if deemed necessary by the Director. under the provisions of this ordinance.
- (8) A TNC must maintain a website and provide a 24-hour customer service phone number and email address.
- (9) A TNC must maintain an agent for service of process in Austin, Texas.
- (10) Before a TNC trip is accepted, a rider must be able to view the estimated compensation, suggested compensation, or indication that no-charge is required for the trip. A TNC must transmit an electronic receipt documenting the origin and destination of each TNC trip, and the total amount paid upon completion of each trip.
- (11) A TNC app used to connect drivers to riders must display an accurate picture of drivers, and a picture or description of the type of vehicle, as well as the license plate number of the vehicle.
- (12) As part of the agreement with the City, each TNC shall be required to set aside a sum equivalent to 10 cents for every ride originating in the City of Austin and use those funds to support the TNC's riders who require ADA accommodations, with the goal of accessible rides being met with wait times that are equivalent to those of other TNC rides.
- (13) Service animals must be reasonably accommodated by TNC drivers. If a service animal cannot be reasonably accommodated by a driver, the TNC must identify an alternative transportation arrangement for the passenger and service animal.
- (14) TNC drivers shall only accept rides booked through the digital platform and shall not solicit or accept street-hails.

- (15) A TNC driver may not drive-for-hire for more than twelve hours within any 24-hour period. In this ordinance, “drive-for-hire,” is defined as offering, making available, or using:
- (a) a vehicle to provide a transportation network service, including any time when a driver is logged onto the transportation network company’s internet-enabled application or digital platform showing that the driver is available to pick up passengers; when a passenger is in the vehicle; when the TNC’s dispatch records show that the vehicle is dispatched; or when the driver has accepted a dispatch and is enroute to provide transportation network service to a passenger; and
 - (b) a ground transportation service vehicle or operating a ground transportation service as defined in City Code Chapter 13-2 (*Ground Transportation Passenger Services*).
- (16) A TNC shall establish a driver-training program designed to ensure that each driver safely operates his or her vehicle prior to the driver being able to offer service.
- (17) A TNC shall implement a zero-tolerance policy on the use of drugs or alcohol by drivers who are driving passengers obtained through the use of a TNC app and advertise this policy on its website. Procedures for filing a complaint about a TNC driver suspected of using drugs or alcohol while driving and an explanation warning of deactivation for drivers found in violation of the policy must also be advertised on a TNC’s website.
- (18) A TNC shall conduct outreach events to community organizations with ADA-compliant vehicles to publicize the TNC’s need for ADA vehicles and drivers with the goal of providing services to all passengers. A TNC shall report back to the City on results quarterly.
- (19) A TNC shall conduct outreach events to communities that are of lower social economic strata without adequate transit options with the goal of increased access to transportation options. The TNC shall report to the City the effectiveness of this outreach quarterly.
- (20) If a TNC utilizes dynamic pricing through its software application to incentivize drivers in an effort to maximize the supply of available vehicles on the network to match the demand for rides and increase reliability, the software application must:

- (a) provide clear and visible indication that dynamic pricing is in effect prior to requesting a ride;
 - (b) include a feature that requires riders to confirm that they understand that dynamic pricing will be applied in order for the ride request to be completed; and
 - (c) provide a fare estimator that enables the user to estimate the cost under dynamic pricing prior to requesting the ride;
 - (d) during periods of abnormal market disruptions, dynamic pricing shall be prohibited; and
 - (e) “abnormal market disruptions” are defined as any change in the ground transportation market, whether actual or imminently threatened, resulting from stress of weather, convulsion of nature, failure or shortage of electric power or other source of energy, strike, civil disorder, war, military action, national or local emergency, or other cause of an abnormal disruption of the market which results in the declaration of a state of emergency by the governor.
- (21) A TNC must maintain accurate records of all drivers providing service, and discontinued from providing service, through the platform. A TNC must also maintain accurate records of all activities and information relating to any element of an agreement with the City under this ordinance. All information must be available for audit by a private, agreed-upon third party at any time, no more than four times per year. These audits shall be paid for by the TNC. Additionally, a TNC must comply with the following reporting requirements:
- (a) A TNC shall provide quarterly reports to the City providing information on the effectiveness of the platform to address gaps in Austin’s transportation network.
 - (b) The TNC reports required under this section must document and evaluate information such as rider pick-up and drop-off patterns (i.e. peak ridership times and popular pick-up and drop-off locations), cost of trip (including a measure of the amount of time in dynamic pricing), length of trip, and ADA service comparison, in order to help the City evaluate the role of TNCs to address transportation issues, such as drunk driving and underserved community needs.

- (c) The TNC reports required under this section must be provided to the City no later than 15 days after the end of the quarter.
- (22) A TNC may not allow its drivers to refuse to accept a passenger who is disabled, or to charge a higher fare or additional fee to a person who is disabled, based on the person's disability, use of a support animal, wheelchair, crutches, or other mobility assistance device. Should exposure to a support animal cause a TNC driver an undue health burden, the TNC shall provide an alternate driver for the passenger with the support animal.
- (23) A fee will be imposed on all approved TNCs to facilitate the City's administration and enforcement of agreements made under this ordinance. This fee will be set by separate ordinance.
- (24) An accessible service request indicator must be available on the app within three months of the execution of the TNC agreement with the City. Once the accessible service request indicator is available, if a driver cannot provide a passenger a requested accessible ride, the TNC must identify an alternative transportation arrangement for the passenger.
- (25) To secure a TNC company agreement with the City under this ordinance, an application must be submitted under the terms of City Code Section 13-2-161 (*Operating Authority Application Required*).
- (26) This agreement does not regulate or authorize the operation of TNCs, including vehicles or operators, at the Austin Bergstrom International Airport (ABIA). Such operation shall be with the approval of the ABIA Director and under such terms and conditions as the ABIA Director shall prescribe, including assessment of a fee.
- (27) A TNC shall comply with the provisions of the TNC's agreement and applicable federal, state, and local laws and rules.
- (28) A TNC shall establish and enforce policies requiring compliance with the applicable provisions of this ordinance and agreements by drivers who contract with the TNC.
- (29) Appropriate taxes must be paid or the vehicle is not allowed to operate on the streets of Austin.

PART 4. The permit requirement described in City Code §13-2-101 (*Chauffeur's Permit Required*) is waived for TNC drivers working under TNCs as provided by this ordinance.

PART 5. The City Manager is directed to enter into agreements with TNCs consistent with Parts 2 and 3 of this ordinance within 30 days.

PART 6. The agreements executed pursuant to Part 5 of this ordinance must be for a minimum of one year and be cancellable at any time by either party if the requirements of the agreement are not upheld, a public safety issue becomes apparent, or if Council adopts code amendments to regulate TNCs. The performance of TNCs under these agreements should inform the work of the TNC Stakeholder group.

PART 7. The effects of this ordinance will be reviewed no later than six months after the date of passage, at which time the City Council may, in its sole discretion, repeal or amend the ordinance.

PART 8. Any person, corporation, partnership, sole proprietor, or other entity that meets the definition of TNC established under Part 2 of this ordinance and operates without an agreement with the City, as required by this ordinance, commits a Class "C" Misdemeanor punishable by a fine of not less than \$500 per offense.

PART 9. City Code Section 13-2-19 (*Penalty*) is amended as follows:

- (A) ~~[An]~~ Unless otherwise provided in this Chapter, an offense under this Chapter is a Class "C" misdemeanor, punishable by a fine not to exceed \$500.

PART 10. City Code Section 13-2-101 (*Chauffeur's Permit Required*) is amended to add a new Subsection (D) to read as follows:

- (D) A person who operates a ground transportation service vehicle in violation of this section commits a Class "C" Misdemeanor punishable by a fine of not less than \$500 per offense.

PART 11. City Code Section 13-2-3 (*Operating Authority or Taxicab Franchise Required*) is amended to add a new Subsection (G) to read as follows:

- (G) A person who provides or operates a ground transportation service in violation of this section commits a Class "C" Misdemeanor punishable by a fine of not less than \$500 per offense.

PART 12. City Code Section 13-2-34 (*Insurance Required*) is amended to add a new Subsection (H) to read as follows:

(H) A person who provides or operates a ground transportation service in violation of this section commits a Class "C" Misdemeanor punishable by a fine of not less than \$500 per offense.

PART 13. The City Manager is directed to seek equity in the treatment of taxis, TNCs, and other vehicles for hire with regard to fares charged, dynamic pricing, fleet size, accessibility, insurance, vehicle safety, and driver background among other relevant factors. The TNC Stakeholder group should explore these issues and provide that recommendations accordingly are returned to Council within 30 days.

PART 14. This ordinance takes effect on October 27, 2014.

PASSED AND APPROVED

October 16, 2014

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§
§

Lee Leffingwell
Mayor

APPROVED: _____
Karen M. Kennard
City Attorney

ATTEST: _____
Jannette S. Goodall
City Clerk