

Transportation Network Companies (TNC)



DEFINITION

- FOR-PROFIT BUSINESSES THAT PROVIDE PRE-ARRANGED TRANSPORTATION SERVICES USING AN ONLINE APP TO CONNECT PASSENGERS WITH DRIVERS USING THEIR PERSONAL VEHICLES
- EXAMPLES: LYFT AND UBER X

SERVICE MODEL

- SMART PHONE APP* MATCHES CUSTOMERS AND DRIVERS AND CALCULATES SUGGESTED DONATION OR FEE
- RIDERS MUST HAVE AN ACTIVE ACCOUNT WITH CREDIT CARD INFORMATION
- NO RISK AUTOMATIC PAYMENT BY CREDIT CARD/NO TIP
- REAL TIME VEHICLE TRACKING

* Innovative technology-based apps also being used by conventional taxi services in Minneapolis

LYFT REQUIREMENTS

- ANNUAL DRIVER'S RECORD CHECK
- DRIVER BACKGROUND CHECK
- VEHICLE: MODEL YEAR 2000 OR NEWER
- 19 POINT VEHICLE SAFETY INSPECTION
- VALID PERSONAL AUTO INSURANCE THAT MEETS OR EXCEEDS STATE MINIMUMS
- SUGGESTED DONATION CHARGED TO RIDER'S ACCOUNT UNLESS RIDER SUGGEST \$0 OR A DIFFERENT AMOUNT
- DONATION DIVIDED 80/20 (DRIVER/LYFT)

OTHER INFORMATION (LYFT)

- LYFT PROVIDES DRIVERS WITH EXCESS LIABILITY INSURANCE UP TO \$1,000,000 PER OCCURRENCE
- ZERO-TOLERANCE FOR DRUG AND ALCOHOL POLICY
- CURRENTLY OPERATES IN SAN FRANCISCO, LOS ANGELES, SEATTLE, CHICAGO, BOSTON, SAN DIEGO, WASHINGTON DC, SAINT PAUL, INDIANAPOLIS, ATLANTA

DRIVER/PASSENGER EVALUATION

- DRIVER AND PASSENGER RATE EACH OTHER ON A 5-STAR RATING SYSTEM
- DRIVER WITH LESS THAN 4 STARS IS NOT MATCHED AGAIN WITH PASSENGER
- DRIVERS WITH AN AVERAGE RATE OF LESS THAN 4.5 STARS OUT OF 5 ARE REMOVED FROM THE LYFT DRIVERS POOL

LOCAL INTERACTION TO DATE

- LISTENING/FACT FINDING MEETINGS WITH LYFT REPRESENTATIVES
- STAFF REQUESTED CLARITY ON INSURANCE COVERAGE, DRIVER/CUSTOMER AGREEMENTS, VEHICLE INSPECTIONS AND BACKGROUND CHECKS
- NO FOLLOW UP INFORMATION RECEIVED
- UBER X AND LYFT SERVICES HAVE STARTED IN ST. PAUL AND MINNEAPOLIS
- UBER X CITED FOR OPERATING WITHOUT TAXICAB LICENSES

OTHER STATES/CITIES EXPERIENCES

- SOME CITIES HAVE ADOPTED SPECIAL TNC RULES AND REGULATIONS
- OTHER CITIES ARE ESTABLISHING PANELS/COMMITTEES TO DEAL WITH TNC SERVICES
- SOME JURISDICTIONS REQUIRE TAXICAB TYPE REQUIREMENTS

ISSUES AND CONCERNS

- SAFETY
 1. INSURANCE COVERAGE
 2. VEHICLE/DRIVER IDENTIFICATION
 3. BACKGROUND CHECKS
 4. VEHICLE INSPECTIONS

- ACCOUNTABILITY/ENFORCEMENT
- DISCRIMINATION
- DISPARITY OF REGULATORY REQUIREMENTS
- “SURGE” PRICING
- “FLOODGATE” RISK

POLICY MAKERS GUIDANCE

- SHOULD THE REGIONAL TAXICAB ADVISORY GROUP PURSUE A REGIONAL APPROACH/MODEL ORDINANCE TO DEAL WITH TNC SERVICES?
- RANGE OF OPTIONS:
 1. ALLOW TNC'S WITH NO ADDITIONAL REGULATIONS
 2. ALLOW SELF-REGULATED TNC'S WITH RULES AND A REGULATORY ENFORCEMENT COMPONENT
 3. ALLOW TCN'S WITH COMPARABLE REGULATION TO TAXICABS
 4. BAN TNC'S