



## CITY COUNCIL STAFF REPORT

DATE: August 3, 2016

LEGISLATION

SUBJECT: PROPOSED ORDINANCE AMENDING SECTION 16.02.015 (B) OF, AND ADDING CHAPTER 16.37 TO, THE PALM SPRINGS MUNICIPAL CODE RELATING TO PERMITTING TRANSPORTATION NETWORK COMPANIES TO OPERATE AT THE PALM SPRINGS INTERNATIONAL AIRPORT.

FROM: David H. Ready, City Manager

BY: Department of Aviation

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### SUMMARY

The proposed ordinance will establish a regulatory program that would permit Transportation Network Companies, such as Uber and Lyft, to fully operate at the Palm Springs International Airport. Currently, such operators are permitted to drop off passengers at the Airport, only.

### RECOMMENDATION:

1. Waive reading of the text and introduce for first reading Ordinance No. \_\_\_\_\_, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SECTION 16.02.015 (b) OF, AND ADDING CHAPTER 16.37 TO, THE PALM SPRINGS MUNICIPAL CODE RELATING TO PERMITTING TRANSPORTATION NETWORK COMPANIES TO OPERATE AT THE PALM SPRINGS INTERNATIONAL AIRPORT".

### STAFF ANALYSIS:

A new mode of commercial ground transportation alternative is rapidly evolving nationwide. This service, designated as Transportation Network Companies (TNCs) by the California Public Utilities Commission, has already been approved by many of California's airports due to growing passenger demand. TNCs provide pre-arranged transportation services for compensation using an online-enabled application or platform to connect drivers using their personal vehicles with passengers.

To address the evolution of this new commercial transportation mode, the California Public Utilities Commission issued Decision 13-09-045 on September 19, 2013, creating

ITEM NO. 3A

an order instituting rulemaking on regulations relating to passenger carriers, ridesharing, and new online-enabled transportation services.

TNCs are regulated by the Public Utilities Commission (“PUC”), which recognizes Transportation Network Companies (TNCs) as charter party carriers. Each TNC is required to have a charter party carrier permit issued by the PUC to operate in California. Further, TNCs are not permitted to own their own fleet of vehicles and the PUC also established various measures to ensure public safety including criminal background checks, California DMV checks on drivers, and a 19-point vehicle inspection on all vehicles operated by TNC drivers providing TNC services. Commercial liability insurance providing at least \$1 million per incident coverage for incidents involving TNC drivers and vehicles engaged in TNC services is also required. The issuance of Airport operational permits will be conditional to compliance with these PUC requirements.

The proposed ordinance is an enabling ordinance that will provide the City a regulatory basis for TNCs to operate at the Airport. The ordinance recognizes that the operational model for TNCs is unique and requires an alternative regulatory program for addressing the opportunities presented by online ride-sharing services provided by companies like Uber and Lyft consistent with the PUC regulations.

The proposed ordinance also establishes certain operational rules and regulations, including requiring drivers to park in a specific staging area to receive calls for service and prohibits drivers from driving or looping around the airport roadways while waiting for their assigned passengers. When a passenger is ready for pickup, TNC drivers will leave the staging area and will proceed to a designated pickup area.

Airports allowing TNC pickups like Los Angeles, San Diego, Sacramento, San Jose, Spokane, Portland and Phoenix manage these commercial operations by restricting the pickup to designated areas on the roadway systems adjacent to the terminal. The attached Exhibits 1A and 1B provide each airport’s published diagram depicting their designated areas.

On April 20, 2016, the Airport Commission voted unanimously to recommend approval of TNCs to pick up at the Airport. Specifically, the Airport Commission’s Operations Committee reviewed the three options and their preference was Option C, allocating eight (8) spaces along the inner curb outside of the baggage claim. Below is a description of the alternatives, and Exhibit 2 illustrates the locations.

- Option A: 8 spaces in the commercial vehicle lane about 500 feet south of the baggage claim middle exit door. This area is shared by other commercial vehicles including limos and hotel shuttles.

- Option B: 6 spaces in the outer commercial lane adjacent to the taxicab staging area, approximately 80 feet from the baggage claim middle exit door. This area consists only of commercial vehicles.
- Option C: 8 spaces on the terminal's front curb, north of the baggage claim exit, approximately 100 feet from the middle baggage claim exit door. This area will be on the main public roadway, and behind the bus stop.

SunLine Services Group (SSG), a Joint Powers Authority established in the Coachella Valley which regulates taxicab operations at PSP Airport, has indicated its opposition to the proposed ordinance in a letter in which they express concern on the effects to the local taxi industry. A copy of that letter is attached as Exhibit 3. Alternatively, the Palm Springs Hospitality Association (PSHA) provided a letter expressing their support of the proposed amendment, stating that not allowing TNC Airport pickup could adversely affect tourism and convention business. A copy of that letter is attached as Exhibit 4.

#### ENVIRONMENTAL ANALYSIS:

Pursuant to the California Environmental Quality Act ("CEQA") Guidelines, Section 15060(c)(2), the proposed amendment is exempt from CEQA because the activity will not result in a direct or reasonably foreseeable indirect adverse physical change in the environment. Therefore, the proposed TNC Ordinance is exempt from CEQA review.

#### FISCAL IMPACT:

Commercial ground transportation providers at PSP Airport, including taxicabs and car rentals, are required to pay fees to operate. Transportation Network Companies are also commercial operators and subject to paying equivalent fees. Current pre-arranged commercial operators at PSP (e.g. limousine providers) are assessed a minimum fee per transaction of \$3.00 per pickup for vehicles carrying up to 9 passengers, and this fee escalates as follows: \$5 for 10-15 passengers, \$18 for 16-30, and \$31 for 31 or more passengers. TNCs will be subject to this same fee schedule with a minimum of \$3.00 fee for each pickup and escalating consistent as stated. This minimum fee schedule is in alignment with the larger SOCAL airport network as depicted here:

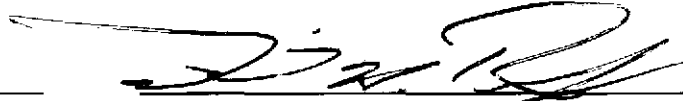
<u>Airport</u>	<u>Airport Trip fee</u>
Burbank	\$3.00 for 30 minutes
Orange County	\$3.00 per pickup
Los Angeles	\$4.00 per pickup
Sacramento	\$1.25 per pickup and \$1.25 per drop-off
San Diego	\$2.59 per pickup plus vehicle charge
San Francisco	\$3.85 per pickup

At this time, it is unknown the amount of revenue that will be generated from the new TNC trip fees, however, staff estimates the amount could reach \$30,000. Updated revenue reports will be provided quarterly.



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Thomas P. Nolan, A.A.E.  
Executive Director, Airport



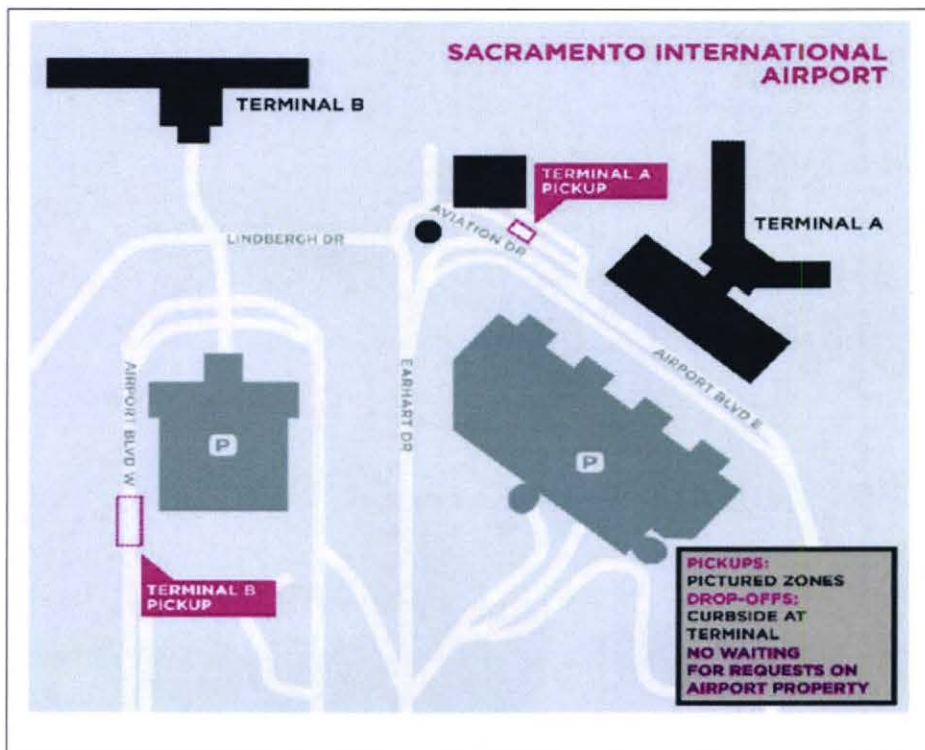
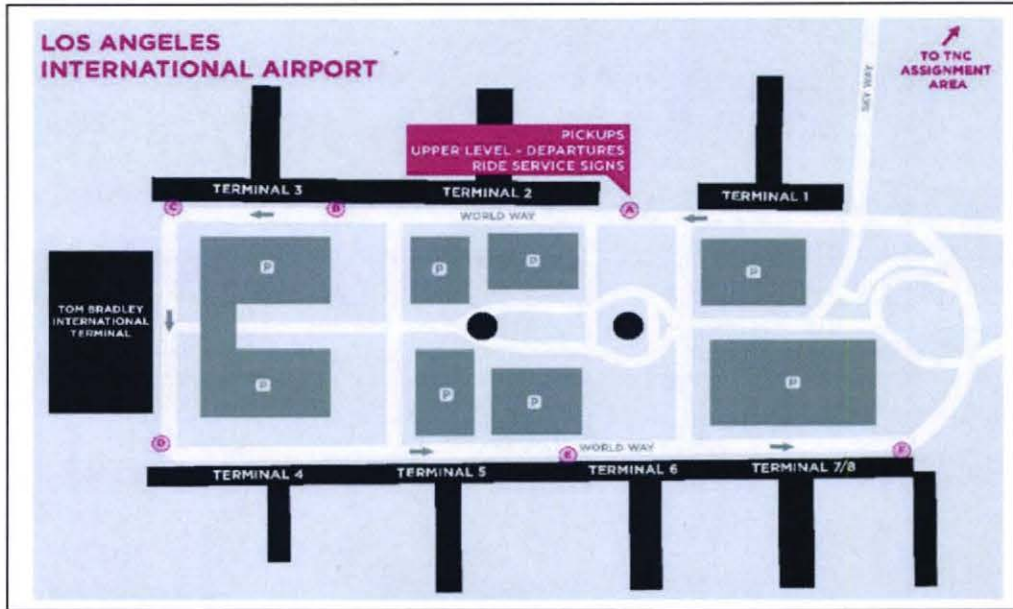
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David H. Ready, Esq., Ph.D.  
City Manager

Attachments:

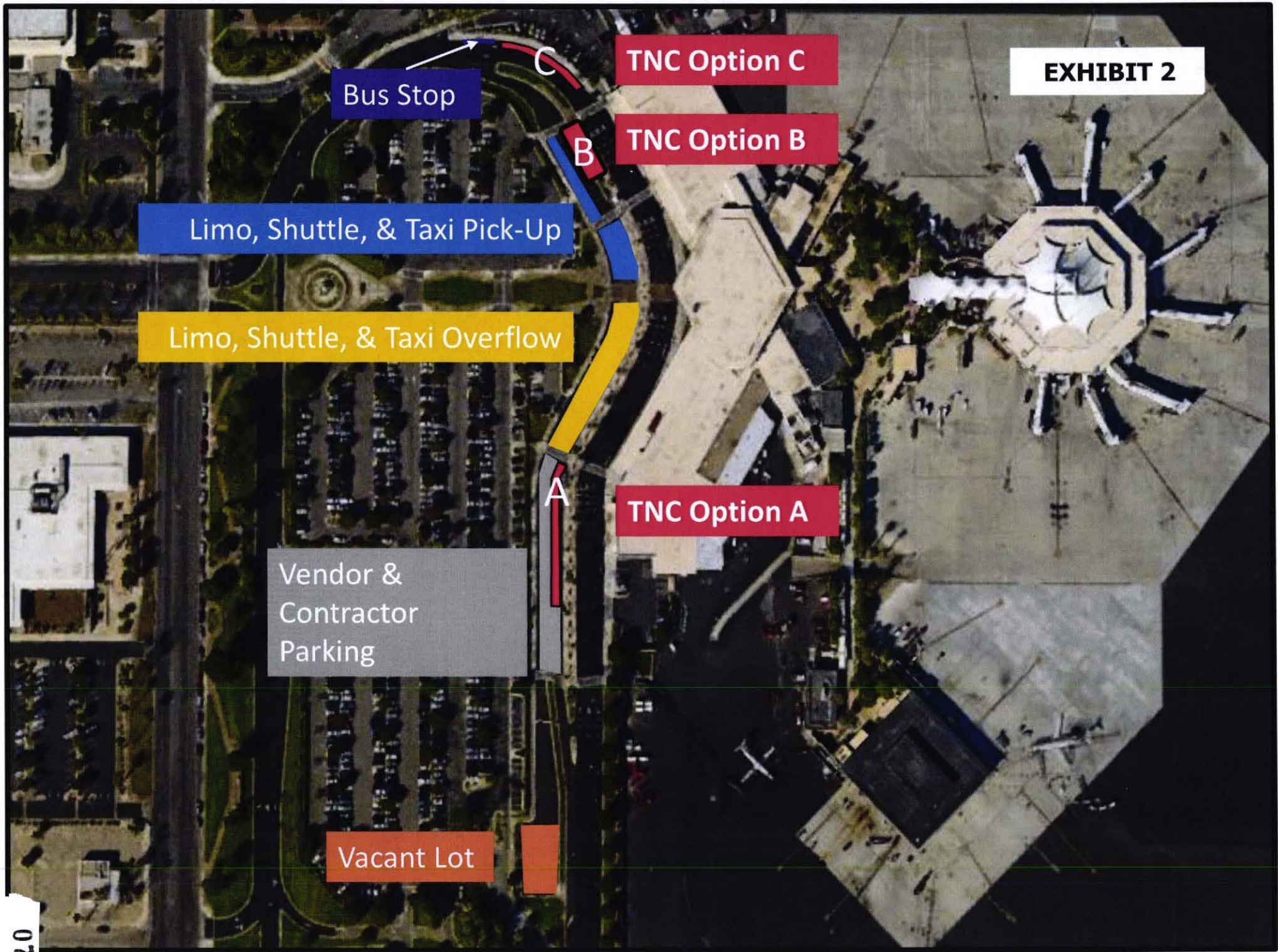
1. Ordinance No. \_\_\_\_\_
2. Exhibit 1A - Other Airport Examples of TNC Designated Areas
3. Exhibit 1B - Other Airport Examples of TNC Designated Areas
4. Exhibit 2 - Current Ground Transportation Operations August 2016
5. Exhibit 3 – SunLine Transit Agency Letter
6. Exhibit 4 – Palm Springs Hospitality Association Letter

**EXHIBIT 1 A – OTHER AIRPORT EXAMPLES OF TNC DESIGNATED AREAS**





**EXHIBIT 2**



Bus Stop

TNC Option C

TNC Option B

Limo, Shuttle, & Taxi Pick-Up

Limo, Shuttle, & Taxi Overflow

TNC Option A

Vendor & Contractor Parking

Vacant Lot



MEMBERS Desert Hot Springs Palm Springs Cathedral City Rancho Mirage  
Palm Desert Indian Wells La Quinta Indio Coachella Riverside County



A Public Agency

June 22, 2016

Mr. Robert Moon  
Mayor  
City of Palm Springs  
3200 E. Taquitz Canyon Way  
Palm Springs, CA 92262

Dear Mayor Moon,

SunLine Services Group (SSG) is a Joint Powers Authority established in the Coachella Valley under the laws of the State of California. One of its functions is to regulate taxicab operations.



We, like many other municipalities, have been confronted with the destabilizing impact of Transportation Network Companies (TNC) and their effect on the local taxi industry. The SunLine Board, Agency staff, Taxi Operators, and Franchise Owners, have worked collaboratively to explore regulation changes, service delivery advances to improve customer satisfaction, and other initiatives to prevent unnecessary advantages for TNC's over Coachella Valley Taxis.

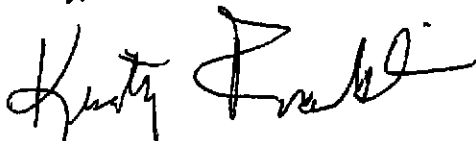
It has come to our attention that the Airport Commission and the City of Palm Springs is considering allowing TNC providers to pick-up customers at the Airport and potential plans to allow TNC's to stage in areas considered more strategic than the current Taxi staging que or in the same vicinity as Taxis. SunLine CEO, Lauren Skiver appeared at the June 15, 2016 Airport Commission meeting and expressed the perspective of the SunLine Board on this issue. The Board has concerns over these proposed changes and urges the City of Palm Springs to reconsider broadening TNC service at the Palm Springs Airport.





We support SRA and the Taxi Industry in working collaboratively to ensure that passenger needs are met, safety at the Airport is maintained, and that decisions that create an advantage for TNC's over Taxis are carefully considered.

Sincerely,



Kristy Franklin, Chair  
SunLine Services Group Board

Cc: Bob Elsner, Chairman  
Palm Springs Airport Commission

Thomas Nolan, Executive Director  
Palm Springs Airport



July 15, 2016

Honorable Mayor Robert Moon  
City Council Members  
City of Palm Springs  
3200 E. Tahquitz Canyon Way  
Palm Springs, CA 92262

Dear Mayor and City Council:

The Palm Springs Hospitality Association represents over 180 businesses in Palm Springs, most of which have a direct connection to the visitor. Our association is very concerned about not allowing "ride-sharing companies" like Uber and Lyft to pick up rides (for our visitors and residents) from the Palm Springs International Airport.

It is our understanding you are considering allowing ride-sharing companies to pick up rides at the "cell phone lot". The PSHA Board of Directors agreed at our Board Meeting on July 14, 2016, that making people (visitors and residents alike) carry their luggage that far from the curbside would not be a good decision.

We recommend you create and approve an amendment to the city code permitting ride-sharing companies the opportunity to take people to their destination "from" our airport (if possible) at the same location as the taxi cab companies.

One of our major competitors as it relates to bringing Convention Business and Visitors to our destination is Phoenix, Arizona. Their City Council just approved a measure allowing ride-sharing companies to pick up rides from their 3 valley airports. Please see the attached sheet showing Shared Driving Policies from other cities.

Understanding how important Tourism and Convention business is to the City of Palm Springs, I am sure you will agree following in line with other competitive cities is what is most important for this issue.

Thank you for consideration of our request.

Sincerely,

*Vincent Bucci*

Vincent Bucci, PSHA President  
Palm Springs Hospitality Association Board of Directors

cc: David Ready, City Manager

***Palm Springs Hospitality Association – P.O. Box 4507 – Palm Springs, CA 92263  
760-835-4957 - [admin@palmspringshospitality.org](mailto:admin@palmspringshospitality.org)***