City of Houston, Texas, Ordinance No. 2015-999

AN ORDINANCE RELATING TO THE ISSUANCE OF TAXICAB PERMITS; ADDRESSING THE ALLOCATION METHOD FOR 205 PERMITS ORIGINALLY INTENDED TO BE DISTRIBUTED IN 2014-2015; DELAYING THE DISTRIBUTION OF 180 PERMITS UNTIL 2017; DISTRIBUTING 25 PERMITS PURSUANT TO THE TAXICAB PERMIT ISSUANCE PROCESS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the Code of Ordinances provides for the City to accept and consider applications for the issuance of additional taxicab permits every three years on the basis of a mathematical determination of market demand for additional permits by comparing growth in population and airport trips since the last permit issuance year; and

WHEREAS, the 2014 taxicab permit computation and distribution process was commenced and resulted in a preliminary computation by the Director of the Department of Administration and Regulatory Affairs ("ARA") recommending that a total of 205 additional permits be issued to various applicants; and

WHEREAS, the vehicle for hire industry has experienced a significant amount of change since the last permit issuance, in part due to the introduction of new vehicle for hire platforms; and

WHEREAS, due to the resulting instability within the vehicle for hire industry, it has become difficult to assess the status of the industry as well as the future state of the market; and

WHEREAS, in 2014 City Council delayed the 2015 permit distribution based on ARA's recommendation due to concerns based on the findings of the City's expert in performing the 2014 Houston Taxicab Study that the existing taxicab permit distribution process did not adequately reflect actual market demand and an existing need for the additional permits to be issued in a manner that best accommodates the interests of the public; and

WHEREAS, ARA remains concerned, based on the preliminary findings of the City's expert in performing the 2015 Houston Taxicab Study; and

WHEREAS, the City Council has expressed concern that the composition of the City's taxicab fleets, as related to the number and proportion of disabled accessible vehicles does not adequately benefit the interests of the riding public; and

WHEREAS, the Houston Transportation Accessibility Task Force was created by Ordinance No. 2014-754 for the purpose of studying all aspects of transportation needs of persons with disabilities and to make recommendations based on empirical facts and anecdotal evidence to the City Council concerning the number of wheelchair accessible vehicles for hire necessary within vehicle fleets to ensure consistent and equivalent service for the disabled community; and

WHEREAS, the Houston Transportation Accessibility Task Force's recommendation to adopt comprehensive new vehicle for hire accessibility standards may additionally skew the demand factors; and

WHEREAS, furthermore City Council wishes to encourage small business formation and explore the feasibility of driver-run taxicab companies; and

WHEREAS, based on the findings of the City's expert that performed the City's 2014 Houston Taxicab Study, ARA has determined that driver-run taxicab companies with the ability to meet specific "value added" criteria designed to improve the stability of such taxicab companies are likely best positioned to develop into full service companies; and

WHEREAS, due to the aforementioned factors, ARA has determined that distributing all 205 permits may flood and disrupt an already unstable market and requests that City Council take action to delay the distribution of 180 taxicab permits calculated to be issued in the 2015 taxicab permit distribution, so as to allow additional time to adequately assess the demand in the City of Houston as well as how to best respond to the needs of the disabled community; and

WHEREAS, ARA recommends that City Council take action to approve a pilot program that features the immediate release of the remaining twenty-five (25) permits in one (1) lot, using the methodology articulated in Exhibit A of this Ordinance in order to encourage and explore the viability of driver-run taxicab companies; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as a part of this Ordinance.

Section 2. That the City's Administration and Regulatory Affairs Department ("ARA") is hereby requested to conduct a review of the City Code provisions and ordinances that control the issuance of additional taxicab permits and to make

recommendations to the City Council for amendments that address the concerns expressed in the preamble of this Ordinance.

Section 3. That the City Council hereby approves a pilot program to encourage and explore the viability of driver-run taxicab companies as set forth in this Section. With regard to twenty-five (25) of the 205 permits that were to be distributed in 2015, the taxicab permit distribution, as heretofore initiated pursuant to Division 2 of Article II of Chapter 46 of the Code of Ordinances, Houston, Texas, and then delayed, shall be recommenced pursuant to the Taxicab Permit Distribution Process For 2015 Taxicab Permit Distribution Year attached hereto and incorporated herein as Exhibit A.

Section 4. That distribution of the remaining 180 of the 205 permits originally intended for distribution in the 2015 taxicab permit distribution pursuant to Division 2 of Article II of Chapter 46 of the Code of Ordinances, Houston, Texas, which was delayed by City of Houston Ordinance No. 2014-915, is hereby further delayed until September 1, 2017.

Section 5. For purposes of the aforementioned pilot program featuring the immediate distribution of the one (1) lot of twenty-five (25) permits, an individual or entity must be a qualified applicant pursuant to the applicable provisions of Chapter 46 of the Code of Ordinances at the time the applicant files an application.

Section 6. That, consistent with the provisions and requirements of this Ordinance and other laws and ordinances, the City's Director of Administration and Regulatory Affairs may implement and enforce all necessary rules and regulations for the successful distribution of the permits during the distribution process period set out in Exhibit A, attached, as well as applicable provisions of Chapter 46 of the Code of Ordinances,

Houston, Texas, as amended. The permits shall be issued in a manner that is to the extent practicable and consistent with the requirements of Chapter 46. The permits issued shall be valid and used only for the operation of taxicabs that are operated in compliance with taxicab permitting requirements of Chapter 46,

Section 7. That, if any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 8. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor.

PASSED AND APPROVED this 14th **day of** October**, 2015.**

Annise D. Parker

Mayor of the City of Houston

Prepared by Legal Dept. _____
TNE:asw 10/05/2015 Assistant City Attorney
Requested by Tina Paez, Director, Department of Administration and Regulatory Affairs
L.D. File No. 037140012001

CAPTION PUBLISHED IN DAILY COURT REVIEW
DATE: OCT 20 2015

AYE	NO	
✓		**MAYOR PARKER**
••••	••••	**COUNCIL MEMBERS**
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
	ABSENT-ON PERSONAL BUSINESS	PENNINGTON
✓		GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

MAY 017 Rev. 01/14

Taxicab Permit Distribution Process
For 2015 Taxicab Permit Distribution Year

1. In this document, words and terms have the meanings set forth in Chapter 46, Article II, of the Code of Ordinances, Houston, Texas (the "Code") as amended by Ord. No. 2015-997[1] except for the following:

   New entrant applicant means a taxicab driver or entity that is owned entirely by vehicle for hire drivers each of whom meets the three criteria listed below:

   (1) Is not now and has never been a permittee;

   (2) Has operated as a driver for five of the last ten years, including a minimum of two years within the City of Houston; and

   (3) Is currently a taxicab licensee.

   Dispatch means the operation of a scheduling service by which prospective passengers request, by phone, by the internet or by any other voice, data or electronic communication, pre-arranged transportation services offered or provided for compensation from vehicles for hire and vehicles for hire are scheduled or routed via the relay of information from the scheduling service to the vehicle for hire by radio or data device, including but not limited to a device capable of any voice, data, or electronic communication.

2. The director shall conduct or cause to be conducted a public drawing to determine the granting of one lot of 25 permits. All qualified new entrant applicants shall be invited to attend the drawing, at which one lot will be awarded by random lottery to a new entrant applicant who meets the "value added" criteria articulated in Section 4.

3. Any new entrant applicant interested must file an application fulfilling the requirements of Section 46-65 of the Code. In addition to those requirements, all applications must include written documentation of financial ability in an amount equal to $10,000.00 times the number of permits in the lot. The documentation shall evidence the financial ability in the form of cash, an irrevocable line of credit from a state or federally chartered financial institution, an irrevocable loan commitment from a state or federally chartered financial institution, or another equivalent form of evidence prescribed by regulation of the director, which evidence must be independently verifiable by the director

4. A new entrant applicant must meet the below-listed value added criteria within six months (180 days) of permit issuance, after which time, permits issued to the new entrant applicant found not to be in compliance shall be revoked by the director.

   A. The permittee must remain in compliance with all applicable sections of Chapter 46 of the Code.

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[1] City Secretary shall insert the number and date of the ordinance amending Chapter 46 that has been submitted for Council consideration concurrently with the Ordinance to which this document is attached.

B. The permittee must have an operational dispatch system.

C. The permittee must acquire and maintain insurance required pursuant to Section 46-67 of the Code.

D. The permittee must adopt and maintain one color scheme, trade name and phone number for use on the entirety of the permittee's fleet.

E. The permittee's fleet must be comprised of at least 25 vehicles.

F. The permittee's fleet must be comprised of vehicles that have installed and operational taxicab security cameras.

5. Any permit that reverts to the City by any means, including, but not limited to revocation or failure to pay requisite fees, shall be issued during the next distribution cycle.

6. Applications for the drawing under this Process shall be processed as follows:

A. Applications for new entrant applicants will be available on the day following the passage of City of Houston Ord. No. 2015-999[2].

B. Completed applications must be received by the Department of Administration and Regulatory Affairs ("ARA") within 15 business days after the first date of availability.

C. ARA shall, within 15 business days after the close of the application submission period, notify the applicants as to their status of either qualified or unqualified applicant.

D. If an applicant wishes to challenge a determination that he or she is unqualified, he or she must request a hearing under Section 46-65(d) of the City of Houston Code of Ordinances within 5 business days of the date of the letter that served as notification.

E. All hearings requested under this ordinance shall be conducted within ten business days after receipt of such request. If possible, ARA shall conduct all such hearings on one day.

F. The hearing official shall have five business days after the closing of the hearing to submit a ruling to ARA. The hearing official's ruling shall be final.

G. Within ten business days after the hearing official's decision, the drawing will be held to award the lot of 25 permits. All permits MUST be placed into service within 180 days after the date of the drawing, in compliance with Chapter 46 of the Code and any additional provisions required by City of Houston Ord. No. 2015-999[3].

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[2] City Secretary shall insert the number of the Ordinance to which this document is attached.
[3] City Secretary shall insert the number of the Ordinance to which this document is attached.