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San Antonio Police Might Impound Lyft, Uber Vehicles.

Chief William McManus said Wednesday that the Police Department might impound vehicles belonging to Lyft and Uber drivers if they continue to violate the city's regulations for vehicles for hire, such as taxis and limos.

The city has cited 10 drivers for Lyft and Uber for providing a taxi or chauffeurlike service, McManus told the City Council Public Safety Committee.

The citations, which could result in fines of up to \$500, were issued because the drivers are charging for rides, he said, which makes them subject to the city's ordinance.

Lyft and Uber, two upstart companies that use smartphone apps to connect nonprofessional drivers with passengers looking for rides, contend they're technology services, not transportation operations.

Therefore, the firms contend, existing vehicle-for-hire rules, such as licensing and permitting requirements for taxi and limo drivers, should not apply to them.

The police sent a cease-and-desist notice to Lyft in late March; a letter will be sent to Uber soon.

Since they started operating here in March, neither company had been charging for rides in order to avoid running afoul of the law, but now both said they are.

At the crowded council committee meeting Wednesday, taxi and limo company representatives, many wearing yellow shirts with the words "Licensed. Insured. Legal," complained that Lyft and Uber just are trying to skirt the city rules that taxis and limos must follow.

The controversy now will go before a task force, which will determine if and how the city's ordinance could be revised to allow Lyft and Uber — which McManus calls transportation network companies instead of ridesharing services — to operate legally in San Antonio.

The task force, which would include the taxi and limo industries, the ridesharing companies and the Transportation Advisory Board, will meet with city staff and report back to the council in August.

Leandre Johns, general manager of Uber in San Antonio, called the creation of the task force a "positive development" and indicated the company has no plans to stop operations in the meantime.

He confirmed Wednesday that the company started charging passengers recently.

In light of McManus' threat to impound vehicles, Johns said drivers will have to decide if they want to keep working with Uber, which operates in more than 100 cities across the world.

Although Uber contends the city ordinance does not apply to the company, Johns agreed the rules do need to be revised because ridesharing services "weren't conceived of" in the past.

A Lyft spokeswoman wrote in an e-mail that riders who recently signed up with the service still are enjoying free rides. But for other riders, “Lyft is on the donation model in San Antonio, meaning that passengers are free to adjust their donations at the end of the ride,” Katie Dally wrote.

Lyft calls its fares “donations.”

About the impoundment threat, Dally wrote, Lyft “will stand behind our drivers as we work through challenges at the city and state levels.”

In a presentation to council members, Steve Baum, the assistant police director who oversees ground transportation, said the ordinance, as written, does not distinguish between a company that “connects” drivers and passengers, as Lyft and Uber say they do, and one that dispatches, like a taxi service.

He suggested the council adjust the ordinance to allow for ridesharing and to level the playing field for all vehicles for hire.

Most of the council members on the committee supported creation of the task force, but some were hesitant to revise the ordinance, which was amended in August.

Council members also raised concerns that Lyft and Uber are refusing to follow existing regulations.

Representatives of Lyft and Uber reiterated that their operations are safe, even if not regulated by the city, and provide passengers with a choice.

Similar debates over Lyft and Uber are playing out in cities across the country.

Dallas and Houston are rethinking their ordinances. Austin, however, has said ridesharing services can’t operate legally.

Baum also said International Airport officials have recommended Lyft and Uber only be allowed to drop off passengers at terminals, not pick them up. Airports in other cities designate pick-up areas for ridesharing companies. However, Portland has outright banned them.

Insurance agencies in 10 states — but not Texas — have warned drivers and passengers in the past week about potential coverage gaps when using a ridesharing service.

Joseph Okpaku, Lyft’s manager of government relations who was in San Antonio for Wednesday’s meeting, said Lyft’s insurance coverage goes beyond what is required of taxis in San Antonio.

McManus reiterated the issue is protecting the public.

“This is all about public safety,” McManus said. “It’s not about trying to keep new ideas from coming in the city.”

BY VIANNA DAVILA, MCCLATCHY NEWS SERVICE / MAY 8, 20140

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