



Charlotte City Council  
**COMMUNITY SAFETY  
COMMITTEE**

Meeting Summary for June 12, 2014

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## COMMITTEE AGENDA TOPICS

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- I. **Subject:**      **Digital Dispatch Service**  
**Action:**        None
- II. **Subject:**      **Next Meeting**  
September 11, 2014 – Noon in Room 280

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## COMMITTEE INFORMATION

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Present:      Claire Fallon, Michael Barnes, Al Austin, Greg Phipps, and Kenny Smith  
Time:         12:00 pm – 12:45 pm

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## ATTACHMENTS

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1. Agenda Package
2. Digital Dispatch Articles from Colorado and Virginia

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## DISCUSSION HIGHLIGHTS

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Chairwoman Fallon called the meeting to order and asked everyone in the room to introduce themselves. She then turned it over to Assistant City Manager Eric Campbell.

I.      **Digital Dispatch Services**

Mr. Campbell stated that this is a continuation from previous months and he then turned it over to Assistant City Attorney Thomas Powers. Mr. Powers reviewed the “Passenger Vehicle for Hire (PVH) & Digital Dispatching Services” presentation (copy attached). Mr. Powers reviewed the changes that were made by the General Assembly to the PVH law, discussed the different digital dispatch companies in Charlotte, and talked about the impact the law has on the PVH industry. Mr. Powers also reviewed what authority the City of Charlotte has to regulate (or not

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regulate) under the new law. The presentation concluded with Mr. Powers reading through the recommendations on the last slide.

Smith: When and how did Charlotte become aware of the digital dispatch companies?

Powers: We became aware of Uber's service during the DNC.

Barnes: Last time we asked staff to work with Mr. Salsone and Mr. Black about coming to a common ground and seeing where they would be amenable to self-regulation and then we could support any adjustments based on the digital dispatch services working with us. Have you all made any progress on that?

Powers: We have received Lyft's Operating Agreement in another City and staff is reviewing that now. We have not been engaged with Uber as of yet.

Barnes: In order to avoid talk of litigation, the hope was to have a tweak of some sort so the digital dispatch folks would go to Raleigh and say there is no need to pass something because we support what Charlotte did. I thought that is what we were doing. Mr. Salsone, are you willing to meet and work with us?

Salsone: We submitted an email to all of you and staff with our information. We are willing to work together and see if there is a commonality we can create.

Campbell: We are recommending the delay of reporting to Council so that we can continue working with the groups and come to some resolution.

Barnes: I don't want us to come back in September and then again in October and then finally getting a recommendation to Council in December. We need to get this done. In September we should see that Lyft and Uber have said this is what we can live with and this is what we can't live with and here is the recommendation from staff.

Campbell: That would be the ideal state and that is what staff is striving for. Please remember they are two different companies and one may be fine with one thing and the other may not. We will do the best we can to meet in the middle.

Fallon: Get the two companies and start comparing what they are willing to do together and what they are not willing to do together. I want to see that both companies agree with "A" and "B" but not "C".

Campbell: We will do that. This is tricky because even from our conversations at the beginning of the year to now, other cities are looking at this. I left two articles in front of you (copies attached) to read. One is about Virginia outlawing digital dispatch and Colorado is okay with it. Dallas and San Antonio are at the same point we are at. So we aren't far off from this as far as timeline.

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Smith: I have been told that Uber is soon going to engage someone locally to assist them with government work and help them understand how we work.

Fallon: Good. We need to have meetings with their people that make decisions so we aren't wasting any more time.

Barnes: I don't intend to be in those meetings and the reason I said I don't intend to be in the meetings is we need to keep the politicians out of it. If word gets to Raleigh that we sat in the audience at those meetings to work on negotiations then they will do what they can to change it.

Phipps: Are we certain that nothing in the short session is being contemplated at this time? Feels like everyday something new comes up.

Campbell: We are not aware of anything at this point. Dana Fenton is aware of what is going on.

Austin: Are there any other North Carolina cities looking at this?

Powers: Raleigh and Durham have just started doing the research.

Campbell: As we understand it, they are watching us to see what we will do.

Fallon: How would we work on the fares if Lyft is getting paid by donations?

Powers: Donations are still compensation and you have the authority to regulate that.

Fallon: Can we regulate how they congregate and wait for fares?

Powers: You do have the authority to do that.

Smith: Well we would regulate the congregating for all PVH, right?

Fallon: There are taxi stands for taxis to wait at.

Smith: On Montford Drive they sit out in the road in a line and wait on fares. They are not at taxi stands.

Powers: In regard to no official taxi stands on Montford Drive, that is a policy matter you could look at. You could also make a decision to differentiate the two.

Austin: Crown Cab has digital dispatch now. How are we going to separate them all at the same time?

Campbell: The challenge is the state prohibition that created the split. Digital dispatch is a service that any company can offer, but the state prohibited the regulation of it. It doesn't say anything about the service.

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Powers: With Crown, they are dispatching from the company to the driver. Lyft and Uber are person-to-person.

Tracy Evans: State law applies to the company that does not own any vehicles in the state. The company you mentioned owns the vehicles. Some do belong specifically to those companies and that would allow us to regulate.

Austin: The ability to create an app is very simple.

Fallon: Why wouldn't the taxi companies change everything and just start doing this?

Powers: If a PVH company wished to change their business to digital dispatch, then that's a free choice. Then all drivers and vehicle owners would still be regulated by us. It would transition the industry to focus on drivers.

Austin: What are the fees for taxis?

Kirk Young: It's \$80 for the driver application and \$95 for permits. Renewals are \$95 each year. The fee for a new vehicle is \$190.

Austin: I'd like to know how much revenue that is.

Young: I can get you that information.

Campbell: Regarding the recommendations, the rationale is to try to reach the perfect state and work with both industries to come to a consensus. If we aren't reaching that then our recommendation would be to move forward with regulating what we can. This will be on your September agenda to ask for action.

Smith: In other markets around the county there have been compromises. I'm optimistic that we can arrive at something.

Barnes: I hear you, but the challenge will become that they don't want to be regulated. We have to figure out what's right for Charlotte. I would be stunned if the people in Raleigh don't know that we are talking about it and already prepared to further strengthen it.

Fallon: Thank you everyone for the information. The next meeting is in September.

Meeting adjourned at 12:45 p.m.



**COMMUNITY SAFETY COMMITTEE**  
**Thursday, June 12, 2014; 12:00 p.m.**  
**Room 280**

Committee Members: Claire Fallon, Chair  
Michael Barnes, Vice Chair  
Al Austin  
Greg Phipps  
Kenny Smith

Staff Resource: Eric Campbell, Assistant City Manager

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**AGENDA**

**I. Digital Dispatch Services**

*Staff Resources: Eric Campbell & Thomas Powers*

The Committee will continue its discussions regarding the Passenger Vehicle for Hire and Digital Dispatch Services. Staff will provide preliminary recommendations.

Attachment: 1. PVH & Digital Dispatch Services.ppt

**Next meeting**

September 11, 2014 at 12:00 noon, Room 280

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Distribution:	City Council	Ron Carlee, City Manager	Executive Team
	Bob Hagemann	Stephanie Kelly	Thomas Powers
	Tracy Evans		



**CHARLOTTE**<sup>SM</sup>

OFFICE OF THE  
CITY MANAGER

Passenger Vehicle For Hire  
&  
Digital Dispatching Services  
June 12, 2014

By:  
Eric Campbell  
Thomas Powers III  
Tracey Evans

**CHARMECK.ORG**

- The Passenger Vehicle for Hire Office
  - Authorized by N.C. Gen. Stat. § 160A-304 to regulate passenger vehicle for hire system
  - Applies PVH ordinance upon companies, taxicabs, executive cars (limos), other special vehicles, and drivers
- Background Checks Prior to Issuance
  - Criminal background checks for Company Operating Certificates, Vehicle Operating Permits, and Driver's Permits
  - Drug testing for Driver's Permits.
- Issues/Suspends/Revokes
  - Company Operating Certificates
  - Vehicle Operating Permits
  - Driver's Permit

- North Carolina General Assembly passed Session Law 2013-413 (Signed into law on August 23, 2013)
  - Amended N.C. General Statutes § 160A-194
    - Prohibits the City from regulating and licensing digital dispatching services for prearrangement
  - Also Amended N.C. General Statutes § 160A-304
    - Prohibits the City from adopting an ordinance that regulates and licenses digital dispatching services
- No definition of “digital dispatching services” in Session Law 2013-413.
  - Legal uncertainty due to lack of clarity

## Digital Dispatch Service Companies in Charlotte

- Last summer, Lyft and Uber launched their internet-based PVH service in Charlotte.
- These internet-based companies are national companies, not headquartered in Charlotte, that provide citizens with the opportunity to request PVH service via a mobile phone application.
  - Any person requesting digital dispatch service has his/her credit card linked to the digital dispatch service; as such, no money physically exchanges hands between the passenger and the PVH driver.
- This mobile phone application is referred to as digital dispatch service.

## Digital Dispatch Service Companies in Charlotte . . . cont

NAME	PURPOSE	Fees	Vehicles
UBER	Summons Black Cars	Set By Company	Commercial Vehicles
UBERX	Peer-to-Peer Ride-Share	Set By Company	Personal Cars
LYFT	Peer-to-Peer Ride-Share	Donations	Personal Cars (Pink Mustache)

- Lyft is a digital dispatch service where private citizens use their own personal cars to provide transportation for a passenger requesting the service.
- Uber is a digital dispatch service where a person finds the closest PVH taxi cab or black car to pick up the person requesting the service.



# COMPARISON OF CITY ORDINANCE TO STATE STATUTE

Council has the authority to:	Traditional Passenger Vehicle for Hire Companies	Digital Dispatch Companies	Recommended Action
Regulate companies	Yes	<b>No</b>	Eliminate N.C. Gen. Stat. § 160A-304(c)(1)
Require criminal background checks of company owners	Yes	<b>No</b>	Eliminate N.C. Gen. Stat. § 160A-304(c)(1)
Regulate any and all automobiles	Yes	Yes	No recommendation
Establish vehicle age limits	Yes	Yes	No recommendation
Require criminal background checks of vehicle owners	Yes	Yes	No recommendation
Regulate any and all drivers for companies	Yes	Yes	No recommendation
Establish a minimum driver age	Yes	Yes	No recommendation
Require criminal background checks of drivers	Yes	Yes	No recommendation
Establish a particular method or formula for rate calculation	Yes	<b>No</b>	No recommendation
Set a minimum fare for time and/or distance for prearranged transportation	Yes	<b>No</b>	No recommendation
Set a maximum fare for time and/or distance for prearranged transportation	Yes	Yes	No recommendation
Establish a minimum wait time between requesting and using prearranged transportation	Yes	<b>No</b>	No recommendation
Require a final destination when requesting prearranged transportation	Yes	<b>No</b>	No recommendation
Require or prohibit contracts between a taxicab company and a digital dispatch service	<b>No</b>	<b>No</b>	No recommendation

- Passenger Vehicle For Hire Concerns
  - Permit Eligibility & Requirements
  - Criminal Background Standards
  - Insurance Requirements/Liability
  - Car Quality
  - Enforcement by staff
  - Fares and fare surges
  - Performing duties similar to a taxi cab (Lyft & UberX)

- **Companies**

- Council has the authority to regulate the traditional Passenger Vehicle For Hire (“PVH”) companies but does not have the authority to regulate or license the “digital dispatch service” companies. N.C. Gen. Stat. § 160A-304(c)(1).
- Council has the authority to require a criminal background check on traditional PVH companies owners but not “digital dispatch service” company owners.

- **Vehicles**

- Council has the authority to regulate any and all PVH automobiles within the City regardless of whether the vehicle is used for a traditional PVH company or a “digital dispatch service” company.
- Council has the authority to establish a vehicle age limit for any PVH or a “digital dispatch service” transportation.
- Council has the authority to require a criminal background check on vehicle owners.

- **Drivers**

- Council has the authority to regulate any and all PVH drivers regardless of whether the driver works for a traditional PVH Company or a “digital dispatch service” company.
- Council has the authority to establish a minimum driver age for PVH or a “digital dispatch service” transportation.
- Council has the authority to require a criminal background check.

- **Operations**

- *Calculating Rates/Fares*: Council lacks the authority to establish a particular method or formula for the rate calculation. N.C. Gen. Stat. § 160A-304(c)(3).
- *Prearranged Rates/Fares*: Council lacks the authority to set a minimum fare for time and/or distance for prearranged transportation. N.C. Gen. Stat. § 160A-304(c)(2). However, Council could set a maximum fare for time and/or distance for prearranged transportation.

- **Operations**

- *Minimum Wait Time*: Council lacks the authority to establish a minimum wait time between requesting prearranged transportation through a “digital dispatch service” and using the prearranged transportation through a “digital dispatch service.” N.C. Gen. Stat. § 160A-304(c)(4).
- *Prearranged Destination*: Council lacks the authority to require a final destination when requesting prearranged transportation through a “digital dispatch service.” N.C. Gen. Stat. § 160A-304(c)(5).
- *Taxi Cab “Digital Dispatch Service:”* Council lacks the authority to require or prohibit contracts between a taxi cab company and a “digital dispatch service” business.

- Revise the PVH Ordinance based on the City Attorney's Office March 14, 2014, memo to do the following:
  - regulate vehicles and drivers of digitally dispatched service companies
  - set a maximum fare for time or distance to be charged
  - Revise any additional provisions to conform to state law
- Delay reporting recommendation to the full Council until September 2014
  - Allow Staff to monitor the General Assembly activity for changes to N.C. Gen. Stat. § 160-304.
  - Allow Staff additional time to work with industry stakeholders for ordinance revisions.

# Uber, Lyft become regulated in Colorado

Jun. 6, 2014 10:24 AM EDT

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DENVER (AP) — Leading a push to legitimize Internet companies that connect riders to drivers with a few taps on a cellphone app, Colorado has become the first state whose legislature passed a law regulating companies like UberX and Lyft.

Gov. John Hickenlooper signed the bill on Thursday.

"Consumer protection is a worthy goal that we endorse, but rules designed to protect consumers should not burden businesses with unnecessary red tape or stifle competition by creating barriers to entry,"

Hickenlooper said in a statement released with the signing.

The entry into the transportation marketplace by the ridesharing companies has left officials nationwide struggling to catch up with emerging technology that competes with traditional taxis and limos, but with less overhead.

A handful of state legislatures this year have tried and failed to pass bills to provide oversight for ridesharing companies. Taxi and limo companies have objected, arguing the Web-based businesses have an unfair advantage and light regulation. Several municipalities nationwide are also grappling with the issue.

California passed statewide ridesharing regulations last year through its public utilities commission.

Colorado's is the first to emerge from a legislature.

"What this does is it welcomes technology and innovation to Colorado," said Rep. Dan Pabon, D-Denver, one of the sponsors of Colorado's law.

The bill puts Lyft and UberX under the oversight of Colorado's public utilities commission. The companies will be classified as transportation network companies, or TNCs, separate from taxis and limos.

To obtain permits, the companies must have drivers pass criminal-background and driving-history checks.

The drivers' cars must pass vehicle inspections, and be clearly marked as TNC cars.

The drivers must also carry personal car insurance, in addition to the commercial insurance Uber and Lyft provide.

Insurance was the biggest issue of concern in Colorado, and it has been a major sticking point in other states because there's confusion about which insurer — the driver's personal carrier or the companies' — should be responsible in case of an accident. The uncertainty centers around a potential gap in coverage when a driver is on the app waiting to be connected to a rider. Personal car insurance policies don't cover drivers who use their cars for a commercial purpose.

Online:

Senate Bill 125: <http://goo.gl/93yLvr>

# PilotOnline.com

## Virginia DMV orders Lyft, Uber to stop operating

By Dave Forster  
The Virginian-Pilot  
© June 6, 2014

The Virginia Department of Motor Vehicles sent cease-and-desist orders Thursday to Lyft and Uber, telling the two taxi-like services they must stop operating in violation of state law or face fines against their drivers.

The two companies are on the leading edge of a trend in which smartphone apps are used to connect passengers with drivers using their personal vehicles, often as a side job. They also are often at odds with governments across the country as states and cities try to figure out how to regulate them.

The order signaled that state officials' patience had worn thin with Lyft and Uber, each of which continues to provide service in Hampton Roads after being fined this spring. It also showed a shift in tactics: Rather than fining only the companies again, the DMV is now threatening civil penalties that could reach as high as \$1,000 per violation against the drivers themselves.

The DMV is studying Virginia's motor carrier laws with an eye toward legislative changes next year that could allow such companies to legally operate in the state. Secretary of Transportation Aubrey Layne said last week that he has spoken to representatives from Lyft and Uber and likes their business models.

But until the law is changed, they are violating it, Layne said.

"I actually like their business model in terms of giving more flexibility to the public, but there are some issues they need to work on and some laws that we need to change," he said.

Paige Thelen, a spokeswoman for Lyft, relayed a statement from the company by email that extolled the service it provides but did not say whether it intended to comply with the DMV order. The mobile apps for Lyft and Uber showed several drivers available for a ride Thursday afternoon in Hampton Roads.

The statement from Lyft noted that many taxi and limousine regulations pre-date its business model. It said the company is committed to working with state officials "to craft new rules for this new industry."

A statement from Uber Technologies Inc. called the DMV order "shocking and unexpected" and said it hurts those who have been using Uber to make a living and those who rely on it for transportation. The company said it has been working in good faith with the DMV on creating a regulatory framework for its service and looks forward to continuing that effort.

In the cease-and-desist letters, DMV Commissioner Richard Holcomb told representatives for both companies that he is "once again making clear" that they must stop operating in Virginia until they get the proper authority.

Holcomb wrote that he "strongly" suggested the companies focus their resources on participating in the state's study "rather than continue illegal operations in the meantime."

Lyft and Uber expanded into Hampton Roads this spring. Each was assessed a civil penalty in April by the DMV - \$26,000 for Uber and \$9,000 for Lyft - for trips their drivers provided in Virginia despite warnings that their for-hire business models violated state law. Both companies have appealed the penalties, according to the DMV.

Holcomb told the companies to alert their drivers in Virginia that the DMV will be enforcing its existing laws. The agency could still assess additional civil penalties to the companies as well, according to an agency spokeswoman.

Along with the cease-and-desist orders, the DMV on Thursday told the public to research any ride service and learn about its insurance coverage, vehicle maintenance and driver screening process before using it. It pointed people to a list on its website at [www.dmvNOW.com/knowyourride](http://www.dmvNOW.com/knowyourride) (<http://www.dmvNOW.com/knowyourride>), where users can search for a company to see whether it is registered and insured under state regulations.

Neither Lyft nor Uber is on the approved list.

The DMV notice encouraged passengers of for-hire services to ask in advance about any additional charges for tips, vehicle cleaning, mileage and fuel. It added that "many legitimate transportation companies" have incorporated phone apps, social media and other newer technology into their service.

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