



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District B, District I

Item Creation Date: 7/1/2020

HAS - Transportation Network Company (TNC) Operating Agreements for IAH and HOU

Agenda Item#:

### **Background:**

### **RECOMMENDATION:**

Enact an ordinance approving and authorizing Transportation Network Company (TNC) Operating Agreements with Raiser Inc., doing business as Uber (Uber), and Lyft Inc. (Lyft) at George Bush Intercontinental Airport/Houston (IAH) and William P. Hobby Airport (HOU).

### **SPECIFIC EXPLANATION:**

Transportation Network Companies (TNCs), such as Uber and Lyft, currently operate in the City of Houston under the regulations of the Texas Occupations Code, Title 14, Subtitle C, Chapter 2402 and the Texas Administrative Code, Title 16, Part 4, Chapter 95. These regulations allow airports to establish operating rules on airport property and set airport access fees, which the City has done through Chapter 9 of the Code of Ordinances, Houston, Texas, (Aviation). Now, Uber and Lyft wish to enter into Transportation Network Company Operating Agreements with the City to establish certain privileges, service standards, and obligations.

The pertinent terms of the TNC Operating Agreements are as follows:

1. *Term.* The TNC Operating Agreements shall run for five (5) consecutive years. Either party may terminate for convenience upon thirty (30) days' prior written notice.
2. *Use of Airports.* The City grants TNCs the non-exclusive right and privilege to provide TNC service at IAH and HOU subject to applicable regulations, TNC rules and operating procedures.
3. *Enforcement of Regulations by TNC.* TNC shall establish and enforce policies requiring compliance with the applicable provisions of the TNC Operating Agreement by TNC drivers. City will notify TNC in writing of all violation notices that it issues for TNC drivers and TNC agrees that it will either warn the TNC Driver or prohibit the TNC Driver from providing TNC service at IAH and HOU depending on the seriousness of the violation.
4. *TNC Operations.* TNC shall establish a virtual perimeter boundary, or geofence, around each of the airports, inside of which TNC vehicles shall not be visible on the TNC's digital network as being available to accept customers unless such TNC vehicles are within the TNC staging area. TNC shall require TNC drivers, while waiting to pick up customers, to use the TNC staging area that is designated by the Director at each of the airports. TNC shall require TNC drivers to use the pick-up and drop-off areas at each of the airports that are designated by the Director for use by TNCs. TNC drivers shall not accept any customers for pick-up other than those arranged through the TNC digital network.
5. *Digital Identification and Tracking.* TNC agrees to provide the City with access to TNC vehicle information, locations and movements, including proof of insurance in accordance with Chapter 1954 of the Texas Insurance Code, and an electronic waybill in a form acceptable to the Director.
6. *Pre-Match/Pre-Dispatch and Re-Match.* Pre-Match/Pre-Dispatch and Re-Match are permitted features of the TNC digital networks at the airports. Pre-Match/Pre-Dispatch is a feature of the TNC digital networks that prompts TNC drivers in the TNC staging lot to begin heading toward the airport terminals a few minutes before TNC anticipates a pick-up request, for the purpose of minimizing TNC driver idle time in the TNC staging lot and decreasing the time a customer would wait to be picked up. Re-match is a feature of the TNC digital networks that allows a TNC driver who just completed an airport drop-off to receive a pick-up request without having to go to the TNC staging area.
7. *Future Innovations.* TNC and Director shall cooperate to identify and implement on a mutually agreeable schedule new programs, services, and operational changes that improve customer service and/or operational efficiency.
8. *Airport Access Fees.* Currently, TNCs pay \$2.75 per customer pick-up at IAH and \$1.25 per customer pick-up at HOU. (There is no fee currently for customer drop-offs.) Under the TNC Operating Agreements, TNCs shall pay the City the below airport access fees that are comparable to those in place at other airports.

IAH Fees. \$3.00 per customer pick-up and \$3.00 per customer drop-off occurring anywhere inside the geofence at IAH.

HOU Fees. Prior to the City making certain improvements to the TNC staging area and pick-up and drop-off areas, including repaving and improved lighting and signage. \$1.25 per customer pick-up and \$1.25 per customer drop-off occurring anywhere inside the

and improve signage and signage, \$2.75 per customer pick-up and \$2.75 per customer drop-off occurring anywhere inside the geofence at HOU. Following completion of the improvements, \$2.75 per customer pick-up and \$2.75 per customer drop-off occurring anywhere inside the geofence at HOU.

9. *Insurance Requirements.* TNC shall, at its cost and expense, obtain and maintain in full force and effect the policies of insurance applicable to TNC's as set forth in Chapter 2402 of the Texas Occupations Code.

10. *Release and Indemnification.* Except for the City's gross negligence or willful misconduct, TNC agrees to and shall release the City from all liability for injury, death, damage, or loss to persons or property. TNC shall defend, indemnify, and hold harmless the City from and against claims arising from TNC operations at the airports.

11. *Other.* TNC agrees to the City's standard legal provisions on (i) Certain Federal Requirements, (ii) Prohibition on Contracts with Companies Boycotting Israel, (iii) Prohibition on Business with Iran, Sudan, or Any Foreign Terrorist Organization, and (iv) Human Trafficking.

**Fiscal Note:** Funding for this item is included in the FY2021 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

**Director's Signature:**

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Mario C. Diaz  
Houston Airport System

Estimated Revenue			
DEPARTMENT	FY2021	OUT YEARS	TOTAL
Houston Airport System	\$11,832,782.00	\$47,331,128.00	\$59,163,910.00

**Amount of Funding:**

REVENUE  
HAS Revenue Fund  
Fund 8001

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