

**CITY OF LAREDO  
SPECIAL CITY COUNCIL MEETING**

**M2017-SC-02  
LAREDO, TEXAS 78041  
March 28, 2017  
5:30 P.M.**

**I. CALL TO ORDER**

Mayor Pro-Tempore Alejandro “Alex” Perez, Jr., called the meeting to order.

**II. PLEDGE OF ALLEGIANCE**

Mayor Pro-Tempore Alejandro “Alex” Perez, Jr., led in the pledge of allegiance. He also led a moment of silence.

**III. ROLL CALL**

In attendance:

Rudy Gonzalez, Jr.	District I
Vidal Rodriguez	District II
Alejandro “Alex” Perez, Jr.	Mayor Pro-Tempore, District III
Alberto Torres, Jr.	District IV
Norma “Nelly” Vielma	District V
Charlie San Miguel	District VI
George J. Altgelt	District VII
Roberto Balli	District VIII
Heberto L. Ramirez	Acting City Secretary
Jesus Olivares	City Manager
Cynthia Collazo	Deputy City Manager
Horacio De Leon	Assistant City Manager
Robert A. Eads	Assistant City Manager
Kristina L. Hale	Acting City Attorney

**IV. MOTION**

1. Discussion with possible action on amending the city’s existing regulations applicable to all vehicles for hire and taxicab drivers so as to allow ride share companies to legally operate in the City of Laredo.

It will be co-sponsored by: Cm. Balli, Altgelt, Torres, Rodriguez, and Gonzalez.

Pro-Tempore Alejandro “Alex” Perez, Jr., stated that this item was initiated by growing bars and restaurants and millennial citizens of Laredo. People want options and good service. He reported that in January 2017, he and City management met with Uber ridesharing officials in Austin. Previously, in December 2016, the City was contacted by

Laredo Ridesharing, who have not begun operation to-date. On Thursday, March 23, 2017, Lyft began operating in Laredo, resulting in a cease and desist letter from the City Attorney's Office. The issue currently is that the City's vehicles for hire ordinance applies to taxicabs but not ride sharing companies like Lyft and Uber.

Robert Eads, Assistant City Manager, reported that on November 21, 2016, Council directed the City Manager to explore the possibility of recruiting ridesharing services to operate in Laredo. The local taxicab ordinance is found in Article II, Sections 32.1-32.80.4 in the Laredo Code of Ordinances, stating in part: "It is the policy of the city to promote adequate and efficient taxicab service to promote public health and safety, and public convenience and necessity." The ordinance also states: "A person may not operate a taxicab service inside the city nor transport passenger for hire without a permit granted by the City...Before an annual permit may be granted, the application therefore must be approved by the City Council. Granting of an annual permit is at the discretion of the City Council, but will not be granted unless: a) The proposed taxicab service is required by public convenience and necessity; and b) The applicant is fit, willing and able to operate the taxicab service in accordance with the requirements of this article and all of the regulations of the City Manager, provisions of the annual permit, and any applicable law." He noted that obtaining a taxicab permit has extensive requirements, and the number of annual permits allowed by the City are based on population in a ratio of one taxicab per 2,400 residents. Mr. Eads reported that there are currently 64 taxicab permits in Laredo with 100 authorized taxicab drivers. The last time a new permit was issued was more than 15 years ago.

Kristina L. Hale, Acting City Attorney, confirmed that a rideshare participant is considered a taxicab by the definitions defined in the City ordinance.

Mr. Eads continued that taxicab services may only charge fares as approved by Council with rates prominently displayed. The rates approved by Council include an initial fee of \$4.00, \$0.50 per addition ¼ mile, \$1.00 for each additional passenger, and \$12.00 surcharge fee for travel to Mexico. During holidays, drivers may use zone fares as approved by the City. He noted that different cities have different regulations with respect to vehicles for hire, so a transportation network company (TNC) typically works with the city to comingle ordinances or establish a separate ordinance. The City of Austin passed regulations regarding rideshare companies, but after gathering 65,000 signatures, Uber and Lyft successfully petitioned Austin to place the prohibitive laws on the May 2016 ballot. Uber and Lyft shut off their applications in Austin in protest of the regulations that were upheld by voters in the May 2016 special referendum. The biggest issue was the requirement for fingerprint-based background checks for drivers, which the companies argued would hurt driver recruitment. As of February 1, 2017, there are seven other ride sharing services operating in the city with 7,077 drivers permitted to drive for ridesharing vehicles. Mr. Eads clarified that representatives from Lyft, Rideshare Laredo, and taxicab companies are present, and any questions specific to their business models and practices should be asked directly to them.

The City of Dallas performed undercover sting operations to intimidate drivers by issuing excessive fines before attempting to pass onerous regulations. Local officials backed

away after receiving intense backlash from citizens. Under the new ordinance, traditional taxis will still have maximum rates while fare for other vehicles for hire will be unregulated. All drivers must hold an operating permit and a valid driver's license, have limited traffic violations, and get a background check. Dallas periodically audits these background checks to ensure that they meet city standards. Dallas chose to develop a comprehensive system of insurance requirements for drivers mandating that they have insurance coverage 24/7, as is the case with taxis in Laredo. However, unlike the "one-size-fits-all" commercial insurance used by taxis, Dallas created a three-phase system of insurance to ensure that different "ride phases" have unique coverage. Phase 1 occurs when a TNC driver is driving but does not have the app for his or her company turned on. In this phase, drivers must have their own private personal insurance. Phase 2 occurs when a driver turns on the app, indicating he or she is available to provide a ride but has not accepted a ride. During this phase, Dallas requires that the TNC provides contingent, or "drop-down", insurance to cover claims that might not be covered by a driver's personal insurance. Finally, Phase 3 occurs when a driver accepts a ride and is on the way to pick up their passenger. In this phase, the driver or company must have primary insurance in the event of an accident.

The City of Houston requires FBI fingerprint background checks as its fingerprint requirement. New York City is the only other city in the nation that requires this. The fingerprinting is actually the final phase of a six-step process to get a TNC license. This includes getting a fire extinguisher and Uber window sticker, completing a physical and drug test, completing a warrant check and then taking all this information to a city-operated licensing center to get a permit. The city allows drivers to operate for 30 days on a temporary license after completing the first phase of the process while they complete their fingerprinting. Houston is the only city where Uber decided to accept these additional burdensome regulations while Lyft decided to suspend service.

Lyft has returned to the City of San Antonio after striking a deal for a nine-month pilot program related to the city's regulations. Regulations in the City of Galveston have forced Uber and Lyft to halt services altogether as of February 2016. Regulations in the City of Midland have forced Uber to suspend service as of February 2016.

Mr. Eads noted that Uber and Lyft are used as examples as they are the most well-known rideshare companies. Multiple other cities have issued to Uber and Lyft cease and desist letters. He clarified that the City does not favor any particular service, but they have done thorough review of other municipalities to ensure that any current and potential future issues are adequately addressed by the City of Laredo.

Arnulfo Valdez of Laredo Texas Transportation claimed that the taxicab industry is efficient and supervised by the City. While he welcomed other companies, he noted that technology can bring unexpected consequences. Uber has had multiple problems during its existence, particularly fraud by drivers and physical or sexual abuse. He stated that every taxicab driver follows the rules, including obtaining a permit, getting a medical exam, submitting to a background check, and obtaining insurance. Laredoans deserve a secure and respectful service. The Laredo taxicab industry has been recognized as one of the best in the United States.

Felicidad Martinez of Feli's Taxicab stated her opinion that ridesharing drivers should have insurance, background checks, and records like taxicab drivers do. She clarified that taxi drivers can not park anywhere they want, but rideshare drivers can. As a taxi driver, she has waited 4-5 hours for a passenger who never arrived. The insurance that she pays is too expensive, and no one has considered the routine maintenance that is required of the vehicles. If ridesharing companies are to operate in Laredo, they should give good service and carry good insurance like taxicab services do, and the two industries must be equal.

Jose Escalera of Todos los Taxis noted that he has worked in the taxicab industry for 48 years. In defense of taxi drivers, he noted that insurance premiums have dramatically increased over the years. He claimed that Lyft and Uber drivers carry weapons and pay off police officers, and he does not want criminals to operate in the city. He asked if Council will be responsible if anything bad happens as a result of ridesharing in Laredo. Permit application processes are very difficult, and drivers must stay compliant or risk having their permits revoked.

Krissy Gutierrez of Project Laredaissance thanked Council for adding this item to the agenda. Although instantaneous ridesharing services are only a few years old, citizens like herself have grown used to using Uber or Lyft in other cities. Ridesharing services have become indispensable and have transformed transportation in many cities and resulted in increased competitions among companies. Project Laredaissance recommends that Council allow ridesharing to continue in Laredo and that City resources be used to collect and analyze data for generating future recommendations that reflect the local rideshare culture.

Roger Garcia of Project Laredaissance stated that while he understands the concerns of each party involved, Laredo should welcome new and innovating companies. He wants to welcome these companies as they promise to benefit Laredo in the long term.

Jonathan Gutierrez of Project Laredaissance spoke as a past and future resident of Laredo and asked Council to recognize the unique opportunity to resonate with the progressive citizens that Laredo hopes to obtain and attract. As a part-time Uber and Lyft driver, Mr. Gutierrez is able to supplement his income while attending law school full time. He drives for ridesharing companies because of the ability to set his own hours, control his own employment, and build community through sharing rides with others. He asked Council to allow ridesharing to continue and withdraw the current cease and desist.

Karen Gaytan of Project Laredaissance noted that she returned to Laredo following college and has been a part of several initiatives promoting growth and progress in Laredo to make sure the city is inclusive and accessible to everybody. She reported that Laredoans spend about 30% of their income on transportation. In order for transportation costs to be considered affordable, they must cost no more than 15% of an individual's total income. In an effort to create a better Laredo, she emphasized the importance of allowing rideshare companies like Lyft or Uber to operate in the city without local government hindering their opportunities to grow. She stated that if a new taxicab permit

has not been issued in 15 years, the system is outdated.

Julian Rotnofsky of Project Laredaissance reported that Lyft was created in colleges because many college students did not have cars and needed to share rides with fellow peers. TNCs are more of a platform for peer-to-peer ridesharing rather than the transactional nature of a taxicab service. Since this venture is so different from taxicab service, it can not be squeezed in old ordinances. He has seen a growing demand from young people for ridesharing, particularly as they make plans for a safe way to get home after drinking alcohol. Ridesharing companies can save lives, which makes them worthwhile.

Ricardo Sandoval of Project Laredaissance stated that technology is rapidly developing in Laredo. When the last taxicab permit was issued 15 years ago, smartphones were not commonly used. Laredo has been making progressive steps thanks to the citizens and City Council. He voiced his opinion that rideshare companies are perfect for Laredo and asked Council to allow this step forward to occur.

Rosy Gregory, Laredoans Against Drunk Driving Board Member, stated that LADD is in favor of Lyft Laredo Ride and safe alternative rides home. It allows full-time and part-time jobs for Laredoans with an extended background check and possible affordable rides. As she understands, the service is paid through a mobile device and not via cash. She noted that most LADD members have lost loved ones due to a drunk driver while they were driving a friend home after drinking, so the ability to rideshare is close to the organization's heart. She asked Council to consider her perspective and make the best choice for the people of Laredo.

Cm. Perez confirmed that over the past weekend, there were over 30 DWI arrests in Laredo.

Esther Firova noted her surprise at the low number of taxicab permits and drivers currently in Laredo. This may explain the accessibility of these drivers. She stated that she personally has tried to schedule pick-ups and has found that many of her phone calls were unanswered. Twice she has confirmed a pick-up only to be left stranded with no resolution. She has also noticed that taxicab availability is even more scarce at later hours. She has had to piggy-back off of other riders. She has been told by taxicab drivers that her residence in Lakeside is not long enough from the airport for them to make money. She noted that the current taxicab ordinances are old and need to be updated and questioned whether they are being enforced. Services like Uber and Lyft give the customer a name and picture of the driver as well as the license plate, make, and model of the car. Uber and Lyft are extremely reliable as customers do not have to wait for a phone call to be answered and can see exactly how much they will be charged. Payment is made before pick-up. She challenged Council to support TNCs and not create obstacles unnecessarily.

Louis Romano, Siete Banderas General Manager, spoke in favor of ridesharing. Particularly as it relates to Downtown Laredo, he has had horrible experiences with the local taxicab services. He has been stranded at the airport and finds them unreliable. The

issues brought up against ridesharing like background checks and liability insurance are performed and provided by Uber and Lyft, so he believes they are non-issues. The main complaints of his customers in Downtown Laredo is parking and driving home after drinking at the local bars and restaurants. Ridesharing companies will make Downtown Laredo much more accessible to all Laredoans. Ridesharing businesses regulate themselves.

Mario Peña spoke in opposition of regulations in general. The regulations in place for taxicab drivers is extensive, and he understands that drivers are defending their livelihood. However, he considers the regulations to be arbitrary. While he supports ridesharing, Mr. Peña countered that the same regulations should apply to ridesharing and taxicab drivers alike. He advised Council to amend the regulations on all drivers. He noted that allowing ridesharing will open up new opportunities in Laredo, including for taxicab drivers, who have been over-regulated for years. He reported that Uber and Lyft have been proven to be safe rides in dangerous cities. Also, over-regulation tends to drive businesses out of town, and he claimed that Laredo can not afford to lose business opportunities.

April Mims, Lyft Senior Public Policy Manager, voiced her enthusiasm to work with Laredo to provide their services. Lyft is part of a new peer-to-peer ridesharing company in over 300 cities across the country. Some goals of Lyft are to reduce traffic congestion, reduce fuel emissions, and provide a friendlier and more efficient service to consumers. 80% of Lyft's drivers drive less than 20 hours a week, making it a platform used by student, teachers, nurses, and other professions to supplement their income. Safety is the backbone of the company for over 4 years. Every single driver is checked by the national background check provider Sterling Talent Solutions, which is used by city governments and Fortune 100 companies. Every driver undergoes a driving record check, driver's license check, and vehicle inspection. The technological features of Lyft, like a GPS tracking system and cashless payment system, make Lyft an exceptional service. Lyft operates with a two-way rating system to protect both drivers and riders. Every ride has \$1 million of commercial auto liability insurance. A recent study by the University of Texas found that communities using Lyft and Uber services experienced a reduction of drunk driving by 11% and a reduction in physical and sexual assault by around 8-11%.

Mark Blumberg of Ride Laredo noted that his organization has a local bilingual platform and an equally user-friendly and sophisticated interface as Uber and Lyft. Ride Laredo caters to the creative and dynamic population in Laredo. They will facilitate seamless transportation between Laredo and Nuevo Laredo. He emphasized that the company would operate completely in Laredo, utilizing local banks and companies during their payment, recruitment, and development. He noted that there is room for taxicab drivers on their platform.

Cm. Balli stated that Council is forward moving and has been proactive to recruiting rideshare companies. He noted the importance of reducing drunk driving incidents and of revitalizing Downtown Laredo. He recalled a friend who was not able to get a taxicab ride from downtown to La Bota Ranch, which he interpreted as taxicabs being too busy to

cater to all potential clients. While Laredo has a superior bus system, it doesn't go everywhere and stops running after a certain hour. Every comment he has heard regarding ridesharing, with the exception of taxicab drivers defending their business, has been positive. Ridesharing is a service that the community is asking for.

Cm. Torres voiced his support of ridesharing as the youngest member of Council. He noted that Council should apply ordinances that encourage the safety of citizens. Council did not have the proper understanding of ridesharing at the time a cease and desist letter was sent to Lyft. Bringing ridesharing to our community is essential to the growth of the city. He commended Cm. Balli for taking the lead on this issue given that taxicab services largely operate in his district.

Cm. Altgelt voiced his opinion that the City should not interfere with a private transaction between a consumer and a product. He noted that taxicab drivers have a captured audience as they get privileged parking for free, and he encouraged free market competition among ridesharing companies and taxicab services.

Cm. Rodriguez stated that if ridesharing is allowed to operate, then Council should lift some limiting regulations from taxicab drivers to make the competition fair. Cm. Gonzalez and Cm. Perez voiced their agreement with Cm. Rodriguez' statements.

Cm. Balli noted his preference for not removing fees but instead meeting with local taxicab drivers and making improvements to the taxicab ordinance as a separate item of business. He doesn't think that the taxicab service is going to go out of business as a result of ridesharing in Laredo. There is an established clientele who prefer taxis and do not use smartphones.

Cm. Vielma stated that she has a conflict of interest regarding this item. The first speaker of the evening is her father, a taxicab driver. However, she emphasized the need for a fair and competitive market for both taxicab and ridesharing services.

Mrs. Hale clarified that there are provisions in the Ethics Code requiring Cm. Vielma not attend discussions in which she has a conflict of interest. Despite previous instances where a Council Member has spoken on matters in which they have a conflict of interest, Cm. Vielma should not be in attendance during this item. It is the duty of the Council Member to recuse himself or herself. Cm. Vielma stated that she will abstain from voting on this issue.

City Manager Jesus Olivares confirmed that if the regulations of taxicab drivers are removed, the parking spaces which they previously exploited for free would have parking meters installed.

Jesus Cadena noted that if the regulations on taxicab drivers are removed, the two industries will have the same advantages and opportunities. He reiterated the high insurance premiums that drivers and taxi services must pay for their operation. He voiced his opinion that if Council allows taxicab services and rideshare companies to operate under the same regulations, he is willing to move forward and coexist.

Cm. San Miguel confirmed with the Lyft and Ride Laredo representatives that taxicab drivers can sign up as drivers with the rideshare services immediately and will gain more business. Ms. Mims reported that a pilot program in San Antonio found that taxicab drivers got more business after ridesharing was implemented as citizens got more comfortable leaving their cars at home. Cm. San Miguel reported that via unofficial social media polls, he found that a lot of Laredoans want rideshare.

Motion to ask City management to send a letter to Lyft retracting its previous letter and to allow rideshare companies to operate without an ordinance for a period of one year and, during that one year, to create a liberal ordinance encouraging ridesharing, and direct City staff to return to Council within 90 days with a proposal for an amendment to the taxicab ordinance that will also be liberal and in favor of more taxicabs, as amended.

Moved: Cm. Balli

Second: Cm. San Miguel

For: 3

Against: 4

Abstain: 1

Cm. San Miguel

Cm. Gonzalez

Cm. Vielma

Cm. Altgelt

Cm. Rodriguez

Cm. Balli

Cm. Torres

Cm. Perez

Motion failed.

Motion to allow ridesharing to operate in Laredo effective immediately and allow taxicab services to operate liberally effective immediately and to remove City requirements currently in place for drivers in order to provide fair competition for both industries.

Moved: Cm. Torres

Second: Cm. San Miguel

For: 7

Against: 0

Abstain: 1

Cm. Gonzalez

Cm. Vielma

Cm. Rodriguez

Cm. Perez

Cm. Torres

Cm. San Miguel

Cm. Altgelt

Cm. Balli

## V. EXECUTIVE SESSION

None.

## VI. ADJOURNMENT

Motion to adjourn.



Moved: Cm. Perez

Second: Cm. Balli

For: 8

Against: 0

Abstain: 0