

Memorandum



CITY OF DALLAS

DATE June 1, 2018

TO Honorable Mayor and Members of the City Council

SUBJECT **Dockless Vehicles Ordinance Discussion**

On Wednesday, June 6, 2018, you will be briefed on Dockless Vehicles and possible amendments to the city ordinance. The briefing material is attached for your review.

Please feel free to contact either Michael Rogers, Director of Transportation, or myself if you have any questions or need additional information.

A handwritten signature in blue ink, appearing to read 'Majed Al-Ghafry'.

Majed Al-Ghafry
Assistant City Manager

[Attachment]

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billierae Johnson, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Dockless Vehicles Ordinance Discussion

**City Council Briefing
June 6, 2018**

**Michael Rogers, PWLF
Director
Department of Transportation**



Presentation Overview

- Definition of Dockless Bike Share
- Dockless Vehicle Program
 - Phase I
 - Phase II
- Primary Ordinance Requirements
- Proposed Fee Structure
- Next Steps
 - Identify and Stripe designated parking
 - Develop Permit application
 - Council Action
- Appendix
 - Draft Ordinance Language
 - Dockless Vehicle Permit Fee Analysis

Definition

- Dockless bike share does not require docking station
- Dockless bikes can be parked at a bike rack, along the sidewalk, or in a designated area within the street pavement
- Dockless bikes can be located and unlocked using a smartphone app.
- Dockless Vehicles Include:
 - Traditional Bicycles
 - Electric Bicycles
 - *Electric Scooters
 - Other Motorized Mobility Devices

*This item is dependent on motor assisted scooter ordinance repeal

Dockless Vehicle Program – Phase I

- On August 14, 2017, dockless bike share was briefed to the Mobility Solutions, Infrastructure and Sustainability Committee (MSISC)
- Staff received direction to start pilot program to:
 1. Allow dockless bike share companies to operate without a fee;
 2. Monitor operations to identify possible regulatory requirements;
 3. Review data for route planning and infrastructure needs.
- The following vendors began operating:
 - VBikes (June 2017)
 - Spin (August 2017)
 - Lime (August 2017)
 - Ofo (November 2017)
 - Mobike (December 2017)

Dockless Vehicle Program – Phase II

- On February 26, 2018, an update of the dockless bike share pilot program was briefed to MSISC
 - 311 tracking results
 - Preliminary ridership data
 - Proposed policy development plan

- MSISC asked to review the fee structure

Dockless Vehicle Program – Phase II cont.

- In February 2018, staff conducted regular discussion meetings with dockless vehicle companies to coordinate and develop the regulatory framework and fee structure.
- Some of the issues identified by the dockless vehicle companies include
 1. Proprietary nature of data
 2. Price/fee
 3. Cap on numbers
- On March 26 and April 9, 2018, staff briefed the MSIS Committee on the proposed regulatory framework and fee structure, and was directed to continue working with dockless vehicle vendors.

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Regulatory Options for Dockless Vehicle Fees

Option 1

Franchise Agreement is controlled by the City Charter and typically used only for utility companies;

Option 2

License is used when an abutting property owner wants use of the public right-of-way;

Option 3

Permits are a more simplified process with the most flexibility, can be issued at the staff level, and allows a cost recovery mechanism

- Staff recommends Option 3

Primary Ordinance Requirements

- Tiered fee structure
- Compliance with applicable vehicle safety standards
- Parking guidelines
- Operational requirements
 - Vehicle rebalancing/removal
 - Operator response requirements
- Data sharing
- Insurance requirements

Proposed Fee Structure in Dallas

- Initial Application Fee - \$776
- Application Renewal Fee - \$388
- A Performance Bond of \$5,000 Per Operator
- Annual Fee Per Vehicle
 - Staff proposes a tiered fee structure in increments of 100
 - The fee charges 90% of each range, and multiplying the number of vehicles by \$18

• Example:

| Number of Vehicles | Proposed Annual Fee |
|--------------------|---------------------|
| 1 – 100 | \$1,620 |
| 101 – 200 | \$3,240 |
| 201 – 300 | \$4,860 |
| 301 – 400 | \$6,480 |
| 401 – 500 | \$8,100 |

Fee Structures in Comparison Cities

| City | Application Fee | Annual Fee Per Bike | Other Fees |
|---------------|---|---|--|
| Aurora, CO | N/A | < 500 bicycles \$2,500; 501 to 1,000 bicycles \$5,000; 1,0001 to 2,000 bicycles \$7,500; > 2,000 bicycles \$10,000 | \$500 fee per docking station for docking-based systems |
| Chicago, IL | \$250 | \$50 | N/A |
| Durham, NC | \$250 | \$10 | Performance Bond of \$80 per bicycle, capped at \$10,000 |
| Plano, TX | \$500 | N/A | Escrow payment of \$5,000 per 1,000 bicycles |
| Reno, NV | N/A | \$10 | N/A |
| Seattle, WA | \$146 permit fee \$1,672 permit review fee | \$15 | Performance Bond of \$80 per bicycle, capped at \$10,000 |
| St. Louis, MO | \$500 | \$10 | N/A |



Next Steps

- Identify and stripe additional parking spaces



Bike Stand - Main St.



Bike Corral – Main St.



Bike Corral – Young St.

- Council Action
 - City Council consideration of the proposed Dockless Vehicles ordinance on June 13, 2018
- Develop permit application to be implemented 30 days after adoption

Dockless Vehicles Ordinance Discussion

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Director
Department of Transportation**



Appendix

- Article X. – Draft Dockless Vehicle Ordinance
- Dockless Vehicle Permit Fee Analysis

ORDINANCE NO. _____

An ordinance amending Chapter 43, “Streets and Sidewalks,” of the Dallas City Code by adding a new Article X; providing that a permit is required to operate a dockless vehicle service in the city; establishing fees and providing regulations for a dockless vehicle permit program; providing a penalty not to exceed \$500; providing a saving clause; providing a severability clause; and providing an effective date.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That Chapter 43, “Streets and Sidewalks,” of the Dallas City Code is amended by adding a new Article X, “Dockless Vehicle Permit,” to read as follows:

“ARTICLE X.

DOCKLESS VEHICLE PERMIT.

SEC. 43-157. DEFINITIONS.

In this article:

(1) **DIRECTOR** means the director of the department designated by the city manager to enforce and administer this article and includes representatives, agents, or department employees designated by the director.

(2) **DOCKLESS VEHICLE** means a bicycle, an electric bicycle, or an electric motor-assisted scooter, pursuant to the definitions set forth in Texas Transportation Code, Sections 541.201 and 551.351, that can be located and unlocked using a smartphone app.

(3) **OPERATOR** means an individual or company that has been issued an operating authority permit under this article.

(4) **REBALANCE** means moving dockless vehicles from an area of low demand to an area of high demand.

(5) **RESIDENTIAL AREA** means a residential district as defined in Section 51A-2.102, “Definitions,” of the Dallas Development Code, or a planned development district or conservation district with residential base zoning.

SEC. 43-158. GENERAL AUTHORITY AND DUTY OF DIRECTOR.

The director shall implement and enforce this article and may by written order establish such rules or regulations, consistent with this article and state or federal law, as he determines are necessary to discharge his duty under, or to effect the policy of, this article.

SEC. 43-159. ESTABLISHMENT OF RULES AND REGULATIONS.

(a) Before adopting, amending, or abolishing a rule, the director shall hold a public hearing on the proposal.

(b) The director shall fix the time and place of the hearing and, in addition to notice required under the Open Meetings Act (Chapter 551, Texas Government Code), as amended, shall notify each operator and such other persons as the director determines are interested in the subject matter of the hearing.

(c) After the public hearing, the director shall notify all operators and other interested persons of the director's action and shall post an order adopting, amending, or abolishing a rule on the official bulletin board in city hall for a period of not fewer than 10 days. The order becomes effective immediately upon expiration of the posting period.

SEC. 43-160. OPERATING AUTHORITY PERMIT.

A person commits an offense if, within the city, he operates, or causes or permits the operation of, a dockless vehicle service without a valid operating authority permit issued under this article.

SEC. 43-161. APPLICATION FOR OPERATING AUTHORITY PERMIT.

(a) To obtain an operating authority permit, a person shall make application in the manner prescribed by the director. The applicant must be the person who will own, control, or operate the proposed dockless vehicle program.

(b) An applicant shall file with the director a verified application statement, to be accompanied by a non-refundable application fee, containing the following:

(1) the form of business of the applicant and, if the business is a corporation or association, a copy of the documents establishing the business and the name and address of each person with a 20 percent or greater ownership interest in the business;

(2) the verified signature of the applicant;

(3) the address of the fixed facilities to be used in the operation, if any, and the address of the applicant's corporate headquarters, if different from the address of the fixed facilities;

(4) the name of the person designated by the applicant to receive on behalf of the applicant any future notices sent by the city to the operator, and that person's contact information, including a mailing address, telephone number, and email or other electronic address;

(5) documentary evidence from an insurance company indicating that such insurance company has bound itself to provide the applicant with the liability insurance required by this article;

(6) documentary evidence of payment of ad valorem taxes on property within the city, if any, to be used in connection with the operation of the proposed dockless vehicle program;

(7) documentary evidence from a bonding or insurance company or a bank indicating that the bonding or insurance company or bank has bound itself to provide the applicant with the performance bond or irrevocable letter of credit required by this article;

(8) the number and types of dockless vehicles to be operated; and

(9) an agreement to indemnify the city.

(c) An operating authority permit may be renewed following the process in this section.

(d) The initial application for an operating authority permit must be accompanied by an application fee of \$776 and the appropriate vehicle fee as specified in Section 43-172. Applications to renew an operating authority permit must be accompanied by an application fee of \$388 and the appropriate vehicle fee as specified in Section 43-172.

SEC. 43-162. CHANGES TO INFORMATION IN OPERATING AUTHORITY APPLICATION.

(a) Any changes to the information provided in the operating authority permit application must be reported to the director, in the manner prescribed by the director, within 10 days of the change.

(b) If the information reported to the director under this section includes an increase in the number of dockless vehicles, any additional vehicle fees due under Section 43-172 must be submitted to the director simultaneously with the change in information.

SEC. 43-163. EXPIRATION OF OPERATING AUTHORITY PERMIT.

An operating authority permit expires one year from the date it is issued.

SEC. 43-164. REFUSAL TO ISSUE OR RENEW OPERATING AUTHORITY PERMIT.

(a) The director shall refuse to issue or renew an operating authority permit if the applicant:

(1) intentionally or knowingly makes a false statement as to a material matter in an application for a permit or permit renewal; or

(2) has been convicted twice within a 12-month period for violation of the article, or a rule or regulation adopted under this article, or has had an operating authority permit revoked within two years of the date of application.

(b) If the director determines that a permit should be denied the applicant or operator, the director shall notify the applicant or operator in writing that the application is denied and include in the notice the specific reason or reasons for denial and a statement informing the applicant or operator of the right to, and the process for, appeal of the decision.

SEC. 43-165. SUSPENSION OR REVOCATION OF OPERATING AUTHORITY PERMIT.

(a) Suspension. The following regulations apply to the suspension of an operating authority permit:

(1) The director may suspend an operating authority permit if the director determines that the operator failed to comply with a request to remove a dockless vehicle or a request to rebalance dockless vehicles issued by the director within the time specified in the order.

(2) Suspension of an operating authority permit does not affect the expiration date of the permit.

(b) Revocation. The following regulations apply to the revocation of an operating authority permit:

(1) The director shall revoke an operating authority permit if the director determines that the operator has:

(A) made a false statement as to a material matter in the application concerning the operating authority permit;

(B) failed to maintain the insurance required by this article;

(C) failed to maintain the performance bond or irrevocable letter of credit required by this article;

(D) operated dockless vehicles that were not authorized by the operating authority permit; or

(E) failed to pay a fee required by this article.

(2) After revocation of an operating authority permit, an operator is not eligible for another permit for a period of up to two years, depending on the severity of the violation resulting in the revocation.

SEC. 43-166. APPEALS.

Any person whose application for an operating authority permit, or renewal of an operating authority permit, is denied by the director, or an operator whose operating authority permit has been revoked or suspended by the director, may file an appeal with the permit and license appeal board in accordance with Section 2-96, "Appeals From Actions of Department Directors," of this code.

SEC. 43-167. NONTRANSFERABILITY.

An operating authority permit is not transferable. This regulation should not be construed to impede the continuing use of trade names.

SEC. 43-168. OPERATIONS.

(a) Each operator shall provide dockless vehicles to accommodate a wide range of users.

(b) Each dockless vehicle permitted under this article must display the emblem of the operator along with a unique identification number.

(c) Dockless vehicles must not display third party advertising.

(d) Dockless vehicles must meet all requirements of local, state, and federal law. Bicycles must meet the safety standards outlined in ISO 43.150 – Cycles, Subsection 4210, as amended.

(e) Dockless vehicles must be high quality and sturdily built to withstand the effects of weather and constant use for five years.

(f) Dockless vehicles must be well maintained and in good riding condition.

(g) Each dockless vehicle permitted under this article must be equipped with active global positioning system technology.

(h) Operators shall maintain a staffed operations center.

(i) Operators shall maintain a 24-hour customer service number posted on each dockless vehicle for customers and citizens to report safety concerns, make complaints, ask questions, or request a dockless vehicle be relocated.

(j) Operators shall rebalance dockless vehicles at least once per week.

(k) Operators shall provide the director with contact information for someone who can rebalance and relocate dockless vehicles. The operator shall rebalance or relocate dockless vehicles within two hours of receiving notification on weekdays between 6:00 a.m. and 6:00 p.m. (excluding holidays) and within 12 hours of receiving notice at all other times. An operator shall notify the director within 24 hours of a change of contact information.

(l) An operator shall remove any inoperable dockless vehicle, or a dockless vehicle that is not safe to operate, from the right-of-way within 24 hours of notice from the director. A dockless vehicle removed from the right-of-way in accordance with the subsection must be repaired before it is returned to revenue service.

(m) An operator shall provide the director with special access, via the operator's app or other device, to immediately unlock and remove dockless vehicles that are blocking access to city property or the public right-of-way.

(n) Any dockless vehicle retrieved by the director from a stream, lake, or other body of water is deemed unsalvageable and will be immediately discarded if not collected by the operator after notification.

(o) If the city incurs any costs addressing or abating any violations of this section, or incurs any costs of repair or maintenance of public property, the operator shall reimburse the city for the costs within 30 days of receiving written notice from the director.

(p) An operator shall not place or attach any personal property (other than dockless vehicles), fixtures, or structures in the public right-of-way without the separate written permission of the director. Any permission to place items in the public right-of-way must be incorporated into the permit.

(q) An operator shall not adversely affect the property of any third parties during the use of city property or the public right-of-way.

(r) An operator shall educate customers regarding the law applicable to riding, operating, and parking a dockless vehicle. An operator's mobile application must provide information notifying the user that:

(1) minors must wear helmets while riding a bicycle as required by Section 9-8, "Bicycle Helmet Required," of the Dallas City Code and while riding a motor assisted scooter as required by Section 28-41.1, "Restrictions on the Use of Motor Assisted Scooters, Pocket Bikes, and Minimotorbikes," of the Dallas City Code;

(2) dockless vehicles must be parked legally and properly;

(3) bicyclists and motor assisted scooters must yield to pedestrians on sidewalks and trails; and

(4) bicycles may not be ridden on sidewalks within the central business district per Section 9-1, "Applicability of Traffic Regulations to Bicycle Riders," of the Dallas City Code.

(s) The number of dockless vehicles in a fleet must be commensurate with the expected level of service.

SEC. 43-169. DOCKLESS VEHICLE PARKING AND DEPLOYMENT.

(a) Dockless vehicles may not be parked in a manner that would impede normal and reasonable pedestrian access on a sidewalk or in any manner that would reduce the minimum clear width of a sidewalk to less than 48 inches.

(b) Dockless vehicles may not be parked in a manner that would impede vehicular traffic on a street or alley.

(c) Dockless vehicles may not be parked in a manner that would impose a threat to public safety or security.

(d) Dockless vehicles may not be parked on a public street without specific permission from the director.

(e) Dockless vehicles may not be deployed on a block where the sidewalk is less than 96 inches in width, or on a block that does not have sidewalks. The director may determine other blocks where deploying dockless vehicles is prohibited.

(f) Dockless vehicles must be deployed on a sidewalk or other hard surface, at a bicycle rack, or at a city-owned location. Dockless vehicles may only be deployed on private property with the permission of the property owner.

(g) Dockless vehicles must stand upright when they are parked.

(h) Dockless vehicles may not be parked in a visibility triangle as defined in Section 51A-4.602, "Fence, Screening and Visual Obstruction Regulations," of the Dallas Development Code.

(i) Dockless vehicles may not be parked within five feet of a crosswalk or curb ramp, unless given specific permission from the director.

(j) Dockless vehicles may not be parked in any way blocking:

(1) Transit stops, shelters, or platforms.

- (2) Commercial loading zones.
 - (3) Railroad tracks or crossings.
 - (4) Passenger loading zones or valet parking service areas.
 - (5) Disabled parking zones.
 - (6) Street furniture that requires pedestrian access (for example, benches or parking pay stations).
 - (7) Building entryways.
 - (8) Vehicular driveways.
- (k) Dockless vehicles parked along multi-use trails may only be parked at trailheads or other areas identified by the director.
- (l) Dockless vehicles that are parked in an incorrect manner must be re-parked or removed by the operator within two hours of receiving notice from the director on weekdays between 6:00 a.m. and 6:00 p.m. (excluding holidays) and within 12 hours of receiving notice from the director at all other times.
- (m) A dockless vehicle that is parked in a residential area may remain in the same location for up to 48 hours as long as it is parked in accordance with this section. An operator shall relocate or rebalance a dockless vehicle parked in a residential area after receiving a citizen request or complaint in accordance with the timeframes specified in Section 43-169(l).
- (n) The director may remove and store any dockless vehicle that is left parked at the same location for seven or more consecutive days if the director has sent the operator a notification to rebalance the dockless vehicle. The operator is responsible for the costs of removal and storage. The director shall invoice the operator for the cost of removal and storage.
- (o) The director may identify designated dockless vehicle parking zones. Subject to advance approval of the director, an operator may indicate virtual dockless vehicle parking areas with paint or decals where appropriate in order to guide riders to preferred parking zones in order to assist with orderly parking of dockless vehicles throughout the city.

SEC. 43-170. INSURANCE REQUIREMENTS.

- (a) An operator shall procure and keep in full force and effect no less than the insurance coverage required by this section through a policy or policies written by an insurance company that:
- (1) is authorized to do business in the State of Texas;

(2) is acceptable to the city; and

(3) does not violate the ownership or operational control prohibitions described in Subsection (e) of this section.

(b) The insured provisions of the policy must name the city and its officers and employees as additional insureds, and the coverage provisions must provide coverage for any loss or damage that may arise to any person or property by reason of the operation of a dockless vehicle.

(c) An operator shall maintain the following insurance coverages:

(1) The commercial general liability insurance must provide single limits of liability for bodily injury (including death) and property damage of \$1 million for each occurrence, with a \$2 million annual aggregate.

(2) If an operator will utilize motor vehicles in its operations, the business automotive liability insurance must cover owned, hired, and non-owned vehicles, with a combined single limit for bodily injury (including death) and property damage of \$500,000 per occurrence.

(d) Insurance required under this article must:

(1) include a cancellation provision in which the insurance company is required to notify the director in writing not fewer than 30 days before cancelling the insurance policy (for a reason other than non-payment) or before making a reduction in coverage;

(2) include a cancellation provision in which the insurance company is required to notify the director in writing not fewer than 10 days before cancelling for non-payment;

(3) cover all dockless vehicles during the times that the vehicles are deployed or operating in furtherance of the operator's business;

(4) include a provision requiring the insurance company to pay every covered claim on a first-dollar basis;

(5) require notice to the director if the policy is cancelled or if there is a reduction in coverage; and

(6) comply with all applicable federal, state, and local laws.

(e) No person who has a 20 percent or greater ownership interest in the operator may have an interest in the insurance company.

(f) An operator may not be self-insured.

(g) Any insurance policy required by this article must be on file with the city within 45 days of the issuance of the initial operating authority permit, and thereafter within 45 days of the expiration or termination of a previously issued policy.

SEC. 43-171. DATA SHARING.

(a) An operator shall cooperate with the city in the collection and analysis of aggregated data concerning its operations.

(b) An operator shall provide a quarterly report to the director that includes:

- (1) Total number of rides for the previous quarter.
- (2) Total number of vehicles in service for the previous quarter.
- (3) Number of rides per vehicle per day.
- (4) Anonymized aggregated data taken by the dockless providers in the form of heat maps showing routes, trends, origin and destination
- (5) Anonymized trip data taken by the operator's dockless vehicles that includes, trip duration, and date and time of trip.

(c) An operator shall provide other reports at the director's request.

SEC. 43-172. VEHICLE FEE.

An operator shall pay a vehicle fee as follows:

| Number of Dockless Vehicles | Fee |
|-----------------------------|----------|
| 1-100 | \$1,620 |
| 101-200 | \$3,240 |
| 201-300 | \$4,860 |
| 301-400 | \$6,480 |
| 401-500 | \$8,100 |
| 501-600 | \$9,720 |
| 601-700 | \$11,340 |
| 701-800 | \$12,960 |
| 801-900 | \$14,580 |
| 901-1,000 | \$16,200 |
| 1,001-1,100 | \$17,820 |
| 1,101-1,200 | \$19,440 |
| 1,201-1,300 | \$21,060 |
| 1,301-1,400 | \$22,680 |
| 1,401-1,500 | \$24,300 |
| 1,501-1,600 | \$25,920 |
| 1,601-1,700 | \$27,540 |
| 1,701-1,800 | \$29,160 |
| 1,801-1,900 | \$30,780 |

| | |
|--|----------|
| 1,901-2,000 | \$32,400 |
| 2,001-2,100 | \$34,020 |
| 2,101-2,200 | \$35,640 |
| 2,201-2,300 | \$37,260 |
| 2,301-2,400 | \$38,880 |
| 2,401-2,500 | \$40,500 |
| 2,501-2,600 | \$42,120 |
| 2,601-2,700 | \$43,740 |
| 2,701-2,800 | \$45,360 |
| 2,801-2,900 | \$46,980 |
| 2,901-3,000 | \$48,600 |
| Vehicle ranges increase in increments of 100, and fee increases by \$1,620 per range | |

SEC. 43-173. PERFORMANCE BOND OR IRREVOCABLE LETTER OF CREDIT.

Before issuance of an operating authority permit, the operator shall give the director a performance bond or an irrevocable letter of credit approved as to form by the city attorney.

(1) A bonding or insurance company authorized to do business in the State of Texas and acceptable to the city must issue the performance bond. A bank authorized to do business in the State of Texas and acceptable to the city must issue the irrevocable letter of credit.

(2) The performance bond or irrevocable letter of credit must list the operator as principal and be payable to the city.

(3) The performance bond or irrevocable letter of credit must remain in effect for the duration of the operating authority permit.

(4) The amount of the performance bond or irrevocable letter of credit must be at least \$5,000.

(5) Cancellation of the performance bond or irrevocable letter of credit does not release the operator from the obligation to meet all requirements of this article and the operating authority permit. If the performance bond or irrevocable letter of credit is cancelled, the operating authority permit shall be suspended on the date of cancellation and the operator shall immediately cease operations until the operator provides the director with a replacement performance bond or irrevocable letter of credit that meets the requirements of this article.

(6) The city may draw against the performance bond or irrevocable letter of credit or pursue any other available remedy to recover damages, fees, fines, or penalties due from the operator for violation of any provision of this article or the operating authority permit.

SEC. 43-174.

ENFORCEMENT.

(a) The director may, with or without notice, inspect any dockless vehicle operating under this article to determine whether the dockless vehicle complies with this article, rules and regulations established under this article, or other applicable laws.

(b) The director shall enforce this article. Upon observing a violation of this article or the rules or regulations established by the director, the director shall take necessary action to ensure effective regulation of dockless vehicles.

SEC. 43-175.

CRIMINAL OFFENSES.

(a) A person commits an offense if he violates or attempts to violate a provision of this article, or a rule or regulation established by the director under this article, that is applicable to a person. A culpable mental state is not required for the commission of an offense under this article unless the provision defining the conduct expressly requires a culpable mental state. A separate offense is committed each day in which an offense occurs.

(b) Prosecution for an offense under Subsection (a) does not prevent the use of other enforcement remedies or procedures applicable to the person charged with or the conduct involved in the offense.”

SECTION 2. That a person violating a provision of this ordinance, upon conviction, is punishable by a fine not to exceed \$500.

SECTION 3. That Chapter 43 of the Dallas City Code shall remain in full force and effect, save and except as amended by this ordinance.

SECTION 4. That any act done or right vested or accrued, or any proceeding, suit, or prosecution had or commenced in any action before the amendment or repeal of any ordinance, or part thereof, shall not be affected or impaired by amendment or repeal of any ordinance, or part thereof, and shall be treated as still remaining in full force and effect for all intents and purposes as if the amended or repealed ordinance, or part thereof, had remained in force.

SECTION 5. That the terms and provisions of this ordinance are severable and are governed by Section 1-4 of Chapter 1 of the Dallas City Code, as amended.

SECTION 6. That this ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:

LARRY E. CASTO, City Attorney

By _____
Assistant City Attorney

Passed _____

DRAFT



City of Dallas

**Cost of Services Study Findings
Dockless Vehicle Permit Fees**

May 2018

FINAL



1801 East 51st Street, Suite 365-504
Austin, Texas 78723
p: (214) 770-7153
www.mgtconsulting.com

EXECUTIVE SUMMARY

Introduction

MGT Consulting Group, LLC (MGT) is pleased to present the City of Dallas with this summary cost analysis for fees associated with the Dockless Vehicle Permit Program as part of a new Article X, Chapter 43 of the Dallas City Code. Dockless vehicles are defined as bicycles, electric bicycles, or and electric motorized scooter in the Texas Transportation Code Sections 551.201, 551.351, 551.001, AND 551.002. These vehicles can be located and unlocked using a smartphone app.

This report identifies the full costs of providing a comprehensive permitting, monitoring, review, and enforcement program for companies and bicycles that fall under this program. City staff costs from a proposed four-person project team assigned to administer and oversee dockless vehicle operations are included in this cost analysis. Staff involved in this program include those currently located, or proposed to be located, in the Transportation Department.

Dallas has a long history of reviewing its fees and charges and conducts reviews of each department every three to four years. Its Financial Management Performance Criteria (FMPC) requires a review of selected fees and charges every four years. The City remains interested in accurately reporting the full cost of providing various fee-related services and exploring the possibilities of modifying current fees in order to better reflect cost. Since its initial studies dating back to the 1990s, the City has regularly undergone similar studies in order to maintain the accuracy in reporting the costs to provide fee-related services, and establishing fees based on cost.

Chapter 43, "Streets and Sidewalks," of the Dallas City Code is in the process of being revised to reflect establishing of a Dockless Vehicle Permit Program. This program has several proposed components that include establishment of a fee structure to offset the cost of administering a permitting and monitoring program for these types of vehicles. This report reflects the cost analysis based upon 2017-18 proposed operational costs and processes and reflects an initial fee schedule for businesses that may fall into the program.

This report is the culmination of two months of work between MGT and Transportation Department staff. MGT would like to take this opportunity to acknowledge all city personnel who participated on this project for their efforts and coordination. Their responsiveness and continued interest in the outcome of this study contributed greatly to its comprehensiveness.

Study Scope and Objectives

The study included a review of fee-for service activities within the Dockless Vehicle Program.

The study was performed under the direction of the Transportation Department. The primary goals of the study were to:

- ❖ Develop a schedule of current fees and charges.

- ❖ Define what it costs the City to provide its Dockless Vehicle Permit fee-related services.
- ❖ Develop cost recovery projections based on recommended fees.
- ❖ Identify factors that might affect a decision to implement a fee structure based upon a recovery of full costs.

The information summarized in this report addresses each of these issues and provides the City with the tools necessary to make informed decisions about implementing any proposed fees and the resulting impact on City revenues.

Study Findings

The study's primary objective is to provide the City's decision-makers with defensible data needed for setting fees. This report details the full cost of services and presents proposed fees and projected revenues based on recommended user fee cost recovery levels. Recommendations were based upon careful consideration of the results of the cost analysis. They reflect recovering 100% of costs related to program administration and operation. The exhibit on the following page displays the costs and revenues of the Dockless Vehicle Program into the following categories:

Column A, User Fee Costs – This study evaluated \$353,361 of program costs. Of that total, \$283,562 (or 80.2%) is related to user fee services. It is this \$283,562 that is the focus of this study and represents the total potential for user fee-related revenues for the City in the Dockless Vehicle Permit Program.

Column B, Current Revenues – Since this is a new program with an entirely new fee structure, current revenues are projected at zero.

Column C, General Fund Subsidy – Current fee levels recover 0% of full cost, leaving 100% or \$283,562 to be funded by other funding sources. This \$283,562 represents an opportunity for an updated and more focused cost recovery effort by the City for fee-related services.

Column D, Recommended Recovery – It is estimated that adoption of the recommended cost recovery policy would increase fee revenue to a maximum of \$283,562, assuming the volumes of dockless vehicle companies and bicycles would be billed and collected. This would increase the overall cost recovery level to 100%.

Column E, Increased (Decreased) Revenue – A maximum of \$283,562 in additional revenue would be generated with these fee adjustments.

**Dockless Vehicle Permit Program
User Fee Cost & Revenue Analysis
FY 2018**

| User Fee Department | CURRENT | | | RECOMMENDED | |
|--------------------------------|------------------------------|---------------------|------------------------|--------------------------|-----------------------------------|
| | (A) Costs, User Fee Services | (B) Current Revenue | (C) Current Subsidy | (D) Cost Recovery Policy | (E) Increased (Decreased) Revenue |
| TRN - Dockless Vehicle Program | \$ 283,562 | \$ - 0% | \$ 283,562 100% | \$ 283,562 100% | \$ 283,562 |
| Totals: | \$ 283,562 | \$ - 0% | \$ 283,562 100% | \$ 283,562 100% | \$ 283,562 |

Methodology

A cost of service study is comprised of two basic elements:

- ❖ Hourly rates of staff providing the service.
- ❖ Time spent to provide the service

The product of the hourly rate calculation times the time spent yields the cost of providing the service.

Hourly Rates

The hourly rate methodology used in this study includes city staff hourly salary and benefit rates to arrive at fully burdened hourly rates. Fully burdened hourly rates are a mechanism used to calculate the direct salary and fringe benefits cost of providing services. The proper identification of direct labor costs is crucial to the determination of the direct cost of providing services.

Direct costs are typically defined as those that can be identified specifically to a function or activity, including labor, and possibly materials or supplies. This analysis included materials, supplies, contractual services, and administrative costs. MGT's hourly rate calculation methodology for the Dockless Vehicle Program includes the following line items:

| Description | Annual Amount |
|---------------------------|---------------|
| 311 Reporting Application | \$25,580 |
| Building Rental/Lease | \$15,000 |
| Uniforms | \$1,487 |
| Radios | \$5,200 |
| Computers | \$4,200 |
| Cell Phone | \$600 |
| Annual Cost Analysis | \$1,500 |

Personnel Services Analysis – each staff classification associated with the Dockless Vehicle Permit program is analyzed in the study. Staff classifications include a Manager II, and Engineer Assistant, and two Parking Enforcement Officers. The first burden factor is comprised of compensated absences such as vacation/holidays/sick leave days taken in a year's time. Staff classifications are then categorized as either direct (operational) or indirect (administrative or supervisory) labor. In some cases, a classification will have both direct and indirect duties. The total indirect portion of staff cost is incorporated into hourly overhead rates.

The proposed staff responsibilities are defined as follows:

- ❖ **Manager II** - this position will provide program oversight for the Dockless Vehicle Program. Primary duties include but are not limited to; reviewing and processing permits submitted to the City of Dallas, reviewing 311 summary reports to ensure compliance with permit guidelines, analyzing ridership data submitted by the operators to aid in route and infrastructure planning, following up with inquiries from City Council representatives, citizens, the media, and others as needed. Presenting program related information to City staff and City Council representatives. Fifty percent of this position's time will be dedicated to activities unrelated to the dockless vehicle program. These costs are identified as "Non-Fee Related" and are excluded from the full cost fee calculations.
- ❖ **Engineer Assistant** – this position will be involved in the day-to-day operations of the Dockless Vehicle Program. Primary duties include but are not limited to; reviewing and processing permits submitted to the City of Dallas; Reviewing comments submitted through the City's 311 system and compiling the comments into reports; analyzing and compiling ridership data into reports to aid in route and infrastructure planning, coordinating the installation of dockless vehicle parking, and following up with inquiries from City Council representatives, citizens, the media, and others as needed.
- ❖ **Parking Enforcement Officers** - these positions will patrol the City daily to ensure compliance with the permit guidelines. Primary duties include but are not limited to; monitoring the comments collected through the City's 311 system, identifying vehicles that need to be removed or rebalanced, following up on comments and complaints to ensure issues are addressed, rebalancing and/or removing dockless vehicles and storing them as needed.

Indirect Cost Rate – a ratio of indirect cost to direct labor (salaries plus benefits) is established. This analysis includes one element of indirect cost:

- ❖ Indirect Labor – includes compensated absences, administrative and supervisory staff costs.

Fully Burdened Hourly Rates – incorporates all the elements that comprise the hourly rates used in this cost analysis.

- ❖ Each direct or operational staff classification is listed, together with the average annual salary.
- ❖ The hourly salary rate is calculated by the taking annual salary and dividing by the projected available productive hours in a year.
- ❖ The benefit rate reflects the average benefit rate multiplied against the salary rate.
- ❖ The overhead rate is derived by multiplying the internal indirect cost rates against the salary plus benefit rates.

The total combines the salary, benefits and overhead rates. This is the fully burdened rate for each staff classification.

MGT prepared indirect overhead rates and corresponding hourly rate calculations using budgeted 2018 personnel services expenditures.

The hourly rates also include \$4,721 in indirect costs as identified in the City's overhead cost allocation rate calculation for the Transportation Department. This amount includes allocated costs from "central service" City departments that include those such as City Manager, Human Resources, Building Services, Budget Management, and Purchasing.

Time Spent

The first step in the process was to identify staff time spent directly on each of the user fee activities. The program manager identified time spent to complete each task associated with program-related user fee services. Estimated annual volume statistics were also gathered in order to develop total annual workload information. This information is provided in detailed user fee workbooks that were provided to the City staff as part of the study. However, the projected number of Dockless vehicle companies requiring annual or renewal permits is estimated at seven (7), and the total number of bicycles is estimated at fifteen-thousand (15,000).

Fee Calculations and Revenue Projections

Given this information, MGT was able to calculate the cost of providing each service, both on a per-unit and total annual basis (per-unit cost multiplied by annual volume equals total annual cost). As mentioned above, costs were calculated by multiplying per-unit time estimates by the hourly labor rates. Full costs are then compared to current fees/revenues collected (in this case, no revenues are now collected), and subsidies are identified. A detailed User Fee Summary identified by individual fee may be viewed in **Section II** of this report.

Dockless Vehicle Permit Program

The proposed new Article X in Chapter 43 of the Dallas City Code establishes new processes and guidelines for a Dockless Vehicle Permit fee structure. The City staff is working with various Dockless Vehicle companies and interested neighborhood and business groups to develop Article X and follow the Texas Transportation Code, while providing reasonable requirements for dockless vehicle operation, parking, data sharing, and enforcement of new requirements.

This new program required a current cost of service model. Fees collected from the dockless vehicle companies are intended to offset the City's costs of administering this program. The User Fee Summary on the following page shows 100% as the recommended recovery rate to cover all direct and indirect costs for these services.

Since this program identifies a new fee structure, current revenues are shown as zero. The program will need to generate approximately \$283,562 in revenues to fully fund the program as City staff envisions. These costs are summarized in the table on the following page. Fee recommendations include 100% cost recovery. Assuming the projected volumes hold true (seven dockless vehicle companies and 15,000 bicycles) and collection rates yield 100% in collections, fee adjustments will generate approximately \$283,562 in revenues.

User Fee Study Summary Sheet

City of Dallas, Texas
 Transportation - Dockless Vehicle
 2018

| Service Name | Annual Volume | Current | | | | | | Recommendations | | | | | |
|-------------------------------|---------------|-------------|-----------|------------------|-------------|----------------|----------------|-----------------|------------------|----------------|-------------------|---------------------|--|
| | | Per Unit | | | Annual | | | Per Unit | | | Annual | | |
| | | Current Fee | Full Cost | Current Recovery | Annual Cost | Annual Revenue | Annual Subsidy | Recovery Level | Fee @ Policy Lev | Annual Revenue | Increased Revenue | Recommended Subsidy | |
| Bike Company Annual Permit | 7 | \$ - | \$ 776 | 0% | \$ 5,429 | \$ - | \$ 5,429 | 100% | \$ 775.54 | \$ 5,429 | \$ 5,429 | \$ - | |
| Bike Company Permit (Renewal) | 7 | \$ - | \$ 388 | 0% | \$ 2,714 | \$ - | \$ 2,714 | 100% | \$ 387.77 | \$ 2,714 | \$ 2,714 | \$ - | |
| Annual Bike permit (per bike) | 15,000 | \$ - | \$ 18 | 0% | \$ 275,419 | \$ - | \$ 275,419 | 100% | \$ 18.36 | \$ 275,419 | \$ 275,419 | \$ - | |
| Non-Fee Related Activities | 1 | \$ - | \$ 69,799 | 0% | \$ 69,799 | \$ - | \$ 69,799 | 0% | \$ - | \$ - | \$ - | \$ 69,799 | |
| Total User Fees | | | | | \$283,562 | \$0 | \$283,562 | | | \$283,562 | \$283,562 | \$0 | |
| % of Full Cost | | | | | | 0% | 100% | | | 100% | 0% | 0% | |
| Total Other Services | | | | | \$69,799 | \$0 | \$69,799 | | | \$0 | \$0 | \$69,799 | |
| % of Full Cost | | | | | | 0% | 100% | | | | | | |
| Department Totals | | | | | \$353,361 | \$0 | \$353,361 | | | \$283,562 | \$283,562 | \$69,799 | |
| % of Full Cost | | | | | | 0% | 100% | | | 80% | 0% | 20% | |

Full Cost Staffing Summary

| Position | Hourly Rate Components | | | | | | Full Cost - by Position |
|-----------------------------|------------------------|-------------------|---------------------|------------------|-----------------------|------------|-------------------------|
| | Annual Salary | Salary & Benefits | Internal Dept Admin | External Support | Full Cost Hourly Rate | | |
| Engineer Assistant | \$ 44,000 | \$ 28.67 | \$ 10.48 | \$ 0.53 | \$ 39.68 | \$ 71,422 | |
| Manager II | \$ 86,000 | \$ 56.04 | \$ 20.47 | \$ 1.04 | \$ 77.55 | \$ 139,598 | |
| Parking Enforcement Officer | \$ 43,845 | \$ 28.57 | \$ 10.44 | \$ 0.53 | \$ 39.54 | \$ 142,341 | |

TOTAL PROGRAM COSTS: \$ 353,361