

# Steering Oakland towards Sustainability, Equity and Innovation:

Local Policy Approaches to Transportation Network Companies  
(TNCs)

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## **DISCLAIMER**

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This study has been prepared for the East Bay Alliance for a Sustainable Economy. The author conducted this study in partial fulfillment of the requirements for the degree of Master of Public Policy at Mills College. The judgments and conclusions are solely those of the author, and are not necessarily endorsed by the Mills College Public Policy Program, the sponsoring organization, or any other agency.

# EXECUTIVE SUMMARY

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## APP-BASED ECONOMY: CHANGING TRANSIT, CHALLENGING CITIES

Online application-based firms are a rapidly growing segment of the economy, particularly in the for-hire transportation sector. In Oakland, separate municipal and state regulation of private ride services has resulted in parallel offerings with serious gaps in public safety, consumer, environmental and worker protection. While there is no question that app-based ride services, now officially designated Transportation Network Companies (TNCs), increase convenient, affordable transit options, the industry and uneven regulatory standards also result in economic incentives that produce public safety, consumer protection, and environmental problems as well as issues of inequitable access to transit and exploitative labor practices.

Increased demand for ride services combined with a regulatory environment producing unintended competitive advantages to app-based firms will result in increasing negative effects as TNC services continue to grow in scale. As app-based firms become important regional players, local government must take an active role in developing policies that integrate service industries adopting new business models into key public safety, consumer protection, sustainability, and equity frameworks.

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## KEY FINDINGS

- **TNCS NOW PROVIDE MORE LOCAL RIDE SERVICES THAN TAXIS**

*Just three years after app-based ride services emerged, TNCs provide over half of for-hire trips in the Bay Area. Eleven percent of Bay Area residents use TNC services at least once a month and demand continues to grow.*

- **GROWING RISK TO PUBLIC SAFETY AND GAPS IN CONSUMER PROTECTION**

*The ratio of collisions to vehicle miles traveled has increased virtually every month since reporting requirements started, quadrupling between 2014 and 2015. TNC collision rates and reports of violent incidents involving drivers suggest the public is being placed at risk.*

*Gaps in insurance coverage and uncertainty over liability prevent victims from receiving compensation without costly lawsuits.*

- **COMPOUNDING URBAN CONGESTION AND GREENHOUSE GAS EMISSIONS**

*TNCs are primarily substituting for taxis, not private vehicles. Because TNC vehicles not subject to the same restrictions or environmental standards as other forms of transit, the potential exists that current efforts to reduce greenhouse gas emissions may be undermined.*

- **INTENSIFYING POOR LABOR CONDITIONS**

*Evidence suggests that unrestricted entry of TNC drivers is resulting in increased income insecurity in this sector locally. The rapid increase in drivers coincides with a corresponding decrease in the average income per driver in Alameda County.*

- **INCREASING BURDEN ON PUBLIC RESOURCES, DIMINISHING PUBLIC REVENUE**

*Because TNCs come under state jurisdiction, California cities cannot create a level playing field by treating taxi service and TNCs the same. TNCs and their drivers gain competitive advantage by avoiding city permitting fees, while Oakland residents bear the costs of TNC activity in terms of increased congestion and traffic accidents along with the increased police presence it generates burdening public resources.*

- **UNDERSERVED COMMUNITIES**

*TNC fare-setting solely by market forces creates economic incentives to underserve specific communities. The needs of wheelchair users, the elderly, low-income neighborhoods, and outlying areas may go unmet because cost doesn't support service.*

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## **NEW THINKING AND BETTER POLICIES ARE NEEDED**

The recommendations below build on each other to enhance urban mobility in ways that are safe, support public transit, improve first- and last-mile solutions, reduce congestion, promote health, and equitably serve all Oakland communities.

**RECOMMENDATION 1:** That the Oakland Department of Transportation affirm the role of private ride services as a part of its comprehensive transportation plan based on safety, sustainability and equity and develop pilot plans to access resources to bridge transit gaps, build relationships, and gain knowledge.

**RECOMMENDATION 2:** Build alliances across jurisdictions to pool resources, create a common agenda and maximize political clout.

**RECOMMENDATION 3:** Expand resources for independent worker organizing to lift up drivers and gain grassroots knowledge and support.

**RECOMMENDATION 4:** Develop a trip-based TNC fee to level the playing field and further policy goals.

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## **PUT DRIVER VOICES AND COMMUNITY VALUES IN THE FOREFRONT**

With the innovation and rise in popularity of on demand ride service apps, Oakland has the opportunity to create policies that support sustainability and equity. For that to happen, community values and the voices of drivers must come to the forefront.

Innovative business models should not steer Oakland away from a healthy, equitable, and sustainable future. Rather than considering TNC or taxi services in isolation, Oakland will be better served if policymakers shift towards developing transit policy that allows both taxis and TNCs to supplement the existing public infrastructure. This policy shift will be facilitated by developing pilot programs to foster partnerships between ride service providers and the new Oakland Department of Transportation, filling transit gaps and fostering first- and last-mile service with a focus on equitable transportation access. By shining a light on the actual experiences of drivers and remaining committed to policies that make protection of public health and safety, equity and sustainability primary, Oakland policymakers can create innovative policies and build the collective power to bring them about.



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