



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator

Date: August 6, 2026

Subject: Proposed Ordinance No. 2026-20 – Commercial Passenger Vehicles;
Repeal and Replace Chapter 6.30 of the Sitka General Code; Adoption of
Implementing Regulations

Background

The existing Chapter 6.30 of the Sitka General Code, entitled “Taxicabs,” has governed commercial passenger transportation in Sitka for decades. The chapter and its implementing regulations remained largely unchanged since major amendments in 1997, with limited updates in 2009. Over time, the commercial transportation landscape in Sitka changed considerably: new vehicle types entered the market, ride-sharing concepts emerged nationally, human-powered transport gained popularity among tourism operators, and shuttle and tour services grew to serve the cruise visitor economy. The taxicab framework was not designed to accommodate this diversity and became increasingly difficult to administer, with provisions that were outdated, unclear, or misaligned with the community’s actual transportation needs.

Concern about commercial passenger transportation in Sitka was formally raised as early as May 2022, when staff and elected officials began discussing inadequacies in the existing code during work sessions and committee meetings. Those early discussions identified recurring themes: a shortage of available taxis, particularly in the evening and early morning hours; barriers to driver entry created by duplicative permitting requirements; lack of regulatory flexibility for small operators offering mixed services; and an absence of a clear framework for newer transportation modes. It was evident that a comprehensive rewrite of Chapter 6.30, rather than incremental amendment, was the appropriate path forward.

In response to those early discussions, administration undertook a structured community engagement effort. On July 18, 2023, the City and Borough hosted a Town Hall on Commercial Transportation at Centennial Hall, facilitated by Assembly member Tim Pike and introduced by the Municipal Administrator. The meeting brought together commercial transportation operators, residents, and other stakeholders to identify problems with the existing regulatory structure and explore solutions. The input gathered at that meeting

directly informed the development of the proposed ordinance and implementing regulations now before the Assembly.

Analysis

Summary of Town Hall Findings (July 18, 2023)

The July 18, 2023 Town Hall generated candid, substantive input from participants. The discussion was organized around two questions: what problems exist under the current regulatory framework, and what solutions should the new framework pursue.

On the problem side, participants consistently identified a shortage of available drivers as the most pressing issue. The existing permitting process was described as a barrier to entry, with duplicative requirements that discouraged prospective drivers: applicants already holding a commercial driver's license were still required to complete a separate local permitting process, and vehicles already subject to state Department of Transportation inspections were subjected to additional municipal inspections. These redundancies added cost and delay without corresponding safety benefit. Participants noted that the labor shortage in Sitka was exacerbating the driver availability problem and that the lack of evening and nighttime service had a tangible effect on the community's quality of life.

Transportation access to and from the airport was identified as a specific and persistent gap. Participants noted insufficient taxi availability at the airport and an absence of affordable shuttle alternatives. ADA-accessible transportation was also identified as inadequate. Several participants noted wide disparities in fares between operators for trips to the same destination, which participants attributed to the absence of a clear and consistently enforced fare structure.

The existing regulatory framework also drew criticism for its lack of flexibility for small operators who provided a mix of services, such as tours and taxis, and who found the code difficult to navigate. Participants noted that enforcement of existing regulations had been inconsistent, in part because of police department staffing constraints, and that the regulatory complexity made enforcement more difficult to prioritize.

On the solutions side, participants called for reciprocity with state-level licensing and inspection processes to eliminate duplication. Several participants proposed that once a driver is approved, annual re-application should not be required, and that background check and physical examination requirements should be streamlined where equivalent state requirements already exist. Participants supported posting fare rates in vehicles and having a clear, consistently applied fare structure. Expanding dispatch options and improving service availability without requiring new operators was suggested. Participants were clear that they wanted a "Sitka solution" — regulation calibrated to the scale and character of the community rather than wholesale importation of frameworks designed for larger urban markets.

Overview of Proposed Changes

The proposed ordinance and accompanying regulations represent a comprehensive rewrite of the commercial passenger transportation framework. The following summarizes the principal changes from the existing Chapter 6.30.

Scope and Terminology

The existing chapter governs only “taxicabs.” The proposed ordinance replaces that framework with a broader “commercial passenger vehicle” structure that encompasses taxis (Class A), shuttles, tours, and limousines (Class B), and human-powered vehicles such as pedicabs and bicycle taxis (Class C). This restructuring brings all commercial passenger transport under a single, coherent regulatory chapter and eliminates the need for operators of non-taxi services to operate in a regulatory gray area. The companion amendment to SGC 11.45.140 updates the traffic code’s stopping, standing, and parking provisions to reflect the new terminology.

Endorsement Structure

The existing code issues operator’s licenses without distinguishing the type of service authorized. The proposed ordinance introduces a three-class endorsement system. A Class A endorsement covers taxi service at a standard regulated flat-rate zone fare. A Class B endorsement covers shuttles, tours, and limousines operating on defined routes, stops, and pricing. A Class C endorsement covers human-powered vehicles. Class C service operates year-round, is limited to the Central Business District and to the period from sunrise to sunset, and may be suspended by the commercial passenger vehicle manager when snow, ice, or other roadway conditions make operation unsafe. Each endorsement carries tailored operational requirements, driver qualification standards, and vehicle standards appropriate to the service type, replacing the one-size-fits-all approach of the existing code.

Reduced Driver Permitting Barriers

Directly responding to Town Hall feedback, the proposed regulations reduce duplicative permitting requirements for drivers. Drivers holding a valid commercial driver’s license may drive Class B vehicles without obtaining a separate local professional driver’s permit. Similarly, vehicles already subject to mandatory state safety inspection or certification requirements under AS 28 are exempt from the municipal vehicle approval requirement. The FBI fingerprint requirement of the old code is removed; a state criminal history and driving record check is sufficient. The professional driver’s permit term is extended from one year to two years, reducing the administrative burden of annual renewal. These changes lower the barrier to entry without compromising safety standards.

Fare Schedule and Rate Administration

Under the existing code, the fare schedule is subject to approval by the chief of police after notice and public hearing, but no factors are specified to guide that decision, and the fare structure is embedded in the regulations, requiring formal amendment to change.

The proposed ordinance and regulations move the fare schedule for Class A taxi service to a standalone Appendix A, established by the chief of police and updated as needed. Because taximeters cannot be certified within the City and Borough of Sitka, the new fare structure is zone-based, flat rates determined by the pickup and drop-off zones rather than a meter. This is a structure designed specifically for Sitka's compact, well-defined road network and predictable destination patterns. Before establishing or amending the fare schedule, the chief of police must provide written notice to all current Class A license holders, hold a public hearing, and consider specified statutory factors including the cost of vehicle operation, prevailing driver wages, cost of living in Sitka, and the public need for affordable service. Charter service (time-based transportation for multiple stops or extended engagements) is separately defined and authorized under the Class A endorsement at a time-based charter rate also published in Appendix A.

Courtesy Vehicle Exemption

The proposed ordinance introduces a defined exemption for courtesy vehicles (vehicles operated by businesses such as lodging facilities, tour operators, and automotive repair shops to transport their own patrons as an incidental amenity, at no separate charge). The existing code does not clearly address this category, creating uncertainty for operators of hotel shuttles and similar services. The new definition provides regulatory clarity and eliminates an unintended burden on those businesses.

Excluded Services

The proposed ordinance states expressly what the chapter does not reach. Vehicles operated by a driver for a transportation network company are excluded, consistent with State regulation of those services under AS 28.23. Vehicles providing public transit service open to the general public on a fixed route and schedule are excluded, as are vehicles operated by or for a federally recognized tribe, which together place the RIDE transit system outside the framework. Vehicles used solely to transport elderly or disabled persons and their attendants are excluded, which covers Care-A-Van. School buses, and vehicles providing services directly to the City and Borough, the State, or the federal government, are also excluded. Vessel-based tours are outside the scope of the chapter entirely. The existing code addresses none of these categories, and stating the exclusions in the ordinance removes the need to resolve each question by administrative interpretation.

Administrative Sanctions Framework

The existing code's only penalty provision is a misdemeanor: a fine up to \$1,000 or up to 90 days imprisonment for any violation. The enforcement provisions are brief and procedurally underdeveloped, with limited grounds specified and no graduated structure. The proposed ordinance replaces this with a comprehensive administrative sanctions framework. Most violations are converted to civil infractions with a published fine schedule in Appendix B. Misdemeanor classification is retained only for insurance violations. The framework includes defined grounds for suspension and revocation, graduated sanction

levels, correction orders for non-safety violations, immediate removal authority for safety-critical violations, pre-deprivation notice and hearing rights, and summary suspension authority where an imminent hazard to life or property exists.

Appeal Pathway

Under the existing code, adverse decisions are appealed from the chief of police to the Assembly, whose decision is final. The proposed ordinance restructures the appeal pathway: decisions of the chief of police denying an application or suspending or revoking a permit are appealable to the municipal administrator, whose decision constitutes the final administrative decision of the City and Borough, subject to appeal to Superior Court within 30 days. The Assembly is removed from the appeal chain, which is consistent with standard municipal administrative law practice and ensures the Assembly retains its legislative rather than quasi-judicial role.

No Vested Rights and Transition

The proposed ordinance adds an explicit no-vested-rights provision, clarifying that an operator's license does not constitute a property right or entitlement to continued operation independent of the regulatory requirements. This is a standard and important protection for the municipality's regulatory authority that is absent from the existing code. Immediately following, a transition provision (§6.30.065) provides that all driver permits valid on the effective date of the new chapter remain valid through their current expiration dates, and that all operator licenses valid on that date remain valid until March 14, 2028 so that renewals align with the new March licensing cycle. Renewal is governed by the new chapter. Together, these provisions give the Assembly full future flexibility while treating existing operators fairly.

Conforming Amendment to SGC 11.45.140

A companion amendment updates SGC 11.45.140, which governs stopping, standing, and parking of buses and taxicabs on public streets, to replace taxicab-specific terminology with "commercial passenger vehicles" and to cross-reference the new Chapter 6.30 definition. This ensures consistency across the code.

Summary of Changes: Old Code vs. New Code

The following table summarizes the principal changes from the existing Chapter 6.30 ("Taxicabs") to the proposed Chapter 6.30 ("Commercial Passenger Vehicles").

Area	Old Code (Chapter 6.30 "Taxicabs")	New Code (Chapter 6.30 "Commercial Passenger Vehicles")
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Scope	Taxicabs only — motor vehicles transporting passengers for hire with no fixed route.	Three classes: Class A (taxis), Class B (shuttles, tours, limousines), Class C (human-powered vehicles such as pedicabs). All commercial passenger transport under one chapter.
Endorsement Structure	Single operator's license with no distinction by service type.	Three-class endorsement system with tailored requirements for each class. Class A operators may not hold other endorsements, ensuring dedicated public taxi service.
Driver Permitting	All drivers required to complete full local permitting including FBI fingerprints and state police printouts, regardless of existing state credentials. One-year permit term.	Class B drivers holding a commercial driver's license are exempt from the professional driver's permit. FBI fingerprint requirement removed. Two-year permit term for professional driver's permits.
Vehicle Inspection	All vehicles inspected by Sitka Police Department regardless of state inspection status. Annual inspection.	Class B vehicles already subject to state AS 28 safety inspection are exempt from municipal vehicle approval. Semiannual inspections for motorized vehicles and annual inspection for Class C human-powered vehicles; structured unannounced inspection program added.

Fare Structure	Rates set by the chief of police after notice and public hearing. Fare schedule embedded in regulations — formal amendment required to change. No factors specified. No standard structure.	Zone-based flat-rate fare schedule in standalone Appendix A (zone-based because taximeters cannot be certified in Sitka). Chief must provide written notice to all license holders, hold a public hearing, and consider specified factors before changing fares.
Charter Service	Not defined or authorized.	Charter service defined and authorized under Class A endorsement. Billed at a separate time-based rate in Appendix A. Distinct from the standard zone fare.
Courtesy Vehicles	Not addressed — hotel shuttles and similar vehicles operated in a regulatory gray area.	Defined exemption for courtesy vehicles operated by lodging facilities, tour operators, and auto repair businesses for their own patrons at no separate charge.
Excluded Services	Not addressed. Application of the chapter to newer services and to public and tribal transportation was left to interpretation.	Express exclusions for transportation network company drivers under AS 28.23, fixed-route public transit, vehicles operated by or for a federally recognized tribe, vehicles serving only elderly or disabled persons, school buses, and government vehicles.

Violations and Penalties	All violations were misdemeanors: fine up to \$1,000 or up to 90 days imprisonment.	Most violations converted to civil infractions with a published fine schedule (Appendix B). Misdemeanor classification retained only for insurance violations. Correction orders available for non-safety infractions.
Administrative Sanctions	Brief and procedurally underdeveloped. Limited grounds specified. No graduated structure.	Comprehensive framework with defined grounds for suspension and revocation, graduated sanction levels, pre-deprivation notice and hearing rights, and summary action authority for imminent hazards.
Appeal Pathway	Chief of police → Assembly. Assembly decision was final.	Chief of police → Municipal Administrator → Superior Court. Assembly removed from appeal chain.
Insurance Minimums	\$50,000 property damage / \$100,000 per person / \$200,000 per occurrence.	\$100,000 property damage / \$100,000 per person / \$300,000 per occurrence (set by regulation). Class C vehicles require commercial general liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate.
No Vested Rights	No provision. Permits could be argued to	Explicit no-vested-rights clause. An operator's license does not create a

	constitute a property interest.	property right or entitlement to continued operation.
Transition / Grandfathering	Grandfathering provision tied to the 1986 original enactment date only.	New transition provision (§6.30.065). Driver permits valid on the effective date remain valid through their current expiration dates. Operator licenses valid on that date remain valid until March 14, 2028, aligning renewals with the new March licensing cycle.
Removed Provisions	Accident reporting requirement (within 24 hours for accidents >\$500 damage); pull-to-right passenger acceptance and discharge rule.	Both removed. Accident reporting addressed by state law. Passenger loading/discharge governed by general traffic provisions in SGC 11.45.

How the Proposed Framework Responds to Town Hall Concerns

The following summarizes how the proposed ordinance and regulations address the concerns raised at the July 18, 2023 Town Hall.

Driver shortage and barriers to entry

Drivers holding a commercial driver's license are exempt from the professional driver's permit for Class B service. FBI fingerprint requirement removed. Permit term extended to two years. Vehicles subject to state inspection are exempt from municipal vehicle approval.

Duplicative permitting and inspection requirements

CDL exemption and state inspection exemption directly eliminate the redundancies identified by participants. The two-year permit term reduces annual administrative burden.

Fare disparities and lack of a clear fare structure

Zone-based flat-rate fare schedule posted in every vehicle. Infraction for charging outside the schedule. Public hearing and notice required before fares can be changed. Specific factors the chief must consider are codified in the ordinance.

Lack of flexibility for mixed-service operators

Class B endorsement provides a clear regulatory home for shuttles, tours, and limousines. Courtesy vehicle exemption clarifies that incidental patron transport by lodging and tour businesses is not regulated as commercial passenger vehicle service.

Inconsistent enforcement

Civil infraction framework with a published fine schedule replaces the misdemeanor-only structure. Graduated sanctions, correction orders, and a structured hearing process give the enforcement authority clear, proportionate tools.

New vehicle types and services

Class C endorsement creates a regulatory framework for human-powered vehicles. Class B covers shuttles and tours. Charter service is defined and authorized under Class A. All commercial transport is now within the chapter rather than in a gray area.

A “Sitka solution”

Zone-based fares reflect the reality that taximeters cannot be certified in Sitka and that the community has a compact, predictable road network. The framework is scaled to a small community rather than imported from a large urban model.

Airport and ferry terminal access

The airport and the Alaska Marine Highway ferry terminal are State of Alaska facilities. Access to and staging at those facilities is governed by the State rather than by the City and Borough, and the proposed ordinance does not regulate it. The zone fare schedule does establish a fixed, posted fare for trips to and from Japonski Island, which addresses the fare inconsistency reported for airport trips.

ADA and accessible transportation

The regulations provide a ten percent reduction in Class A endorsement fees and a waiver of registration fees for wheelchair accessible vehicles registered under a Class A license, creating a financial incentive for accessible service.

Fiscal Note

The proposed ordinance and regulations are not expected to have a material fiscal impact on the City and Borough's operating budget. Permit and inspection fees are established in the regulations and are intended to recover the cost of administration. The chief of police will administer the fare schedule through the Appendix A process. No new staff positions are required by the ordinance. The conversion of most violations from

misdemeanors to civil infractions, with fines collected by the City and Borough, may modestly increase non-tax revenue, though this is not projected as a budget line. Any future fiscal implications associated with fare schedule adjustments or increased permitting activity will be reported through the normal budget process.

Recommendation

Administration recommends that the Assembly adopt Ordinance No. 2026-20 repealing and replacing Chapter 6.30 of the Sitka General Code with the Commercial Passenger Vehicles chapter, together with the companion amendment to SGC 11.45.140, and that the Assembly approve the implementing regulations as presented. The proposed framework reflects more than three years of staff analysis, structured community engagement, and legal review. It is responsive to the problems identified by operators and residents at the July 18, 2023 Town Hall, reduces unnecessary regulatory burden, and provides the City and Borough with a modern, enforceable, and adaptable commercial transportation code built specifically for Sitka.

Encl: (1) Ordinance No. 2026-20 — Chapter 6.30 Commercial Passenger Vehicles
(2) Companion amendment to SGC 11.45.140
(3) Commercial Passenger Vehicle Regulations, including Appendix A (Taxi Fare Schedule) and Appendix B (Fine Schedule)