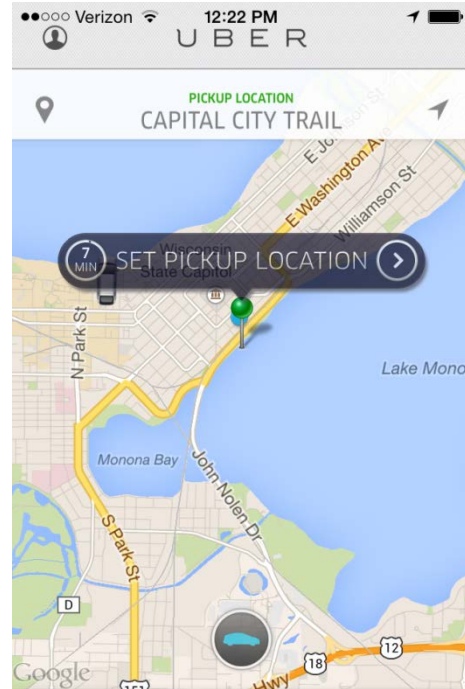


Subcommittee of the Transit and Parking Commission: REVIEW TAXI REGULATIONS & SHARED-RIDE SERVICES

Overview and History of Shared Ride Apps/Transportation Network Companies Companies and Effects in the City of Madison

1. What are shared-ride services and Transportation Network Companies (TNCs)?



According to the California Public Utility Commission, TNCs provide prearranged transportation or “shared-ride” services for compensation using an online-enabled application or platform (such as smart phone apps) to connect drivers using their personal vehicles with passengers. The largest TNCs in the United States are: Uber, Lyft, Sidecar, and Tickengo/Wingz. Only Uber and Lyft currently operate in the City of Madison.

A customer may download a TNC app on his or her mobile device and create a user account. Generally, basic contact and credit card information are required to open an account. Lyft users may use a Facebook account to log on to the app. Upon logging on to the app, the customer will see graphically where he is she is located on a map and where the nearest TNC driver is located (see screen shots for Lyft and Uber apps). If a customer chooses to request a ride on the app, details or a photo of the vehicle and the driver, and an estimated arrival time will appear on the screen of the customer’s mobile device.

The customer will also see an estimated donation request for the trip on the app. Donation requests are based on distance and time not unlike a traditional taxicab meter; however, rates may increase or decrease based on demand. For example, if it rains or if it is New Year’s Eve, rates may increase many times over general rate—this is called “surge pricing” or “prime time”. Conversely, if demand is low, rates may be reduced. Lyft calls this “happy hour” and fares may be 10% to 50% off normal rate. Customers are

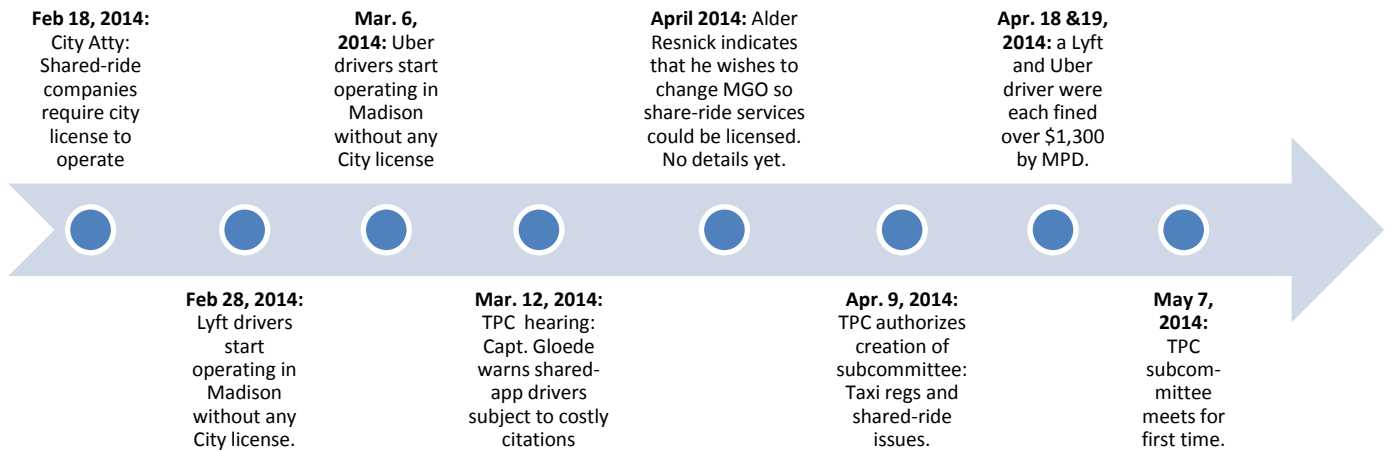
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made aware of the estimated fare before the trip and may pay that amount or a lesser amount. All payments to the TNC are made through the app and are cash-free. Lyft and Uber drivers receive 80% of the fare with the company receiving 20%.

In Madison, Uber and Lyft state that they ask for donations in lieu of fare. A customer may actually pay less than the suggested amount. However, it should be noted that in California both companies have converted from requesting donation to requiring a minimal fare for a trip.

At the end of each trip, a passenger is prompted to rate the driver and the driver is prompted to rate the passenger. This information is made available to all passengers and drivers.

2. What was the impetus for the creation of the Subcommittee? with Uber/Lyft Events Timeline?



On February 3, 2014, Uber asked City staff if it could legally operate in the City of Madison under current law. City staff provided MGO 11.06, and later, a City Attorney's Office opinion clarifying that shared-ride companies, their drivers, and vehicles would each need to be licensed by the City in order to legally operate. A copy of this opinion was also forwarded to Lyft.

Despite the opinion, Lyft launched service in Madison beginning on February 28, 2014 and Uber followed on March 6, 2014. Neither company applied for any City permit. Subsequently, a driver from each company was fined over \$1,300 each for several violations of City law.

Alder Resnick is currently working on a proposal to make it easier for TNCs to become licensed by the City. He has mentioned the elimination of the requirement that public passenger companies must operate 24-hours-a-day and 7-days-a-week, but specifics of this proposal are not yet available.

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3. What are the City’s Ordinances pertaining to Public Passenger Vehicles and how do they relate to the requirements/methods of operation for TNCs?

Major Requirements for Public Passenger Vehicles: Taxis:	Lyft Requirements:	Uber Requirements:
Companies/Drivers/Vehicles providing public passenger, for hire, must be licensed by the City of Madison.	N/A, company or drivers have not applied for any City license.	N/A, company or drivers have not applied for any City license.
Metered and zoned cabs must provide service 24 hours a day, 7 days a week.	Hours of operation vary by city but are not 24 hours-a-day.	Hours of operation vary by city but are not 24 hours-a-day.
All licensed taxicab companies must provide service to the entire City.	App does not currently function in certain areas of the city. Also, drivers may choose which passenger to pick-up.	Drivers may choose which passenger to pick-up. App does appear to work through-out the city.
Coverage for taxicabs must be for in the minimum amount of one-million dollars (\$1,000,000) per occurrence, shall be primary and non-contributory, and shall list the City of Madison, its officers, officials, and employees as additional insureds.	<p>The Lyft Excess Liability Insurance policy is designed to act as primary insurance in the event that the driver's personal insurance will cover only a portion of or none of the driver's liability associated with an incident. It goes into effect once the driver is matched with a passenger for the time that s/he is on the way to pick up that passenger or have the passenger in driver's car. It is designed to cover driver liability for property damage and bodily injury of passengers and/or third parties up to a limit of \$1M per incident.</p> <p>Also, Uber has recently added insurance for ridesharing drivers to cover any potential "insurance gap" for accidents that occur while drivers are not providing transportation service for hire but are logged onto the Uber</p>	<p>The Uber Excess Liability Insurance policy covers the liability of: 1) ride-sharing drivers in the policy who have accepted a trip and are en route to pick up passengers or who are transporting passengers to their destination Uber driver liability coverage is up to \$1 million per incident for bodily injury or property damage to passengers or any other third parties, such as pedestrians, other vehicles, buildings, etc. The policy also covers bodily injury caused by uninsured and underinsured motorists up to \$1 million/incident, so that no matter who is at fault, coverage is in place. Lyft also provides insurance to a Lyft driver who does not have a passenger is in the vehicle for a driver's liability.</p>

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	network and available to accept a ride: \$50,000/individual/incident for bodily injury, \$100,000 total/incident for bodily injury and \$25,000/incident for property damage.	
No licensed taxicab company may refuse service unless passenger is abusive, has been known not to pay fares, is overly intoxicated.	Driver may choose not to accept passenger for any reason and passengers may not know refusal took place.	Driver may choose not to accept passenger for any reason and passenger may not know refusal took place.
Each meter or zone taxicab shall be conspicuously and permanently marked on the right and left exterior sides with the owner's name, vehicle permit number, type of vehicle permit issued, and current rates of fare.	Generally, Lyft vehicles have pink moustaches affixed to front of vehicle but have no other markings or color scheme.	Vehicles have no markings or color scheme.
Every taximeter being operated in a taxicab in the City of Madison shall be inspected by the City Sealer or Weights and Measures Inspectors within 10 days after any new rate goes into effect and at such other times as the Inspectors or Director of Transportation may require.	Uses a GPS-based app that measures time and distance. This method/equipment has not been inspected/approved by City weights and measures.	Uses a GPS-based app that measures time and distance. This method/equipment has not been inspected/approved by City weights and measures.
Metered taxicab companies must file rate change with the City Clerk at least 28 days before the new rate takes effect. A company may only change rate once every six months.	Their app allows for "Prime Time" rates which allows for rates to increase with service demand.	Their app allows for "Surge Pricing" rates which allows for rates to increase with service demand.
Driver has to be 18 years-old and may be denied a permit for charges or convictions related to a crime substantially related to driving a taxicab. If a driver is denied a permit, he or she may appeal to a TPC subcommittee	Driver must be at least 23 years old, with: -- 4-door car, year 2000 or newer -- In-state insurance with driver name on the policy -- In-state license -- Clean driving record -- Criminal background checks -- DMV checks	Driver must be least 23 years old, with: -- 4 door car in excellent condition -- In-state insurance with driver name on the policy -- In-state license -- Clean driving record -- Background checks -- Star rating system

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	<ul style="list-style-type: none"> -- Vehicle inspections -- Excess liability inspections -- Zero-tolerance drug and alcohol policy -- Star rating system 	
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4. How are other cities or states reacting?

Uber Laws: State-by-State

Hover Over State For Details

■ No Uber
 ■ No Law
 ■ Legislation in Progress
 ■ Regulated

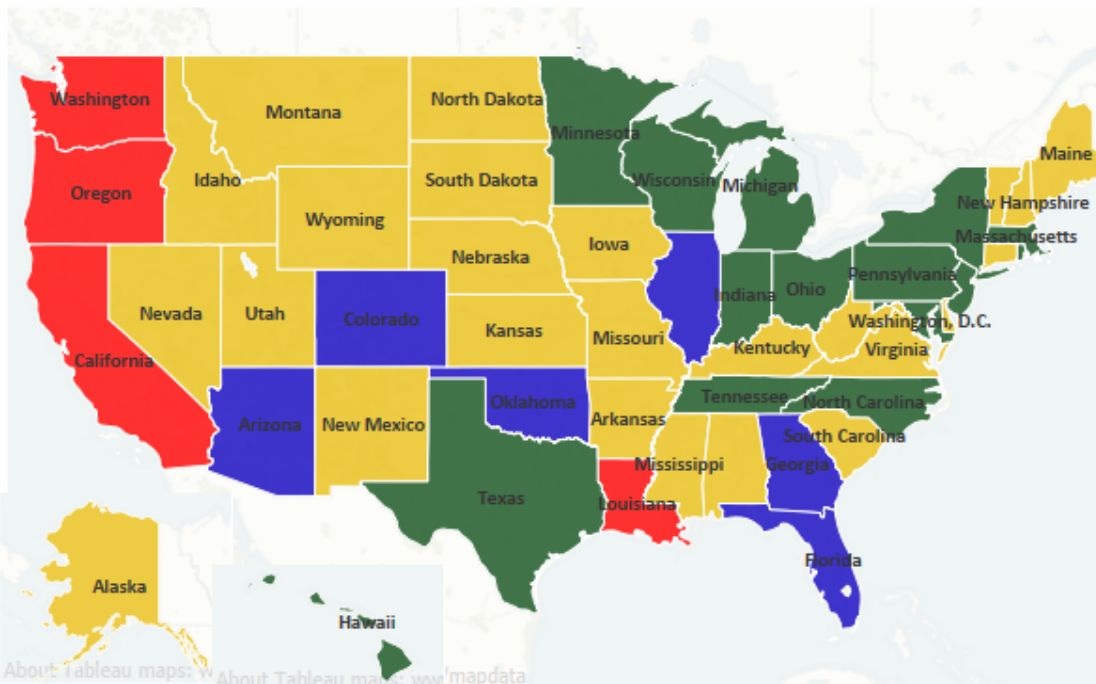


Figure 1: <http://www.nbcchicago.com/investigations/Uber-Laws-State-By-State--256639731.html> posted : 4/25/2014

Chicago and Illinois

Mayor Rahm Emanuel has proposed allowing the shared-ride services to be licensed in Chicago. Also, the Illinois State Legislature is also working on legislation to allow shared-ride services on a statewide basis.

Crain's Chicago Business summarized the difference between the Mayor's proposal, current Taxi ordinance and State's bill as follows:

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1. FARES

City proposal

Unregulated, changing with supply and demand
Cannot be 20 percent more than quoted

Taxi ordinance

Set by the City Council
\$3.25 plus \$1.80 per mile and about \$1 every three minutes

State bill

Unregulated
Makes surge pricing available to taxi drivers who get customers through an app

2. INSURANCE REQUIREMENT

City proposal

While en route to picking up a passenger, until the trip is complete: \$1 million per accident
All other times: \$20,000 per person and \$40,000 per accident, the state minimum

Taxi ordinance

At all times: \$350,000 per accident

State bill

From the time the driver turns on the app: \$500,000 per accident

3. SUPPLY OF CARS

City proposal

Unlimited

Taxi ordinance

Set by the City Council, with about 6,800 active cars
Medallions cost \$336,000 in the private market in 2014

State bill

Unlimited

4. DRIVER'S LICENSE

City proposal

Ordinary license

Taxi ordinance

Chauffeur's license

State bill

Based on individual driver's workload
Up to 18 hours a week: ordinary
More than 18 hours: chauffeur's license

5. SAFETY INSPECTIONS

City proposal

Self-certification

Taxi ordinance

Inspection every six months if car is more than three years old

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State bill

Inspection every six months as required by the Illinois Vehicle Code for taxis that aren't regulated by city ordinance

Other Locations

Below is an account from GeekWire 3/14/2014 posting entitled, "Driving politicians crazy: A breakdown of ride-sharing controversies, city-by-city". Some additional information has been added.

Dallas, Texas: At issue is how the city defines cabdrivers and limo operators; police regularly cite Uber drivers for violating a city code that regulates who can operate as a limo driver. One city council proposal would require, among other things, for rides to be arranged at least 30 minutes before service. [The Dallas Morning News]

Austin, Texas: Sidecar left town last year, after the city threatened to impound ride-sharing cars over insurance concerns. Last week, the Austin Police Department warned SXSW attendees that they may be inadvertently breaking the law by accepting an Uber ride during the festival. [Reuters and GeekWire]

Jacksonville, Fla.: The City Council green-lighted Uber's services after approving legislation, which would not require riders to have to book the service at least a half-hour in advance. [The Florida Times-Union]

State of California: The California Public Utilities Commission (CPUC) has voted to regulate ride-sharing companies, the first state to do so. The rules require companies to obtain a license from CPUC, conduct criminal background checks, establish a driver training program, and hold a commercial insurance policy with a minimum of \$1 million per-incident coverage. [TechCrunch]

California regulators warned four app-based ride companies on March 6, 2014 that the TNCs haven't shown how they inspect vehicles and other information required to receive state operating permits. The companies have 60 days to comply of their applications to operate will be denied.

Minneapolis: Lyft began operating in the city despite a City prohibition on the unlicensed service. The City says that the service needs to hold the same licenses as a taxi, and has threatened to ticket and impound drivers' vehicles if they collect money. Currently rides are free. [The Minneapolis Star-Tribune]

Minneapolis Council Alder Frey has proposed an ordinance that would require the TNCs to be licensed with the City and pay \$35,000 annually in fees. That money would go to hire an inspector to ensure the cars are up to code, and that the companies' background checks and insurance policies are sufficient. Also under this proposal, TNCs would pay a surcharge if they do not have sufficient accessible vehicles in their fleet.

Nashville, Tenn.: City officials are considering legislation that would address concerns around insurance issues and liability, the safety of personal vehicles, background checks and the vetting of drivers. Uber's town car service, however, got the OK to operate in previous legislation. [Nashville Business Journal.]

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Milwaukee, WI.: The City attorney issued an opinion stating that Uber and Lyft would be required to be licensed by the City. However, there has been no enforcement.

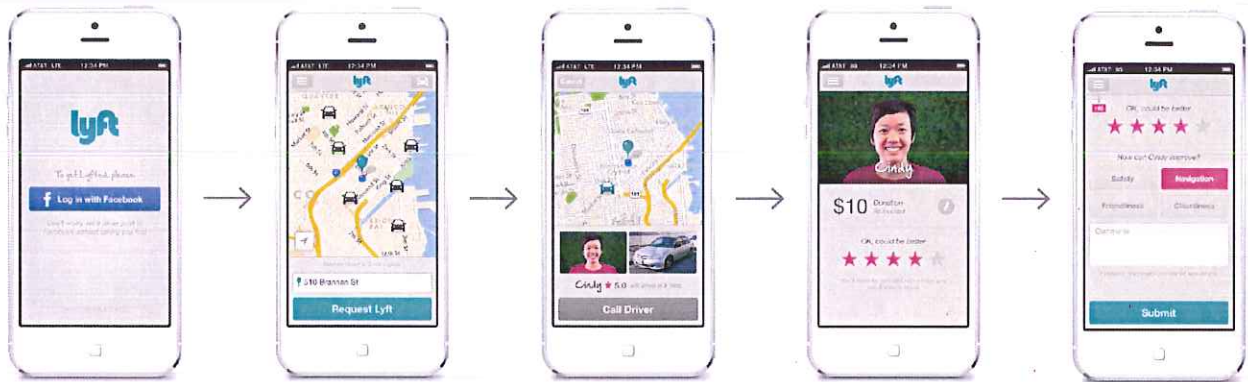
Alder Bauman has acknowledged the City doesn't have the resources to enforce city ordinances as they pertain to Uber and Lyft, and has proposed: First, there will be no cap whatsoever on cabs. Second, there will be minimal requirements on operators of any kind: All drivers must have a driver's license, their car must have a public passenger vehicle permit and they must meet the City's insurance requirement. Third, any violators will pay a fine, beginning at \$2,500 and rising significantly with each added offense.



How It Works

Lyft is the latest evolution in mobile-based ridesharing — a friendly, safe, and affordable transportation option that matches people who need rides with people who have cars. Lyft launched in June 2012 and is now live in several cities, including San Francisco, Los Angeles, Chicago, Boston, and Washington D.C. It is setting the gold-standard for safety while providing an innovative and affordable transportation option. Lyft's platform has more than 250,000 users that have completed more than 1,000,000 total rides.

HOW IT WORKS FOR PASSENGERS



Download: Get the app on your smartphone and input your credit card information.

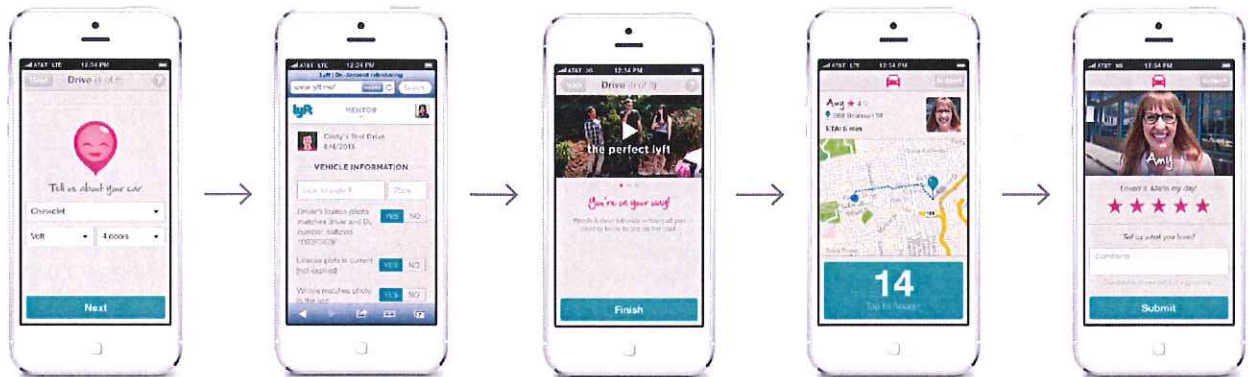
Request: Tap a button to request a ride and view estimated time of arrival.

Get matched: Based on proximity and ratings, get matched and track driver location in real-time.

Donate: When your ride is complete, review suggested donation and contribute desired amount — no cash is exchanged.

Rate: After the ride, rate your driver and leave optional donation and comments based on safety, navigation, friendliness, and cleanliness of car.

HOW IT WORKS FOR DRIVERS



Download: Get the app on your smartphone, input your personal car year, make and model.

Get screened: Move through strict screening process including criminal background and driver record checks.

Get onboarded: If approved, complete welcome process. Only approved members can access driver mode.

Drive: After reviewing passenger location, photo, and rating, accept rides as they appear on your smartphone.

Rate: After the ride, rate your passenger and leave optional comments. Driver is not shown what rider donated.