

TBC 02.11.15
ITEM F.2.
HANDOUT

Marc A. Mouchon-- Union Cab Driver

Madison, WI 53704

Statement regarding TNC's

- Local transportation economy disrupted: Besides 20% of all earnings going to companies based out of state, the drivers' homes are unknown, and many of them can drive in from Milwaukee where Uber's market is over saturated with drivers, or rural towns within say 100 miles of Madison which are economically depressed and the drivers are happy to make anything.
- TNCs have the effect of drastically lowering drivers' wages in the local taxi industry. Uber seeks to saturate every market with as many vehicles as possible naturally to maximize profits. This goal serves to push drivers incomes to the lowest possible threshold just shy of quitting work. If there is an Uber less then 3 minutes away from everywhere in town, then those drivers are guaranteed to have a very low average.
- Obfuscation of true income: Most drivers for TNC will not have considered their full expenses besides simply gas, such as accelerated depreciation of their vehicle, self employed income tax, increased maintenance and repair costs. They get a direct deposit paycheck and it seems like good money because it is 80% of the fares but of course that is largely cut down by expenses. Also Uber builds in fees into the fare and drivers see no part of. There are many articles on the internet espousing the fact that many drivers are making less than minimum wage net, and I don't believe they usually figure in accelerated depreciation of the vehicle. Of course they are independent contractors immune to minimum wage law.
- If TNCs are allowed to monopolize the Madison market, one or more taxi companies are certain to fail. There is so much margin allowable in the budget of a taxi company before it cannot sustain itself. If an outside monopoly such as Uber is allowed to take say 30-50% of the market due to tactics no local business can compete with (illegal operation, sub minimum wage earnings, free rides, billions of dollars in venture capital, drivers willing to work for little money), it is easy to see how this can and will happen. When taxi companies fail those drivers who wish to continue doing some form of driving employment and/or are desperate for work may end up feeding this race to the bottom by driving their vehicle for a TNC.
- Operational inefficiency costs passed on to drivers: TNCs dispatch smart phone ordered cars to empty cars. The destination is not part of the dispatching algorithm. This means that a car already driving someone to a destination near where a call is will be ignored and another car which may be a further distance away will get dispatched the call, because it simply dispatches to the closest empty car. That extra empty driving time and extra gas has these drivers have to pay for. Uber and Lyft only experience 20% of that inefficiency and since they are flooding the city of vehicles it is of no concern; they are maximizing profits. Customers generally have no idea how cabs are dispatched, so when they see their Uber or Lyft vehicle that is so x minutes away, they think how much better that is for them because they have an instant accurate time estimate. Calculating time estimates based when considering vehicles' destinations and other considerations is more complex and there maybe unknowns such as how long it will take to

unload the passenger or if there are stops along the way, so the automatic dispatching system would have to take these into account. Cab companies must consider the destination and these factors in order to maximize their dispatching efficiency in an effort to keep wages as high as possible and fares as low as possible.

- Cab companies are slated to offer similar Smart Phone based dispatching services already. With the popularity and utility of smart phones most everyone seems to have, cab companies already feel the need to incorporate these technologies into their services and Union Cab is slated to do this in March. There will soon be no excuse for a illegal monopolistic tyrannical companies to destroy the taxi industry in Madison for the simple perceived need of smart phone based cab ordering with automatic ETAs.
- TNCs must be banned in Madison. Other US cities realize the destructive nature of TNCs and have banned Uber: Portland OR, Little Rock AR, Anchorage AL, Richmond VA. Uber and Lyft must be unavailable on their respective apps in Madison. Merely attempting to regulate TNCs is a naive attempt to get an outside monopoly to play fair which is doomed to fail. No matter what laws are put in place, unless MPD is willing to put many resources into enforcing them by randomly and frequently ordering TNC cabs in order to review whether the vehicle and driver are conforming with regulations, there is no way to enforce these laws in practice. Uber and Lyft have no scheduling of vehicles and have no capacity to ensure 24 hour service, and if they produced a trumped up report saying they did show coverage there would be no way to enforce the checking of this. They will continue to defy all laws despite our best intentions and attempts to cooperate with them, as they have demonstrated around the world. Let us do what is right for our community and our transportation infrastructure. They must be banned outright.