Going my way

The author learns about Uber and Lyft on his illegal ride to work

By Christian Schneider

Not long ago, I decided to embark on some undercover investigative journalism. I wasn't infiltrating the Mafia, nor was I posing as a campaign donor to take down a corrupt politician.

I was looking for someone to give me a ride.

Had I just whipped open the phone book and started calling random individuals for a ride, it would have been completely legal. As with the world's oldest profession, the transaction would only become a matter for Madison police if I offered to pay for it.

And pay I did, through two of the most popular "ride-sharing" services in the state's capital, Uber and Lyft. While both cab-like services have grown in popularity in America's big cities, Madison has remained resistant to their charms. Judging them a safety risk, Mayor Paul Soglin considers the services illegal.

In early August, Madison police conducted their second sting operation of Uber and Lyft drivers. Two drivers — one from each company — were cited and fined. The fines ran $681 for the companies and $303

Schneider pops a stealthy selfie for a stealthy ride.

for the drivers. To keep their drivers on the road, however, both Lyft and Uber paid the full tab.

Soglin, a Madison taxi driver himself back in the 1960s, has insisted that Uber and Lyft adhere to the city's burdensome taxi regulations, including that they operate 24 hours a day and serve every corner of the city. In late August, the mayor released a plan for regulating rideshare companies, including requiring 24/7 service, vehicle inspections by the city, and driver background checks by the police.

But Uber and Lyft maintain that they aren't cab companies, just online applications that link drivers with riders. In this sense, their drivers aren't "employees" but independent contractors looking to make some cash on the side.

That was the case with my Uber driver, whom I will call "Steve." Steve, who was driving a silver sedan, is in his early 50s and recently lost his job as a software engineer.

So while he looks for work, Steve drives people around using Uber to connect with customers. He loves the flexible schedule. He notes that traditional cab

drivers usually have a 12-hour schedule, with two people typically sharing one car. He has no interest in sharing a car, and with Uber he can use his own wheels on his own timetable.

While Steve could make more money driving at night, he's not comfortable dealing with the drunks. And in a college town like Madison, inebriates are often where the money is. Uber is especially attractive after a hard night of partying, because all a passenger needs for an Uber ride home is a credit card — cash isn't accepted. I tell Steve that his concern for his personal safety is interesting, given that many of the city's regulations are ostensibly meant to protect the rider, not necessarily the driver, from harm.

> **Uber and Lyft say they aren't cab companies, just online applications that link drivers with riders.**

But Steve notes that all the economic incentives are for him to drive safely. Given the fact that he's driving his own car, "you get in one accident, and you're doing nothing for a few nights." Unsafe driving means lost revenue, so he sticks to the speed limit and carefully observes traffic signals.

Steve is happy with the money. For every ride, he keeps four-fifths of the fare, which is automatically charged to the customer's credit card once the ride is over. Uber keeps the rest. There's no expensive meter in the car, and Steve never has to carry cash, which makes his job much safer. Fares are in line with those of traditional cab companies in the city — the eight-mile ride from my house to my downtown office set me back 19 bucks.

For every new Uber and Lyft driver out there, there appear to be several traditional cab drivers trying to block new Steves from stealing their business. Cities like Tampa and Miami require taxi drivers to charge riders a minimum fee per ride, no matter how short the drive.

(In Tampa, this fee is $50.) These sorts of regulations, pushed by the old-line cab companies, have been used to thwart Uber and Lyft.

But other big cities, including Milwaukee, have softened on ride-sharing, passing regulations allowing drivers without special permits to offer rides — with some qualifications. (SEE the related story on page 14.]

The move to deregulate taxi service has been somewhat bipartisan, though Democrats like Soglin have been prominent opponents. Interestingly, on her most recent campaign finance report, U.S. Rep. Gwen Moore, a prominent Milwaukee Democrat, reported using Uber 517 times in 2013 and 2014, spending $10,000 on the service.

For Republicans, championing Uber is a fashionable issue that demonstrates the concept of anti-competitive "regulatory capture." This is the not-uncommon phenomenon where certain industries favor stiff regulatory rules in the guise of consumer protection, knowing they are also boxing out new competitors.

And for conservatives, who are usually portrayed as cultural troglodytes, this is the rare moment when they have an issue that makes them look like cultural tastemakers to millennials and techies.

I later talked with James Lloyd, one of the millennial entrepreneurs transforming Madison, about the importance of app-driven public conveniences like Lyft and Uber. Lloyd put in five years at Epic Systems, the fast-growing, Verona-based, medical software giant, before helping launch 100Health and 100State, two key groups in Madison's downtown tech scene.

Lloyd, 30, says that young people engage in "city-shopping." They pick a place they want to live and then

"figure it out when they get there. The features and the culture of the city are becoming the primary decision points for where folks my age are moving," he explains. Access to Lyft and Uber are part of the package, because these 20- and 30-somethings like urban life and aren't enamored with car ownership.

Lloyd notes that Madison competes with cities like Austin, Portland and Boulder for these rising millennials and that access to ride-sharing services is "one of the checkpoints" affecting where they decide to move.

Like most of Madison, the younger crowd is socially liberal, he adds, but they also have a strong libertarian streak and a belief in economic competition. "There's a consensus that the best thing should win," he says. "I vote with my dollars, and good services carry on and succeed, and bad services go away."

Think Netflix. Think Blockbuster.

It is this younger demographic that my Lyft driver — we'll call him "Pete" — caters to. Unlike Steve, Pete works late into the night, picking up as many tipsy night owls as he can. Pete is a heavier fellow, in his 40s, and he drives a black Toyota Camry. He says his bar-time pickups aren't totally a public service, as he makes the most money after midnight. But he says he has a philosophy that ties into his work: He likes seeing people get to their destinations safely, and the more cars on the road that help them get home alive, the better.

As for late-night trouble, Pete says he's more worried about the drunks who walk in front of his car than the ones he picks up — he's only given three riders the dreaded "three stars or less" designation. (I joke that if I knew I was being rated, I would have worn a tuxedo.)

Pete, too, is between jobs, and he drives full time to bridge the gap. He says he never wanted to be a cab driver, but now he likes driving so much, it has slowed his job search.

Calling himself a "free-market kind of guy," Pete is critical of the older cab companies that he thinks are out to protect their control of the market. And those sporadic police sting operations against ride-sharing companies make no sense to him.

Pete has even picked people up at the Madison City-County Building, where the police department is headquartered, with no problem. (He did gently

Ride this way

Ride-sharing services are easy to use. All you do is download the company's app to your smart phone and sign up for the service. This includes listing a credit card for payment.

When a ride is called via the app, the customer can see the driver approaching on a street-grid map. There's no standing out on the corner waiting anxiously for a taxi to appear. The user's phone buzzes when the driver is close.

The primary difference between Uber and Lyft is payment. With Uber, the cost of the ride is fixed; the rider simply leaves the car and his or her credit card is charged the cost of the trip. Tips aren't encouraged.

With Lyft, riders determine how much they pay. When the trip ends, a suggested amount pops up on the user's phone — the rider can then adjust it up or down based on the quality of the ride, and determine how much of a tip to leave.

The Lyft rider is also asked to rate the driver on a one-to-five-star scale; my driver informed me that anything three stars or less is considered unsatisfactory. The driver also rates the rider, and if either rates the other at three stars or less, they won't be paired up again. (Uber also asks for ratings, but it seems more for the company's edification than anything else.)

For my ride, the suggested Lyft amount was lower than the mandatory Uber charge. The eight-mile trip from my home to my office was $19 via Uber. For the ride back, Lyft suggested I pay $16; I added a $3 tip to equal the cost of the Uber ride.

— C.S.

chastise me for getting in the backseat, as Lyft customers are encouraged to ride shotgun. He didn't give a reason, but I presume it's because he doesn't want to make it obvious to law enforcement that he's an imitation cab.)

Despite his free-market leanings, Pete says he's fine with most cab regulations, including that drivers have insurance and submit to background checks. (Both Uber and Lyft already subject their drivers to criminal checks.) But he thinks other regulations, including that companies operate 24 hours a day and serve the entire city, should be temporarily scrapped as a test to see if a Lyft/Uber-friendly system would work.

> **The Uber driver tells me all the economic incentives are for him to be as safe a driver as possible.**

As it is, Lyft and Uber are operating outside the law in Madison. This is incongruous for a city that proudly proclaims its progressivism. Technological progress is being thwarted in the name of protecting a decades-old special interest.

As Madison-area writer Emily Mills bemoaned in the *Milwaukee Journal Sentinel*, Uber and Lyft began operating in Madison "illegally, without seeking city or public input before setting up shop." She further criticizes what she characterizes as the usual business plan for both companies: "Show up, force your way into the market, and then strong-arm local government into changing its laws to accommodate your wishes."

In other words, anyone thinking of starting a business in Madison should first bow before City Hall, because in Madison everything not expressly allowed is apparently forbidden.

This attitude bugs Steve. "Everyone knows [ride-sharing] is good," he says. "But the traditional people don't like the challenge you put to them, because they can't compete."

Steve tells me this story: One morning at 7, he gets a call to a mansion overlooking Madison's Lake Mendota. He waits 10 minutes, but nobody comes out of the house. Then, per the rules, he calls the customer to announce his arrival, but gets no answer.

After canceling the order and pulling away, Steve sees a one-shoed man sleeping on the lawn. Steve thinks nothing of it, figuring the guy is homeless and needed a place to crash for the night.

After tending to a new customer, Steve gets another call, just a couple blocks down from the earlier one. When he pulls up, in flops the one-shoed guy from a half hour before. He was a student who drank too much and ended up passed out on some burgher's lawn. Barely coherent, he fumbled around and used the Uber app the next morning for a ride home.

This is why Uber is here to stay, says Steve. "It's so easy to use. You can get a ride when you don't know where you are, and you're not even conscious," he says, laughing.

Somehow, I doubt one-shoe guy will show up in an Uber ad.

When we finally pull up to my office, I pull out my phone and frantically ask Steve what I do. I know that with Lyft, there's a process where you choose your own price (they suggest one for you), you tip the driver, and then you rate him or her.

But with Uber, it's different. "It's easy," he says. "You just go away."

Here's hoping that the Madison City Council joins the 21st century and stops guys like Steve from just going away. ◼

Christian Schneider is a columnist for the Milwaukee Journal Sentinel, *among other writing assignments.*