



## Late Backup

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Mayor Lee Leffingwell  
City of Austin  
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Cc: Austin City Council; Sheryl Cole, Chris Riley, Mike Martinez, Kathle Tovo, Laurea Morrison, Bill Spelman

My name is Paul Steinberg, Vice President, Carma (dba of Avego) with offices in Austin, Silicon Valley and Cork Ireland. Carma operates Real-Time Rideshare projects funded by the Federal Highway Administration. Our Austin project team includes the Texas Department of Transportations (TxDOT), the Central Texas Regional Mobility Authority (CTRMA) and the Texas A&M Transportation Institute (TTI).

Several Texas cities are currently evaluating regulations for what seems to be a new breed of transportation vendors (UberX, Lyft, Sidecar) categorizing themselves as smartphone apps that enable "ridesharing" services. In contrast, these vendors are actually connecting "for hire" drivers with passengers by way of a smartphone.

*"If you get in your car, pickup a buddy, drive to work, then park your car until you go home – that is ridesharing. If you get in your car, and driver other people to their jobs, then do it again and again – that is a Taxi." – Paul Steinberg*

We want to encourage Texas policy makers to consider several areas before defining any new regulations for vendors or their independent contract "for hire" drivers;

- Federal laws and benefits
- Texas state and local regulations
- Austin funded rideshare services, and
- Impacts on city transportation networks

Any regulations should clearly state these vendors are not enabling "ridesharing", and should not inadvertently, or adversely, affect; government funded projects, funding for public transit agencies, or legal forms of carpooling/vanpooling/ridesharing as defined by the federal government. Any consideration should look past the mechanics of how trips are dispatched

or the equipment used to fulfill the request, and recognize that UberX, Lyft, and Sidecar all enable "for-hire" drivers to provide a similar service to that of a traditional taxi driver or delivery truck.

## **Ridesharing History**

More than 10% of the USA population engages in true ridesharing each and every day, by commuting to/from work or school in a car or van, whereby the driver does not earn more than it costs to operate the vehicle. Many government programs encourage ridesharing because it reduces peak commute hour congestion, and helps cities achieve their emission reduction goals.

Ridesharing, defined as carpooling and vanpooling, has been an important part of American culture since the invention of the automobile. Car Clubs were created during World War II to conserve resources, federally funded carpool programs during the 1970's were a response to the oil energy crises and organized ridesharing arrived in the 1990s with reliable ridesharing systems deployed in most major US cities over the past decade. More history can be found in "RIDESHARING IN NORTH AMERICA" – UC Berkeley Nelson Chan & Susan Shaheen, PhD

## **Federal Policy**

Ridesharing definitions may be found in many programs and laws set by the Federal Highway Administration, Federal Transit Administration and the Internal Revenue Service;

"Carpooling", "Vanpooling" and "Real-Time Ridesharing" are defined in US Public Law 112-114, and funding for qualified programs is subject to the condition, "the cost recovered does not exceed the cost of the trip provided."

The Federal Commuter Tax Benefit (TEA-21 Transportation Equity Act) provides millions of Americans with pre-tax payroll benefits that encourage alternative transportation options. The qualifications require "...employees commute to work using mass transit, commuter highway vehicles, or carpools..."

The Congestion Mitigation and Air Quality Improvement Program (CMAQ) provides over \$2.2 billion annually to reduce emissions through programs if "the project or program shifts traffic demand to nonpeak hours or other transportation modes, increases vehicle occupancy rates, or otherwise reduces demand for roads through such means as telecommuting, ridesharing, carsharing, alternative work hours, and

pricing created to reduce emission and improve air quality”.

## **Austin Policy**

Last year the City of Austin City Council considered the Urban Transportation Commission's Recommendation Number 20130813-004A which defined legal, or unregulated, ridesharing as a service that limits “reimbursement up to federal rates”, currently defined by the Internal Revenue Service as \$0.565 per mile.

Texas cities do not suffer limited taxi medallions like cities on the east or west coast, and the Austin transportation commission determined there was no difference in types of service, and Yellow Cab, Checker Cab, Uber, UberX, Sidecar, Lyft all should comply with the same regulations.

City of Austin regulators also said vendors like Carma were legal ridesharing, and not affected by their regulations, because users do not earn more than Federal limits. Finally, the Federal Government, the Texas Department of Transportation (TxDOT) and the Central Texas Regional Mobility Authority (CTRMA) are all under contract provide toll reimbursements for commuters that use Carma to carpool along Austin toll roads.

Capital Metro offers ridesharing services to the Austin community by way of carpool matching and vanpools. Both of these programs qualify for Federal funds because they do NOT allow the driver to earn a profit currently defined at \$0.565 plus any tolls or parking costs.

These are just some of the many government-sponsored programs that encourage 2 or more people to ride-share. In all these examples the vehicle is off the road during work, and only returns to the transportation network for the return trip home. None of these new transportation vendors (Uber, Lyft, Sidecar) qualify for the Federal definition of Ridesharing, nor the State of Texas or local city of Austin exemptions for Ridesharing.

## **Congestion & Financial Impacts**

The average US commuter drives 25+ miles to work each day, and the 2012 Urban Mobility Report from TTI shows Dallas, Houston, Austin and San Antonio commute times greater than 40 minutes during peak hours. Taxis and peer-to-peer provide good solutions for addressing the first/last mile problem, but with base pricing above \$1.00 per mile (not including UberX and Lyft surge pricing which are significantly higher) they do NOT have any significant impact daily on congestion.

The California Public Utilities Commission defined a new category of "for hire" providers called Transportation Network Company (TNC) last year. UberX, Lyft and Sidecar are all subject to these "for hire" regulations, and Uber even claims 5,000 drivers in San Diego (similar in size to Austin). During the same time period the State CA has seen an increase in vehicle registrations, and there is no evidence of 5,000+ UberX, Lyft and Sidecar riders selling their cars to compensate for this additional burden on the city infrastructure.

Thousands of more cars on city streets, providing short distance on-demand trips, may be convenient for nighttime and weekends, but it's a large financial burden on the city. Each automobile is comprised of 30,000+ parts and weighs more than 4,000 pounds. Uber, Lyft and Sidecar vehicles are not parked while their owners are busy at an office job, and instead these vehicles are driving around city streets more hours each day costing taxpayers >\$0.05 per vehicle mile traveled in road maintenance costs alone. Taxi license fees generally go into a city's general fund, yet these new "for profit" drivers are leveraging the same infrastructure without providing any taxes or fees.

It's also disappointing to see the lack of input by the very people hired, trained and paid to provide alternative transportation options to the City of Austin. Why are agencies like CAMPO/Commute Solutions, Movability Austin, Texas A&M Transportation Institute, Capital Metro and others involved in this very important process? These folks have more education and experience to answer the potential transportation impacts of city policy.

### **Liability Responsibilities**

For-hire vehicles are on the road far more than private cars and thus have higher insurance liabilities. The taxi profession is consistently ranked as "high-risk", based upon the increased number of accidents and crime. A relevant example would be the tow truck industry. Members download the AAA smartphone app, request a tow, and the software dispatches the closest driver from their network. AAA is an independent company and the tow trucks belong to small businesses or sole-proprietors. The tow truck driver is bound by the same special licensing and regulations regardless if they are an independent contractor or an employee of the tow truck company.

## Public-Private Trust

Since 2011 these vendors have continued to flaunt public policy, ignore regulations and laws, and repeatedly violate the trust of our public officials around the country. They try to manipulate regulators through lobbyists, PR firms, expensive lawyers and SPAM attacks against any politician that opposes them. If that doesn't work, then they enter the market anyway. Uber in particular was granted opportunities in California by the CPUC, and to this date refuses to comply with any of those regulations and is suing the State of California. Last year they told you they take "donations" so they are legal ridesharing, and now they have fixed pricing and "surge pricing" that operates more expensively than a taxi. Last year they told you they help you find a friend to rideshare, but just last month Uber launched delivery service for anything – no friends in the car, just a delivery truck.

Government agencies should work with private industry when they respect our laws, regulations and legal processes for making changes. In contrast, Carma worked for three (3) years to gain approvals before entering the Austin market. Carma gained the trust of, and executed legal agreements with; the Federal Government, State of Texas Department of Transportation, Central Texas Regional Mobility Authority, Texas A&M Transportation Institute and the City of Austin. We take great pride in acknowledging we are bound by, and live by, the many rules and regulations set forth by those agencies.

## Conclusion

Any regulations should clearly state these vendors are not enabling "ridesharing", and should not inadvertently, or adversely, affect; government funded projects, funding for public transit agencies, or legal forms of carpooling/vanpooling/ridesharing as defined by the federal government. Any consideration should look past the mechanics of how trips are dispatched or the equipment used to fulfill the request, and recognize that UberX, Lyft, and Sidecar all enable "for-hire" drivers to provide a similar service to that of a traditional taxi driver.

Respectfully,



Paul Steinberg  
Vice President

## References

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Ridesharing in North America - [http://dynamicridesharing.org/resources/Chan and Shaheen \(2011\) Ridesharing in North America.PDF](http://dynamicridesharing.org/resources/Chan%20and%20Shaheen%20(2011)%20Ridesharing%20in%20North%20America.PDF)

MAP 21 Transportation Law -<http://www.gpo.gov/fdsys/pkg/PLAW-112publ141/pdf/PLAW-112publ141.pdf>

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Congestion Mitigation and Air Quality Improvement (CMAQ) Program -

[http://www.fhwa.dot.gov/environment/air\\_quality/cmaq/](http://www.fhwa.dot.gov/environment/air_quality/cmaq/)

Austin Policy by City Regulators -

<http://www.austintexas.gov/edims/document.cfm?id=194621>

Slugging in Houston - [http://nctr.usf.edu/jpt/pdf/JPT 9-5 Burris.pdf](http://nctr.usf.edu/jpt/pdf/JPT_9-5_Burris.pdf)

2012 Urban Mobility Report - <http://mobility.tamu.edu/ums/report/>

## Austin Media on Carma

KXAN NBC TV <http://kxan.com/2014/02/25/ride-sharing-app-gets-green-light-from-city-of-austin/>

Central Texas Regional Mobility Authority / TxTag video

<https://www.youtube.com/watch?v=zp6cJ6eSJ40>

KVUE ABC TV <http://www.kvue.com/news/local/Users-of-a-Carpooling-App-to-get-toll-refunds-247667691.html>

KUT NPR radio <http://kut.org/post/cutting-down-traffic-app-austin-introduces-carma-carpooling>

Austin American Statesman newspaper

<http://www.mystatesman.com/news/news/transportation/carpooling-in-austin-theres-an-app-and-a-toll-reba/nfDJN/>

Community Impact newspaper <http://impactnews.com/austin-metro/leander-cedar-park/carma-offers-discounted-rates-on-toll-183a/>

Austin Business Journal magazine <http://www.bizjournals.com/austin/news/2014/02/28/irish-carpooling-company-launches-in-austin.html>