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Bloomberg: Chicago Cabbies Sue Over Unregulated Uber, Lyft Services.

Chicago-area taxi operators claim in a lawsuit that the city is violating their rights by allowing the unregulated ride-share services run by Uber Technologies Inc. and Lyft Inc. to operate on its streets.

The failure to apply taxi and limousine rules to the two San Francisco-based companies threatens to devalue the more-than 6,800 operating permits issued by the city, which have a total market value of \$2.38 billion, according to a complaint filed today by the cabbies and their trade association in federal court in Chicago.

Uber, Lyft and other companies that provide smartphone applications to connect drivers with people looking for a ride have spurred lawsuits from coast to coast, including a wrongful death case over a child pedestrian's death in San Francisco and a complaint in New York similar to the one in Chicago.

The companies typically take a cut of fees from transactions booked through their apps. They say they're different from taxi dispatchers and shouldn't be compelled to comply with existing regulation.

Not enforcing the taxi rules against the companies violates federal constitutional guarantees of equal protection under the law and breaches the taxi operators' contracts with the city, according to the complaint. It also enables unregulated drivers to discriminate against the elderly or poor who may not be able to use a smartphone to summon one of their cars.

The lawsuit comes one day after Chicago Mayor Rahm Emanuel sent the city council a proposed ordinance that would require the licensing of transportation network providers. Licenses would cost \$25,000 each plus \$25 for each driver registered with the network on the day the application is submitted.

The legislation also includes insurance provisions, minimum vehicle standards and signage requirements.

A lawsuit seeking to block the ordering of rides via smartphone applications was filed last year against the New York City Taxi and Limousine Commission and was later dismissed. A 12-month TLC pilot program was later allowed. An appeal of that dismissal is still pending.

'Unlawful Transportation'

The cabbies are seeking unspecified money damages and a court order compelling Chicago to enforce the rules against operators the cab companies call "unlawful transportation providers."

Roderick Drew, a spokesman for Chicago's law department, said the claims have no merit and the city will move to dismiss the case.

"Plaintiffs' various complaints raise questions of public policy that are properly addressed through

the legislative process, not legal claims that should be litigated in court,” he said in an e-mailed statement.

While discussed in the complaint, Uber, Lyft and a third San Francisco-based company, Side.Cr LLC, which does business as Sidecar, aren’t named as defendants.

“After years of neglecting Chicago drivers and passengers alike, the taxi industry has resorted to name-calling and frivolous lawsuits,” Uber said today in a statement. “While they spend time in court, we’ll be working with Mayor Emanuel to design a forward-looking regulatory regime that creates economic opportunity, prioritizes safety, and ensures access to the best, cheapest rides ever available in the city.”

Uber was sued in a California state court in San Francisco by the parents of a 6-year-old girl who was struck by a car linked to the company. Uber said Jan. 1 that the driver was “a partner of Uber” who wasn’t providing services on the Uber system during the time of the accident.

Paige Thelen, a spokeswoman for Lyft, said the company had no comment on the taxi operators’ suit.

“We are glad to see the mayor is committed to crafting a framework to allow for multiple transportation options to exist in Chicago,” she said in an e-mailed statement. “As it stands now, the proposed ordinance would not support the continued operation of Lyft.” The company will continue its ongoing dialog with city officials, Thelen said.

Sidecar’s media relations staff didn’t immediately respond to an e-mailed request for comment on the lawsuit.

The case is Illinois Transportation Association v. The City of Chicago, 14-cv-00827, U.S. District Court, Northern District of Illinois (Chicago).

By Andrew Harris Feb 6, 2014 5:56 PM PT

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