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The First City to Limit the Number of Ride-Sharing Drivers.

Seattle Monday became the first city in the country to limit drivers for Lyft, uberX and Sidecar, in what will eventually be an overhaul of all of the city's ride-service rules.

The regulations, approved unanimously by the City Council, will limit each company to 150 drivers on the road at the same time, collectively capping them at 450. UberX, Lyft and Sidecar — which together have at least 2,000 drivers in the city — say the limitation destroys their business model and ability to maintain quick service.

Three of the nine council members at the standing-room-only meeting — Tom Rasmussen, Sally Bagshaw and Tim Burgess — attempted to amend the regulations so there be no caps placed on drivers. Thousands of emails have poured into council members from fans of the companies, which use smartphone applications to dispatch drivers using their personal vehicles.

The City Council's taxi committee considered regulations for almost a year before Monday's vote. But Councilmember Sally Clark emphasized at the meeting that the council has a lot more regulation and deregulation to debate.

"What we're doing today is not a complete fix," said Clark. "But it's a start."

The regulations allow for the council to reconsider driver limits — and maybe getting rid of them altogether — in a year.

Mayor Ed Murray said in a statement Monday that he hopes to phase out limits after the council approves of fair ways to deregulate the local taxi industry.

"I remain concerned about the issue of caps on rideshare vehicles, which I believe is unreasonably restrictive and unworkable in practice," Murray said.

The regulations would take effect 30 days after Murray signs them into law; he has 10 days to sign the bill after he receives it. The rules also would apply to any new companies that are formed.

No one has yet been able to say exactly how the law will be enforced yet. The City Council's proposal included a recommendation to hire at least three more staff members to help with enforcement.

Right now, there are three enforcement officers handling almost 700 taxis and about 200 other for-hire vehicles.

Seattle is the second government to officially legalize the operations of Lyft, uberX and Sidecar, which operate in dozens of cities nationwide. California was the first when it legalized the companies statewide last year. Several other cities and states are still debating what legal conditions they would allow the companies to work under, if at all.

Lyft and Sidecar officials said Monday they will continue operating in Seattle after the rules go into effect, despite earlier threats to shut down. UberX representatives have made the same threat, but did not say Monday whether they intended to follow through.

UberX Seattle manager Brooke Steger said she still urged Murray to "reject the anticompetitive and arbitrary caps that will slingshot Seattle's transportation ecosystem back into the Dark Ages."

But Clark pointed out that the number of drivers set in the law is arbitrary now because Lyft, uberX and Sidecar all have been uncooperative in sharing key data with the city, such as how many drivers they have or what their master insurance policies cover.

"You are doing so many things right. You have so much to teach regulators," Clark said. "If only you would communicate and collaborate a little bit more. How many wars can you wage with cities and states across the United States? It's incredible."

The council also required Lyft, uberX and Sidecar to meet state insurance requirements for for-hire cars. As of Monday, none of the companies have proved to the city that they meet those requirements.

That means Lyft, uberX, Sidecar or their drivers will have to purchase commercial insurance, which the companies have been letting drivers work without since they entered the Seattle market about a year ago.

UberX driver Chamji Sherpa, 43, of Renton, said he purchases commercial insurance that costs him \$5,000 — a good deal he gets because of his clean driving record.

He hopes he'll be able to continue driving for uberX after the rules go into effect, not because he makes more money than he did as a Yellow Cab driver but for the scheduling flexibility.

Sherpa said he expects the rideshare companies' customer service to nose-dive when the new rules go into effect.

"In rush hour, 150 drivers each is not going to be enough," said Sherpa. "It's not even enough for downtown."

He also said he thinks the new rules will force out part-time drivers because the cost of insurance won't pencil out. Many of his friends, including Lhakpa Gelu Sherpa, a former world-record holder for fastest Mount Everest climb, drives for uberX when the local mountain-guide business slows down.

Many uberX drivers who showed up to support the company said they drive part time while starting businesses or working freelance jobs.

"I don't want to take anyone's job," uberX driver Todd Gentry said of the local taxi industry. "I want them to do their job better."

A city-commissioned study last summer showed dissatisfaction with the local taxi industry, which the city hasn't allowed to grow in numbers since 1990. As a concession to the tightly regulated taxi industry, the council's new rules also call for the release of 200 more taxi licenses over the next two years.

Taxi and for-hire vehicle owners and drivers breathed a sigh of relief when the caps were approved. Eastside for Hire manager Samatar Guled said the new rules will make it easier for all the companies to compete on a level playing field. His company has been working with a third-party app called Flywheel that has the same basic dispatch and payment functionality as the apps for Lyft, uberX and Sidecar.

"It's been a long and painful year," Guled urged before the council vote. "Level the playing field today — no delays, no excuses."

Now the Seattle City Council will start collaborating with the Metropolitan King County Council on how to regulate the companies countywide. Until the County Council votes on regulations for the companies, there has been no indication that the county will try to shut down Lyft, uberX and Sidecar operations outside of Seattle.

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By Alexa Vaughn

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