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Ride Sharing: The Big Opportunity for Cities.

Uber, Lyft and Sidecar present cities with the opportunity to radically transform transportation in their communities. If cities make use of the lessons they are learning from work with car share firms like Zip Car and with bike share programs, they are likely to achieve remarkable success in the newest iteration of the sharing economy.

However, if current trends are any indication, city taxi commissions see these companies primarily as threats to the established order and are seeking regulatory solutions where a little entrepreneurship might be more properly applied.

The outlook is not at all rosy for the car share firms. A dozen cities are either writing citations to Lyft and Uber drivers, issuing cease and desist orders to the companies, or banning operations outright. To be fair, many cities are also seeking to catch up with the application of technology to this otherwise static public service, so I remain optimistic.

It matters little whether companies such as Uber, Lyft and Sidecar are called Transportation Network Companies or traditional taxi and limousine services. The simple fact remains that existing regulatory frameworks for taxis in cities became outmoded with the advent of the smartphone and the app. The sooner taxi commissioners embrace this reality the sooner they will find the path out of the regulatory maze.

Of course cities have some obligation to regulate services to the general public within their jurisdictions. But where is it written that the basis of such regulation must be the existing formula for traditional dispatch taxicabs? What is it that cities need to actually regulate that is not presently required as part of qualifying for a driving license? Enhanced driver training? Premium vehicle liability insurance? Universal service? Car specifications (color, model, age)? Competition? Price? A case probably can be made for the first two or three but not so much for the latter three.

In 2013, the California Public Utilities Commission issued a ruling that allowed Lyft and Uber to operate under less rigid rules than locally regulated taxis. As recently as this week, a federal judge in Houstondeclined to temporarily restrain Lyft and Uber from operating in Houston and San Antonio. A further hearing is set for July 15, perhaps providing time for the cities and the companies to hammer out an agreement.

The sharing economy offers opportunities for cities to increase the options available for those in need of transportation, lodging (see Airbnb and its similar challenges) and a range of other services not yet envisioned. The sharing economy represents the highest form of individual entrepreneurship and as such deserves the chance to grow and contribute to the daily life and economic prosperity of city residents.

When a company called Flex Car (later bought by Zip Car) arrived in cities more than a decade ago, the transformation was revolutionary. Cities did the unthinkable – they gave up precious curbside parking spaces to a private company to place universally accessible cars in proximity to people in need of wheels for a short-term errand.

Cities created a new regulatory paradigm for this new and much sought after service. I own a car and still signed up in the first month the company offered services in my city (I'm still a member all these years later.) That same spirit of innovation needs to be applied to the likes of Uber, Lyft and Sidecar, and to their successors.

by James Brooks

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