

Uber, Lyft stand against city rules

6

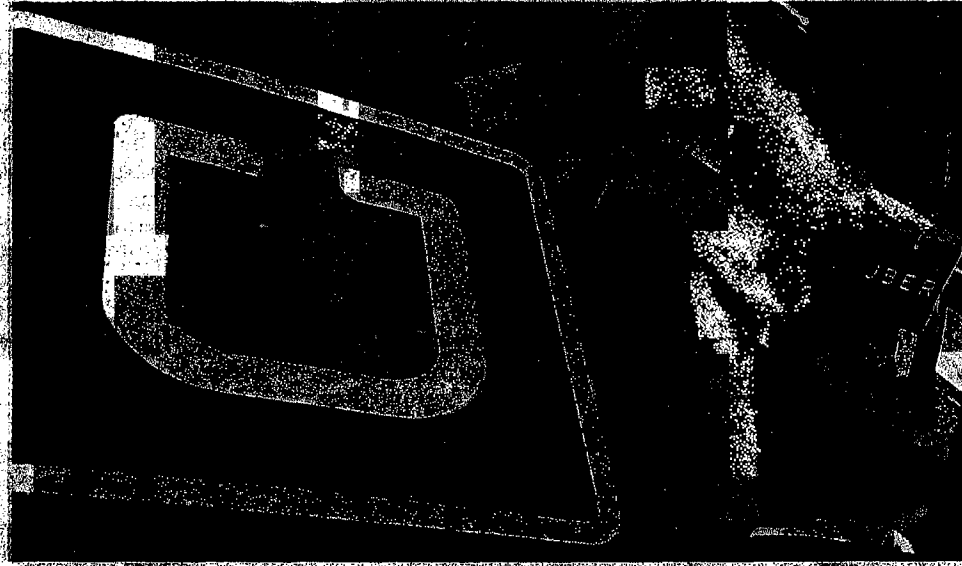
Ride-shares halt services in Austin

Chris Woodyard
and Greg Toppo
USA TODAY

Ride-sharing services Uber and Lyft plan to suspend service indefinitely Monday in Austin after voters in Texas tech hub failed to adopt a ballot measure that would have allowed them greater self-regulation.

In a dispute that could play out in other cities, Uber and Lyft said new rules required of them in the Austin area, including fingerprinting of drivers, makes it hard to continue to follow their business models. The pullback becomes a de facto victory for the taxicab industry, which has seen ride-sharing services turn its business on its ear nationwide.

Uber said it would cease operations in Austin at 8 a.m. CT. "Disappointment does not begin to describe about how we feel about shutting down operations in Austin," Chris Nakutis, Uber's general manager in the city, said in a statement



MARK RALSTON/APP/GETTY IMAGES

Uber wanted more say in its own regulation in Texas.

Sunday.

Uber said that since starting operations in Austin in October 2014, it has signed up 10,000 drivers, and 500,000 riders have opened its app to request a pickup.

Rival Lyft, which, like Uber, is based in California's Silicon Valley, said in a statement: "The rules passed by the City Council don't allow true ride-sharing to operate."

Lyft said it hopes its "pause" in opera-

tions will show it is taking a stand in defense of app-based ridesharing.

Uber and Lyft spent about \$8 million on the campaign leading up to Saturday's vote, which was defeated by a 56% margin, to overturn rules adopted by the city that it considers onerous.

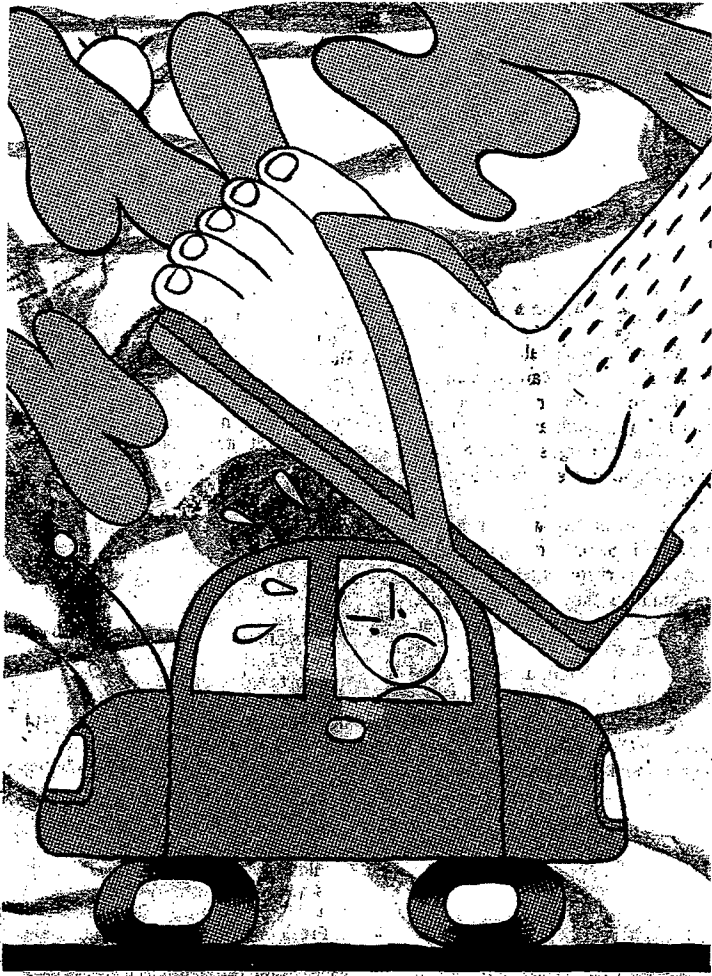
Long among the nation's top cities for tech, Austin is an unusual place for a dispute involving industry disrupters to play out. The state capital is home to the SXSW festival, which marries music and tech innovations, and the University of Texas.

The city doesn't have enough information to estimate how the ride-hailing services' absence would affect Monday's traffic, said Jason Stanford, spokesman for Austin Mayor Steve Adler.

When Uber and Lyft began operations, they were allowed to self-regulate. In December, the City Council adopted a set of rules that included requiring fingerprinting of drivers, which drew strong objections from both companies as being unnecessary because of their own background checks.

Uber says it is threatening to pull out of Houston, which requires fingerprinting.

Nicholas
Scheldner
3-14-18



PATRICK KYLE

How Austin Beat Uber

By Richard Parker

ON Monday morning, ride-sharing customers in America's 11th-largest city awoke to a disconcerting message on their phones: "Uber not currently available in Austin."

Having lost a referendum over whether they would be regulated by the local government, the ride-sharing companies Uber and Lyft followed through on their threat to effectively fire 10,000 drivers and strand thousands of customers who had come to rely on them for transportation in this hot, spread-out, car-centric city.

In the weeks leading up to the vote, the companies spent nearly \$9 million, one of the largest amounts ever spent on an Austin election. And yet by making this an all-or-nothing referendum, Uber and Lyft made it about much more than, well, Uber and Lyft. It became a referendum on who is in the driver's seat (pun intended) when it comes to the public weal: new-economy powerhouses out to "disrupt" society for fun and profit, or the people they're seeking to disrupt. In Austin, it wasn't even close.

Uber and Lyft arrived in the Texas

capital in 2014, and it probably seemed like a perfect fit. The metro area has more than two million people and attracts 20 million visitors a year, many to its two huge music festivals. There are lots of young people and a strong tech economy that would flock to ride sharing. But Austin probably also looked like a pushover, as a city — even now it retains a certain sleepiness, a vestige of its provincial college-town past, before anyone thought it even necessary to remind us to "keep Austin weird."

The companies certainly made a splash. The celebrity chef Paul Qui hitched the first ride, and both Uber and Lyft gave free rides for two glorious weeks. The city has too few cabs, and with several college campuses and the endless blocks of bars along Sixth Street, Uber and Lyft seemed to fit right in.

But what they failed to appreciate was that Austin's long and storied counter-culture wasn't just a marketing pose. Thirty years ago, the city became an ox-bow in the river of American culture, rejecting the Reagan era's go-go '80s and embracing rebel musicians and as much weed and as little hard work as possible. Punk rock found a home here, as did Richard Linklater, who encapsulated the era in his classic 1991 movie "Slacker."

A new culture came along in the 1990s, as tech companies tried to harness the brain power coming out of the local colleges. New sections of the city sprang up, threatening the familiar, worn fabric of

old Austin. But since 1992, locals, including young tech workers, repeatedly dealt "new Austin" bone-crushing defeats in rejecting developments that would threaten the endangered Barton Springs salamander.

That spirit continues today, even if most of the country thinks of Austin through the corporatized lens that is the South by Southwest festival. Locals know different. We are obsessed with our city's identity and sense of community, and we are particularly wary of outsiders who come in promising to change us. That's not because we don't like outsiders, mind you. But as a rebellious patch of blue in a deep-crimson state, we learned a long time ago that there are

Not everyone is eager to see the city 'disrupted.'

people who are eager to change who we are, and not for our benefit.

And here is where Uber and Lyft made their first mistake. A collision of communitarian social activism with Ayn Rand-style technology disruption was probably inevitable. "Wrong fight. Wrong time. Wrong town," said Ron Marks, an alum of the old punk rock scene who had a role in "Slacker."

To be clear: The city never told Uber and Lyft to leave. But it did insist that they play by our rules and have drivers be fingerprinted, just like cabbies — particularly after the police investigated at least seven alleged sexual assaults by ride-share drivers in 2015. Instead, the companies responded by helping to put Proposition 1 on the ballot: They would be absolutely exempt from fingerprinting by the city. Period.

That was the second mistake. They arrogantly confused a convenience for a few as a necessity for the many. Sure, over-served music fans and run-of-the-mill drunks got home safe and sound. Hipster techies from New York and San Francisco jetted in, summoned "their" drivers and jetted back out.

Uber and Lyft have claimed they will reduce the nation's traffic, but in Austin they just added to the aggravation. "Their drivers stop on the road, no matter where they are, at any time, to pick up people," fumed my friend Laura Bettor, a psychologist. "Austin already has an anxiety problem about traffic."

The ultimatum was Uber and Lyft's third and fatal mistake. We don't take kindly to threats. Right before the election they announced that if they didn't get their way they would maroon all the customers and leave. As my friend Mark Seiler said, "That just brought out my inner gorilla."

Will the Battle of Austin become a model for other cities looking to regulate ride-sharing companies? Maybe. What it does show, though, is that Uber and Lyft will have a harder time bullying cities with strong local identities, places where convenience is not the same as necessity, especially when the price is selling out a large chunk of public control.

If nothing else, folks in Austin are feeling pretty good about themselves this week. We may be slackers, but we're not pushovers. □

Richard Parker is the author of "Lone Star Nation: How Texas Will Transform America."