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Driving Innovation

Scottsdale chauffeurs and high-end car owners turn to Teslas, Turo and tech to generate big income streams

By Jimmy Magahern

It's 11:30 on a Thursday morning, and David Lucht is recharging – both himself, with a cold brew at Press Coffee Roasters, and his 2014 Tesla Model S, which is currently hooked up to one of the 16 charging stations in the parking lot at Scottsdale Quarter.

"They've got the superchargers here," Lucht says, excitedly, "so you get anywhere from 150 to 350 electric miles per hour charge. Whereas the Volta Level 2 chargers, like the ones by Eddie V's, get 15 to 20 miles per hour charge."

As the owner of Scottsdale Chauffeur Services as well as its primary driver, Lucht has learned where all of the electric vehicle charging stations are throughout the Valley – and the Quarter has among the most, with four universal Volta chargers and four Tesla stations in addition to the 16 in the parking lot. It's essential knowledge for his job: Lucht's company is the first in Arizona to offer chauffeured transportation service using a primarily Tesla fleet, giving customers a choice of either a red Model S sedan or a black Model X SUV.

"I can monitor the charging on the Tesla app, and it'll alert me when it's ready," Lucht says, displaying an image on his smartphone that shows his Model S currently charged enough to travel 176 miles before running out of battery power. "If I'm having lunch on the road, it'll tell me, 'Hey, you're ready to go,' I hop in the car and I'm ready for my next stop."

Right now, he's getting ready to travel about 24 miles into Phoenix. "This is my next customer," he says, pointing to a map on his phone and zooming in on AZ Ice Arcadia, where former Soviet hockey pro Boris Dorozhenko teaches a high-intensity hockey camp that's become popular with prominent families in both the Arcadia and North Scottsdale zip codes. "I have to pick up a kid at a hockey rink. He's at a summer camp, and this week I'm driving him to and from camp."

It's a ride that'll cost the kid's parents a minimum fare of \$400, going by the rates quoted on Scottsdale Chauffeur Services' app, but that's within line for Lucht's clients, who primarily live in the more affluent DC Ranch, Silverleaf and Greyhawk neighborhoods. Lucht admits the car itself is a major draw for this set, who, like Hollywood's A-list, have fallen in love with the environmentally chic \$45,000 Silicon Valley-made sports sedan. "A lot of them are Tesla owners themselves, or else they're just curious about the car," he says. "I get as much attention in this as I used to get driving a \$400,000 Rolls Royce Phantom."

But for some, the draw is Lucht himself: a dapper and seasoned chauffeur who'll happily don a suit and tie to pick up a kid from an ice rink, but who's tech-savvy enough to try to beat Uber at their own app-hailing game.

Lucht got into the business nearly 20 years ago, when he landed his first chauffeur job. "Back then, I was driving Town Cars and using paper maps and a manual credit card imprinter," he says with a laugh. Together with his twin brother Douglas, a sportsman and inline skating record-holder who tragically died of a brain tumor last November, Lucht launched his own chauffeur service in 2001. After graduating from Lincolns to BMWs to a Bentley and a Rolls Royce, Douglas became infatuated with the Tesla (David touchingly recalls serving as his brother's chauffeur in one during his final days), and



Scottsdale Chauffeur Services does a lot of business in the Airpark area, especially at Scottsdale Airport.

(Photo by Kimberly Carrillo)

Lucht now feels spiritually bonded with the brand.

The rise of peer-to-peer ridesharing services like Uber and Lyft has not been kind to the chauffeur business. New York black car limo driver Doug Schifter, who wrote a regular column for a trade magazine that often railed against the "tyranny" of Uber, considered the disruptive app-based ride service unfair competition, and eventually took his own life – joining at least three other NYC limo drivers and cabbies who chose the same sad fate in the wake of Uber's rapid expansion.

Lucht, however, has rolled with the changes, designing an app that apes Uber's and allows clients to hail rides on demand and pay via smartphone. "We charge rates similar to Uber Black and Lyft Lux,"

Lucht says, referring to the luxury vehicle lines of the leading ridesharing services. The competitive difference? "If you're going to the Suns game or a Diamondbacks game or a concert, you can get an Uber to take you there and another one to pick you up," he says. "But after a lot of big events, there's usually 'surge' pricing, which can be four or five times as much, and it can also be hard to find your driver.

"With me, I'm there the whole time, parked as close as you can get," he adds. "For some people, that's worth a little more."

"The Airbnb of cars"

Mornings in Paul Montoya's neighborhood can resemble a Jenga game played with vehicles. That's when the data center engineer, his in-laws and other family members, who all live within a one-mile radius of each other in Phoenix, begin shuffling the cars in their respective driveways to extract the ones being rented for the day and work the others back into a puzzle until the next batch is needed.

"We've worked it up to 31 cars now," says Montoya, who adds he's grateful his neighborhood doesn't have a homeowners' association to worry about. "I'm lucky the in-laws can fit about 14 in their driveway, and we've got the cars split up between four households. But most of the time we've got the majority of the cars rented out, so we don't have to deal with that problem too much."

Montoya and his family are power-users of a San Francisco-based service called Turo, which about a dozen publications have already nicknamed "the Airbnb of cars." Essentially it's an app-based service that gives car owners an easy platform to rent their vehicles to interested parties, who in turn sign in to the app to scroll for exciting luxury and high-performance vehicles the way young singles swipe Tinder for potential dates. "They just download the Turo app, put in their driver's license and credit card numbers, and they're shopping!"

Montoya got into Turo, as most so far have, by word-of-mouth. "My brother-in-law Jason worked at Costco, and he heard people talking about it," he says. "And I eventually mustered up the courage to put my paid-off 2007 Honda Civic on there, and it got rented out for the whole month. So after that, I asked the wife if we were doing anything with our credit for the next couple years and she said 'No,' so we kind of went on a little buying spree."

Initially Montoya and his wife, Josefina, went shopping for a Prius and left the dealership with two. Montoya crunched some numbers and figured that by renting the cars out for just 14 days, he could cover the

monthly car payments. Inspired, the couple began accumulating a variety of cars and listing them all on Turo.

"We noticed that a lot of Turo users tend to specialize in one car," Montoya says. "There's a lady in town I call the Camry lady, because she's got nothing but beige-colored Toyota Camrys – about 18 of 'em. Another person in L.A. has nothing but brand new 2016 to 2018 Mustangs. Then there's another lady in Atlanta who rents out nothing but Volkswagen Jettas. It makes it easy if they have to exchange tires or parts or keep them all on the same maintenance schedule.

"Our strategy was to diversify the fleet," he adds. "I wanted to have one or two cars in each genre – minivans, trucks, luxury cars, convertibles. We kind of spread it around."



David Lucht launched Scottsdale Chauffeur Services with his late twin, Douglas, in 2001.

(Photo by Kimberly Carrillo)

What turned out to be the couple's cash cow, however, were the four Teslas they accumulated: two Model S sedans and two Model X SUVs.

"The great thing about the Teslas is in Arizona, tags and registration for any electric vehicles are only \$20 a year, and you can register for up to five years at once. That saves you a lot, when you're talking about having a fleet of them. Plus, there's no maintenance," Montoya adds, referring to the Tesla's simplified design, famous for utilizing less than 20 moving parts and requiring no oil changes, spark plug replacements or other maintenance associated with internal combustion engines. "If we get around to rebooting the fleet, my vote would

be to go with all electric cars."

As for the insurance costs on the Montoya family's 31 vehicles, Turo covers that, for a cut of the rental income.

"They take 25 percent of the profit, and in exchange they give you a zero deductible, million dollar insurance policy. So if anything happens to your rental, it draws from that first, then the renter's personal insurance, before it ever touches yours. And we've had enough minor incidences – fender-benders, stolen tires and so on – to be able to say that it works as advertised. Not only that," Montoya adds, "but for that 25 percent they also provide the 24/7 operators taking reservations, they provide the platform, they do the marketing and advertising. I think, for us, it's money well spent."

So far, Paul and Josefina haven't made enough off their Turo rentals to quit their day jobs – at least not yet. "You probably have to get your fleet up to about 100 cars to make that a reality," Montoya says. "Our strategy is actually to have less cars but each with a higher revenue. We're looking at which car had the most bang for your buck, which were most profitable and easy to manage. And for us, that's been the Teslas."

Cool runnings

Lucht's app tells him it's time to leave for his next fare, and he instinctively fires up the Tesla app and starts the air conditioner before polishing off his coffee at Press.

"By the time we get to the car, it should be around 65 degrees," he says, trudging along the Quarter's sidewalks in 107-degree summer heat. Once in the parking garage, he pushes a button to disconnect the charger from the car, happily noting that the Model S and Model X still get to use the superchargers for free.

Lucht says that in the old days of chauffeuring, his customers, which he ferried to fancy dinners and exclusive events, would often feel pity for the driver stuck outside, waiting in a hot Town Car with a paperback and a bottle of water. No one feels sorry for the Tesla chauffeur, though, he says.

"I've got a 17-inch screen in here where I can watch DirectTV, surf the web, whatever," he says, smiling. "There's a lot to do in this car." Best yet, Lucht never has to get hot again waiting on a client to finish their event.

"The great thing about the car is you can keep the AC running and it's not wearing on the full engine," he says. "As long as I've got enough of a charge, I can leave it running for hours and it's not going to overheat. It's pretty much a chauffeur's dream." ■