

**Testimony of Martha E. Stark  
Commissioner, NYC Department of Finance  
Before a Joint Hearing of the City Council Small Business and  
Transportation Committees  
On the NYC Delivery Solutions Program  
February 28, 2006**

Good morning Chairman Yassky, Chairman Liu and members of the Small Business and Transportation Committees. As you know, I am Martha Stark, New York City's Finance Commissioner. Thank you for inviting me to testify today about NYC Delivery Solutions, a program that we launched in July 2004. I'm pleased to have this opportunity to provide our first report about this program.

I. Reason for Parking Regulations and the Application of Those Regulations to Commercial Vehicles.

Before describing NYC Delivery Solutions, let me provide some context. As you know, parking regulations are intended to promote safety, maintain traffic flow, and allow for street cleaning and other services. Parking regulations achieve these goals by discouraging behavior that disrupts traffic, creates dangerous situations and prevents the efficient delivery of street cleaning and other services. For most individuals, the regulations work; no one wants to get a parking ticket, especially if it costs \$115. Rather than risk getting a ticket, most people take the extra time to search for a legal space or park in a garage, which is expensive but usually cheaper than a ticket.

New York City's long established Vehicle and Traffic Rules, provide greater flexibility for commercial delivery vehicles. New York City's traffic rules provide that companies engaged in expeditious delivery can double park and park in specified areas where parking would otherwise be prohibited.

## II. The Finance Department's Role as it Relates to Parking

Finance has a dual role as it relates to parking violations—we collect revenue and we provide a forum for people who wish to challenge a ticket. These roles are completely separate. While we collected \$563 million in parking fine revenue in fiscal year 2005, our role when adjudicating tickets is not about revenue. Our main goal -- our mandate -- is to provide a fair and efficient way for drivers to challenge their tickets and to ensure that the parking rules are applied consistently and fairly.

Needless to say, we get more calls and letters about parking than anything else, and a high percentage of the correspondence we get from your offices concerns parking. I'm not surprised. For most New Yorkers, getting and fighting a parking ticket is the only way they come into direct contact with their government. That means New Yorkers often form an opinion about government based on whether they understand the traffic rules and believe the rules are fairly and consistently applied.

We take our role very seriously. We have taken several steps over the last four years to make sure the process for challenging tickets is fair and efficient. For example, we have issued guidelines to ensure that judges render more consistent decisions; provided more information on our web site, including copies of parking tickets; enlisted 311 to help answer parking questions from the public; cut wait times in our business centers in half, so people can now contest their tickets during a 45-minute lunch hour; and eliminated a more than 200,000 case backlog in hearings by mail requests.

### III. Description of NYC Delivery Solutions and Why We Did It

It was in this vein that we came up with the idea for NYC Delivery Solutions.

Two years ago, we enlisted the support of the New School to take a close look at the almost two million tickets issued to commercial vehicles, and saw some very consistent patterns. First, we found that these companies received hundreds of thousands of double-parking tickets. At hearings, these companies argued that they were engaged in expeditious delivery. Based on the evidence they provided, administrative law judges, as required by the traffic rules, dismissed almost 100 percent of the tickets.

These delivery companies often had staff or employed middlemen, known as ticket brokers, to contest their tickets for them. These brokers were charging companies up to one-third of the fine amount to appear to challenge a ticket that judges were going to dismiss anyway. In other words, these companies were throwing away thousands of dollars a month, in some instances, on a service they didn't need. We thought, they shouldn't have to waste money adjudicating tickets that were going to be dismissed anyway. And the City shouldn't have to spend money on hearings when the result — the tickets would be dismissed — was predictable.

So we crafted a program that was a win-win for the delivery companies and the City. In figuring out what to do, we, like the Department of Transportation, wanted to make sure that Finance's actions would not lead to more congestion or impede traffic flow.

We did this by conducting a very careful analysis of what the outcomes were when delivery companies contested every kind of ticket, from double parking violations to alternate side street cleaning violations. For double parking, we found that almost every ticket was being dismissed. On these tickets, then, Finance was collecting virtually no revenue. For other violations, we found that, after the tickets were adjudicated, a consistent percentage of these tickets were being dismissed or the fines were being reduced. And for other violations, particularly the more serious traffic and safety violations such as parking in a bus lane or in a space reserved for people with disabilities, the vast majority of these tickets were being upheld, except in cases where the ticket was found to have a legally-defined defect.

Based on this analysis, we created a stipulated fine schedule that categorizes penalties based on the severity of the infraction and the flexibility of the traffic rules. We have coded every violation by color. Green means by law companies may park in those locations for expeditious delivery. Yellow means that there are instances when companies can park but it should be done sparingly. Red are strict-liability offenses and companies are not allowed to park even for expeditious delivery.

In exchange for waiving their right to contest all parking tickets, Finance allows these companies to pay tickets based on this set schedule. For green violations, companies pay nothing; for yellow, such as the failure to activate a meter, they pay 25 percent of the base fine amount, plus the \$15 State surcharge, which is consistent with the outcomes we saw when hearings were held for these tickets. And for red fines, such as

parking in a bus lane and in the commercial meter zone in midtown Manhattan, the companies would pay 85 percent of the base fine. Companies do not pay the full fine for red fines because, on average, 15 percent of commercial tickets are dismissed because of legally defined defects, such as when an issuing agent incorrectly identifies a Toyota as a Honda. We anticipate that as more tickets are issued using handheld devices, the percent of defective tickets will decline and we will adjust the schedule accordingly.

In order to make payment as efficient as possible, Finance sends enrolled companies a bill each week.

Of the 88 parking violations, by the way, we've designated 23 as green, 22 as yellow and 43 as red.

#### IV. Has NYC Delivery Solutions Delivered?

While there are always ways to improve the program and we plan to continuously review it, I believe that we have achieved some positive results. Both companies and Finance have reduced administrative costs because we have avoided the need for 875,000 hearings. Last year, in fact, Verizon told us that they had saved \$750,000 in the first 12 months alone in administrative costs.

NYC Delivery Solutions has created significant administrative savings for Finance. By eliminating 875,000 commercial hearings, we have been able to devote more judges to the task of adjudicating non-commercial tickets, which has helped us reduce wait times in the business centers as well as the backlog in hearings by mail.

Notwithstanding these savings, we have been very mindful of the need to ensure that NYC Delivery Solutions does not undermine parking rules and regulations. We need to make sure that enrolled companies are not clogging the roads and impeding the free flow of traffic as a result of the program. All indications show that enrolling in this program has not changed the parking behavior of these companies.

#### V. Feedback to Improve

From an initial enrollment of one company we now have 165 firms signed up. Several prominent companies have joined, including Fresh Direct and Coca Cola. And an increasing number of smaller firms have also enrolled, including the Grove Street Dairy, Elan Flowers and Dundy Glass & Mirror, to name just a few. We have our partners at the Department of Small Business Services and the Mayor's Office of Manufacturing and Industrial Businesses to thank for this growth; they have spearheaded our efforts to market NYC Delivery Solutions to smaller firms. Carl Hum, the director of this office, is here today, and I want to thank him and Commissioner Walsh for their help and support.

As with any new program, we have found some areas where we can improve. Although most of the feedback we've received from enrolled companies has been positive, some have pointed out some areas of concern, such as an inability to get answers to questions in a timely manner once a company is enrolled. We've also heard complaints from firms about receiving multiple tickets for the same violation in a short period of time. We occasionally hear this complaint from individuals as well.

In the next few weeks, as part of an agency-wide focus on customer service and performance management, we will send each enrolled company a survey to get more comprehensive feedback, and we will continue to work with our partners in government, including the Police and Transportation Departments. We will also survey them for feedback about the program.

Before I stop and take your questions, I should mention that I am joined today by two people who have played an important role in creating and fostering this program: Rochelle Patricof, the Finance Department's First Deputy Commissioner; and Mary Gotsopoulos, who has worked in the Adjudication Division for several years, starting as a per diem judge and now serving as our newly appointed Chief Administrative Law Judge. I want to thank them publicly for making NYC Delivery Solutions a success, as well as the agency's Assistant Commissioner for Legal Affairs, Dara Jaffee, who is right now on maternity leave.

I'll stop there and answer any questions you may have. Thank you again for inviting me.