

**Testimony of Commissioner/Chairperson Matthew W. Daus
City Council Transportation Committee – June 14, 2006 – 1 PM
Multiple Intros**

INTRODUCTION

Good Afternoon Chairman Liu and members of the Transportation Committee.

Thank you for the opportunity to appear before you today and testify regarding a series of recently introduced Council bills relating to accessible and clean air taxicabs and for-hire vehicles. Also joining me are Andrew Salkin, our First Deputy Commissioner and Peter Schenkman, our Assistant Commissioner for Safety & Emissions.

Turning to the main topic of today's hearing, since there are eleven bills that are the subject of this hearing, my testimony is much longer than usual, so I will attempt to summarize generally by making three (3) key points.

First, many of these bills address goals that the TLC and the Bloomberg Administration have already indicated their support for, and have been working with the Council to achieve. A clean and fuel-efficient for-hire transportation system, accessible to all New Yorkers is something we can all agree on.

Second, the specifics of many of the bills are good starting points for further research, discussion and eventual implementation. The TLC's Charter mandate is to develop and implement transportation policy governing for-hire transportation. TLC staff has been working diligently to meet many of the same

goals that these bills seek to accomplish. To this end, TLC staff has conducted extensive outreach and research – which includes traveling across the country to participate in national conferences and to meet with other regulators, as well as meeting with industry representatives and riders. And we have begun work on drafting or implementing Commission rules to achieve these goals. I am grateful for the opportunity to share some of the results of that hard work.

Third, the issues raised by the bills being discussed today are complicated and deserve serious thought and consideration, and I am gratified that the Council is joining us in focusing on them.

CLEAN, FUEL-EFFICIENT, AND ACCESSIBLE TO ALL – A JOINT COMMITMENT

Mayor Bloomberg and the TLC are committed, to the goal of a cleaner and more fuel-efficient for-hire transportation system accessible to all New Yorkers. Let me outline just a few of the steps we have taken:

1. The TLC has been at the forefront of promoting the use of clean vehicles in our regulated industries for several decades:
 - a. For more than 25 years, the TLC has operated its own inspection facility, at which every taxicab must pass emissions testing every four months.

- b. For more than 20 years, TLC Rules have required that all for-hire vehicles pass similar emissions tests at DMV facilities every four months.
- c. For the past 10 years, the TLC has enforced taxicab vehicle retirement rules that have pushed the average age of a taxicab from over eight years down to between three and four years old. As any automotive expert can tell you – newer cars are cleaner cars.
- d. At the same time, the TLC implemented a series of incentives to encourage the use of CNG vehicles as taxicabs, such as extensions of vehicle retirement and allowing the transfer of CNG vehicles to new owners.
- e. In January of 2005, we began working with the State's Department of Environmental Conservation and the State DMV to pilot a new emissions test called OBD-II. Today, the information garnered from our taxicab inspections will help the State meet its EPA requirements for emissions reduction reports.
- f. Last Fall, with guidance from the Mayor and the Council, the TLC approved specifications for the use of hybrid electric vehicles as taxicabs – since then, 27 hybrids have been placed into service. Nearly one-third are being voluntarily operated with unrestricted or standard medallions.

specifications for wheelchair accessible taxicabs just a few months ago.

- d. A few weeks ago, before this Committee, I announced our intention to develop a demand-responsive dispatch system available to better meet the needs of wheelchair users. TLC staff has been working on that proposal for several months and is exploring how it could be implemented through Commission rulemaking.
- e. Most recently, the Mayor and the Council announced a proposal to place more than 200 wheelchair accessible taxicabs into service. 54 of those taxis will be in service later this summer and the remaining 150 are awaiting State approval.

The TLC will continue to make efforts to encourage the use of these vehicles in all of our industries and evaluate their effectiveness and performance through our inspections process. Our regulated industries will place these vehicles into service so the TLC can monitor whether they can withstand the unique challenges of service in New York City. The public will let us know, through ridership numbers and consumer feedback, about their impressions of these vehicles.

The issues of alternative fuel and wheelchair accessibility do present challenges, and sound policy dictates that we should carefully build upon the momentum we have gained by learning and understanding before regulating and mandating.

For example, CNG vehicles were once the future of the taxicab fleet – but a range of concerns, most prominently a lack of fueling infrastructure, have left only one or two CNG taxicabs on the road today. There have been some recent developments on the CNG front and the momentum may be building again. Also, hybrid electric technology has become the latest wave in the auto industry. We are excited by the early success of hybrids – although I do note that just last month, Toyota issued a recall notice for nearly 200,000 early model Prius’.

On the issue of accessibility, while the rules passed in 2000 by the TLC to mandate equivalent For-Hire Vehicle (FHV) service from bases has certainly represented progress, this system has not led to outcomes that meet all of the needs of wheelchair users. Similarly, the only vehicle that has been used as an accessible taxicab has not performed well. We need to rethink how accessible service gets provided. We have already made changes to vehicle specifications and there are other changes we can make to our rules, and new technologies that can be utilized. Our goal is to have a fully accessible fleet – but we have to make the right decisions about what kinds of vehicles that means. A thoughtful and ongoing policy discussion can help us work through many of the potential problems.

I should note that for the past two weeks, my staff has expended considerable time reviewing these bills and trying to understand their intent and potential impact. While many seem tailored to work together, some appear to be in

conflict, or to offer overlapping approaches to the same policy objective.

However, we do look forward to hearing the testimony offered today to assist us in the development of a sound policy and plan with the Council.

Before turning to the eleven bills that are the subject of today's public hearing, let me once again thank the Council for its leadership on the issues of clean air and accessible vehicles. I am pleased to be able to state my agreement with a number of the principles in the bills at issue here today. Perhaps foremost, I am pleased that the Council is expanding its vision from taxicabs to the entire for-hire transportation industry. I am pleased that this Committee is considering a concept I proposed when I last appeared before you; namely, developing a centralized dispatch center as a means to efficiently provide accessible service to the riding public. At least one of the bills broadens the focus from hybrid electric vehicles to clean air technologies more generally, a shift in approach that I wholeheartedly endorse. Also, the Council's interest in incentives constitutes a commendable recognition that, while mandates can sometimes play a part, incentives are often an important first step. In short, every bill being considered in today's agenda contains a concept I can agree with. I am hopeful that this is the beginning of an important conversation that will yield a program of legislative, regulatory and policy initiatives that will be a model for for-hire transportation industries world-wide

Review of the Eleven Proposed Bills

Now I would like to address each of these bills, the actions the TLC has already begun taking, or will take, and some of the questions and issues that need to be addressed. While I touch upon some important language and substantive technicalities, my testimony intends to address primarily the concepts or intent of each bill – in the interest of time.

Intro 37 proposes to waive administrative fees for certain types of hybrid electric vehicles. I agree with the intent of this bill, which seems to be encouraging the use of clean and fuel-efficient vehicles. Yet, I do have some concerns as to the effectiveness of the proposed incentive, and the potential consequences on the TLC's ability to function. The nature of medallion and vehicle ownership in the taxi industry is a very complicated one. This bill would provide a de minimus incentive for medallion owners as many of the vehicles are purchased directly by drivers, who do not own the medallion. This bill does nothing to help them. Also, when combined with some of the other legislation proposed by the Council, this bill could drastically reduce the revenue the TLC relies on as a fee-supported agency, and impair our ability to conduct business. There are better ways to encourage the use of clean and fuel-efficient vehicles and I welcome the opportunity to work with the Council to develop them.

Intro 90-A proposes to set requirements for FHV bases and the ways in which they can provide wheelchair accessible service. This bill speaks to an important goal to which we are committed – namely, developing a demand-responsive

transportation system accessible to all. But the language presents some serious drafting concerns – for example, it refers to bases “licensing” vehicles. Only the TLC can license vehicles. Bases can “affiliate” with vehicles – but that relationship is a fluid one where vehicles are routinely affiliated and unaffiliated with bases. In addition, TLC staff is already working on revising TLC Rules to incorporate our FHV bases into a citywide system for wheelchair users – working in concert with the Mayor’s Office for People with Disabilities, and based on feedback from users and our licensed industries.

Intro 158-A proposes to drastically revise the retirement schedules for taxicabs. The intent here seems to be to encourage the use of clean and fuel-efficient taxicabs – with which I agree. However, this bill contradicts or overlaps with some of the other bills being discussed today. Also Intro. 158-A virtually mandates the conversion of the taxicab fleet to vehicles that are still in the earliest stages of developing a track record of success as taxicabs in New York City. In San Francisco and Vancouver, a small number of hybrid taxicabs (approximately 30 and 50 respectively) have shown great promise with more than 100,000 miles of successful service. Similarly, here in New York, a few hybrid taxicabs have logged as many as 70,000 miles. By the end of the summer there will be nearly 300 clean taxis on the streets of New York and we are committing to forging ahead and expanding the pool of clean taxicabs and monitoring their success. But this bill departs drastically from that reasoned approach of offering incentives and encouraging use.

Intro 352 proposes the development of a comprehensive plan to encourage the use of clean air vehicles. The Commission has already begun to outline its vision for a cleaner and more fuel-efficient set of vehicles. The first step is to place vehicles on the road to see how they perform – and that is where we are today. Once there is confidence that these vehicles can meet expectations, we should work together on appropriate incentives. The bill also calls for the TLC to take specific steps to encourage the use of certain types of vehicles. Sharing relevant information with our licensees is an important part of what TLC already does. Last fall, when the staff presented rules to allow for the use of certain hybrid-electric vehicles, we offered a detailed staff presentation that outlined some of the potential cost savings. The Council's staff even included excerpts of our presentation in your Committee reports. At several of our outreach seminars for the medallion sale, we invited current hybrid-electric taxicab owners to share their experiences and show their vehicles to potential bidders – between 400 and 500 people attended those seminars, as well as our technical workshops. Earlier this week, I participated in two field demonstrations of hybrid-electric and CNG vehicles organized by TLC staff. These events included representatives from major automakers and TLC staff and the goal was to share information about hybrid-electric and CNG vehicles with potential medallion sale bidders. The bill offers some other interesting ideas we would be happy to pursue further with the Council.

Intros 353 and 354 propose that identifying stickers be required for clean air and wheelchair accessible taxicabs. Both are good concepts – which I will share with my colleagues on the Commission. They can easily be implemented with rulemaking. We remain committed to sharing as much public information as possible about accessible and alternative fuel vehicles, and have done a significant amount already in this regard – especially on and through our website.

Intro 355 proposes the establishment of a design competition to spur the creation of an accessible hybrid-electric taxicab. Setting standards and encouraging the private sector to meet them is exactly what the TLC has always tried to do. We recently adopted specifications for accessible vehicles and we already have in place specifications for hybrid-electric taxicabs. Any accessible hybrid-electric vehicle that meets our adopted standards would immediately be approved for service. I believe these standards, particularly for accessible vehicles, set an important baseline for passenger safety and vehicle reliability. It falls on the private sector to step-up and meet those standards; and that appears to be exactly what is happening. Since the Commission adopted its rules, we have heard from several vehicle companies that are looking into developing vehicles that will meet these specifications. We recently learned that Chrysler, is working with their approved vehicle modifier to develop a vehicle that meets our accessible vehicle standards. We raised the bar only a few weeks ago, and already the private sector is working to reach it.

The TLC has also partnered with the Design Trust for Public Space, a local not-for-profit, on the “Designing the Taxi” project. This initiative brought together some of the best creative minds in New York City to think about the special role of the yellow taxicab and how its design could be improved. The result was an exhibit at the Parsons School of Design and a companion publication. The TLC and the Design Trust are now moving forward on the next step – “Taxi 07” - a project to celebrate the 100th anniversary of the motorized New York City taxicab. An important part of “Taxi 07” will be partnerships with automakers and design professionals to develop new guidelines, and perhaps even vehicle prototypes that are cleaner, more fuel-efficient, more accessible, and more appropriate for the crowded streets of New York City.

Intro 356 proposes the development of a dispatch-based system to provide demand-responsive transportation services to passengers in wheelchairs. This is a concept that TLC staff has been working on for several months and I discussed it when I testified before this Committee several weeks ago regarding Intro 339. I am gratified to see that the Council has expressed support for this concept and we look forward to developing, finalizing and implementing a plan with the help of the Mayor’s Office for People with Disabilities, advocacy groups and our regulated industries. We have already begun developing TLC rules that would implement most of the elements of a dispatch system. This is an important priority for the Administration and we look forward to working with you to achieve it.

Intro 357 proposes an amendment to the Administrative Code that is similarly commendable in its intent, allowing special parking for accessible for-hire vehicles. However, as our partners at the Department of Transportation pointed out to us, for-hire vehicles actively engaged in the process of boarding or discharging passengers are not considered to be parking but "standing ", which is already permitted in accordance with the Department of Transportation's traffic rules. As a result, this bill would do little to increase the ability of accessible for-hire vehicles to pick up passengers.

Intro 361 proposes to change license terms for base stations as a means to encourage the use of hybrid-electric vehicles. Again, encouraging the use of clean and fuel-efficient vehicles is a goal I agree with. I am glad to see that the Council joins us in recognizing the importance of addressing the pollution impacts of ALL of our licensed vehicles, not just yellow taxicabs. But this incentive is directed at base owners - who own very few for-hire vehicles. Most for-hire vehicles are actually owned by drivers, or even separate leasing companies. TLC staff has already been exploring possible means to encourage the use of clean and fuel-efficient for-hire vehicles, such as financial reimbursements for the actual vehicle owners to offset higher vehicle costs. There are certain incentives that could be implemented through rulemaking. We would welcome the chance to develop these ideas further with the Council's assistance.

Finally, Intro 378 proposes to mandate the conversion of taxicabs to hybrid-electric vehicles, accessible vehicles, and finally, accessible hybrid-electric vehicles within the next 7 years. As I have stated in the past before this Committee, I agree with the overall goals of the bill. The proposed mechanism is what troubles me. There are some questions about how this bill interacts with others proposed today. More importantly, the bill mandates the eventual use of a vehicle that does not exist today – there is no such thing as an accessible hybrid-electric vehicle. Writing laws that require the use of vehicles that are unproven, and a vehicle that does not even exist is the wrong way to make policy.

COMPLEX ISSUES THAT REQUIRE A PRUDENT APPROACH

The 11 bills that I've been asked to testify on today attempt to address a range of challenges with a mixed assortment of policy mechanisms. All of these bills express important goals and I view them as good starting points. The issues, as the Council is well-aware, are much more complex than they seem at first glance.

First, it is important for us to focus on the “big policy picture.” For example, should our efforts be limited to encouraging the use of hybrid-electric taxicabs (as these bills seem to do), or should we look towards clean and fuel-efficient technologies in general? Dozens of new vehicles being released this year and over the next several meet emissions and fuel efficiency standards as good as, or better than hybrids. These standards are set by the California Air Resources

Board and have been adopted by New York State. Many of the vehicles are gasoline-powered but they use new technologies to minimize negative impacts. Shouldn't the use of these vehicles be encouraged as well?

While hybrid-electric technology represents an exciting option, the reality is that it stems from technology first developed at the beginning of the 20th century. The CEO of Nissan Motors has argued that hybrid engines are a low-tech solution that impedes the growth of more promising technology. The federal definition, and even the official New York City definition of alternative fuel, does not include hybrid-electrics. There are other technologies available today, or on the horizon, that may offer even more benefits in terms of cleanliness and dependence on gasoline. When TLC staff attended the Alternative Fuel Vehicle Institute's Clean Cities Congress and Expo this past May, none of the vehicles on display were hybrids, and the talk of the conference were alternative fuels like natural gas, electricity, ethanol and bio-diesel. Here in New York, a company has even requested permission for a pilot program to test a lithium battery-powered, and zero-emissions, vehicle as a taxicab. While hybrid-electric vehicles are a promising and practical next step, we should not move too aggressively to wed ourselves long-term to technology which is rapidly changing. In my view, our broader plan should include encouraging and fostering the development of all technologies that lead to cleaner and more fuel-efficient vehicles.

On the issue of vehicle incentives for alternative fuel vehicles, we must also look at the big policy picture. Is providing an incentive to FHV base owners the best way to encourage the use of clean and fuel efficient for-hire vehicles? The reality of today's FHV industry is that in most cases, the base owners do not own ANY of the vehicles that affiliate with them. Should benefits really be geared towards them? Should we instead focus efforts on providing incentives for vehicle owners, who are often drivers?

Likewise, with regard to accessible service, should a demand-responsive system for wheelchair users be limited to the use of two-way radios as Intro 356 calls for? With the technology available today, maybe we should consider other means of communications and dispatch such as text messaging or wireless email? Intro 356 mandates the use of 311 for wheelchair users to obtain service – which certainly seems like a logical choice. But Intro 356 would seem to prohibit the exploration or use of alternatives or supplements like a web-based reservations system. We should consider these and all other viable options as well. And shouldn't we consider how this system meshes with the long-term goal of a fully accessible and clean fleet?

CONCLUSION

Together, the Administration and the Council have accomplished a great deal over the past few months to improve the City's for-hire transportation system. We look forward to working with members of the Council to build upon the

progress we have made over the past few years as well as the recent momentum we have made in providing for cleaner and more accessible taxicabs and for-hire vehicles.

Thank you for your patience, and we would be happy to answer any questions you may have.