CNYCA Supplemental Expense Report to the

Revised Expense Model for the NYC Taxi and Limousine Commission's High-Volume For-Hire Vehicle Minimum Pay Standard

Prepared by James A. Parrott,
Center for New York City Affairs at The New School

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INTRODUCTION

This brief report supplements the Center's Revised Expense Model report released in December 2024 (the "December report") that was cited in the New York City Taxi and Limousine Commission's (TLC) proposed regulations regarding Driver Pay for High-Volume For-Hire Vehicles, released on January 3, 2025.[1] The TLC held a public hearing on the proposed rules on February 5, 2025.

As explained below, the purpose of this supplement is to respond to feedback received through the comment process by incorporating a residual vehicle value for vehicles owned by High-Volume For-Hire Vehicle[2] (HV-FHV) drivers and flow that through to the composite per-mile expense factor. Residual values were estimated for the most common internal combustion engine (ICE) vehicles with model years 2015-19 that completed trips in 2024, and for the most common electric vehicle (EV) that completed trips in 2024. This produced a weighted average trade-in value of $7,200 for older HV-FHV ICE vehicles, and a residual value of $10,800 for a high-mileage EV. These residual values were adjusted for the amortized value of out-of-pocket insurance deductibles estimated to have been paid by driver-owners.

These modifications to the expense model developed in the December 2024 report slightly reduce the net impact of the expense amount upward revision. The net increase to minimum driver pay for a standard trip of 7.5 miles and 30 minutes declines from 5.85 percent to 5.0 percent, relative to the pay standard that was in effect from March 1, 2024-March 1, 2025 (referred to here as the "2024 pay standard"). The net 5.0 percent change incorporates the proposed rule changes regarding time and distance utilization and is 1.1 percent higher than the pay standard that incorporates the March 1, 2025, 3.9 percent COLA adjustment.

BACKGROUND

As noted in the December report, the TLC commissioned the Center to develop an updated method to quantify vehicle expenses in light of considerable changes since 2018 in the composition of the HV-FHV fleet. These fleet changes include a greater share of SUVs, more short-term rental vehicles, and increasing numbers of EVs and Wheelchair Accessible Vehicles (WAVs). Since Uber and Lyft drivers provide HV-FHV services as independent contractors using vehicles they own or rent, it is essential for drivers to be compensated fully for the vehicle-related expenses they incur.

1. https://www.nyc.gov/assets/tlc/downloads/pdf/driver_expense_report.pdf
2. HV-FHV services are app-dispatched passenger transportation services providing 10,000 or more passenger trips per day. Currently, Uber and Lyft are the only two companies in this category.

The December report, consistent with previous TLC practice, was based on an extensive survey of drivers as well as publicly available data regarding expenses for vehicle cost or rent, insurance, and maintenance. Median and average survey responses were considered in tandem with other research on vehicle costs. Fuel costs for ICE vehicles were estimated using government vehicle mileage ratings and average gas costs for the previous six months. EV charging costs were derived by using survey data on charging mode and times, official data on electricity costs, and industry sources on charging times.

The December report noted steps taken to corroborate survey-reported expenses and certain similarities to an analysis of vehicle expenses by an Uber consultant, HR&A.[3] The CNYCA December report and the HR&A report find similar results for fuel and charging expenses, and for insurance.[4]

The December report recommends a composite per mile cost reflective of vehicle cost structures along two dimensions: owned vs. rented, and internal combustion engine (ICE) vs. electric (EV) vehicles. Cost structures reflecting acquisition (or rental) costs, insurance, maintenance, and fuel or battery charging costs were compiled for each of four vehicle categories and weighted to reflect each category's projected share of high-volume trips for 2025.

TLC trip data cited in the December report showed that three-quarters of all trips in 2023 were provided by drivers who drive for Uber or Lyft 30 or more hours weekly (Exhibit 10, December report). While 10 percent of all drivers are casual drivers working less than 10 hours per week, they provide only one percent of all trips. Not surprisingly, the great majority (81 percent) of those responding to the survey were full-time drivers; well over half (56 percent) had driven for Uber or Lyft for five years or more; 80 percent reported that driving is their sole source of income; and 93 percent purchased or rented a vehicle for the purpose of driving for hire (Exhibits 6 and 10, December report).

The average full-time driver logs 32,500 miles annually. Owner-drivers of ICE vehicles typically finance their purchase of their vehicles over five years, and EV owner-drivers over six years. While the December report noted that "a vehicle driven intensively providing for-hire vehicle passenger services for five years on the streets of New York City would likely be fully depreciated after five years with minimal residual value," the intent was not to suggest that such vehicles would have zero residual value or that they would not have sufficient use value to the driver to continue providing passenger services.

3. HR&A, New York City Uber Driver Earnings and Expenses Study, Final Report, for Uber Technologies, Inc., November 4, 2024.
4. However, the HR&A Uber report understated maintenance costs by relying on a general population-based AAA calculator and significantly understated depreciation costs. For a side-by-side comparison of the HR&A Uber and our expense analysis, and a comparison of each report's composite weighting factors, see Appendix Exhibit 3 in the December report.

FACTORING IN A RESIDUAL VALUE FOR OLDER VEHICLES

Recognizing that an older, high-mileage vehicle used intensively for HV-FHV services may retain some value, it is reasonable to quantify an amount of residual value and incorporate that into the composite expense factor. With the assistance of TLC staff, trade-in values were determined for the most common vehicles in active use in 2024 from model years 2015-19. These older vehicles typically had very high odometer readings. Median odometer readings from a 20 percent sample of vehicles inspected at TLC's inspection facility were a key input in estimating vehicle trade-in value. The Appendix to this report details the methodology used to estimate residual vehicle values for ICE and electric vehicles. WAVs were excluded from the analysis of residual values because of limited available data on the substantially smaller sub-market for modified, high-mileage vehicles. There are no publicly available tools to estimate the value of used WAVs; manufacturers of accessibility equipment fill this gap by offering in-person appraisal services at their dealerships.[5]

The weighted average odometer reading for the sample of 2,722 active common 2015-19 vehicles was 196,816, and the weighted average trade-in value according to Kelley Blue Book was $7,200.

Drawing on actual high-mileage odometer readings from inspection records more accurately reflects the impact of greater wear-and-tear on residual values for older HV-FHVs. It is preferable to using a method that relies on vehicle model years and an implicit assumption about average annual miles driven that are reflective of personal use rather than very high-mileage commercial use vehicles.[6]

It is also appropriate to make a further adjustment to the residual vehicle value to reflect the amortized value of an out-of-pocket $2,500 insurance deductible likely made by a full-time driver at some point over the course of five years. Such an adjustment is reasonable, considering that data on TLC FHV accidents suggest that over the course of five years there is a very high likelihood of an FHV sustaining damage in an NYPD-reported crash.[7]

Subtracting $2,500 from $7,200 leaves $4,700 as the residual value to the owner of an older, very high-mileage ICE FHV that has been used on a full-time basis for five or more years for HV-FHV services in New York City. The residual values are amortized over five years in the case of an ICE vehicle, and six years for EVs, and the amortized annual values are subtracted from the total vehicle payment. The comparable residual

5. See, for example, the services offered by Vantage Mobility and BraunAbility, two larger manufacturers of commercial accessibility equipment.
6. The HR&A report overstated the residual value of older vehicles since their method apparently only relied on model years and did not factor in high-mileage odometer readings that would reflect intensive commercial use. The overwhelming majority of used vehicles from model years 2016-19 listed for sale on the Kelley Blue Book website have odometer readings well below 100,000 miles.
7. For the years 2020-24 there were an average of 11,339 crashes with vehicle damage per year and an 18 percent chance that a given vehicle sustained damage in an accident. An 18 percent chance each year for five years would mean a 90 percent chance for vehicles in service for five years. The TLC vehicle crash data for black cars is available on NYC Open Data, https://data.cityofnewyork.us/Transportation/TLC-Vehicles-Involved-in-Crashes-Local-Law-31-/5esv-8c3f/about_data

value of an EV after adjustment for 80 percent of an out-of-pocket insurance deductible is $8,800 (see Appendix for details). The residual value amounts for ICE and electric vehicles are included in a revision to Exhibit 13 from the December report (revised values are highlighted in yellow). This reduces the per mile amount for owned ICE vehicles from $0.782 in the December report to $0.753, and the owned EV per mile amount from $0.914 to $0.869.

Revised Exhibit 13, showing inclusion of residual vehicle value. Part 1

ICE vehicle, owned					**ICE vehicle, rented**			
expense item		monthly	annual	per mile	expense item	weekly	annual	per mile
Gas (weighted mpg)	24.9		$4,216	$0.130	Gas (weighted 24.9 mpg)		$4,216	$0.130
avg NYC gas price 6 mos. to 11/18/24	$3.230				avg NYC gas price 6 mos. to 11/18/24			
Down payment (amortized over 5 yrs)	$5,000	$83	$1,000		Weekly rent/lease cost	$525	$27,300	$0.840
Monthly payment		$735	$8,823					
subtract residual vehicle value	-$4,700		-$940					
Total vehicle payment			$8,883	$0.273				
Insurance			$4,548	$0.140	Insurance: (included in rental amt)		$0	$0.000
Maintenance			$4,500	$0.138	Maintenance: allow 20% pay $3500		$700	$0.022
Vehicle cleaning ($36 every two weeks)			$936	$0.029	Vehicle cleaning		$936	$0.029
TLC and DMV licensing and registration fees			$1,382	$0.043	Licensing costs only		$254	$0.008
TOTAL			**$24,465**	**$0.753**	**TOTAL**		**$33,406**	**$1.028**

Revised Exhibit 13, showing inclusion of residual vehicle value. Part 2

Electric Vehicles, owned					**EVs, rented**			
expense item		monthly	annual	per mile	expense item	weekly	annual	per mile
EV charging cost			$3,315	$0.102	EV charging cost		$3,315	$0.102
Driver time for charging			$3,120	$0.096	Driver time for charging		$3,120	$0.096
Down payment (amortized over 6 yrs)	$5,000	$69	$833		Weekly rent/lease cost	$550	$28,600	$0.880
Monthly payment		$950	$11,400					
subtract residual vehicle value	-$8,800		-$1,467					
Total vehicle payment			$10,767	$0.331				
Insurance			$4,750	$0.146	Insurance: (included in rental amt)		$0	$0.000
Maintenance			$4,000	$0.123	Maintenance: allow 20% pay $3000		$600	$0.018
Vehicle cleaning			$936	$0.029	Vehicle cleaning		$936	$0.029
TLC and DMV licensing and registration fees			$1,343	$0.041	Licensing costs only		$254	$0.008
TOTAL			**$28,231**	**$0.869**	**TOTAL**		**$36,825**	**$1.133**

These revised vehicle per mile amounts are then entered into a revised Exhibit 14 that generates the composite HV-FHV expense factor. The composite expense factor with an adjustment for residual vehicle value is $0.850, compared to the previous $0.871 per mile value (revised values highlighted in yellow).

Revised Exhibit 14, adjusting the Composite non-WAV HV-FHV expense model for residual vehicle values

87.5% ICE, 12.5% EV; 70% owned, 30% leased

	Per Mile Expense Factor	Weights	Weighted expense factor
ICE vehicle, owned	$0.753	0.613	$0.461
Electric Vehicle, owned	$0.869	0.088	$0.076
ICE vehicle, rented	$1.028	0.263	$0.270
EV, rented	$1.133	0.038	$0.042
Composite total expense factor			**$0.850**
Current expense factor			$0.789
Increase over current			7.7%

A new Exhibit A below shows the net impact of including residual vehicle values for owned ICE and electric vehicles. The composite $0.85 per mile expense factor would make the driver's pay for a typical 7.5-mile, 30-minute trip $29.07 (see row 4, highlighted in yellow). This is 5.0 percent more than the 2024 pay for a typical trip. The $0.871 per mile factor from the December report (row 3), combined with the new time and distance utilization factors, yielded an amount of pay for a typical trip of $29.30. That amount would have been 5.85 percent more than the 2024 pay for a typical 7.5-mile, 30-minute trip.

New Exhibit A: Driver pay for a typical HV-FHV trip under four policy scenarios

	per mile rate	per minute rate	distance utilization	time utilization	Typical HV-FHV trip 7.5 miles	Typical HV-FHV trip 30 minutes	Total Trip Pay	% change from 2024 pay standard
1. 2024 pay standard	0.789	0.338	0.580	0.580	$10.20	$17.48	$27.68	
2. March 1, 2025 COLA adjusted (+3.9%)	0.820	0.351	0.580	0.580	$10.60	$18.16	$28.76	3.90%
3. TLC proposed utilization rate changes and per mile expense factor from December report	0.871	0.351	0.685	0.533	$9.54	$19.76	$29.30	5.90%
4. TLC proposed utilization rate changes and revised per mile expense factor including residual vehicle value	0.850	0.351	0.685	0.533	$9.31	$19.76	$29.07	5.00%

APPENDIX

Method to determine residual vehicle value for common 2015-19 models

ICE vehicles

Model-year data for all HV-FHVs that completed trips in 2024 were compiled and the five most common models for each year from 2015-19 were determined. Of the 79,272 vehicles active in 2024, one-quarter were found to be model years 2015-19.[8] The five most common vehicles for each of the years 2015-19 numbered a total of 13,605, and represented 70 percent of all vehicles in those model years.

The TLC requires FHVs to be inspected every two years at the TLC inspection facility. Inspection data includes an odometer reading. For the set of most common vehicles, odometer readings and Vehicle Identification Numbers ("VIN numbers") were compiled for the 20 percent of vehicles within each common make-model category. For example, there were 2,037 2016 Toyota Camrys in the active vehicle data set. Odometer readings were compiled for the 407 (20 percent) unique 2016 Camrys that were most recently inspected, with a median odometer reading of 231,553 miles. Appendix B includes complete data for the five most common vehicles for each model year included in the analysis.

The Kelley Blue Book trade-in value[9] was then determined by inputting the VIN from the vehicle with the median odometer reading in each common vehicle category. Vehicles were considered to be in "fair" condition in light of their intensive HV-FHV use and assumed to have no modifications. A Long Island City, Queens ZIP code was used to generate an estimate of local trade-in value. A weighted trade-in average value for the 24 median-odometer common vehicles was calculated using weights corresponding to the frequency counts for each category. One group of common vehicles for 2019—the 2019 Honda CR-V—was excluded from the weighting. That is because the median mileage for that sample was 112,729, below the 125,000-mileage threshold considered appropriate for vehicles used on a full-time basis for five years.

The weighted average odometer reading for the sample of 2,722 ICE vehicles was 196,816 and the weighted average trade-in value was $7,200.

Electric vehicles (EVs)

A different method was used to estimate the residual value for EVs since over 90 percent of EVs in use for HV-FHV services are 2021 model years or newer, and there are relatively few EVs with current very high-mileage odometer readings. The most common EV in use is the Tesla Model Y. Teslas accounted for two-thirds of all EVs in use in 2024 and Model Ys were fourth-fifths of all Teslas. We used the KBB's online trade-in calculator to estimate the residual value of 2021 and 2022 Tesla Model Ys, using VIN

8. 72.3 percent of vehicles were 2020-25 model years, and less than 2.8 percent were pre-2015 models.
9. Kelley Blue Book, https://www.kbb.com/car-values/.

numbers for vehicles that data indicate performed the highest number of trips in 2024. We used odometer readings of 175,000 and "fair" condition to approximate the wear and tear that a vehicle used intensively for HV-FHV would have been subjected to and entered a New York City zip code for the vehicle location.

The KBB estimated trade-in values for six 2021 and 2022 Model Ys were in a relatively narrow five percent range, from $10,552-$11,106. The values were rounded to an average of $10,800. Considering that the New York City accident record for FHVs has been gradually declining in recent years, we reduced the average trade-in value by 80 percent of a $2,500 insurance deductible (rather than 100 percent as in the ICE vehicle case). This yielded an insurance deductible-adjusted trade-in value of $8,800 ($10,800-$2,000) for a typical EV. That value was entered into the revised Exhibit 13, and the resulting $0.869 owned-EV mileage factor was flowed through to the determination of the composite expense factor in Exhibit 14. Together with the residual value adjusted ICE vehicle valuation this reduced the composite mileage factor to $0.850 from $0.871 in the December report.

Calculating Weighted-Average Trade-In Estimate of Inspected Vehicles

Make-Model	# Active in 2024	Sample	Median Odometer Reading (000s)	KBB Trade-in Estimate
2019 Toyota Camry	949	190	152	$7,954
2019 Toyota Highlander	927	185	133	$16,568
2019 Toyota RAV4 Hybrid	574	115	198	$10,167
2019 Nissan NV200	317	63	189	$4,045
2019 Honda CR-V*	311	62	113	$12,755
2018 Toyota Camry	2	365	176	$7,119
2018 Toyota Sienna	647	129	176	$8,282
2018 Honda CR-V	503	101	130	$9,889
2018 INFINITI QX60	149	30	164	$4,635
2018 Nissan Altima	110	22	126	$4,265
2017 Toyota Sienna	741	148	198	$7,664
2017 Toyota Highlander	677	135	202	$10,317
2017 Toyota RAV4	551	110	182	$7,218
2017 Toyota Camry Hybrid	515	103	271	$3,621
2017 Honda CR-V	378	76	148	$9,227
2016 Toyota Camry	2	407	232	$4,118
2016 Toyota Camry Hybrid	335	67	239	$5,372
2016 Honda Accord	308	62	189	$5,577
2016 Toyota RAV4	288	58	201	$6,617
2016 Toyota RAV4 Hybrid	241	48	247	$6,847
2015 Toyota Camry Hybrid	673	135	298	$3,983
2015 Toyota Sienna	498	100	201	$3,911
2015 Nissan Altima	138	28	187	$2,489
2015 Toyota Avalon Hybrid	127	25	284	$5,312
2015 Toyota Prius v	99	20	305	$4,114
Weighted Average				**$7,201**

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