

Testimony before City Council Transportation Committee
Re: Intro. Nos. 401 and 473
By Taxi & Limousine Commissioner/Chair Matthew W. Daus
March 26, 2007

Good morning, Chairman Liu and members of the City Council Transportation Committee. My name is Matthew Daus, and I am the Commissioner/Chair of the New York City Taxi and Limousine Commission (TLC). Thank you for the opportunity to appear before you today to present testimony on Intro. No. 401 in relation to establishing taxicab stands, and Intro. No. 473 in relation to priority queue status for alternative fuel taxicabs. Joining me is my First Deputy Commissioner, Andrew Salkin.

The TLC was created pursuant to the City Charter and has the responsibility of developing an overall transportation strategy for demand responsive transportation providers, established by Local Law and TLC regulations. The TLC licenses and regulates medallion taxicabs, community liveries, black cars, commuter vans, paratransit vehicles and luxury limousines.

Each of these industries provides a particular service to New York City residents and visitors and has its own place in the comprehensive transportation network of the city. For-hire vehicles (otherwise known as FHV's) play an integral role in this system. The FHV industry is charged with fulfilling demand for local for-hire service via passenger-initiated requests made directly to bases, resulting in the dispatch of vehicles to provide the desired transportation. The system features over 550 bases distributed throughout the five boroughs that dispatch over 25,000 vehicles to local residents, successfully offering comprehensive door-to-door service - citywide. Because the base dispatches all trips and the passengers are able to easily choose between bases, these businesses have an incentive to ensure that the vehicle, driver and service they provide are appropriate to meet the passenger's expectations in terms of quality and price.

The taxicab industry, by contrast, provides service by the acceptance of street hails, and is the only participant in the for-hire ground transportation industry with the right to pick-up passengers on the street without pre-arrangement. In exchange for this right, taxicab owners, vehicles and drivers are heavily regulated by the TLC to ensure public safety, provide quality customer service and to set appropriate rates of fare. Taxicabs are required to transport passengers anywhere within the City of New York and to certain destinations beyond – from wherever they might be hailed. Although taxicab drivers are independent entrepreneurs who choose where they start their shift, where they go after the first pick-up of the day is controlled mostly by passengers. 80% of taxi trips end in Manhattan, which explains why most taxicabs cruise in this area. The street hail system – by design – will take a taxicab out of Manhattan only when requested by the passenger. Since only 8% of trips involve passenger requests to locations outside Manhattan or the airports, there are very few taxicabs available to freely cruise other locations of the City.

These distinctive taxicab and FHV service structures complement one another, and meet the needs of the public well. The neighborhoods of New York City have such varied transportation needs that one service solution does not fit all. In sum, the current system established by Local Law and TLC regulations is able to meet the basic transportation needs of passengers throughout the City, and works well overall.

Intro. 401 proposes the creation of 10 taxi stands throughout the boroughs staffed by the TLC for a three-year trial period. It appears that the intent of the Council in introducing these bills is to provide for more taxicab service in specific areas of the City. Certainly, it must be noted that FHV service is available throughout the city, and is more than capable of meeting passenger demands. Adding a stand to a local neighborhood to promote the taxi industry – in which market forces work against the driver leaving Manhattan – overlooks the FHV industry, which has shown a true willingness and commitment to providing local community-based service.

My primary concerns with this proposed legislation are the governmental costs and logistics involved in managing these stands when compared to the added benefits any enhanced service would provide. Only 8% of taxicab trips take place outside of Manhattan and the airports, which means that there are relatively few opportunities for taxicabs to even contemplate using a stand. Since most of these trips occur during and after the evening rush hour, we estimate the true percentage of taxicabs available between 9 AM and 5 PM is much less than 8% of total rides – and the likelihood that this small number of available taxicabs would be close enough to one of these stands to consider utilizing it is quite small. This should be a key consideration when contemplating the cost of staffing several stands. If the stands were to run for approximately 12 hours per day, we estimate that a minimum of over 3 TLC employees will be needed to staff each stand. This equates to over \$160,000 in direct personnel costs per stand, or about \$5 million to run this program during the 3 year trial period – not including capital or ongoing operational expenses.

As you know, there is currently a stand located in Flushing, at the intersection of Roosevelt Avenue and Main Street. This stand is operated with private funds and has had some measure of success. This success has come via offering incentives to drivers to use the stands. Initially, when the stand was created, the members of the taxicab industry funding its operation worked closely with drivers to ensure they would provide service by offering reduced lease fees. It is my understanding that this may no longer be the case, and that the primary driver incentive now is the Port Authority's provision of airport "shorties" to drivers who service the stand. A "shorty" ticket is usually issued by the Port Authority to taxicab drivers who, after waiting a significant time at JFK or LaGuardia airport, must transport a passenger to any area outside of Manhattan. As an incentive for servicing the airports, "shorty tickets" allow taxicab drivers to return again to either airport after their non-Manhattan destinations and to advance to the front of the long lines in the taxicab holding lot.

Recently, my staff and I spent time observing the Flushing stand at various times of the day, interacting with passengers, drivers and dispatchers. Based on our observations, it is clear that the stand is successful in terms of both passenger and taxicab driver convenience and satisfaction. Most drivers indicated that they either reside or lease their taxicab in the area, and frequent the stand as the first fare of their shift - in lieu of their usual routine of going directly to the airports. Most trips were reported to be local, and instead of returning to the stand, most drivers proceed directly to the nearest airport, utilize their "shorty" tickets to advance on the line, and then take their next fares until they arrive in Manhattan, where they work for the remainder of the day. In terms of passengers, there seemed to be no shortage of people seeking to utilize the service. However, it must be noted that the intersection in Queens is unique in that it is highly congested with both pedestrians and traffic during rush hour, and appeared as busy - if not busier - than the most populated areas of Manhattan where taxicabs ordinarily find their work. Also, it is clear that a primary reason for the stand's success is its conveniently close location to JFK airport and because most passenger trips are to nearby areas.

In sum, while the Flushing taxicab stand is successful in some respects, in my opinion this is due to its unique geographic location, its unusually high pedestrian congestion, and the expenditure of significant private sector resources and subsidies.

The companion bill, Intro. 473, seeks to utilize the dynamics of taxicab stands to provide incentives for medallion owners to purchase more alternative-fueled vehicles for use as taxicabs. While this proposed legislation also has the best of intentions, I do not believe it will provide an adequate incentive to accomplish its stated goals – and it may, at the same time, create additional problems at taxicab stands.

While the TLC does not currently staff or operate any taxicab stands in the City, there are several that are supervised and managed by private entities. These privately run stands are located at Penn Station and Grand Central Station. The Port Authority also operates taxicab stands at its Manhattan Bus Terminal, as well as LaGuardia and JFK Airports. The primary function of these stands is not to attract taxis, but to facilitate the safe and orderly flow of passengers entering and exiting taxicabs in highly congested areas where without the stands, taxicabs drivers would compete for passengers and passengers would aggressively compete with one another for taxicabs. The logistics of sorting vehicles on the curb in congested areas are complex and it might be nearly impossible at certain times of the day to organize the advancement of certain vehicles to the front of a line on a street already congested with regular traffic. Furthermore, shuffling taxicabs out-of-order in congested areas may pose serious safety concerns for drivers, passengers, dispatchers and pedestrians.

I simply do not believe it would be a meaningful incentive for medallion owner/operators that would inspire the purchase of alternative fuel vehicles. The Council and the Administration recently enacted various incentives that have not yet had the opportunity to be fully evaluated – including the issuance of dedicated medallions, the approval of

several vehicles, and vehicle retirement extensions – not to mention the inherently significant incentive of reduced fuel-costs. Today, 329 alternative fuel vehicles are on the streets of New York City, more than any other United States City. While there is usually no harm in providing additional incentives, doing so here may create safety-related problems which outweigh any minimal benefits gained by a priority taxicab queue status.

Given the various concerns cited surrounding Intros. 401 and 473, the TLC and the Administration cannot support either of these bills in their current form. Again, thank you for inviting me to testify. I would now be happy to answer any questions.