

**TESTIMONY OF NYC TAXI AND LIMOUSINE COMMISSION  
CHAIR/COMMISSIONER MATTHEW W. DAUS**

**CITY COUNCIL TRANSPORTATION COMMITTEE  
INTRO 339 – MAY 16, 2006**

Good afternoon Chairman Liu and members of the 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 testify regarding Intro 339 – a bill which seeks to dramatically change the structure of the upcoming sale of 308 taxicab medallions.

Today, I will provide an overview of the 3-year process that has led to this final auction and then make 4 key points regarding Intro 339 to outline why the TLC cannot support it:

First, the bill proposes to change the rules for medallion sale auctions less than a month from the start of bid collections, two months after the Commission publicly voted on those rules, and two months after I announced those rules to the Council in my preliminary budget testimony. By waiting until the last moment, the Council's proposal has created significant confusion and concern among potential bidders and the taxicab industry, including lenders and brokers.

Second, the TLC is already committed to tripling the number of wheelchair accessible taxicabs in service, and to continue testing the viability of various vehicles. To date, there are no vehicles that have proven themselves able to fully meet the needs of passengers. This bill mandates that an additional hundred unproven vehicles be placed into service – and it is simply too soon to do so.

Third, the Administration is committed to finding ways to provide demand-responsive transportation service that is available for disabled passengers on a citywide basis. This bill does not make meaningful progress toward that goal and would have a minimal impact on service as it affects only one portion of the for-hire vehicle industry that primarily serves the Central Business District of Manhattan. As an alternative, the Administration is prepared to develop a comprehensive plan that includes the input of disabled passengers, the riding

public, TLC-regulated industries and the Council about how best to leverage available resources, vehicles and technology to provide service to ALL passengers in ALL five boroughs. We hope the Council would be willing to join us in focusing their energies on such an effort.

Fourth, the Administration stands with the Council in support of a cleaner taxicab fleet and last fall, the Commission passed rules to allow for the use of hybrid-electric vehicles. Those rules waived various requirements that apply to all other taxicabs, most notably the safety partition. The TLC has already committed to more than tripling the number of alternative fuel taxicabs in service and continuing an ongoing evaluation of their overall performance – but as with accessible taxicabs, it is too soon to mandate that another hundred unproven vehicles be placed into service.

### **Overview of the Medallion Sale Planning Process**

In 2003, the State, through Chapter 63 of the Laws of 2003, authorized the City to sell an additional 900 taxicab medallions. In June of that year, the Council passed and the Mayor signed Local Law 51 establishing the 9% percent minimum set-aside for accessible and alternative fuel medallions, and authorizing the TLC to establish rules for their sale. By February of 2004, a Final Environmental Impact Statement was completed. In April 2004, the TLC sold the first 300 medallions. Unfortunately, only 1 person submitted bids for accessible medallions, and none were actually sold. In the next fiscal year, in October 2004, the TLC sold another 292 medallions. We sold all 27 accessible medallions and 19 of the alternative fuel medallions.

Since then, I have come before the Council on multiple occasions and I have indicated that the TLC would look forward to your input as we planned the sale of the remaining 308 medallions. Just this past March, I appeared before this Committee and announced the TLC's intention to adhere to the 9% minimum and offer 54 accessible medallions and 62 alternative fuel medallions in auctions planned for June 2006. I made clear our intention to utilize the auction model of

the October 2004 sale. Also in March, the Commission, through a public rulemaking process, approved rules for the sale.

But it was only last week that the TLC was formally notified that the Council planned on introducing a bill that could drastically alter the structure of the sale, and just six days ago, I had my first look at the actual legislation.

Based on a preliminary review, and the feedback I have already begun to receive from potential bidders, the impact of the legislation could be significant. There is a sense of confusion and disarray among bidders about this last-minute proposal. The bill dramatically alters the terms under which potential medallion bidders are operating and it is conceivable that there will be fewer bidders and bid prices will be lower, costing the City millions in lost revenue.

Also, the TLC may experience difficulty in attracting independent or individual owner-driver bids. Of 275 bids received in the last sale for accessible and alternative fuel medallions, only 4 were from individual owner-drivers.

### **No Proven Accessible New York City Taxicab Vehicles – Yet**

Early last year, 27 vehicles went into service as accessible New York City taxicabs. All 27 were rear-entry Ford Freestars modified by the same second-stage manufacturer. Within 6-8 months, the TLC and vehicle owners began noting a series of component failures including wearing of the rear brake lines and structural damage to the chassis. Over the past year, the TLC has worked closely with the owners to do our best to ensure that the vehicles are safe. We are still evaluating the full extent and cause of these problems.

Just last week, the Commission approved rules setting higher standards for accessible taxicabs. We hope that these standards will lead to vehicles better able to work as taxicabs here in New York. But it is important to note that our Commissioners, and the Council, heard from disabled passengers who raised concerns about those standards and whether they would lead to vehicles that met all of their needs.

The Commission is committed to finding the right vehicles to serve as accessible taxicabs. Current medallion sale plans call for tripling the number of

accessible taxicabs on the street, and that will help us towards determining what vehicles will survive over the 3-5 year vehicle life of taxicabs. However, we have not found those vehicles yet. Adding one hundred more beyond that is too much - too soon.

### **Meeting the Demand for Citywide Accessible Service**

The yellow medallion taxicab industry is an important segment of the City's transportation network, serving an estimated 650,000 passengers each day. But there are more than eight million people living in New York City – in neighborhoods from Auburndale, to Kingsbridge, to Greenpoint, to St. George. Very few of these neighborhoods have regular taxicab service. Yet the people living in them, including those who are disabled, have real transportation needs. Providing truly accessible service means providing service across the entire City.

The TLC recognized this 6 years ago when the Commission passed rules regarding equivalent service for passengers in wheelchairs from for-hire vehicle bases. Since then, the implementation of this program has presented challenges. While all bases are able to show proof of their ability to offer service, these businesses are not able to provide equivalent service in all instances, despite their best efforts. The disabled community has made clear that they are not satisfied with the service offered to them, and some segments of the for-hire vehicle industry have reported that despite investments in vehicles and other resources, there is little demand for the service.

Providing demand-responsive transportation services to all passengers, in all parts of the City should be the public policy goal. By passing and enforcing rules for the FHV industry, and selling a limited number of accessible taxicab medallions to help learn which vehicles could work, the TLC has made some progress. But there are no easy or quick answers here. The TLC is ready to work with the disabled community, the general riding public, our regulated industries and the Council to figure out the immediate and long-term next steps to help us develop a better and more comprehensive plan to serve all New Yorkers. We believe that the full support of the Council is vital, yet this bill would

have little or no impact on service in parts of the City that are not widely served by taxicabs.

### **No Proven Alternative Fuel Taxicab Vehicles – Yet**

The goal of a clean taxicab fleet is something the TLC has consistently been working towards. First, we instituted regular vehicle inspections, including a computer-based test of emissions control components. This emissions controls test is becoming the standard in many parts of the country and the TLC was one of the first places in New York State to implement it.

Our vehicle retirement rules made the New York City taxicab fleet arguably the newest fleet in the country, and probably the world. Newer vehicles have meant improved performance and reliability, and less noxious emissions.

Several years ago, the TLC took steps to encourage the use of Compressed Natural Gas (CNG) taxicabs. Despite significant investment from the taxicab industry, that effort failed. A vehicle modifier has recently been federally approved to outfit the 2006 Ford Crown Victoria for CNG use. Such vehicles would be eligible for alternative fuel medallions and the TLC looks forward to seeing the results of this new effort.

The latest step we took in the direction of a cleaner taxicab fleet was done last fall with guidance from the City Council. The Commission passed rules waiving various requirements for hybrid electric vehicles and allowing them to be used as taxicabs. One rule that was waived generally requires the installation of partitions in taxicabs to protect drivers. The Commission, as recently as last week, has expressed concerns about encouraging the use of taxicabs that do not use partitions. Representatives of the taxicab industry, including a major fleet organization and an owner-driver organization have voiced similar concerns. Fortunately, there have been no fatalities in taxicabs for almost a decade. In addition to the excellent performance of the New York City Police Department, we believe that the use of safety partitions has been an important part of that trend. The hybrid-electric vehicles available today are not capable of fitting a partition without significantly restricting passenger space. This bill would add

another hundred taxicabs without safety partitions – and that is simply too great a risk to take.

Hybrid-electric vehicles have been used as taxicabs for seven months and the initial results are promising. Drivers are enthusiastic, passengers seem supportive and maintenance has not been an issue. But we are still at the very early stages. By adding up to 62 more vehicles as we have planned, the TLC would more than triple the number of alternative fuel taxicabs in service and provide a strong base to evaluate their performance and reliability. Adding nearly a hundred more beyond that would push an unnecessarily large number of unproven vehicles into taxi service.

### **Conclusion**

In conclusion, I want to commend the Council for taking up the important and pressing issues of accessible service and a cleaner taxicab fleet. The TLC is ready to work with the Council to address these issues in an intelligent and reasonable manner. But Intro 339 is a last-minute measure that has placed the final sale of taxicab medallions in disarray. This bill would prematurely place nearly two hundred additional unproven vehicles into service as taxicabs, without addressing the important question of how to actually provide better service to all New Yorkers. Therefore, the TLC must oppose the legislation.

I would be happy to answer any questions you may have at this time.

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