

Testimony of Meera Joshi

NYC Taxi & Limousine Commission Commissioner/Chair

Testimony On:

Int. No. 842: A Local Law in relation to temporarily limiting the issuance of new for-hire vehicle licenses.

Int. No. 847: A Local Law in relation to requiring a study on the impact of growth in the taxicab and for-hire vehicle industries.

City Council Committee on Transportation

June 30, 2015

Good morning Chair Rodriguez, members of the Transportation Committee, and City Council. I am Meera Joshi, Chair of the New York City Taxi & Limousine Commission. Today with me are two individuals I'm sure you all know well: DOT Commissioner Trottenberg and Nilda Mesa, Director of the Mayor's Office of Sustainability. Thank you for the opportunity to speak today about legislation introduced by Chair Rodriguez and Council Member Levin to limit and study the growth of FHV's for one-year--or the duration of the study--whichever is earliest.

TLC supports limiting the issuance of new FHV licenses while TLC, DOT, DEP, the Mayor's Office of Sustainability and other agencies conduct a study of the impact that rapid FHV industry growth, and growth in other TLC-regulated industries, is having on NYC traffic congestion, air quality, noise, and public health. Following the completion of the study, TLC would submit recommendations to the Speaker and the Mayor for mitigating any impacts identified. These bills would not impact the issuance of green Boro Taxi permits, which is already regulated by state law.

Several emerging trends, new data obtained by the TLC, and concerns regarding the future of mobility, public health, driver welfare and accessibility in New York City have led TLC to support an impact study and a growth limitation during the pendency of the study.

First, some background on how the FHV industry works as compared to other industries under TLC's jurisdiction is helpful.

Unlike other TLC-regulated industries, there is no real growth control mechanism in the FHV industry. For yellow taxis, the number of medallions is set by state and local law. For green taxis, the number of permits that can be issued is set by state law and findings from a market analysis TLC performs between each issuance period. For commuter vans, new authorities are subject to DOT review of community needs and TLC approval. But for FHV's, TLC currently has no authority to limit the number of licenses. They stand alone in the private for-hire world as the sector without a meaningful growth oversight mechanism.

Recent trends demonstrate the potentially problematic consequences of a system without a growth control mechanism. Growth in the FHV industry in the past several years has been tremendous. Since 2011 about 25,000 new FHV's have joined the fleet. There are now nearly 63,000 FHV's, a 66% increase from just four years ago.

We have strong reason to believe that, without Council action, growth in the FHV industry is expected to continue. In *each* month of Fiscal Year 2015, TLC issued approximately 2,000 new FHV licenses. One FHV company has stated that by the end of 2015, it intends to have 10,000 additional drivers. It is estimated that this means, at a minimum, 7,500 additional cars.

Growth isn't necessarily a bad thing, particularly if it is bringing about better service in our city's most transit-starved neighborhoods. We're excited to have new entrants in New York City's FHV market, and that new and old FHV companies alike are leveraging technologies that could improve the efficiency of our transportation network. We're hopeful that true shared riding, long the dream of transportation planners specifically for that "last mile" home from the train station, could finally become a reality due to wider adoption of technology. However, new data TLC has received demonstrates that the past several years' growth in the FHV industry has not focused on transit-starved neighborhoods, but has been Manhattan-centric. New FHV trip records show that most new FHV activity—72% of pickups—is taking place in the Manhattan Core, the most congested area of the city.

The rapid, ongoing growth in the number of vehicles and their concentration in Manhattan could be causing unintended negative consequences. As Commissioner Trottenberg will explain, between 2010 and 2014, average Manhattan traffic speeds declined significantly, from 9.35 mph to 8.51 mph, a decrease of 9%. Bus speeds have also declined. During the evening rush hour¹ Manhattan bus speeds were 5% lower in November 2014 than they were a year earlier, a trend that none of us would like to see continue. Correlation does not equal causation; however, we are at the point at which there are enough data points, and a strong logical nexus between FHV industry growth and Manhattan congestion that a closer look is necessary.

A limitation in growth while we study the issue and develop informed policy is so important because traffic congestion is no minor issue. By some estimates traffic congestion costs the New York Metropolitan Region's economy \$16 billion each year, driven by factors such as the difficulty businesses have trying to move goods around the city. A recent report issued by the Partnership for New York City cited traffic congestion on our roads as a significant factor driving up the high cost of doing business in NYC, and a threat to our continued status as the preferred headquarters for the important global financial services industry.

Beyond serious economic impacts, the negative effects of congestion are also demonstrated in our public health statistics. As Director Mesa will explain in more detail, chronic exposure to traffic-related air pollution has been linked to the risk of respiratory disorders, such as asthma, as well as premature death from heart attacks and strokes. Air pollution from traffic congestion in 83 of the nation's largest urban areas contributes to more than 2,200 premature deaths annually, costing the

¹ 4-6pm

health system at least \$18 billion. The New York Metropolitan Area is second only to Los Angeles in the United States in premature deaths and related costs due to congestion-related air pollution.²²

I also have concerns about two other issues that relate to mobility. First, is driver income. Congestion itself can hurt drivers' income because it limits their ability to get to the next fare. Additionally, although I do believe that the pie of overall for-hire passengers is expanding, it may not be expanding as rapidly as the supply of vehicles. I hear concerns that drivers are cannibalizing one another's business, making it difficult for any single driver to earn a living. The ability for the people who work hard on the streets of NYC to meet expenses and earn a decent living *has* to be something we look at as a city and take into account in our policymaking.

A second concern of mine is mobility for those who need accessible service. Whereas in the yellow and green taxi industries we have clear paths—and progress already—towards accessibility, there is not yet something similar for the FHV industry. As FHVs become ever more part of the fabric of NYC, a pathway towards accessibility in this industry—which is no simple matter in an open-entry system—becomes increasingly important to the ability of people who use wheelchairs to efficiently navigate the city.

For all these reasons, and before more people invest in putting new FHVs on the road, it is time to tap the brakes while we look at the impact of rapid FHV industry growth and growth in other for-hire segments. TLC has already begun coordinating with DOT, DEP, DOHMH and the Mayor's Office of Sustainability on a study that is part of the OneNYC plan, and a limitation on growth would enable us to make better use of the study's findings—and conduct a more robust study—by preventing runaway growth while we study the issue.

While we fully support the bills, we do think there could be another way to distribute the limited growth allotments so that it is as fair as possible. Regardless of the calculation methodology that is ultimately decided on, the growth limitation proposed in Intro. No. 842 would be a significant step.

We've thought through what impacts this step would have on service availability for the public and job opportunities for New Yorkers.

We are certain that the public will not lack for-hire transportation options during the period of the pause. Between the 13,587 yellow taxis and 63,000 FHVs, including green taxis, there are plenty of vehicles available to meet demand. Many of these vehicles are not on the road full-time, and if consumer demand grows, each existing vehicle could as needed be used more intensively.

A few facts boost my confidence that, despite claims to the contrary, passengers will continue to enjoy excellent levels of service. For example, in December 2014, when NYC had nearly 7,000 fewer FHVs than it has today, Uber told *Newsweek* magazine that its median wait time was 3 minutes, 8

²² According to a study by the Harvard School of Public Health. Jonathan I. Levy, Jonathan J. Buonocore, & Katherine von Stackelberg, "The Public Health Costs of Traffic Congestion," Harvard Center for Risk Analysis and Harvard School of Public Health: 2010. <http://ibttta.org/sites/default/files/The%20Public%20Health%20Costs%20of%20Traffic%20Congestion.pdf>

seconds in the outer boroughs and 2 minutes, 25 seconds in Manhattan.³ Wait times for taxis in the areas they cruise are typically just a couple of minutes. Consumers will continue to have plenty of options for fast service during the growth limitation period regardless of whether they prefer to street-hail or e-hail a yellow or green taxi, call a local car service base, or use an app to book an FHV.

New Yorkers who already earn their living in the FHV industry would continue to be able to do so for a number of reasons.

Existing FHV licenses could still be renewed and FHV license holders would still be able to switch vehicles and bases.

Existing bases could still grow their businesses beyond the growth cap outlined in this bill by affiliating FHV drivers that were previously affiliated with other bases, or by giving each affiliated vehicle more calls. Based on the 250 to 700 FHV drivers who get summonses and sometimes even their vehicles seized for illegal street hails each month—an indication that they are not kept busy enough with dispatch work—I suspect that many drivers would welcome more legitimate dispatch work.

Even new drivers wishing to join the industry would have options. They could drive the second shift on an existing vehicle or work with a base with existing vehicles. This could be a good thing for those drivers looking to work without taking on an onerous car loan.

There are several other important questions we've gotten and that I've heard in the media since these bills were introduced, and I'd like to take this opportunity to address them.

First, some have accused the TLC of supporting these bills in an attempt to protect the existing yellow and green taxi industries or the traditional car service industry. I can assure you that is not the case. In recent years new market entrants have come to NYC and flourished. TLC demanded that these new entrants meet the same licensing standards as similar existing companies, and once they did, they enjoyed growth only capped by their potential to provide excellent service.

The numbers and TLC's actions speak for themselves. There are now 76 different FHV apps operating in NYC, and an estimated 25,000 FHV drivers getting their trips through apps.

Any review of TLC rule-making over the past year would find that our primary approach to the profound changes in the industry has been to buckle down and focus on ensuring that passengers have the safety and consumer protections they deserve regardless of whether their car of choice is yellow, green or black.

A great example of this was our most recent rulemaking surrounding dispatch service providers. Throughout the process we had fruitful discussions and received helpful feedback from Uber, Lyft, Via, the longstanding FHV industries, drivers and Council, which ultimately resulted in a set of rules that protects the public while allowing for continued innovation.

³ <http://www.newsweek.com/exclusive-heres-how-long-it-takes-get-uber-across-us-cities-289133>

However, given the trends I described earlier, we *must* recognize that unbridled growth at some point poses its own challenges and we must legislate responsibly.

A second question we've gotten is, given policy debates around the world and here in NYC, whether TLC is supporting this bill to target Uber.

Uber is one of many FHV companies legally operating under TLC licensure, and if enacted, this law would apply to *all* 893 FHV companies. Uber is not the only FHV company that has been growing recently. 654 non-Uber bases actually grew by an average of 14 cars each between last summer and this spring, and *across the board* this growth has added up.

We are even in court right now fighting lawsuits brought against the City by yellow medallion owners and lenders that think FHV companies, including Uber, should not be allowed to provide prompt service to passengers who order them by smartphone apps.

Beyond the growth allotment each base receives, during the period of the study, *any* FHV company can continue to grow further in vehicles by competing to work with vehicles already in the industry. Another great way these companies could grow would be by giving each vehicle more trips, which as I mentioned earlier would be more than welcome by most drivers.

The wealth of breadcrumb data on traffic circulation that FHV's equipped with technology now collect, if they agree to share it with the City, could even help us with the study and shorten the time it takes to complete it by enabling us to understand more about how FHV's move around the city and how this impacts congestion.

Another way in which FHV companies could help with the study pertains to car ownership trends. Census data available so far seems to refute the assertion that rapid growth in the size of the FHV industry in NYC has brought about decreases in car ownership; however, if FHV companies agree to work with the City on surveys of their customers and drivers, this could help us all understand more clearly what impacts a larger number of FHV's are having on car ownership.

There are also those who might wonder whether a better approach would be to let the market and consumer demand dictate how many FHV's are on the road.

Although in many cases I agree that allowing consumer demand to dictate supply is a solid approach, we also know that markets aren't perfect. The government needs to consider and sometimes create policies to account for externalities: that is, impacts on the rest of society that are the result of market transactions between two parties.

Anyone who rides in a vehicle in New York City, whether it's a private vehicle, a taxi, or an FHV, creates some negative externalities on the rest of the community in the form of congestion, noise, pollution and mobility challenges. By taking a hard look at the impact of large numbers of vehicles for hire on NYC streets, the City will weigh the benefits to these vehicles' passengers against any associated negative externalities in terms of congestion and air pollution. The study will try to determine what

policies need to be in place so that we take into account not only individual consumer demand, which the market captures, but also externalities faced by everyone else sharing the city.

What it boils down to is that, at some point, I strongly believe the City needs to step in and make sure that there is balance between those of us who choose the instant gratification and convenience of travel in private vehicles and the much larger group who cannot afford private car service, and for which it is literally inaccessible, and nonetheless are affected by mobility challenges the rapid expansion of this sector could present.

We are at a real crossroads. We need to provide fertile ground for new services to thrive, but not at the expense of those who do not have the privilege of using them regularly. So we will be guided by the data and the need to provide an overall efficient regulatory framework that leverages technology to improve service in all sectors as well as the overall quality of life for all New Yorkers and visitors.

I'd like to sum up by bringing us back to the numbers. As I said earlier, since 2011 we have added about 25,000 vehicles to the fleet. The fleet has grown by 16,000 vehicles since 2013, and by about 5,000 vehicles in just the first half of 2015. Yes, this is a big city. Yes, in a theoretical world without externalities the laws of supply and demand would naturally bring us to some optimal number of vehicles. But month after month we have been licensing 2,000 new vehicles without signs of slowing. This should give even the strongest proponent of an uncapped system some pause. It is time for us to moderate growth for a limited time period while we engage with researchers and other experts, stakeholders, the public and Council, to take a hard look at whether the path we're on is the right one for our economy, public health, and quality of life. We hope that Council will support bills to temporarily limit and study growth in the various for-hire sectors and would be happy to answer any questions you may have.