PUBLIC HEARING
TAXI AND LIMOUSINE COMMISSION
TAXICAB LEASING AND LEASE CAPS
40 RECTOR STREET
5TH FLOOR
NEW YORK, NEW YORK
TUESDAY, MARCH 18, 2006
10:00 A.M.
PRESENT:

MATTHEW DAUS, Commissioner, Chairperson
CAROLYN CASTRO
SAMARA EPSTEIN
CHARLES FRASER
PANSY MULLINGS
ANDREW SALKIN

Also Present:

Osman Chondhary
Bhairavi Duai
Ethan Gerber
Neil Greenbaum
Bill Lindauer
Victor Salazar
Beresford Simmons
Michael Woloz, MTBOT
PROCEDINGS

CHAIRPERSON DAUS: Good morning everyone. Thank you for coming. As you can see, we have a new board of commissioners here, newly appointed.

Seriously, we did invite, several times, many of our commissioners. None of them have opted to come to this meeting. That doesn't mean they're not concerned about the issues or interested in them. It is an optional meeting.

We elected to spend more time gathering information; and all of your testimony today, as well as the investigation that we have done so far on leasing issues, as well as what investigation we do afterwards, will be provided to them in and a detailed staff presentation and report that will be made public.

We will have the ability to openly and publicly debate all of the issues. Everything you say here today will be provided in many shapes and forms to all of our commissioners before we consider taking or not taking any policy or rule-making action on any of these efforts.

As you know, this is the mandatory meeting that is required by Taxi and Limousine
Commission rules every two years, about whether the lease cap is fair, the one that's been in place; and whether a variety of factors that the law enunciates are being met.

We're required to explore those three factors and, as in the public notice and in our rules, there are three criteria that we would ask you to focus on in your testimony.

Number one, taxicab operating expenses; number two, taxicab driver earnings; and three, the retention of experienced drivers under the current lease cap.

We've done a lot of investigation and research to date and have received many calls and complaints anonymously and on the record from folks. I want to acknowledge and thank the work of my staff who is up joining me here today.

To my far right is Deputy Commissioner Pansy Mullings from Enforcements; Samara Epstein; Andy, our First Deputy; as well as Kirsten, and Chuck Fraser and David and Carolyn Castro.

Samara has done a very good job with her staff of, I think, researching, along with Chuck Fraser, some of the contracts that are out
there, some of the issues we have been hearing about. And we have also put on the website and have copies out there for you, as well, very detailed questions and surveys which will be helpful to us in doing a complete analysis.

It was Andy's idea, and a good one, to have the time to spend on making written comments because you only have three minutes to testify today. I urge you to touch on the essence of your concerns or points about the leasing situation; and if there is time, to give the data that we are looking for in response to those questions.

We appreciate if you can do that in writing. We're going to hold open the comment period and you can submit them any time over the next month or so. Please take your time in answering the questions.

Based upon the information that we have obtained, there are a couple of areas of concern that I have that I'm going to be talking to the other members of my board about. I would hope you would address some of the issues here today when you are testifying.

There seems to be a difference of
opinion as to hidden or other charges and whether
they are legal or not; or whether they are
consistent with the spirit and intent of the laws
passed by the commission many years ago.

A couple of examples; if you can
address whether charging drivers for sales taxes
and other administrative fees does not violate the
lease cap law, I would appreciate if you could
expound on that; whether it's the owners or the
drivers.

We also uncovered that there are
different interpretations of what a week is. That
is troubling and concerning to me. I found out
about that a few days ago. A week is 7 days, in my
opinion.

Apparently some -- from interpreting, a
week is 5 days. I believe that we need to take a
look at that legally, and most importantly, let's
find out what the practice is to see whether it's
appropriate or needs to be changed or not.

Lastly, not least, I'd also like to
hear from you on whether there is a widespread
practice of folks who are in a long-term leasing
environment, who are selling the vehicles to the
drivers, whether they are inflating the cost of the vehicle purchase and/or the loan rates, in order to basically get around the lease cap.

For instance, if you were ordinarily charged a certain percentage rate on a loan that you're taking out or a purchase being made on a vehicle, a lease or rental -- is that amount being inflated as a means for charging more than what the lease rates are?

In particular, I'm talking about lease agents that also are involved -- some of them are out there -- in selling the vehicle to the driver, as well as the driver actually leasing the medallion through that agent.

That's an area of concern that's been brought to our attention. I haven't formed any judgments on whether these things are legal or not yet. We'd like hear your opinion. Is it a practice? How widespread is it?

As my first deputy reminded me, I think it's important for us in our comments to address the impact on the other side. I truly mean that. We've had hearings like this before with follow-up and questions and answers; and it gets very
contentious.

The pot gets stirred up and never settles down. It gives everybody a little angina. I think what I would like to see today is a calm, reasonable discussion; respect for one another. I remember people yelling and screaming and cheering for one another.

People have a right to do that, but it doesn't make for a particularly productive meeting, getting at the facts and doing the right thing and giving myself and the staff the ability to, basically, weigh the options and make a decision in the best interest of everybody.

What do I mean by that? If the drivers are going to testify that the lease cap is too high and needs to be lowered, I would like them to testify what the impact would be on the taxi owners.

Likewise, if the taxi owners feel they're not getting a fair deal, that it hasn't been raised in a long time, that there are legitimate concerns, what would the impact potentially be on the driver pool? Would that lead to more or less drivers? Do you think that the
market is able to withstand that?

We actually need to look at what you believe the trend will be in your opinions, in terms of the driver pool going forward in this potential recession.

People have different opinions on what happens to the taxi industry in a recession. I've seen, at least historically, that it ends up being something that is good for our industry in particular, because, unfortunately, people lose their jobs and do come to work as taxi drivers from other industries.

Is that possibly something that could happen here? What are your expectations and where do we go from here?

I'll turn it over to Chuck. He's going to talk about the legalities, and we'll start the hearing.

MR. FRASER: You've covered it all.

CHAIRPERSON DAUS: We will go right to the hearing, unless you have anything to add?

MR. SALKIN: It addition to the remarks of the Chair, we're interested in getting information. Another item that we're interested in
exploring whether today or in the future is consistency of language in different leases, and ensuring that from lease to lease to lease, from scenario to scenario to scenario, that the information communicated to the person who is the lessee and lessor is clear.

We have seen many different kinds of leases with different levels of detail. We have been looking into different standards that are out there, whether federal or state standards out there, how leases can happen. We're curious if anyone has thoughts on language and what language might be necessary to be included.

One of the things we've heard over the years, certainly the last time we had this hearing two years ago, is that it's not always clear what the individual who is doing the leasing is getting and what the money is for.

If anything, we can certainly support clear communication between all parties. That's another item people have comments on.

Again, if it can't all happen today, we're happy to meet with people in the coming weeks to further understand the different scenarios.
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Don't feel you have to get it in all today, by any means.

CHAIRPERSON DAUS: Any other comments?

We'll go right to the testimony. The first speaker is Michael Woloz, from MBTOT.

MR. WOLOZ: I'm actually going to read the testimony of Ron Sherman who couldn't be here today.

"Good morning. I'm Ron Sherman, President of the Metropolitan Taxicab Board of Trade, a 55 year old trade association comprised of 28 yellow medallion taxi fleets located in Queens, Brooklyn, the Bronx and Manhattan. We represent 3300 yellow medallion taxis, approximately 25 percent of the taxi industry.

"Most of our taxis are double shifted and run 24 hours a day, 7 days a week, 365 days a year. We have more than 14,000 drivers.

"Double shifted taxi fleets provide an essential service for the riding public and for taxi drivers. We provide the riding public safe, reliable 24/7 service with new or nearly new vehicles. We provide drivers with the unique opportunity to lease a taxi without having to pay
toward the purchase of the vehicle or the medallion.

"In return for a lease fee, drivers receive a vehicle which is maintained by the fleet and repaired by the fleet, as well as the exclusive right to pick up street hails in New York City.

"Very importantly, fleets provide steady, flexible and reliable work that provides great income potential, helping to recruit and retain a quality taxi driver work force.

"Indeed, you will find that many of the most experienced drivers in the taxi industry choose to lease from our fleets, precisely because it's a convenient and reliable way to earn a living in this business.

"Traditionally, fleet owners and drivers have split fare increases fifty-fifty. That is no longer the case. In 1996 the split was 60-40 in favor of the drivers. In 2004 the drivers received 85 percent of the fare increase. In 2006, drivers received 100 percent of the fair increase. So it is no surprise that driver income is up considerably.

"At the last lease cap hearing in
March 2006, we reminded the commission that MTBOT lobbied for drivers to receive the lion's share of the 2004 rate fare increase in order to attract and retain drivers.

"After receiving 85 percent of that fare increase, driver earnings increased 34 percent. And the number of licensed medallion taxi drivers increased 22 percent.

"The combined average daily and weekly lease rates have increased 7.5 percent. Fleets have a tremendous amount of costs. In order to run the large 24/7 garage operations that effectively serve the driver population and the riding public, fleets must employ full-time mechanics, administrative staff and contribute to other direct and indirect employment.

"Fleets often keep large inventories of parts and incur lost shifts in down markets and during inclement weather or other circumstances that deter manpower.

"Operating costs continue to rise. Over the next few weeks we plan to present the TLC the actual costs in great detail. These costs may or may not warrant an increase to the lease cap or
the rate of fare.

"However, in preliminarily reviewing the state of our industry, we can report an overall increase in the cost of doing business; and in looking to the near term and long term future, we see many more costs ahead, some considerable."

"While the Taxi and Limousine Commission issued an aggressive October 2008 mandate for 25-mile per gallon taxis, which will cost more in parts and maintenance, and then face another costly mandate in October 2009 for 30-mile per gallon hybrid taxis, the TLC has not increased lease rates to help offset those costs."

"This is in sharp contrast to San Francisco, which mandated alternative fuel taxis by 2011 and accompanied the mandate with lease rate increases that acknowledge the high costs associated with a mass vehicle changeover."

"Now the Traffic Mitigation Commission wants to charge a $1 surcharge on all taxi fares in the central business district, none of which would go to offset taxi operations, but will fund 'mass transit,' which we thought we were a part of."

"Some legislators even called for taxi
surcharges of $8, reflecting a very disturbing ignorance of the taxi industry.
"MTBOT is worried about the future of our industry. We are regularly met with increases in our operating costs. We are often asked by the city to absorb costly mandates which we have no control over, and then we are not provided with the tools we need to offset the costs. "Without a sustainable taxi industry where owners are able to efficiently run their operations, we will be unable to effectively provide job opportunities for drivers and provide the service the riding public deserves. "We hope the Taxi and Limousine Commission takes this serious issue into consideration as we approach the October 2008 25 MPG mandate, which is 6-months away. "Finally, I want to point out our feeling that lease rates should be dictated by the market. There are hundreds of fleets and lease managers that all compete with one another for a relatively small driver pool. "If one fleet or lease manager is charging above market rate for their taxis, those
drivers would surely move around the corner or down the block for a more favorable rate.

"Like any artificial limitation on the free market, these caps have consequences on service to the riding public and our drivers. One possible remedy that should be considered is to impose an aggregate weekly lease cap that could more accurately reflect market conditions for each shift, based on the actual demand.

"We are open to other options. Our primary concern is to run an efficient operation. We can't do that if the lease caps don't reflect the market."

Thank you.

CHAIRPERSON DAUS: Thank you.

MR. GERBER: Good morning. I'm from the Greater New York City Taxi Association. That the taxicab operator's expenses have increased dramatically is a fact. We will document this in writing.

Fares have gone up dramatically. That the drivers have gotten the lion's share of the increases is also a fact. These facts will be
documented in our written responses.
Rather than go over these details which we will be submitting, I would like to discuss general principles.
We are assembled here to inquire as to the current lease caps. It is well and good for you to do so.

While the Taxi and Limousine Commission is charged with protecting the riding public and setting fares for the riding consumer as part of its core mission, so that fares are consistent, the notion of interjecting itself between the driver and the manager in the form of an artificial ceiling in lease rates is relatively new, I believe originating with the commission presided over by Commissioner Lynne.

At the time it was first imposed, lease caps were set well above the market rate to allow the market to adjust itself. That is no longer so.

From Smith to the founders who incorporated the contracts clause enclosed in Article I of the Constitution, to economists as diverse as Maynard Keynes, John... and Milton Friedman, the notion that the government should
tread lightly when interfering with the private right to contract has been embedded in the studies of economics.

It is well known that the interference usually does more harm than good, and that the ugly law of unintended consequences rears its ugly head. I submit that the burden for those who seek such interference with the market is on those who want to justify it.

The groups claiming to represent drivers and those that do represent drivers will always demand low caps. I don't blame them. We would all like to pay less than the market will bear for everything.

Under the current system, market forces are quashed. Since the caps are unreasonable low, especially on some issues like weeklies, all managers operate in the margins. Good behavior is not rewarded. The manager with the cleanest garage or the most desirable cars or the best location cannot profit from these choices.

To profit at all, the manager, like all managers, must charge within dollars of the lease caps. There simply is no room for market factors
Similarly, the market to lease cabs to drivers shifts just as inevitably as any other market does... fluxes, popular days to lease, shifts change, long before the government can react to the changes. If there are caps at all, they must be large enough to incorporate the market forces.

Any questions?

CHAIRPERSON DAUS: Is your organization of the opinion we should not have a lease cap at all?

MR. GERBER: The last speaker said it.

CHAIRPERSON DAUS: You believe that there would be no adverse effect on the driver pool in the industry if we eliminate lease caps?

MR. GERBER: When we first had lease caps they were set so high that many of the managers never reached close to the lease caps. We're at a point now where they're all at the margins.

I think some of the things you mentioned in your opening statements are directly a result of pushing the managers and the owners right
up to the very margins of what they could possibly afford to make the system work.

CHAIRPERSON DAUS: And you're also compiling expenses to provide to us. We greatly appreciate that information. If you could give some advance insight into the major areas that led to the increased expenses?

You mentioned the MPG requirements. Are there any particular items, general areas, where this has caused --

MR. GERBER: We are subject to every economic indicator. We are subject to inflation and to increased demand, increased labor costs on our repair shops.

CHAIRPERSON DAUS: The taxi meter shops or the mechanics?

MR. GERBER: The mechanics who repair the vehicles. All manners of costs. This commission has increased the quality of the taxi industry, to its credit. But all of the increases have brought concurrent costs with them. And the owners have borne all of that cost. It has not been on the drivers.

The increases, as documented by MTBOT,
which I fully concur with -- every increase in rate of fare, the lion's share, has gone to the drivers. The last raise in fare went completely to the drivers.

It is the owners' and managers' costs that have gone up. I am sympathetic to every hard working New Yorker; but our rates have gone up, and all we ask is that the margins reflect -- one of the concurrent problems with this is that, when we set very specific limits for the days of the week and whatnot, the market changes. Preferred days change. Preferred attitudes of the drivers of whether they like weeklies or dailies are subject to market forces and changes, as well. The industry should be able to react just as any other market is able to react to those forces, to those changes, and adjust accordingly.

CHAIRPERSON DAUS: Have the costs of repairs gone up, in terms of parts?

MR. GERBER: Absolutely.

CHAIRPERSON DAUS: Would you say that you have more than enough or not enough drivers at this point in time? What are you expecting over
the next year or so, or two years?

MR. GERBER: For the most part, we have a decent driver pool right now. The economy -- I agree with your opening statement as to the markets forces and what happens generally in the economy.

CHAIRPERSON DAUS: Thank you.

MR. WOLOZ: On the peak shifts there are often a lot of drivers and you're turning drivers away. On the off-peak shifts, there's often a dearth of drivers. When we are presenting an option for the TLC to look at, the aggregate weekly cap which would allow for those shifts and the market to be reflected in what a fleet or a garage can offer. That's what we are talking about.

CHAIRPERSON DAUS: To clarify, your organization's ultimate preference at the top of its wish list would be to get rid of the lease cap?

MR. WOLOZ: We want to do what is possible to offset our costs that are here now, and that we foresee in the very near future.

There's an argument to be made that the lease cap as set now, or the concept of the lease cap, is not working as well as some other system could work for our industry; in recruiting and
retaining good quality drivers; in ensuring that large operations are able to sustain themselves. 
I think that there is a good argument to be made that we don't need that kind of a system, that there could be better systems in place. The aggregates -- we are looking at all of the options, and we are more than willing to work with the TLC staff to find the best way for us to get the drivers, recruitment, retention, and for us to be able to sustain ourselves in this business.

CHAIRPERSON DAUS: I want to commend the fleets. Certainly on the last two fare increases, I think we're looking at the bigger picture in terms of helping drivers and bit the bullet in pushing very hard for lease caps.
In fact, the last increase went 100 percent to the drivers for the first time in New York City history.

Over the last two years, are any of your member fleets charging fees outside of the lease cap? Is that not a practice that pertains to the fleets, at all? It's more of a different practices in other areas of the industry?

MR. GERBER: Such as?
MS. EPSTEIN: Taxes, administrative fees, licensing fees? We looked at leases and a lot of fleets and agents charge a few dollars in tax... in the lease cap.

MR. WOLOZ: The only thing I was made aware of is a sales tax. Certainly I have never heard of any kind administrative fees.

MR. SALKIN: Maybe it's best not to put you on the spot. We are more interested in the MTBOT, as well as the Greater New York City Taxi Association -- when you provide comments, or anyone provides comments, that you could offer your thoughts on what exactly should be included with the lease cap.

Should it just be cost for the vehicle, not including taxes? Should it be not including administrative costs or other creative financing people have been able to think of?

The Chairman alluded to the thought from our end that a lease cap is the cap and you shouldn't be charged more if you're a driver. I think we've heard from a lot of drivers and seen a lot of leases from all parts of the industry that indicate clearly there are additional costs being
When you look at the rules, one can make arguments that these charges are probably acceptable, and others can make arguments that they don't seem acceptable.

Some comments towards that?

MR. WOLOZ: I think the fleet operation has a fairly simple system. It's not financing your vehicle. You are really just paying a lease fee for the shift and you're getting everything that comes with it; the vehicle medallion, the right to pick up, all the amenities and services of the garage.

The business incurs those expenses; and repairs, maintenance, towing, things of that nature. It's a simple arrangement, as far as the fleets are concerned.

MR. SALKIN: Those are the kinds of things we'd be interested in seeing that should be included. For every fleet and lease situation with a medallion getting leased on a short term basis, maybe the lease should say that, everything you've been saying.

CHAIRPERSON DAUS: I thought the purpose
of this meeting was to come with this information.

With all due respect, we will leave the window open.

I think that we owe it to, not just the drivers, but we owe it to other fleets and operators. There's a lack of clarity, I think.

If you look at the rules and use common sense, the spirit of the rules is, a lease cap is a lease cap. I think, when the commission voted, the exclusive charges would go to the drivers.

I'm not saying it's right or wrong that there are these other fees that should or should not be; but my number one concern is that we ultimately come up with some clarity about what the deal is; whether it's an interpretation of our rules, an industry notice, passenger rules to make it clear -- it only creates bad will and animosity and the perception by drivers that they're getting the raw deal, if they don't know if it is right or wrong.

I think they have a legitimate argument that the rules don't speak to this, so why the fees? I'm not saying all of you guys do it or whether it's a practice in the management part of
the industry; but if we are not prepared to testify about it today in your responses, I would appreciate if you could, number one, if you could identify the extent of the practice; number two, whether you believe it's right or wrong and whether it should be something separate from the lease cap and if we decide to keep the lease cap in there; okay?

MR. WOLOZ: Another issue discussed was the notion of tips in the lease cap, and should they be part of it?

CHAIRPERSON DAUS: By "tips" you mean --

MR. WOLOZ: To get in front of a line, to get a car cleaned, for gas.

CHAIRPERSON DAUS: Tipping the dispatcher?

MR. WOLOZ: Maybe the lease cap should be higher, what the tip rate should be, so that fleets can pay the people who work there more money. I don't know what the right answer is. I think it's understanding what all the charges are so that they are incorporated in there.

We are looking into submitting more extensive written comments as per the window we
have; and we are willing to work with the Taxi and Limousine Commission on all those questions.

CHAIRPERSON DAUS: There's two weeks to do so. If we have to extend the period, we may.

MR. SALKIN: In the two testimonies we've had so far, I think the Greater New York Taxi Association noted the issue of potentially getting rid of lease caps and using the economic forces to determine what the rate should be.

And then also, in the further testimony, the question of just actually making sure that the margins are covered. I think it's two different philosophies and when you respond, anyone, if you are going to suggest changes to the lease cap, if it's a margin change to cover cost or an additional cost or a change to the fundamental workings of how the industry should work -- whether it's getting rid of the lease caps or capping lease caps, I think it would be helpful to get that information and make it clear what you are suggesting.

There are a lot of different ideas and they shouldn't be thrown around. We should really explore them, certainly if it's something people
would think would work better.

CHAIRPERSON DAUS: Any other questions?

Thank you. We spent some extra time because you represent large numbers of people.

Mr. Victor Salazar?

MR. SALAZAR: Good morning. Before I was an owner-operator I was leasing my cab from different fleets and companies. I believe that the lease cap should definitely remain in place because, thanks to the lease cap, I was able to save some money in order for me to come up with a minimum amount to purchase a medallion.

Leasing a car in New York City is even more expensive. The gasoline prices went up pretty much. I understand that the fleet companies, the big ones like Mr. Sherman's, have their own mechanic shops and through the years have made millions of dollars. I'm quite sure they don't see the impact of the small operators like myself.

For us it is really different, in terms of expenses and repairs. I brought some receipts of my expenses of 2007 and 2008. I would like to illustrate some of the facts.

For example, in repairs, in 2007 I
spent over $11,300, without including car wash and some other cosmetics on the car. In 2008 alone, so far I spent a little bit above $2,500. I would like to submit them to you to make copies and return them to me.

That's some of the facts.

CHAIRPERSON DAUS: Were those expenses for in general, or a particular problem with the car?

MR. SALAZAR: The car is -- the problem is with the roads of New York. They are not in very good shape. The car gets a beating.

CHAIRPERSON DAUS: But $11,000 is a lot of money. Was there a structural problem or an accident that occurred?

MR. SALAZAR: No accident occurred in 2007. But the situation is that we have to go three times a year for Woodside [sic] inspections. Just for the check engine light, we have to spend money in oxygen sensors to change quite often.

The inspections don't really -- it's very difficult to pass inspection.

CHAIRPERSON DAUS: Did you want to give us that?
MR. SALAZAR: You can take copies of it, but I need it back today. (Indicating.) I think it would help. It is expensive to maintain the vehicle in New York City. Apartments are very expensive. Mr. Commissioner, you mentioned before that the week has 7 days. Indeed, we have 7 days; but for us drivers, we sit in the car for 11 or 12 hours on a shift. Usually, the seventh day is tiring for us, so we have to take a little break on the seventh day, although it's considered part of the week.

CHAIRPERSON DAUS: In terms of the lease?

MR. SALAZAR: It's more difficult to come up with the money to complete the lease.

CHAIRPERSON DAUS: Thank you for your testimony. We will make copies of this and give the originals back to you.

MR. SALAZAR: I must say the lease cap definitely helped me before to become an owner-operator. I believe because of oil prices the lease should be readjusted to the reality we
live in today. The cost of living in New York City is far more expensive than it was 8 years ago.

CHAIRPERSON DAUS: What car do you have?

A Toyota Sienna?

MR. SALAZAR: Precisely.

CHAIRPERSON DAUS: You have a lot; this is extraordinary.

MR. SALAZAR: This is to keep up with the Woodside.

CHAIRPERSON DAUS: Unbelievable.

MS. EPSTEIN: Thank you for the information. We appreciate that. Do you have a second driver that leases from you?

MR. SALAZAR: My brother and I work the vehicle. We try to do it 24 hours, but it's humanly impossible. We do our best to maintain the car in the best shape as possible to comply with the TLC inspections.

MS. EPSTEIN: Having a second driver, the lease cap works okay for you? You shouldn't be charging more for that either? That's okay for you as an owner? You testified as a driver, as an owner-operator, you don't have an issue with the lease caps? They are fine?
MR. SALAZAR: It's different for an owner than when you lease. When I leased a car from different companies I had to wake up early to get the best car possible. I used to tip the dispatcher and in some events my car would break down.

I used to wait three hours or more for them to tow my car. I wasn't really paid properly that particular day. When I returned to the garage I had to tip the mechanic to get the car as quick as possible back on the road, to make some of the two or three hours to pay for the gas. All these things considered, I definitely believe the lease cap must remain in place.

CHAIRPERSON DAUS: At its current state?

MR. SALAZAR: It should be readjusted, because it's more expensive in New York than many years ago.

CHAIRPERSON DAUS: You're talking about the general cost of living?

MR. SALAZAR: For every single New Yorker. We have a decrease in customers now because -- I guess the price of living in New York City is very expensive and affecting all of us.
Definitely you have to consider that, that we live in a reality where the economy is going down. Thank you, Mr. Salazar.

MR. SALAZAR: I received a few days ago a renewal fee. I pay it every two years in the amount of $1,410, the renewal fee. I would like to find out, to ask you why don't you take Visa, MasterCard or American Express? It says here, the Taxi and Limousine Commission requires only check or money order.

(Indicating.)

MS. EPSTEIN: I thought we accepted credit cards. Maybe we need to update the form. I think you can go to the window at Licensing to do that.

CHAIRPERSON DAUS: Licensing probably failed to update the forms. Shame on us.

MR. GREENBAUM: Good morning. I'm speaking as a charter member and past president of the Committee for Taxi Safety. The committee is an industry group representing medallion owners,
agents, brokers and lenders.

As medallion managers, we understand the complexity and the ways to put taxis on the road and keep them servicing the public. We want to thank Chairman Daus and his staff for this chance to review the lease caps and keeping up to date with the evolving world and city we live in.

We believe the drivers and the public are the lifeline of the taxi industry. The taxi drivers of New York deserve respect and need to make the generous income; since studies show driver retention is directly related to income and respect.

We believe the lease caps should be increased directly to the cost of living and lease cap maximums should leave each category similar to net incomes to drivers and owners or agents.

We believe that the taxi commission should better define a DOV, a driver owned vehicle. Driver owned vehicles are vehicle owners who drive a taxi alone with or without additional drivers and are also long-term drivers.

Long term drivers and DOV drivers, according to studies, are the safest drivers;
52 percent of DOV drivers now have paid off their vehicles and are still leasing medallions. DOV drivers can earn 40 percent more under the present lease caps than shift drivers. Owner-agents who manage DOVs should be allowed to have standby vehicles to reduce costly down time for drivers and provide continuous service to the public.

The inspection process for vehicle transfer of a DOV or long term driver must be addressed. It is an antiquated process that has not kept up with vehicle retirement and new car hack-up procedures. It is a very costly and cumbersome process for drivers and owners who want to switch a vehicle from one medallion to another.

The natural evolution for many drivers in this industry is to start driving a shift for a fleet. Some continue, some move on to drive as a DOV and take responsibility and start their own business. Then they plan to buy their own medallion and live the American dream.

I'm proud to be an active part of this taxi industry for 30 plus years and see many new arrivals to our country start as drivers and
Some of the most successful, loved people I know started as taxi drivers. I thank God my father was one before me. His hack license was 0003137 and his medallion number 6857. I thank you for this opportunity to share my thoughts on behalf of the Committee for Taxi Safety.

CHAIRPERSON DAUS: Thank you. Your father certainly made a profound effect on the industry, as well. In your supplemental comments, I would like you to address the proposed definitions and how would you propose to define the terms of the rules as an alternative.

Number two, you mentioned studies. If you could elaborate on what particular studies you are referring to that long term lease drivers, in particular, are safer?

MR. GREENBAUM: I believe it's in the design trust study; in the fact book. If you need something else, I have it in my briefcase. We also had submitted papers to Samara showing the discrepancy in lease prices; which also addressed
some of the other costs and some of the types of
categories you have leasing in, such as
medallion-only.

CHAIRPERSON DAUS: Thank you very much.

The next speaker is Bill Lindauer.

MR. LINDAUER: Good morning. Talk about
the driving pool. Drivers are in the drowning
pool, drowning in debt. I don't feel for the fleet
owners or the brokers. Let them show us at the
Taxi Worker's Alliance the true earnings. I'm sure
they make millions a year despite their whining.
I'm sure each of their owners can go out and buy a
condo and pay for it in cash any day of the week,
totally.

I checked with the United States
government. Since 1996, for the New York City
metropolitan area, inflation has been 35 percent.
Since 2004, up to the beginning of 2008, that
figure is 14 percent of that 35 percent.

That doesn't include the higher prices
for food, heat and gasoline. When we got a fare
increase back in 2004, gas was 1.80 a gallon. I'm
sure today it is possibly exactly double that, if
not more. They're predicting it will be $4 a
gallon sometime this summer. Drivers are suffering.
And the system, the so-called GPS system, takes a big chunk out the drivers' income, despite the delusional statements of the Chairman. They don't get higher tips. They have expenses to pay for in many cases for the system; and people have the notion that if the credit card doesn't work, it is the driver fault.
You make that public. You demonize drivers when the system -- it is not a glitch, it is systemic nonsense. It doesn't work. It's not a glitch; it is a botch. And when the credit card doesn't work, many people think it is okay to say, "It's your problem, I don't have to pay in cash. It is not my problem."
Drivers are suffering because of the ridiculous system. The public doesn't want GPS; they want credit cards, yes. They don't want GPS. It's too expensive and breaks down.

CHAIRPERSON DAUS: Next is Beresford Simmons.

MR. SIMMONS: Good morning. I'm Beresford Simmons, a member of the Taxi Workers'
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Alliance and an ex-owner of a mini fleet
corporation, which I lost a few years after 9/11.
Now I'm a DOV operator, working out of Mystic
Brokerage.

Definitely, the lease cap has to stay.
It has to stay because we, the drivers, are
working very hard and losing a lot of money; and
with the advertisement on the top of the cab, we
have lost that to the owners.

We have lost a lot of income since the
GPS system has come in. I personally lost about
three fares from the meter not working with the
equipment and people get out of the cab, "That's
not my problem."

I'm driving over 35 years when I was
getting paid by these owners who are crying today.
They have nothing to cry about. You know, Mr.
Commissioner, I have driven one the first
wheelchair cars, and I had to get rid of it over a
2 1/2 year period.

I'm still my own broker, driving a
Dodge Caravan. You know I'm up to my neck in debt
and have a family to feed. I do not have any
documents here because I'm working so hard. I'm
the only driver on my car. Once in a while my son helps me out when he's broke. Believe me, I paid up to $1350 a week from the last debts on my Ford Free Star towards this Dodge Caravan I'm driving now. The lease cap is definitely something we need right to maintain drivers and good quality drivers in this industry. The mechanic repairs, believe me, is enormous. I have to pay -- I put four transmissions in the last car I had. The Dodge Caravan is very much low to the ground and I expect to pay more and have a lot of problems with the Taxi and Limousine Commission at the inspection site, because every pothole that I pass through, the bottom of the car hits the ground.

Thank you very much. Any more information I will submit to you within the next two weeks or so.

CHAIRPERSON DAUS: Thank you very much. That Dodge Caravan is wheelchair accessible?

MR. SIMMONS: Yes.

CHAIRPERSON DAUS: Did your mechanic
attribute the problems in the repairs to the fact it was a retrofitted vehicle? Did it have anything to do with the ramp being installed?

THE SPEAKER: No; the car is extremely low to the ground. For instance, if I'm coming up a street where they're doing a lot of work, I'm guaranteed to hit the bottom. If I'm going to get gasoline and go up a ramp, it hits the ground.

I don't know what I have to do. As a matter of fact, I was told to ask if we can expand on the springs or bigger tires. I don't know what we can do about that.

CHAIRPERSON DVAUS: You will submit a supplemental response?

MR. SIMMONS: Maybe within two weeks.

CHAIRPERSON DVAUS: If you could also elaborate in your response about the loss of income to the owners as a result of the advertising.

MR. SIMMONS: If we haven't completely paid for the car, we don't get paid for the advertising on top of the car. A lot of drivers are paying a $20 -- another thing is, when anything goes wrong with the meters, it is up to us to fix it. We are responsible, and most brokers charge an
extra $20 in tax stamps. Cab drivers -- the DOV drivers are paying an extra $20 in tax stamps. All of that is going to the drivers. We are losing a lot of money. Take it from me, I speak to a lot of the drivers. I do a radio program and a lot of the drivers are crying. If you get rid of the lease cap, I think you'll have a lot of quality drivers getting out of the business.

MS. EPSTEIN: You mentioned problems with the Dodge. Do you like it better?

MR. SIMMONS: It's a better driving car, but lower. You hit bottom every time you go down 55th Street or one where they are doing construction work.

CHAIRPERSON DAUS: Thank you, sir.

Mr. CHAUDHARY: Good morning. I'm a member of the New York...

The lease cabs should stay in the same place, because the last eight years we got a fare increase, some... cars $800... how come? Now they're charging $800... lose business... garage cars... working... breakdown sometimes... no engine oil.
A lot of problems, headlight broken, go back to the garage... The garage car is not a clean car. The wash is $8 but they give you only $2 back from the garage. Do they think how many 12-hours you're working?

We need to make money for lease money. My lease is $132 and... $50 gas and car wash initial costs. How am I making money?

The physical condition... and another thing... 20 years a medallion... how much? $100,000, this up to $200,000 at the time... mortgage... $180 not $600.

Who pays? All the drivers are paying this who work hard, working 7 days, 12 hours... weekly... medical, everything...

Thank you.

CHAIRPERSON DAUS: Thank you.

Our last speaker is Bhairavi Duai.

MS. DUAI: Thank you. Good morning.

I actually want to address the list of questions that you had outlined, Commissioner Daus. I think they were excellent questions and I'm very glad we're having this hearing.

It goes without saying, obviously, we
are in favor of having lease caps. The idea that there is no free market in this industry is pure nonsense.

In industries where the workers do not have collective bargaining, on the other hand, the industry has trade associations which can collectively bargain and set rates for themselves; of course that is the very notion of free market.

Even after the 2004 raise, it is another myth that only the drivers got the lion's share or in 2006 they got 100 percent of the raise. That may have been the intention of the TLC, but the practical reality in the industry is that after the 2004 raise, most of the fleets, particularly MBOT fleets, as was said, in his own experience, did away with weekly leasing and were charging, instead, steady drivers by the day.

When you add up, for example the night -- the daily night lease cap. You go across the board, it's over $800, well above $667. The fleets were charging above $667 and they continue to do so.

The other thing that's happened after the 2006 adjustment, brokers began to implement the
tax stamp. This has traditionally been an owner-only expense. This is the first time we saw in this industry that drivers have had to bear that cost.

Again, there's a correlation; whenever there has been an increase in the rate of fare, leases have gone up. Garages found loopholes in the existing language of the cap, and that's why we would strongly recommend that the loopholes very much need to be tightened and clarified in the language, that a weekly cap, as you said, a weekly lease, must be six or seven shifts.

It cannot be five shifts. We don't think it should be six shifts. Secondly, for the medallion only lease cap, it must be every single medallion cost that is paid for by the drivers.

Lease caps in general, whether medallion only or at the garages, the cap should incorporate every cost that drivers have to pay out. You don't need to raise the existing cap. They are high enough.

Both cost of living -- when owners talked about that their cost of living has gone up, drivers have not only paid more in gas, but often
their own overall cost of living, in terms of apartment rents, food costs. As Bill said, when you only look at inflation numbers, many of the expenses are not calculated under the COL and there is no COLA adjustment in this industry. We actually need one.

If we are going to talk about every study Mr. Greenbaum said, long term leasing, long term drivers, and the majority of the drivers in the industry are long term workers. Even if they go to the fleet and may be charged by the day, the drivers' practice is very much to work long term.

The TLC, in order to retain that, the career driver, does need to tighten the loopholes; secondly, there should be a separate weekly lease cap for the day shift.

We find now that most garages will take $667 and double it, and much of that burden is borne by the night drivers. And even in the daytime, where, given traffic, given that there is not a surcharge and they book less money, but still, because the lease gets combined, the day drivers end up paying more than they should when you look at the amount of booking.
numbers need to come down. Also for hybrids, we have an example that for hybrids there are drivers paying up to $800 a week, way above $667. Whatever benefit drivers are supposed to be getting through the hybrid, it's going in one hand and out the other, straight to the garage owner. As the industry converts more and more to hybrids, there must be a specific lease cap to ensure that drivers are able to benefit from the reduction in gas costs; it shouldn't be, therefore, that their lease has to go up in return.

Thank you for the extra time. A few quick points.

Andy said, in terms of defining the contracts, it is an absolute necessity. There are some contracts that are purely unconscionable, where they explicitly state, even in cases of theft, fire, complete collision where the car is completely totalled, the driver is still responsible.

On the other hand, if the owner or the broker decides to sell that medallion early, the
driver is left waiting for either a new car, or, when they have to go in for inspection, it's a much stricter inspection by the TLC, more expenses to the car repair.

CHAIRPERSON DAUS: Is it your organization's position that we should be prescribing all the terms of the contract, or just certain terms or prohibiting certain terms, or maybe -- which is, one of the thoughts we were kicking around was having a mandatory paragraph or paragraphs that go in every contract that basically prescribe the rights and obligations of the owners and drivers.

What is your organization's position on how involved we should be in an area where we're not that involved? And I'm not sure how advisable it is for us to get too involved.

MS. DUAI: There should be much more involvement. To a great extent, the TLC is already involved. For example, if a broker would sue a driver in small claims court and there's a judgment against the driver, the broker is able to bring that letter to the TLC, and the TLC will send a letter to the driver threatening suspension.
There are cases where the brokers will bring claims against drivers in TLC court. On the other hand, we have numerous examples of drivers who want to bring claims against brokers. They are then told it is a private matter.

There's a double standard that very much has to be addressed and remedied. I do think that in an industry where you don't have collective bargaining on the one hand, which essentially means that drivers don't have enough leverage individually to really win a conscionable contract.

On the other hand, we have a hyper-regulated industry. If you can regulate the color of the cars, certainly you should be able to regulate conscionable terms of the contract.

CHAIRPERSON DAUS: Fair enough.

MS. DUAIF: Also, I want to say that, when we talk about driver retention or the number of drivers going up in the industry, the fleets may look at that as well, "There's competition in the market, therefore we should be able to raise the fees to the highest bidder among the drivers."

You have to look at the other side of that picture which is, when there are more cars on
the road, there is more competition for drivers;
which means an increase not only in traffic, but of
course, the number of fares you pick up will come
down because of the increased competition.

I don't think it is an easy black and
white issue. There is an effect on drivers
whenever there are more drivers who are retained or
increased in the industry.

Lastly, the three terms that you
outlined about operating expenses, driver earnings
and retention of drivers -- it is essential that a
fourth term or characteristic be added to that
formula, which is the impact on drivers' health.

Given there is no health care or
retirement pension or paid time off in this
industry, drivers pay for all of those three things
out of pocket. Not only do they have to pay for
the expense, but they also have to forego income
for the time they have to take off, because there's
no guaranteed income in the industry.

For example, since he brought it up, I
actually was in the ER with him last night. He
took off a week from work. Of course, there's no
income coming in. I have seen so many of our
members where -- there's a member right now who had a stroke.

He was a DOV operator who had a contract with the car and he had to give it up. Again, there's no term that allows him to just turn in the car. He was able to get another driver on the contract, so that's why I think he wasn't sued. He lost a great deal of time while he was looking for a second driver. Of course he had to pay for all the operating expenses out of pocket while there was no income coming in.

Given there is no fund, you have to calculate that these are life expenses which amount to operating expenses for taxi drivers in this industry. We have to set standards that the economic viability must produce good health living for 43,000 men and women in this industry.

It can't just be about the dollars and cents. We need to look at the fact that I've seen so many of our members who died of heart attacks, who died really young because they worked 10 to 12 hours a day. It's not only the number of hours. It's such a demanding job. You have to constantly
be alert and you're dealing with so many different
personalities. It still remains nationwide the
most dangerous profession in the country.
Drivers are 80 times more likely to be
robbed. Again, that's another thing. If you lose
your fare, there is still fare beating in this
industry.
Besides what Bill described in terms of
the credit cards, which we are seeing an increase
of, another layer of fare beating -- again, that
amounts into an operating cost for drivers, because
there's nobody to compensate them when the
passenger walks out after an hour's ride and
doesn't pay a penny.
All of these expenses drivers bear, and
many of them are hidden. I think it is important
in our calculations that we incorporate them.
Secondly, the cost that fleets and
brokers are charging above the caps which have been
hidden costs which you mention in the beginning of
your comments -- they very much do exist.
We've been in the process of serving up
to 300 drivers. We have a sample survey now, but
definitely by March 31 we plan to submit both
aggregated data, as well as copies of receipts and
affidavits and copies of contracts to evidence all
these claims.

CHAIRPERSON DAUS: Thank you. We
appreciate that.

That concludes the public hearing. Thanks for coming and for your time and additional
effort to take the time after the hearing to
provide the documents we are requesting.

We will be in touch with you and,
again, we are available. If you call Samara, if
you want to make an appointment to meet and share
the information in person as well, we're more than
willing to get more information.

That concludes our hearing.

Thank you very much.

MR. SALKIN: It looks like there are
four main groups here today. We want to make sure
all of the groups here submit information. If
there is anyone else who wants to reach out, let us
know. We will make sure we contact all four
contacts.

CHAIRPERSON DAUS: Samara Epstein is the
point of contact. See you at the next commission
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meeting, April 17. The next commission meeting is April 17.

Thank you very much.

(Time noted: 11:20 a.m.)
CERTIFICATION

I, Jeffrey Shapiro, a Shorthand Reporter and Notary Public, within and for the State of New York, do hereby certify that I reported the proceedings in the within-entitled matter, on Tuesday, March 18, 2008, at the offices of the NEW YORK CITY TAXI AND LIMOUSINE COMMISSION, 40 Rector Street, New York, New York, and that this is an accurate transcription of these proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____________, 2008.

_______________________________
JEFFREY SHAPIRO