

To: The Honorable Robert W. Godshall, Chairman

House Consumer Affairs Committee

From: Vincent J. Fenerty, Jr., Executive Director

Philadelphia Parking Authority (PPA)

Subject: Testimony for Consumer Affairs Committee Hearing on October 9, 2014

Date: October 6, 2014

Good Morning, Mr. Chairman, I appear before you today to testify concerning the matter of authorization of Transportation Network Companies (TNC's) to legally operate in Pennsylvania and, more specifically, Philadelphia.

As you are aware, beginning on April 10, 2005, the Authority initiated the regulation of all taxicab and limousine service in Philadelphia. That service had been regulated by the PUC up to that point. In Philadelphia, the Authority regulates:

- 1600 Medallion Taxicabs
- 9 Dispatch Companies
- Six Partial Rights Taxicab companies (w/just under 200 taxicabs).
- 100 limousine and Airport Transfer companies, with over 900 vehicles.
- 3,500 taxicab drivers
- 1,800 limousine drivers

In 1990, the Commonwealth instituted a medallion program for all Philadelphia taxicabs with “city-wide” rights. Several other major cities such as New York City, Boston Chicago and Miami also have medallion programs.

The PUC issued all of the medallion that are currently in operation in Philadelphia and 45 new medallions are available for authorization now. That will bring the total to 1,645 medallions. Each of those taxicabs can only be owned by a person who has first been issued a certificate of public convenience from the Authority.

The idea behind the creation of the medallion program was to provide taxicab owners with an asset against which the owner could borrow funds necessary to provide a better quality vehicle. A medallion can be sold by the owner on the open market. The Authority oversees the sale to assure that the new owner is qualified to provide taxicab service.

Although the taxicab market is highly regulated, the value of a medallion is set on a case-by-case basis by the parties to each transaction. The value of medallions has steadily risen over the years. On September 8, 2014, an application was received by the Authority to transfer a medallion for a sale price of \$520,000. Increasing medallion values permits the

Authority to demand commensurate improvements to the quality of medallion taxicab services.

The age, mileage and overall condition of taxicabs has significantly improved over the past several years and we have been able to require modern technological advances as well. In fact, Philadelphia was the first U.S. City to mandate across the board installation of a comprehensive taxicab technology system installed in all medallion taxicabs. The system is GPS enabled providing turn by turn navigation assistance for drivers and permits each trip to be monitored by the Dispatcher and the Authority. This system permits the Dispatcher and Authority to know which driver is in which taxicab and to remotely shut down the meter if there is a problem with the driver or another issue. The meter system is capable of purely digital communications and most providers already have smart phone “apps” in place that fully integrate with the meter systems in the taxicabs.

Also, in 2012 the General Assembly authorized, through Act 119, the sale of 150 new medallions with emphasis on the pressing need for wheelchair accessible taxicab service in Philadelphia. The Authority will begin the sale of those new medallions next week and hopes to have a fleet of more than 50 wheelchair accessible taxicabs available in Philadelphia early next year.

Each of those wheelchair accessible medallion taxicabs will be brand new, capped at a maximum age of 5 years and be fully equipped to provide taxicab service to people in wheelchairs, whether by advanced call or by street hail.

People who seek quick and non-scheduled transportation in Philadelphia primarily use taxicabs. We believe those people are exactly the type of customers who will use a TNC vehicle. I believe that placing the nearly unregulated TNC vehicles in direct competition with taxicabs carrying a regulatory burden which accompanies the need to insure public safety, is manifestly unfair. These lower cost and lower margined operators will take business away from medallion taxicabs. That loss of business will reduce profitability and inevitably the value of medallions, further leading to a reduction in the quality of taxicab service.

Many people are unaware that the new “app” based transportation service has been in place in Philadelphia since May 31, **2013**. People in Philadelphia have been able to access a properly certificated limousine company vehicles through the “Uber” app since that time. The vehicles utilized to provide this Uber service are certificated, subject to Authority inspections and fully insured **at all times by the same** insurance policy in the minimum amount of \$1,500,000 to cover liability for bodily injury, death or property damage incurred in an accident arising from that service.

Those “Uber” vehicles are operated by drivers who have been interviewed, had their backgrounds checked, been tested and photographed by the Authority. They all also display an Authority issued Driver’s ID Card. This Uber service has grown from 0 vehicles in May 2013 to over 450 today. This service is not temporary or experimental, it is fully certificated and compliant with current laws and regulations. Uber has reached this form of compromise in New York City as well.

The Authority does not regulate transportation providers in other areas of the Commonwealth. Therefore, we do not contest the need for new types of service like the Network Transportation Companies in those areas. But Philadelphia is the only county in the Commonwealth that has a state mandated medallion program. I am deeply concerned that all of the different Bills regarding this issue, with the exception of House Bill 2445, have failed to recognize this unique situation in Philadelphia.

I believe that the Authority has already found a balance in Philadelphia between traditional taxicab service and “app” based transportation companies. While some taxicab companies in Philadelphia would prefer that this type of limousine “app” service be restricted or eliminated and some

Network Transportation companies would prefer unfettered access to Philadelphia, I believe a solution has already been reached through the current compromise in place now.

Mr. Chairman, I ask that your Committee members and all elected officials take these special circumstances in Philadelphia into consideration. I ask that any legislation advanced regarding Network Transportation Services **exempt** Philadelphia.

I make myself available to you for any questions or assistance I can provide.

Thank you for permitting me to testify today.