

Cab Gab
by Abe Mittleman

Has The TLC Gone Too Far?

It's becoming more apparent that "Technology Enhancements" will happen. Yes, the public wants to be able to pay with credit cards. Perhaps it's a good idea to make trip cards obsolete. Having a system that enables trip records to be kept with the touch of a button is certainly a lot less dangerous than trying to keep up with writing entries while driving or stopped at a traffic light. A way for taxis to be contacted regarding lost property is desirable. But is the complex system of these enhancements really necessary? To start with the cost of this system is bad and worse.

Here is what the TLC web site is reporting:

Fixed costs: There will be an up front cost of between \$10 and \$4,115 followed by a monthly service charge of between \$43 and \$200. The total cost of ownership over a three year period will be between \$2,900 and \$7,200. The cost is based upon which company is selected and if advertising fees are accepted to offset costs. The numbers quoted above are the maximum permitted rates, and in most cases will be lower. In many ways, signing up for the service enhancements is similar to cell phone contracts. Each vendor offers different packages, with different fee structures.

Do they really know what the cost is? What does an explanation of between \$10. and \$4,115. mean? What does an explanation of between \$2,900. and \$7,200. mean? These are very large gaps. Of course owners are going to want to pay the least amount. How many owners can afford to lay out \$4,115? How many owners can afford another expense of \$200. a month? Where are owners going to get the additional revenue to pay for this?

It is disturbing that there will be a back seat passenger monitor. Anyone who has been in this business for any length of time knows that vandals will break this equipment. Considering the cost, this can really set whoever is responsible for the maintenance back. Do passengers really need this?

TLC Chairman Matthew Daus in his most recent column says "This will not be a return of the Talking Taxi. Passengers can turn the device off." But will the drivers be able to do the same? Why is his only concern the passengers? They

have been happy without this. Will the advertising and public service messages be without audio? If not, then it seems that the drivers will have to listen to this long after the passenger is gone? Where is the driver's turn off switches? Any time the environment for the driver is impacted negatively there is a risk of drivers leaving the industry. This just may have this effect! What good is a taxi cab with a driver that is annoyed by it's content? Drivers have to feel good. If they don't, they will stop driving. Then what will they do? Will they invent Taxi's without drivers, perhaps that will be the next innovation?

It is certain that the greater majority of these passengers will not want to be subjected to the advertising that they will be inundated with. They will probably turn the monitors off. If it is already off it is doubtful that they will turn it on. And, do they really need to see a navigation map of where they are? No, they don't. Do they really need to watch "News, Sports and Weather?" No, they don't. Actually, we already have that. It's called a radio. It's been there for years. All they have to do is ask the driver to turn on WCBS-AM. It's all there.

Do they really think that "Text Messaging" is going to be without distraction? They won't let us talk on cell phones because that is a distraction. But drivers have their eyes on the road while talking. With "Text Messaging" they don't. Ok so they say that the text messages will only be seen while the taxi is moving slowly or stopped. What's the difference how fast the car is going? If you are looking away from the road while the car is moving you are being distracted. There are bound to be accidents. Who do they think they are they kidding?!

And what will these text messages contain, information on where the traffic jams are? That may help sometimes. But it won't help all the time. We know where the traffic is. Sometimes you can get around it. Most of the time you can't. So, what good is it? Will it alert us to where the demand for service is? Well most of the time the taxis are full. So all they will do is divert taxis from one location to another. If it's busy, it's busy. We know there are 200 people standing at Penn Station or at the Port Authority. If we are free, we go there. If we are not, we don't. Besides is somebody going to be on duty to relay this information 24 hrs a day seven days a week? We doubt that! And how is the information going to reach this relay? That doesn't seem too reliable either.

It's amusing that all this is happening at the same time they are dangling a very minimal fare increase in our faces. They are going to perhaps increase the waiting time to \$24 per hour. This is a 100% increase in this time. But the overall increase

will only be 11%. This increase is for the drivers. Certainly they deserve it. So, we are not suggesting that it be taken away. But eventually the owners are going to look to recoup their added expenses. So, how much of an increase is anybody really getting? Certainly this minimal increase will not compensate for the expense of the equipment. Do they think that this will ease the pain? If it does, it won't by much.

It's going to take a lot more than the 11% fare increase before all are satisfied. We have heard that Philadelphia has already adapted this system. We have also heard that The Taxi Commission of Philadelphia has picked up the cost of the system. If the Taxi Commission in Philadelphia believes in this so much as to pay for it then why can't the NYC TLC follow and do the same? Well, we wouldn't suggest that you make any bets on that happening.

Now let's talk about the cost to the drivers. The TLC is reporting the following: The only cost the drivers will incur is the approximately 3% to 4% credit/debit card transaction fees which, for a \$20 fare would represent less than \$1.

They make it sound like it equals nothing if anything! But let's look at this. The numbers add up. We don't know how many passengers will pay with credit/debit cards. But if a driver books \$300 on a shift and half is paid with a credit/debit card plus tips are added to the card. You can calculate that \$180. per shift is subject to fees. Four percent of \$180 is \$7.20, and we don't know if this figure will be higher. But, it certainly can be. If a driver works 24 shifts a month then the monthly fee is \$173.

This is not fair and will negate any fare increase they are proposing. This cost must be passed on to the credit card user. The drivers should not have to pay for the passenger's convenience. Let's not forget that cash has never been a problem in this business. No one ever had to pay for the privilege of using cash.

Ok, as it was stated in the beginning of this article, some of these enhancements will be good. But, how long will it be before they realize that certain aspects, such as the passenger monitors and text messaging was a bad idea? How long will it be before they realize that all of the expenses involved will cause owners and drivers to either quit or be out of business?

We know from past history that the TLC has forced things upon the industry that was later repealed when sanity set in. It's almost as if they already know this may

happen. Included in the internet information message is a suggestion that some of the rules may be repealed. We have to ask why was that included? Perhaps they see already that problems may force them to do so. We certainly hope they see the sanity of this now. Unfortunately they don't. Unfortunately a lot of money is going to go down the sewer before this is over.

On another note, we were curious as to how the system of credit/debit cards worked regarding how drivers ultimately obtained their money. We contacted the TLC and received the following explanation:

A merchant account needs to be opened with a bank. The vendors will provide the agreements necessary for this to happen.

Merchants can be medallion owners, agents, or in some cases drivers.

Funds are deposited into the merchant account automatically in about 48 hours.

There will be fees for this.

Drivers will get their money from the person who has the account upon presenting a report produced from the in taxi meter at the end of their shift.

The report will show the total credit/debit card amount paid by the passengers on the shift. The driver is due his or her money upon presenting the report.

Some fleets or agents may offer a bank or prepay card to which the credit/debit card money will be deposited. Or, they may offer to deposit the money directly to the drivers bank account if the driver has one.

If the driver is the merchant, the money will be deposited to their account in about 48 hours.