



**Department of
Consumer Affairs**

**Testimony of Fran Freedman, Deputy Commissioner for External Affairs
New York City Department of Consumer Affairs**

**Before the
New York City Council Committee on Consumer Affairs**

on

Intro. Number 597-A

October 17, 2012

Good afternoon, Chairman Garodnick and members of the Consumer Affairs Committee. I am Fran Freedman, Deputy Commissioner for the Department of Consumer Affairs. Commissioner Mintz asked me to thank you for the opportunity to comment on Intro. Number 597-A, a bill that would amend the administrative code regarding pedicab fares and receipts.

The Department of Consumer Affairs and City Council have a long history, beginning in 2007, of working together to bring the once-fledgling pedicab industry into the regulatory fold. Together we forged a licensing scheme for pedicab businesses and pedicab drivers which focused on the gamut of safety issues including insurance, required pedicab equipment, defining where pedicabs could operate in the City, and transparency in posting required signage. Currently, the Department licenses 117 pedicab businesses and 1,335 pedicab drivers.

On the issue of rates, the current licensing scheme allows the industry to make its own pricing choices. Specifically, current legislation states that if rates are calculated by time, a timer, fully visible to passengers, must be inspected as part of the pedicab's equipment during the qualifying inspection and at renewal. Similar measures are in place if the rates are calculated by distance using an odometer. Rides are also calculated based on the number of blocks traversed or simply as a ride as a whole. The only current legal requirement regarding rates is that the amount to be charged for the use of the pedicab or the basis for calculating that amount, be disclosed on signage conspicuously posted on the exterior of the pedicab, that is, on each side of the cab.

Unfortunately, from what we have learned from industry leaders, Council Members, NYC & Company, the press, the public and consumers who have registered complaints with DCA, in too many instances, pricing options have not led to fair play. We all seem to be in agreement that refinements are needed.

The legislation before us today offers a narrowly tailored approach to providing relief from unpleasant and unanticipated surprises to customers at the conclusion of a pedicab ride. The bill:

- Requires the use of timers as the basis for calculating rates;
- Forbids charging tax, mandatory gratuities and extra charges of any kind;
- Requires more robust disclosures on the exterior sides of every pedicab regarding rates per passenger;
- Mandates that uniform pedicab information cards, designed by DCA, be filled out and given by drivers to every passenger before each ride with certain basic consumer protection information, including calling 311 for complaints against pedicab drivers or companies. It further mandates that the cards be distributed again after each ride with basic receipt information included (date, total number of minutes of the ride, total number of passengers and total charge for the ride)

We applaud Council's effort to restore the confidence of tourists and the public at large in this burgeoning industry by proposing measures that restore fairness and transparency in the pedicab industry itself. We thank you again for the opportunity to comment. I will be happy to answer any questions.

For the
Records.



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October 17, 2012

Council Member Daniel Garodnick, Chair
Committee on Consumer Affairs
The New York City Council

RE: Comments on Proposed Intro 597-A

To the Committee on Consumer Affairs:

I thank the Committee on Consumer Affairs, Committee Chair Daniel Garodnick, and co-sponsoring council members and their legislative aides for taking up once again the issue of strengthening and clarifying the methods of providing passenger pricing for pedicab trips.

This oversight and mid-course correction are greatly needed, as complaints arrive at the New York City Pedicab Owners' Association ("nycpoa") general email inbox weekly, if not daily, on this topic. One can only guess at how many people are actually affected, but certainly a great deal more than those who take the time to write.

Here are just a few snippets from frustrated passenger complaints, many of which have been shared with, among others, Council Member Garodnick's legislative aide Teresa Boemio, that were received at info@nycpoa.org:

- A) *On the very first night we took a pedicab from the Marriott marquis hotel to a restaurant on 51st street. It was about 7 blocks. My family of four were excited about the ride and the lights of the big city. Less than ten minutes later the driver told us "that'll be 108 bucks." We all four looked at each other in shock as he pulled out his credit card machine. He said its 5 dollars per person just to get on the ride and 2 dollars per block per person. --George D. 8/10/2012*

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WWW.MANHATTANRICKSHAW.COM

- B) I'm sorry to bother you with this but my wife and I were ripped off by a pedicab driver this evening. We were not quoted prices after giving our destination and shocked to hear the fare was over \$150 for two persons from the Plaza Hotel to 80th and 1st. avenue. Had we been quoted a price, we clearly would not have agreed. -- Gary H 8/18/2012
- C) We had a very unpleasant surprise with our pedicab ride in NY, from the Rockefeller Centre to Century 21 store on August 31st, 2012 around 5:45 pm. We were trying to hail a cab but they were all occupied and therefore hailed a pedicab. The driver, a young tall fellow took us to the store and said we have to pay him \$ 150.00 We knew that was not right and I asked the driver why he is charging us that much, it could have been less than \$ 50 for sure. HE lamented saying that he gets only \$ 25 out of the total fee and the vehicle belongs to a woman and not to him and was pestering us until we paid him. We were so shocked and we didn't have enough US dollars, only \$ 110 and the rest were in Canadian dollars. He insisted that we give him Canadian dollars to cover the rest which we did. We didn't get a receipt, or a quote or anything. This driver must be so used to doing this kind of charging to innocent tourists like us. It ruined our entire stay . --Mica, from Canada, 9/14/2012
- D) I was in New York last evening to see Wicked at the Gershwin Theater. I left the show with my wife and was looking for a taxi when I was approached by a Pedicab operator so I said can you take us to Penn Station and he said yes never asking how much. It was about 18 blocks and the driver tells me \$86.00 and I was worried about catching my train home so I didn't argue. I now come to find that this practice happens all too often. I look forward to your comment. --Gary I, 10/12/12.
- E) On Thursday, October 11th, at approximately 7:15pm, a group of five of us took two Pedicabs from roughly 6th Ave at 54th Street, to 45 and 12th (across from the Intrepid). The fares for the ride were posted on the sides of the two pedicabs, and here is what they were: \$2 per Street block \$3 per Avenue block \$5 surcharge per person All rates are per person For this ride, the total fare for the five riders in two pedicabs was \$225 (\$90 for one pedicab, \$135 for the other). I'm afraid I don't know of the exact amount per block, but we were shocked of how much it cost. I admit I could have read the posted fare better when we hailed the drivers, but it was dark out and we were in a hurry. Either way, the fare was extremely excessive. If we had understood fully how much we were to pay for the ride, we would probably have just waited for a taxicab, or just walked the distance., Additionally, we did not get a receipt of any kind from the drivers. --Peter C, 10/11/12
- F) And then of course, pedicab public enemy number one debuts with this zinger: the \$442.54 ride for a cross-town trip:
http://www.nypost.com/p/news/local/taken_for_ride_vmO9UZAe1P2HnglSd8kQkJ

Similar experiences were expressed by multiple interested parties at the June 2011 hearing, where it seemed that the majority of experienced industry members were calling for requiring a quote up front as the simplest, most efficient and verifiable manner of eliminating deceptive pricing of pedicab rides. Every day, deceptive pricing is eroding the overall public trust for pedicab drivers and the services they offer...from quick point to point carbon neutral transportation, to sightseeing, to event services, and to special, romantic escapes down tree-covered streets. All of this goodwill is threatened by the permission of overly complicated by the block rate cards to continue as opposed to requiring a full quote up front. My senior, long-term drivers are beginning to dislike their public reception and its hurting their morale.

I regret I could not attend the October 18 hearing as I was completing a pedicab promotion, one of several I am able to arrange (fingers crossed) each year, whereby the public receives free rides over short distances that are offset by a branding sponsor, who arranges to pay the drivers hourly. This is why having some side space available for branding by a sponsor is important...to the drivers, to the sponsor, and to the passenger public, who love this free ride component that restores some lost goodwill.

Stepping back a moment to consider the bigger picture, I note with a bittersweet sense of irony that while the city drafts regulations that hinge on ever more space devoted to explanatory text on the exteriors of pedicabs, often ignoring sincere suggestions by industry members to focus on other solutions, other modes of travel carry little or no information on their exterior surfaces. Such modes include DCA-regulated tow trucks (which simply say: rates available upon request); TLC-regulated taxi cabs (which now have a branding scheme that basically features no rate information at all regarding local trips); and even the upcoming (DOT-regulated?) bike share system (no rate information displayed on each bicycle, and the rate escalates the longer you use a bike). For some reason, effective administration of pedicab pricing eludes us. Why?

Why is city law requiring us to label our services like a grocery store vs. service providers cited above?

NYCPOA officers and Industry members will tell you at the hearing that the rate card approach has been a disaster. Partly this is so due to the placement of rate cards on the sides of pedicabs, far from the driver where the pricing discussion should take place. Instead, the driver often just points to the rate cards a few feet away, hoping passengers will not bother to do the math and negotiate the price. Put the rate cards much closer to the driver, and you've partially solved this semantic gap.

The current pedicab law does require pricing information to be placed on the exterior of the "pedicab," but DCA considers this to mean *passenger cab*, when in fact rate card placement could and should be closer to the driver. Moreover, why should rate information be appearing where it can't be confirmed by the passengers while riding? Why not challenge the industry to come up with the most enlightened way to display pedicab pricing before amending the law?

6 RCNY § 2-425(a) uses the word "cab" in addressing where license and registration information must be posted; whereas the sections (§ 2-424 and § 2-425(b))

address advertising placement (if any) and the posting of rate cards and use the word "pedicab." It's possible, then, that the interpretation of these sections by DCA has led to unhelpful placement of rate card information, far from the immediate space of the driver/passenger discussion.

Others will tell you that the method used to determine the fare is far less important than just knowing the full price up front. Period. Written on a DCA-required receipt if necessary. Again, the June 2011 transcript contains this suggestion many times over. Hand the passengers a quote on a business card that meets DCA specs. If the passengers are not provided such a quote, the ride is free.

I am fine with by the minute pricing. Although you may hear from some drivers that the first 15-20 minutes of a given trip are more valuable than the second 15-20 mins, which is why some drivers assess a starting fee or minimum amount. But 597-A does not allow the per minute price to decline over a period of time during the ride? Or does it?

My fleet has carried stopwatches for years; though ultimately it is up to the driver, as an independent contractor, to decide if that is how she or he will calculate fares. I am gradually coming around to the idea of what 597-A calls the "information card," that is to be handed to passengers upon entering. 597-A uses the word "provide," which is not further defined in this context. Conceivably, the driver could simply have this information printed onto the back of her or his t-shirt to simplify the process. Or perhaps a kind of palm card could be employed here. The protocol of this new information card seems a bit labored, and the time to convey it all rather limited. And how would its use be monitored for compliance?

Still, I would rather have this information card than any cryptic per minute pricing displaying on the exterior of the pedicab along with the other proposed verbiage.

The next page contains lettering that is approximately two inches high, which is the size of type mandated by 597-A. 597-A requires that on the exterior of the PEDICAB, in such two inch lettering, the following information must be present: **dollar amount to be charged each passenger per minute AND that tips are not required AND that taxes or additional fees may not be charged.** I cannot fathom how this information can be relayed attractively or verified for compliance if the drivers are not issuing quotes in writing in advance. As you can see, it will simply be a jumble of 2 inch high lettering, made redundant by an information card.

\$1.00

per

min

Finally, the Committee should consider whether any outcome of this Intro should be fast-tracked, and request that the DCA Commissioner enact new pricing regulations as soon as possible, without waiting 120 days. The sampling of pricing complaints demonstrates this is an urgent issue.

By expediting some kind of pricing reform, we will be able to avoid further passenger pricing abuses during the holidays.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "P. M.", with a small dot at the end.

Peter Meitzler,
Owner, Manhattan Rickshaw Company
(NYC's longest running pedicab
company)

My name is Laramie Flick and I am the president of the New York City Pedicab Owner's Association. The NYCPOA is a 501(c)6 trade association representing New York City pedicab owners who are interested in the long-term health and well-being of the local pedicab industry. Established in 2005, the NYCPOA continues to stand as the only industry association with dues paying members and represents over 100 city licensed pedicabs.

The NYCPOA met for three hours Tuesday to discuss this bill and try to come to some consensus so that we don't overwhelm the Council with a hundred contradictory opinions that slow down the legislative process. The industry is in crisis now because of price-gouging. Every day, hundreds of new price-gouging victims are telling all their friends to *never* take a pedicab.

On every issue, there was vigorous debate except one. We all believe the industry will benefit profoundly from a requirement for quad state licenses. This would bring true operator accountability and encourage a community of longer term drivers.

It is my understanding at the moment, NYPD cannot write tickets to foreign licenses. They can only record a driver's name and date of birth. Yet the DCA this year used tickets received from the NYPD to deny or suspend licenses. Only NY State drivers seem to have suffered. This is unequal treatment and a sin against commonsense. Not requiring local licenses also discourages green card holders and F-1 visa students from getting local licenses. Meanwhile it allows short term J1 students to work despite a state department memo banning them from working as a pedicab driver. Forty more J1 students were recently deported from San Diego for illegally riding a pedicab.

But now to the Intro at hand. We generally believe a move to timers is an improvement over the current per block rate schemes. Customers need only to do simple math. They don't need to know city geography. However, we believe there are three significant loopholes that rogue drivers, accustomed to charging \$50+, a mile can use to continue to extort their customers. Without these changes, we believe the rate card should be banned and replaced with a card, provided by the DCA, that states: "price is negotiable and must be quoted in full prior to ride."

CRUCIAL CHANGES

1. Per person pricing must end.

a. Per person pricing is the number one tool used by price gougers. This is how a \$25 ride becomes a \$75 ride with per block pricing or with per minute pricing. Passengers who don't consult the new rate cards will be told \$2-3 a minute verbally. When the ride is over, they will be told that was per person.

b. Per person charges don't reflect actual difficulty. Please look at Table 1. It is actually about 50% harder to pedal three people as opposed to 1, not 300% harder. Secondly, the three girls in the last picture add up to about 150 lbs. Why should they pay 3 times the rate of one 300lb man?

- c. The great thing about charging by time is that it takes into account extra weight. Going up a hill takes longer when there are more people. Going downhill is easier with more people so why should they pay more?
- d. With per person charges removed, the rate sign need not specifically ban mandatory gratuity or taxes or additional fees or initial charges. It can simply say 'no additional fees permitted.'

2. How are Customers and the NYPD going to know they are entitled to a pedicab information card?

- b. The revised rate card must inform customers of their right to a pedicab information card. Drivers can charge whatever they want and customers are legally obligated to pay this fare. Judging from how rarely drivers give out receipts (already a requirement of pedicab law) a pre-receipt is even less likely unless customers know they are entitled to receive one. NYPD and DCA enforcement is far too rare to have any effect. They also may not know the intricacies of pedicab law. This will help them as well as customers.

Therefore at the bottom of the rate card, must be a phrase that in substance states:

- a. No price up front? Pay what you want.
- b. Rate is valid only with pedicab information card or flat written rate.
- c. Didn't get a pedicab information card before boarding? Ride is free.

3. Rate Cards On the Side Panels Can Easily Be Hidden and Changed

- a. The rate card is best attached to the driver's seat.
 - i. It is most visible here and the TLC set a precedent by moving rates inside yellow cabs. People always look at our posteriors and will naturally look at the rate card below. Exterior rate cards on the side are sometimes obscured by canopies in the rain and cold. Unscrupulous operators sometimes switch rate cards during the ride, while pretending like they're adjusting the canopy.
 - ii. The rate card placement also accounts for the different types of pedicabs. Please consult Table 1 again. The pedicab in Figure 4. Is the commonly used Mainstreet Boardwalk pedicab. It has no side panels. All pedicabs have a bike seat. Because pedicabs are open, customers will still be clearly able to see the rates that other pedicabs charge, perhaps forcing a fair average per/minute rate onto the industry.

iii. For pedicabs that do have side panels, fleet owners desperately need that real estate to sell advertising. Currently, pedicabs rent for \$150 a week on average and only in the high season. Factor in storage, insurance, DCA fines, and repairs and the profit margins are razor thin without advertising. I say this as a single owner and operator who knows that my overhead is about \$3500 a year. \$150 a week for 30 busy weeks adds up to \$4500 in rental revenue... if the pedicab is continuously rented and the driver makes all payments.

WISH LIST:

What follows, are some minor adjustments that will make the lives of pedicab owners and operators a little easier.

a. Simplify the pedicab information card. Only the driver is responsible for price gouging. Pedicab fleet owners cannot be responsible for what their drivers charge as drivers often change their rate cards when they leave the garage. Only the driver's information and company contact information is needed so people can call the owner and/or the DCA to complain.

As far as putting the owner's full information on the rate card – this year the DCA began issuing standard information signs with the other's business name and address and directions on calling 311. All this information may be superfluous and overwhelming when complaints needs to be made.

b. Define children under 12 as ½ a person. This is done by taxis and horse carriages. It allows a family of four to take one pedicab instead of two. This is good for customers and operators.

How do we prevent children over 12 from riding in a pedicab? The small width of pedicabs means older children will have to sit on their parents lap. How many teenagers will submit to this indignity?

Thank you for your time. We look forward to working with you beyond today, providing a street level view of whatever the final bill might look like.

TABLE 1

The average pedicab weighs 200 lbs

Let's say the average person weighs 150lbs



Figure 1: 350lbs



Figure 2: 500lbs = 42% increase

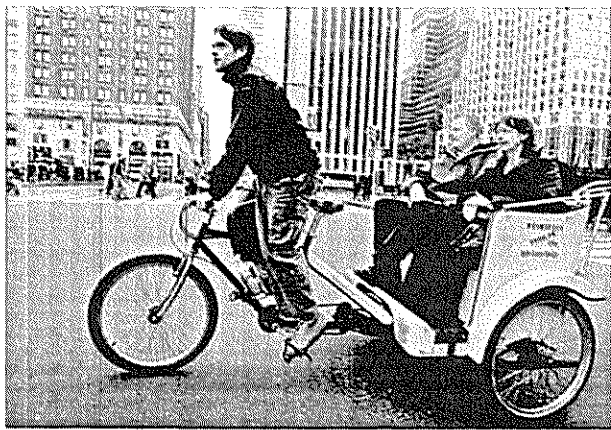


Figure 3: 650 lbs = 30% increase

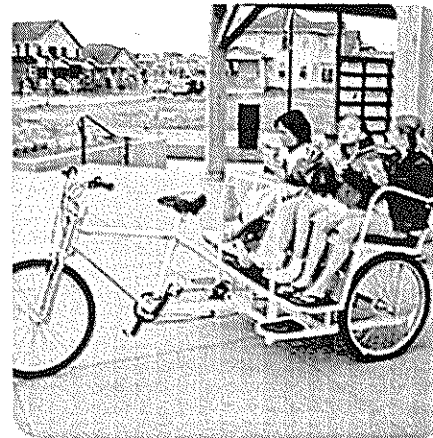


Figure 4: 800lbs = 23% increase

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 597 Res. No. _____

in favor in opposition

Date: 10-18-2012

(PLEASE PRINT)

Name: Gregg Zuman

Address: 100 Baltic St 11201

I represent: Revolution Rickshaws

Address: 432 W 31 NY 10001

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 10-18-2012

(PLEASE PRINT)

Name: Ibrahim Donme

Address: 879 16th Avenue Apt C Brooklyn, NY

I represent: Pedikab Drive

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 10-18-2012

(PLEASE PRINT)

Name: Fran Freedman, Dep Com

Address: DCA

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 5970 Res. No. _____

in favor in opposition

Date: 10-18-2012

(PLEASE PRINT)

Name: Loraine Flick

Address: 346 S 3rd St #1 Brooklyn, NY

I represent: NYC POA New York City Pedicab Owners

Address: West 3rd St Association

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 597-A Res. No. _____

in favor in opposition

Date: 10/18/12

(PLEASE PRINT)

Name: Robert Tipton

Address: 19 West 129th St #2A

I represent: Myself

Address: _____

Please complete this card and return to the Sergeant-at-Arms