



**STATEMENT OF**

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**ON BEHALF OF THE NATIONAL LEAGUE OF CITIES**

**BEFORE THE  
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT**

**“EXAMINING THE FUTURE OF TRANSPORTATION NETWORK COMPANIES:  
CHALLENGES AND OPPORTUNITIES”**

**OCTOBER 16, 2019**

**WASHINGTON, DC**

Good morning, Chair Norton, Ranking Member Davis and Members of the Subcommittee:

I am Karen Freeman Wilson, Mayor of Gary, Indiana. Gary is a legacy city, established by United States Steel as a company town in 1906. We experienced exponential growth through the mid 1960s. Because of deindustrialization, our population has now declined from 178,000 at its height to 75,000 today, resulting in one of the largest percentages of vacant and abandoned buildings in the U.S. Today, we are rebuilding our community by diversifying our economy, by building on assets such as transportation, our proximity to Chicago, our location on Lake Michigan, and our partnership with Indiana University.

I am honored to be here today on behalf of Gary and as the President of the National League of Cities (NLC), the nation's oldest and largest network of cities, towns and villages across America. We are the voice of America's communities representing more than 200 million people across our country.

America's cities are not one size or type, but we share important commonalities. We are organized to work for our residents and invest in our communities. We love our cities and care deeply about how our policy choices impact residents and local businesses, and we can all tell you that no matter how you slice or dice the numbers – America is not doing nearly enough to invest in our transportation networks. As a country, we are not investing in ourselves and in our neighborhoods or in the next generation of transportation solutions that will improve every family's livelihood. Today, even the status quo is at stake with the inadequacy of revenue in the Highway Trust Fund and Mass Transit Account and the looming \$7.6B rescission of contract authority.

We are here today to share the innovations in transportation happening at the local level, and we hope that Congress is not only encouraged but emboldened to act here in these chambers:

- To fix our federal transportation funding
- To invest in mobility, innovation and safety that is more than the status quo and
- To partner with local communities in new ways in the next reauthorization.

Cities, towns and villages from every state are ready to work with this Committee to increase the infrastructure investment that matters to rural towns and villages, legacy cities like my own, as well as our thriving urban regions that drive our economic competitiveness. As Congress looks to reauthorize our essential transportation programs, we appreciate that you are looking at the infrastructure landscape and acknowledging that transportation is changing, and your investment strategy should change with it.

### **Cities' Mobility Revolution Goes Far Beyond Transportation Network Companies (TNCs)**

Cities are leaders in transportation and innovation, and we are the transportation laboratories where new mobility models are piloted today. From our transportation network companies, to bus rapid transit, to micromobility, to shared cars and autonomous shuttles and buses, the model of the future is shared, connected and fleet-driven. We are testing them all, finding what

works, and what needs to work better to move great concepts forward. We are pleased to be here with you to share our experience as smart cities of all sizes, types and places who are the testing grounds for some of the most interesting, essential, and frustrating live experiments in transportation today. I hope to share a few of our lessons learned and ways that federal support can help as you consider the next transportation bill.

### **Cities are Actively Analyzing, Reacting and Collaborating as Mobility Technologies Evolve Quickly**

TNCs use mobile technology to connect potential passengers with drivers who use their personal vehicles to provide transportation for a fee. Uber, Lyft, and Via now operate in about 730 of our 19,000 cities across the U.S. and have gained popularity in many places as a new option in the transit market. While TNCs are not so different from their predecessors of taxis, vans, or limousine services, they demonstrate clearly how technological advances can lead to new business models that hold the potential to combat some of society's most pressing challenges – transportation's contribution to climate issues, congestion that is gridlocking our regions, and the connectivity of all people, of all abilities and areas, to be able to engage in their communities.

The evolution of TNCs began with one service type and quickly became several types, including most notably pooled rides. However, the quick evolution cycle is best seen through the recent rise of micromobility – such as e-scooters and bikeshare – and then the resulting absorption of the competitive providers into the dominant TNCs. The use of micromobility platforms doubled from 2017 to 2018 to 84 million trips. At the end of 2018, e-scooters were available in 100 U.S. cities with a steady increase in 2019. Here is a snapshot of some of the most popular operators:

- Lime offers e-scooters in 92 cities
- Bird operates in 54 U.S. cities
- Lyft deploys e-scooters in 22 cities
- Uber deploys JUMP e-scooters in 13 cities
- Spin currently operates e-scooters in 8 cities with plans to expand to over 100 by the end of 2019

Yet, despite this growth, only 39% of urban residents have utilized a ride-hailing service, 16% a carsharing platform, 13% bikeshare, and 3.9% e-scooters, and these numbers would be far lower in suburban and rural environments. Additionally, when comparing the 730 cities served by TNCs to the more than 19,000 cities in the U.S., the reach is incredibly low at about 3%.

Additionally, even where TNCs operate, there may be offering adequate but not extensive service. For example, the city of Gary has two TNCs that are readily available, and local bikeshare is available in our Miller Beach neighborhood for the recreation on the lakefront. Yet scooters have not been deployed in our community even after a number of promising conversations with providers. The full capability of new mobility is on the rise, but it is far from reaching all the cities, towns and villages that want to see new services like micromobility and TNCs operating.

## Transit Is Where Innovation Is Happening

Some of the most exciting developments in transportation today are happening in what we have traditionally referred to as “transit.” Transit is a space that has been largely marginalized when it comes to federal transportation investment, yet it is coming back to the forefront as new partnerships form, expand and develop between cities, technology partners and our traditional transit providers. Reimagining transit, new mobility models and their potential within the national transportation network is needed, and the support of our technology partners, including TNCs, is essential.

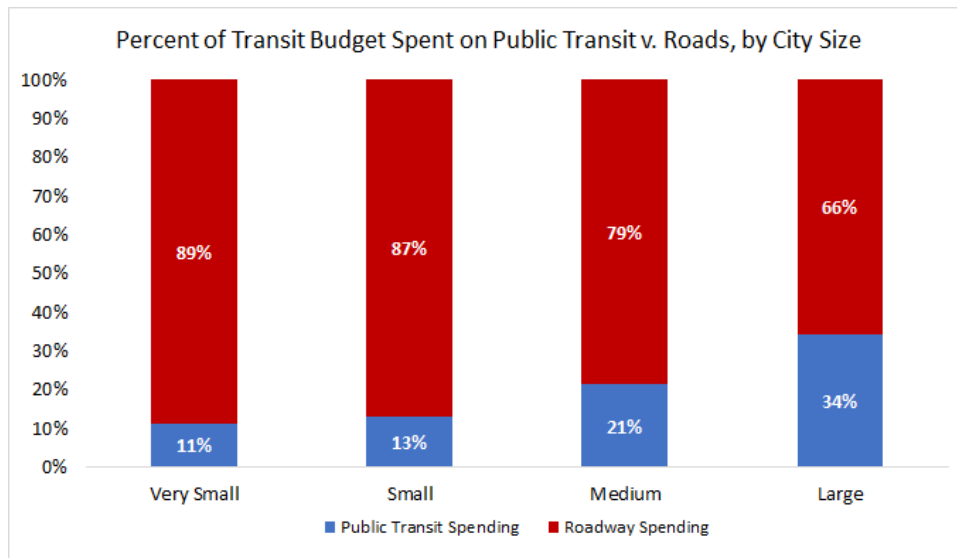


Figure 1: Transportation funding allocations by city size grouping

Reimagining transit also extends to the traditional fixed rail and buses that have received federal investment, and transit providers are fully invested in this. Through the traditional transit sector’s leadership in open-data sharing and integrated full trip travel planning, they have opened the door to new mobile app-based services like bikeshare, TNCs and now scooters. Even small services providers like Tupelo Transit in Mississippi are using mobile apps to improve service and reliability. Additionally, more than a dozen transit providers have explored shared service with TNCs to mixed success, but through testing and tinkering, new models are being vetted.

## TNCs Can Fill Gaps in Transit Service in a Complementary Way

Cities are finding that the adoption curves for new technology-driven transportation options are especially high when they are solving a known transit gap. Traditional buses and rail systems are structured for throughput and service that reaches into as many areas of a community as possible, but this leaves gaps such as short distance trips of less than three miles, the first and last mile between public transportation hubs and final destination trips. Transit providers have lamented about these challenges for decades, but these remained persistent challenges that were unachievable with today’s fiscally constrained transit funding and financing models.

While data and time are still revealing the intricate relationship between traditional transit and new mobility services, public core transit does not appear to be replaceable by new entrants. Yet, connections to and from fixed transit systems can be provided effectively with new models like TNCs and micromobility which benefit both traditional and new mobility partners. Some studies indicate that TNCs can play a critical role in connecting riders to transit more often than distancing them, but others show that upon TNCs entry, some transit systems have seen about a 1.3% to 1.7% drop in heavy rail and bus ridership. Taking the longer view, since 1997, the rate of public transit ridership has still increased at a greater rate than the population growth (21% vs. 19%). Cities are both embracing the role that new entrants can provide but also ensuring that they do not undermine the core transit infrastructure that runs their cities, but TNCs clearly will be viable in places where limited or no transit service exists which is an extensive area of the U.S.

Forty-five percent of Americans still have no access to public transportation and many others only have limited service options. Given that TNCs are providing two of the most expensive elements – vehicles and drivers – places like Arlington, Texas, where individual cars were the primary transportation option, see transit through TNCs as viable. The city of Arlington decided to create a ride-sharing shuttle program with a TNC. For \$3 residents can arrange to be picked up from one location and be dropped off at another. The service is available Monday to Saturday, wait times are guaranteed to be less than 12 minutes, and the vehicles can transport multiple residents at once saving time and money. Additionally, Arlington has also launched one of the first autonomous shuttle services in the U.S. to serve the city's entertainment district transporting visitors from the parking lots to the attractions. When capital can be organized for vehicles and leveraged with technology and planning, mobility options that previously were dismissed are now gaining new appreciation.

### **Strategic Choices Need to be Made about Mobility Options and Tailored to Each Place**

When TNCs first arrived in cities, most city ordinances were written for traditional taxi and limousine service with some state laws leading to a disruptive entry. Yet cities proved they would be able to quickly incorporate new technology and new entrants like TNCs and do it strategically so as not to undermine existing essential transit services or create unintended consequences for riders or workers. While healthy competition is beneficial, some externalities, market manipulations and safety concerns raised by TNCs were seen as undermining many communities' goals. Additionally, extensive campaigns at state capitols to preempt traditional city regulations that apply to TNCs has led to blanket regulations in many areas that do not ensure safety, access for the disabled, equitable service, appropriate wages, and many other considerations that are likely poorly handled by a one-size-fits-all approach.

City leaders must walk a fine line, working to embrace change and innovation while simultaneously prioritizing safety and developing context-sensitive city solutions that work for their community. Overall, cities' regulations for TNCs are now structured to embrace their service with appropriate policy guardrails to protect against unintended consequences. One way that some cities and states are managing externalities is by instituting fees on TNCs. An effective example of adjusting for externalities has been in Washington, D.C. with its heavy

urban and suburban metro region and heavy core rail system as well as extensive bus service. Due to the extreme influx in and out of the city, congestion is high and incentives for transit use and shared rides help all users move throughout the region. The Washington, DC city council voted in June of 2018 to raise the tax to 6% on TNCs operating in the city, with revenues going to improve the city's metro system. While these costs are passed along to drivers as fees and riders as higher fares, the city is leaning into their policy goals of investing in adequate transit to decrease trip times and congestion which ultimately riders of TNCs benefit from. Each city's ability to intentionally and nimbly manage local services using a tailored approach remains essential.

### **Equitable Service Must be Achieved to Open Economic Opportunity to All Areas**

Providing equitable transportation options is one of the greatest potential offerings of new mobility options. Some cities, such as Columbus, Ohio, and Los Angeles, California, are working with companies to deploy in underserved areas to ensure these new pilots and programs align with their goals around equity. Many cities are also working with companies to provide solutions and access for unbanked users which represent a large audience of potential users. Interventions include a range of both initial and eventual caps per vendor as well as geographic distribution quotas.

Equitable service also means better connecting our aging and disabled residents to services and their community. Several communities are operating excellent on demand services for seniors from Caldwell, Idaho, to Kettering, Ohio, but more support is needed nationally that is aligned with the growing senior population. The Ride Connection in Clackamas, Multnomah and Washington counties and the LIFT programs in Portland, OR, are attempting to increase transportation equity in the region. Ride Connection is a non-profit organization that provides public transportation options, to door-to-door and shuttle services to senior, disabled, and low-income residents. Residents can utilize the service to go grocery shopping, get to medical appointments, or take part in social activities that they otherwise might not have access to. The service allows residents that have difficulty utilizing traditional forms of transit to remain connected to their community, providing nearly 500,000 rides supporting over 2,000 residents. Additionally, the city also offers a paratransit service, LIFT, which services seniors and residents with disabilities along public transit routes. Residents can request singular or recurring pick-ups to get around the city. Paratransit service is one of the most expensive obligations of providing transit service in most communities, and every effort should be made to realign programs and resources to fulfill this essential service for seniors in all communities of all sizes.

### **Preparing for Automation Begins Now and with Workforce Training in Mind**

Within 20 years, 47% of U.S. jobs may be at risk of replacement by new technologies including automation and artificial intelligence with many being in the transportation sector. TNCs have been vocal about their plans to automate their service in the future. There are roughly 53 million freelance workers today, comprising 34% of the total U.S. workforce. Uber and Lyft, the two most popular rideshare companies, employ 5.3 million drivers worldwide, and it is estimated that they

employ about 3.5 million in the U.S., a little less than half of which are estimated to be full-time drivers. That job loss is predicted to be unequally distributed, affecting individuals with lower levels of education and African-American and Latino populations with greater severity. The future of work may change, but our preparation to train and shift workers into new opportunities begins today by investing in workforce training. Nationally, attention must be paid to wages and the failure of household income to keep pace with the cost of living, including most significantly housing.

### **Congress, Partner with Cities on Effective Regional Transportation Mobility Solutions**

New transit and mobility solutions deserve a larger federal effort because they have the capability to increase mobility options and accessibility, while simultaneously ensuring safety and reducing emissions, collisions, and congestion.

*Increase Innovation Investment:* Congress should put emphasis on innovation investments where there is flexibility to build, operate and maintain local and regional transportation that is responsive to new technology and citizens. Recognizing the significant possibilities within the transportation technology sector, a significant new effort to ramp up block grants or new funding directly for ground-level local partnerships with technology players is essential to achieving a modern transportation system. The Mobility on Demand Sandbox Grants remains an excellent program for this in addition to larger transportation technology efforts that previous Administrations have championed such as the Smart Cities Challenge.

*Allow for Tailoring and Collaboration:* Congress has the opportunity to strengthen provisions for local and regional transportation decision-making as a central component of any federal program. All federal testing should be done in collaboration with cities and include a robust public engagement process and appropriate regulations that ensure the unique needs of each municipality are accounted for. Adoption of new technologies should also be linked to solutions to address persistent challenges including funding, data for research, and integrated transportation planning.

*Ramp Up Research and Pilots:* City leaders welcome advanced technologies that can improve safety, reduce congestion and decrease costs within the transportation networks. It should be a federal policy to accelerate the testing, deployment and integration of advanced transportation technologies in partnership with cities, including automated, connected, electric and shared vehicles of all types. The federal government should consider ramping up research and development while increasing local pilots and demonstration projects of new technologies through federally-financed programs to provide the data needed for effective research and testing.

*Support Transportation Planning and Data-Sharing:* Cities have embraced the data behind transportation fleets to begin to manage rather than just influence the flow through our streets, sidewalks, and rails. Federal policy must encourage data-sharing, integrated management and operation of all transportation systems at the regional and local levels, maximizing the use of information technology for management of traffic and transit, monitoring structural integrity,

and enforcement for public safety. City commitment to data-sharing leadership is unmatched, and we continue to press our technology partners to work closely with us to ensure the system outcomes for our residents and their customers is clear.

Cities, towns and villages remain excited about the innovation at our doorsteps and growing in our regions. We ask that this Committee work with local leaders to forge a bipartisan path forward on these emerging transportation technology investments.

Thank you.