

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council
Christine C. Quinn



Hon. James Vacca, Chair, Transportation Committee

Hearing on the Mayor's Fiscal 2013 Preliminary Budget & the Fiscal 2012 Preliminary Mayor's Management Report

Taxi and Limousine Commission

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Agency Overview

The Taxi and Limousine Commission (TLC) establishes and enforces professional and uniform standards of for-hire car service and ensures public safety. Currently, TLC licenses and regulates 13,237 medallion taxicabs, 39,462 for-hire vehicles, 2,479 paratransit vehicles, 410 commuter vans and 109,644 drivers. The Commission regulates 29 taximeter shops, 26 taxicab brokers and 70 taxicab agents and sets fares charged by medallion taxicabs.

Fiscal 2013 Preliminary Plan Highlights

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Personal Services	\$23,310	\$28,877	\$28,907	\$29,417	\$540
Other Than Personal Services	6,867	9,481	9,481	30,851	21,370
Agency Total	\$30,177	\$38,358	\$38,388	\$60,268	\$21,910

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

The Taxi and Limousine Commission's (TLC) budget is funded entirely with City tax-levy funds. The TLC's Fiscal 2013 Preliminary Budget totals \$60.3 million, which is approximately \$21.9 million more than the Agency's Fiscal 2012 Adopted Budget of \$38.4 million. The planned spending increase is primarily due to costs associated with the implementation of the newly authorized five-borough taxi bill (HAIL licenses) for livery cabs. The new licensing would allow livery cabs to pick up street hails in the five boroughs except at airports and in Manhattan south of east 96th street and west 110th street.

In addition, the Fiscal 2013 Preliminary Budget also includes one Program to Eliminate the Gap (PEG) that will generate additional taxi fine revenue from increased enforcement of administrative rules.

Since the adoption of the Fiscal 2012 budget, specific actions affecting the TLC's budget include the following:

- **Additional Taxi Enforcement.** TLC anticipates an additional \$908,000 in Fiscal 2012 and \$2.7 million in Fiscal 2013 and the outyears from expanded enforcement of administrative rules (see p. 5).
- **TLC Five-Boro Accessibility.** TLC will receive additional funding of \$2 million in Fiscal 2012 and \$23.1 million in Fiscal 2013 for costs associated with its implementation of the City's five-borough taxi initiative (see p. 5).
- **Collective Bargaining.** TLC will receive increase funding of for collective bargaining costs. (see p. 5).

- **Additional Taxi Medallion Sale.** The TLC will generate \$1 billion in Fiscal 2013 from the sale of additional 2,000 yellow medallions. (see p. 7).

Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Budget by Units of Appropriation					
001 - Personal Services	\$23,310	\$28,877	\$28,907	\$29,417	\$540
002 - Other than Personal Services	6,867	9,481	9,481	30,851	21,370
TOTAL	\$30,177	\$38,358	\$38,388	\$60,268	\$21,910
Funding					
City Funds	\$30,177	\$38,358	\$38,388	\$60,268	\$21,910
TOTAL	\$30,177	\$38,358	\$38,388	\$60,268	\$21,910
Positions					
Full-Time Positions	N/A	533	545	545	12
TOTAL	N/A	533	545	545	12

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

STATE HIGHLIGHTS

Fiscal 2012-2013 State Executive Budget Highlights

- **New Taxi Cab Medallion**

Recently, the State Legislature passed and the Governor signed into law an enabling legislation to allow the city to sell a total of 2,000 additional yellow taxicab medallions and 18,000 inter-borough hail licenses (HAIL licenses) for livery cabs that would be allowed to pick up street hails in the five boroughs except at airports and in Manhattan south of east 96th street and west 110th street. The legislation also allows the Taxi and Limousine Commission (TLC) to issue up to 450 HAIL permits to existing for-hire vehicle base stations in good standing at a fee of \$3,000 for three years.

The 18,000 HAIL licenses authorized are expected to be issued in three installments of 6,000 HAIL licenses per issuance, of which 20 percent or 200 HAIL licenses must be for accessible livery cabs. As proposed, the fee for the initial issuance is \$1,500 per license (\$3,000 and \$4,500 per license for the 2nd and 3rd issuance group) and is valid for three years. In addition, the City is required to provide up to \$15,000 each in grant funding to help individuals who purchased HAIL licenses restricted to accessible vehicles to either retrofit or purchase a wheelchair-accessible vehicle. The total cost to the City is projected to be up to \$54 million.

To account for these actions, the Fiscal 2013 Preliminary Budget recognizes additional revenue of \$1 billion from the sale of taxi medallions and \$23.1 million in additional expenses for 12 positions and related OTPS costs associated with the five borough taxi and accessibility program in Fiscal 2013. The additional expense funding is in addition to the 128 positions and \$6.2 million added to the Commission's budget in the Fiscal 2012 Adopted Budget for the five borough taxi program.

HIGHLIGHTS FOR UNIT OF APPROPRIATION

Fiscal 2013 Budget Actions

PEG Program

As part of the Citywide PEG Program implemented in November 2011, TLC was required to come up with cost savings in its Fiscal 2012 and 2013 Expense Budget. As a result of the agency's revenue generating ability, TLC was able to meet its PEG target through the implementation of increased enforcement of its rules. The agency's Fiscal 2013 Preliminary Budget includes additional revenue of \$908,000 in Fiscal 2012 and \$2.7 million in Fiscal 2012 and the outyears.

- Additional Taxi Enforcement.** The Taxi and Limousine Commission will generate additional revenue of \$908,000 in Fiscal 2012 and \$2.7 million in Fiscal 2013 and the outyears by increasing the enforcement of its administrative rules in addition to improvements in passenger generated case convictions. The increased revenue will be offset by \$30,000 in Fiscal 2012 and \$60,000 in Fiscal 2013 and the outyears for one additional enforcement position.
- TLC Five-Boro Accessibility.** The recently authorized five borough taxi plan mandates that 20 percent of the 18,000 Hail licenses be accessible taxi. The City is required to provide grant funding of up to \$15,000 to allow the individual licensees retrofit or purchase an accessible vehicle. As a result, the Fiscal 2013 Preliminary Budget contains additional funding of \$2 million in Fiscal 2012, \$23.1 million in Fiscal 2013, \$19 million in Fiscal 2014, \$14 million in Fiscal 2015 and \$908,500 in Fiscal 2016 for costs associated with the implementation of the City's five-borough taxi initiative.
- Collective Bargaining.** TLC will receive an adjustment in funding of \$1,437 in Fiscal 2012, Fiscal 2013 and the outyears for collective bargaining costs.

The following performance measures were reported in the Mayor's Management Report for TLC.

	FY 09	FY10	FY 11	4-Month Actual FY 11	4-Month Actual FY 12	Target FY 13
Medallion enforcement: Operation Refusal compliance rate (%)	N/A	N/A	N/A	N/A	70.3	*
Street hail summonses to non-medallion vehicle Drivers	991	1,323	6,507	1,198	4,139	*
Average time to close a consumer complaint (calendar days)						
- Medallion	26.5	34.1	44	31	34	*
- For-hire vehicle	28.2	31.3	44.3	27.9	34.8	*

As part of its Operation Refusal enforcement program, the Commission's staff worked undercover to test whether medallion drivers followed TLC rules for providing service regardless of a passenger's destination, ethnicity, or disability status. Of the 204 drivers who were tested, approximately 30 percent were not in compliance with these rules.

During the first four months of Fiscal 2012, the TLC continued to focus its enforcement efforts on illegal street hails. This resulted in the issuance of 4,139 summonses to drivers for illegal street hails, some 2,900 more than were issued in the same four-month period in Fiscal 2011.

The average time between receiving a consumer complaint and its being scheduled for a hearing or otherwise resolved increased from 31 to 34 days for complaints about medallion drivers, and from 27.9 to almost 35 days for FHV drivers. According to the Commission, overall resolution times have increased largely due to its ongoing efforts to address a backlog of older complaints.

Revenue Summary

The Fiscal 2013 Revenue Budget for the Commission is projected to be \$1.1 billion, an increase of more than \$1 billion when compared to the Fiscal 2012 Adopted Budget of \$43.1 million. The Commission anticipates additional revenues derived from drivers’ license fees, medallion vehicle inspection fees, and visual inspection fees from for-hire vehicles. Of the projected Fiscal 2013 revenue amount, \$43.3 million will come from medallions and for-hire vehicles licensing, permit and franchise fees; \$8.2 million will come from charges for taxi inspections and transfer fees; and \$1.1 billion in miscellaneous revenue will come from the sale of additional taxi medallions.

Agency Revenue Overview

Dollars in Thousands

Agency Revenue Sources	Fiscal 2012 Adopted Budget	Fiscal 2012 Modified	Fiscal 2013 Preliminary Budget
License, Permit & Franchises	\$35,534	\$35,534	\$43,284
Charges for Services	7,598	7,598	8,153
Miscellaneous			1,000,069
Total	\$43,132	\$43,132	\$1,051,506

- Additional Taxi Medallion Sale.** The enabling legislation for the sale of these taxi medallions was recently passed by the State Legislature and signed into law by the Governor. In 2003, the City received a similar authorization to sell 900 taxi medallions over a three year period.

Appendix A: Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2011 Plan	\$38,358	\$0	\$38,358	\$37,117	\$0	\$37,117
Program to Eliminate the Gap (PEGs)						
Additional Taxi Enforcement	\$30	\$0	\$30	\$60	\$0	\$60
TOTAL, PEGs	\$30	\$0	\$30	\$60	\$0	\$60
New Needs						
TLC Five Borough Accessibility	\$2,043	\$0	\$2,043	\$23,090	\$0	\$23,090
TOTAL, New Needs	\$2,043	\$0	\$2,043	\$23,090	\$0	\$23,090
Other Adjustments						
Collective Bargaining	\$1	\$0	\$1	\$1	\$0	\$1
TOTAL, Other Adjustments	\$1	\$0	\$1	\$1	\$0	\$1
TOTAL, All Changes	\$2,074	\$0	\$2,074	\$23,151	\$0	\$23,151
Agency Budget as of February 2012 Plan	\$40,432	\$0	\$40,432	\$60,268	\$0	\$60,268

Appendix B: Contract Budget

Category	Number	Budgeted	Pct of TLC Total	Pct of City Total
Contractual Services General	2	\$2,241,000	59.1%	0.5%
Telecommunications Maintenance	2	32,000	0.8%	0.1%
Maintenance & Repair, General	10	25,000	0.7%	0.0%
Office Equipment Maintenance	1	20,000	0.5%	0.1%
Data Processing Equipment	1	80,000	2.1%	0.0%
Printing Contracts	1	65,000	1.7%	0.2%
Security Services	4	379,174	10.0%	0.5%
Temporary Services	2	103,000	2.7%	0.3%
Cleaning Services	3	88,156	2.3%	0.4%
Training Programs for City Employees	2	1,000	0.0%	0.0%
Professional Services: Computer Services	4	759,738	20.0%	0.7%
Fiscal 2013 Preliminary Budget		\$3,794,068	100%	0.3%

Appendix C: Fiscal 2012 Mayor's Management Report Performance Measures

	FY 09	FY10	FY 11	4-Month Actual FY 11	4-Month Actual FY 12	Target FY 13
Average days to receive a medallion driver's license from initial application	55.1	53.4	55.2	55.8	51.8	*
Average days to receive a for-hire vehicle driver's license from initial day of application	20	19.9	16.5	20	16.8	*
Average wait time at Long Island City licensing facility (hours & minutes)	0.2	0.2	0.18	0.15	0.2	0.25
Car stop compliance rate (medallions & for-hire vehicle) (%)	36	52	24	37	N/A	*
For-hire Vehicle base inspection Compliance rate (%)	42	43	45	49	N/A	*
Medallion enforcement: Operation Refusal compliance rate (%)	N/A	N/A	N/A	N/A	70.3	*
Street hail summonses to non-medallion vehicle Drivers	991	1,323	6,507	1,198	4,139	*
Medallion safety failure rate - initial inspection (%)	N/A	15.6	13.7	15.3	11.6	*
Percent of medallion safety & emissions inspection completed on time (%)	92.2	95.5	94.4	95.6	95.1	*
Average time to conduct a safety & emissions inspection of a medallion taxi (hours & minutes)	1:09	1:12	1:11	1:09	1:16	*
Average time to close a consumer complaint (calendar days)						
- Medallion	26.5	34.1	44	31	34	*
- For-hire vehicle	28.2	31.3	44.3	27.9	34.8	*
Medallion summonses for non-inspection	2,233	1,964	1,929	645	641	*