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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

TAXI AND LIMOUSINE COMMISSION

May 9, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- The Taxi and Limousine Commission's (TLC) Fiscal 2014 proposed Expense Budget totals \$62.2 million, a decrease of \$4.1 million when compared to the Fiscal 2013 Adopted Budget of \$66.3 million. The TLC's budget is funded almost entirely with City tax-levy funds.
- The proposed Fiscal 2014 budget includes a reduction in new needs of \$1.8 million. The decrease is associated with the delayed implementation of the Five Borough taxi program.
- Pending the result of a court challenge, TLC plans to sell 2,000 new yellow taxi medallions for use exclusively on vehicles that are accessible to wheelchair users and issue 18,000 licenses for Street Hail Liveries (Five-Borough Taxi).
- To implement the Five-Borough taxi plan, the City is required to provide financial assistance of up to \$15,000 each in grant funding to help individuals who purchased licenses restricted to accessible vehicles to retrofit or purchase a wheelchair-accessible vehicle. The total cost to the City for 3,600 vehicles is projected to be up to \$54 million.
- The TLC's Fiscal 2014 Executive Budget only includes additional revenue of \$300 million from the sale of taxi medallions in Fiscal 2014, a reduction of \$300 million compared to the Fiscal 2014 Preliminary Budget amount of \$600 million.

FINANCE DIVISION

Preston Niblack, Director
Jeffrey Rodus, First Deputy Director

Nathan Toth, Deputy Director
Chima Obichere, Unit Head

TAXI AND LIMOUSINE COMMISSION OVERVIEW

This report provides an overview of the Taxi and Limousine Commission's Fiscal 2014 Budget and a review of the significant initiatives included in the Executive Budget for Fiscal 2014. Appendix 2 report the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget including Council Initiatives. For additional information on the Commission's Budget and its various programs, please refer to the "Taxi and Limousine Commission's Hearing Budget Report" available at: www.council.nyc.gov

FINANCIAL SUMMARY

	2012	2013		2014	*Difference
	Actual	Adopted	Exec. Plan	Exec. Plan	2013 - 2014
Personal Services	\$22,116	\$30,952	\$27,678	\$31,609	\$657
Other Than Personal Services	9,600	35,384	14,336	30,585	-4,799
TOTAL	\$31,716	\$66,336	\$42,014	\$62,194	(\$4,142)
Funding					
City Funds	\$31,716	\$66,336	\$41,728	\$62,194	(\$4,142)
Federal - Other	0	0	0	0	0
TOTAL	\$31,716	\$66,336	\$41,728	\$62,194	(\$4,142)
Positions					
Full-Time Positions	435	578	561	586	8
TOTAL	435	578	561	586	8

* Difference between FY 2013 Adopted Budget and FY 2014 Executive Budget.

The Taxi and Limousine Commission's Fiscal 2014 Executive Budget totals \$62.2 million, \$4.1 million less than the agency's Fiscal 2013 Adopted Budget of \$66.3 million, but \$22 million more than the current modified budget (2013 Exec.Plan). The difference in planned spending is primarily due to the costs associated with the implementation of the Five-Borough taxi plan, which was originally funded at a higher level at the beginning of Fiscal 2013 compared to Fiscal 2014. However, due to a court challenge the program has been delayed and some of the Fiscal 2013 funding rolled into the outyears. The taxi program, when implemented 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.

The Commission's headcount for Fiscal 2014 is 586, an increase of eight positions from the Fiscal 2013 Adopted Budget. The additional positions are related to the accessibility component of the five boroughs taxi initiative.

NEW IN THE EXECUTIVE BUDGET

- **Surplus Reduction.** Due to ongoing delay with the implementation of the City's Five-Borough Taxi initiative, the Executive Budget includes a reduction of \$1.8 million from planned new needs associated with the taxi plan in Fiscal 2013 only.
- **Heat, Light and Power.** Due to re-estimates, the Commission anticipates an increase of \$27,000 in Fiscal 2013 and \$11,000 in Fiscal 2014 and in the outyears in heat, light and power costs.

- **Lease Adjustment.** Due to re-estimates, the Commission anticipates a decrease of \$266,000 in Fiscal 2014 and in the outyears in lease costs.

MAJOR TLC ISSUES

New Taxi Cab Medallion

Last year, the State Legislature passed and the Governor signed into law legislation allowing 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 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 of each issuance or 1,200 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 purchase HAIL licenses for 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 budget recognized new revenue of \$1 billion from the sale of taxi medallions and \$23.1 million in additional OTPS costs, as well as 12 positions associated with the five borough taxi program (Taxi Program). The increase in funding was in addition to \$6.2 million and 128 positions that were added to the Commission's budget in Fiscal 2012 for the taxi program. However, to date, the taxi program is yet to be implemented due in part to legal challenges brought against the Commission by the yellow taxi industry.

Agency Projection of Sales of Taxi Medallion Revenue by Financial Plan					
<i>Dollars in Thousands</i>					
Financial Plan	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Adopted 2013 Financial Plan	\$635,000	\$365,000	\$460,000	\$0	\$0
January 2013 Financial Plan	0	600,000	497,000	363,000	0
Executive 2014 Financial Plan	0	300,000	400,000	360,000	400,000

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of January 2013 Plan	\$43,501	\$285	\$43,786	\$62,448	\$0	\$62,448
New Needs						
Surplus Reduction	(\$1,800)	\$0	(\$1,800)	\$0	\$0	\$0
TOTAL, New Needs	(\$1,800)	\$0	(\$1,800)	\$0	\$0	\$0
Other Adjustments						
Heat, Light and Power	\$27	\$0	\$27	\$11	\$0	\$11
Lease Adjustment	0	0	0	(266)	0	(266)
TOTAL, Other Adjustments	\$27	\$0	\$27	(\$255)	\$0	(\$255)
TOTAL, All Changes	(\$1,773)	\$0	(\$1,773)	(\$255)	\$0	(\$255)
TLC Budget as of the Executive 2014 Plan	\$41,728	\$285	\$42,013	\$62,193	\$0	\$62,193

APPENDIX 2: BUDGET ACTIONS IN THE NOVEMBER, FEBRUARY AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2013 Plan	\$66,336	\$0	\$66,336	\$59,838	\$0	\$59,838
Program to Eliminate the Gap (PEGs)						
Additional Taxi Fine Settlement	\$70	\$0	\$70	\$105	\$0	\$105
PS Efficiencies	(408)	0	(408)	(415)	0	(415)
PS Surplus	(1000)	0	(1000)	0	0	0
PS Underspending	(834)	0	(834)	(195)	0	(195)
TOTAL, PEGs	(\$2,172)	\$0	(\$2,172)	(\$505)	\$0	(\$505)
New Needs						
Surplus Reduction	(\$1,800)	\$0	(\$1,800)	\$0	\$0	\$0
TOTAL, New Needs	(\$1,800)	\$0	(\$1,800)	\$0	\$0	\$0
Other Adjustments						
Fringe Offset	\$338	\$0	\$338	\$115	\$0	\$115
Five-Boro Taxi Adjustment	(21000)		(21,000)	3000	0	3,000
TLC Expenses for Sandy	0	300	300	0	0	0
TLC Sandy Fringe	0	(15)	(15)	0	0	0
Heat, Light and Power	27	0	27	11	0	11
Lease Adjustment	0	0	0	(266)	0	(266)
TOTAL, Other Adjustments	(\$20,635)	\$285	(\$20,350)	\$2,860	\$0	\$2,860
TOTAL, All Changes	(\$24,607)	\$285	(\$24,322)	\$2,355	\$0	\$2,355
Agency Budget as of the Executive 2014 Plan	\$41,729	\$285	\$42,014	\$62,193	\$0	\$62,193

APPENDIX 3: TAXI AND LIMOUSINE COMMISSION'S REVENUE SUMMARY

<i>Dollars in Thousands</i>	Fiscal 2013 Adopted Budget	Fiscal 2013 Modified	Fiscal 2014 Executive Plan
License, Permit & Franchises	\$43,284	\$30,234	\$43,684
Charges for Services	9,123	9,425	9,629
Fines and Forfeitures	0	4,899	5,991
Miscellaneous (Taxi Medallion)	635,069	69	300,069
Federal Grants - Categorical	0	300	0
Total	\$687,476	\$44,927	\$359,373