

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Christine C. Quinn  
Speaker of the Council

Hon. James Vacca  
Chair, Committee on Transportation



## Hearing on the Fiscal 2014 Preliminary Budget & the Fiscal 2013 Preliminary Mayor's Management Report

Taxi and Limousine Commission

**March 5, 2013**

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## Taxi and Limousine Commission 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 all aspects of New York City's medallion yellow taxicabs, for-hire vehicles (community-based liveries and black cars), commuter vans, paratransit vehicles (ambulettes) and certain luxury limousines.

## Fiscal 2014 Preliminary Plan Highlights

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Personal Services	\$22,116	\$30,952	\$29,178	\$31,609	\$657
Other Than Personal Services	9,600	35,384	14,609	30,839	(4,545)
<b>Agency Total</b>	<b>\$31,716</b>	<b>\$66,336</b>	<b>\$43,787</b>	<b>\$62,448</b>	<b>(\$3,888)</b>

*\*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Preliminary funding.*

The Taxi and Limousine Commission's (TLC) Fiscal 2014 budget is funded entirely with City tax-levy funds. The TLC's Fiscal 2014 Preliminary Budget totals \$62.4 million, which is \$3.9 million less than the Agency's Fiscal 2013 Adopted Budget of \$66.3 million. The planned decrease in spending is primarily due to a delay in the implementation of the State's authorized five-borough taxi program (HAIL licenses) for livery cabs. The new licensing, when implemented, would allow livery cabs to pick up street hails in the five boroughs except at airports and in Manhattan south of East 96<sup>th</sup> Street and West 110<sup>th</sup> Street.

Since the adoption of the Fiscal 2013 budget, specific actions affecting the TLC's budget include the following:

- **Additional Taxi Fine Settlements.** TLC anticipates an additional \$1.6 million in Fiscal 2013 and \$1.9 million in Fiscal 2014 due to improved settlement processes. (see p. 5)
- **PS Efficiencies.** TLC anticipates savings of \$408,000 in Fiscal 2013 and \$415,000 in Fiscal 2014 from the elimination of six vacancies. (see p. 5)
- **PS Surplus.** Due to a delay in program implementation, TLC anticipates a Personal Services (PS) surplus of \$1 million in Fiscal 2013. (see p. 5)
- **PS Under Spending.** TLC anticipates under spending in personal services of \$834,000 in Fiscal 2013 and \$195,000 in Fiscal 2014. (see p. 5)
- **Five-Boro Adjustment.** Due to delay in the implementation of the new taxi plan, \$21 million for costs associated with the City's five-borough taxi initiative will not be needed in Fiscal 2013. (see p. 5)
- **TLC Expenses for Sandy.** TLC will receive an increase in funding of \$300,000 for Superstorm Sandy related costs. (see p. 5)
- **Taxi License Increase.** The TLC will generate an additional \$400,000 in Fiscal 2014 and the outyears from For Hire Vehicle and Medallion driver licenses. (see p. 7)

**Superstorm Sandy Spending**

The Preliminary Financial Plan includes \$300,000 to cover all the storm-related costs for the Taxi and Limousine Commission, all of which is funded with federal aid. The principal storm related expenses include \$125,000 for emergency fuel purchase; \$75,000 in employee overtime for emergency response; and \$100,000 to replace damaged equipment, of which \$50,000 is to replace damaged equipment at its Richmond Terrace facility in Staten Island.

## Taxi and Limousine Commission Financial Summary

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
<b>Budget by Units of Appropriation</b>					
001 - Personal Services	\$22,116	\$30,952	\$29,178	\$31,609	\$657
002 - Other than Personal Services	9,600	35,384	14,609	30,839	(4,545)
<b>TOTAL</b>	<b>\$31,716</b>	<b>\$66,336</b>	<b>\$43,787</b>	<b>\$62,448</b>	<b>(\$3,888)</b>
<b>Funding</b>					
City Funds	\$31,716	\$66,336	\$43,502	\$62,448	(\$3,888)
Federal - Other	-	-	285	-	-
<b>TOTAL</b>	<b>\$31,716</b>	<b>\$66,336</b>	<b>\$43,787</b>	<b>\$62,448</b>	<b>(\$3,888)</b>
<b>Positions</b>					
Full-Time Positions	435	578	561	586	8
<b>TOTAL</b>	<b>435</b>	<b>578</b>	<b>561</b>	<b>586</b>	<b>8</b>

*\*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan funding.*

## State Highlights

### 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. 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 Five-Boro taxi program. However, to date, the Five-Boro taxi program is yet to be implemented due in part to legal challenges brought against the Commission by the yellow taxi industry.

## HIGHLIGHTS FOR UNIT OF APPROPRIATION

### Fiscal 2014 Budget Actions

#### PEG Program

As part of the Citywide PEG Program implemented in November 2012, TLC was required to come up with cost savings in its Fiscal 2013 and 2014 Expense Budgets. As a result of the agency's revenue generating ability, TLC was able to partly meet its PEG target through increased enforcement of its rules. The agency's Fiscal 2014 Preliminary Budget includes additional revenue of \$1.7 million in Fiscal 2013 and \$2.4 million in Fiscal 2014 that decreases to \$1 million by 2016.

- **Additional Taxi Fine Settlement.** The Taxi and Limousine Commission plans to generate additional revenue of \$1.7 million in Fiscal 2013, \$2 million in Fiscal 2014 and \$639,000 by Fiscal 2016 and the outyears by increasing tow enforcement in addition to improvements in its settlement processes. The increased revenue will be offset by \$70,000 in Fiscal 2013 and \$105,000 in Fiscal 2014 and the outyears for two additional staff positions.
- **PS Efficiencies.** The Commission anticipates savings of \$408,000 in Fiscal 2013, \$415,000 in Fiscal 2014 and \$439,000 in Fiscal 2016 from the elimination of six vacancies, of which four positions are clerical and two are policy.
- **PS Surplus.** Due to the ongoing delay in the implementation of the Five-Boro Taxi Plan, TLC anticipates a personal services surplus of \$1 million from 114 vacancies (July through November) in Fiscal 2013.
- **PS Under Spending.** TLC anticipates under spending in personal services from 13 vacancies resulting in savings of \$834,000 in Fiscal 2013 and \$195,000 in Fiscal 2014.
- **Five-Boro Adjustment.** Due to the delay in the implementation of the new taxi plan, \$21 million in OTPS costs associated with the City's Five-Boro Taxi initiative will not be needed in Fiscal 2013. The Commission will roll the funds into the outyears.
- **TLC Expenses for Sandy.** TLC will receive increase funding of \$300,000 for Superstorm Sandy related expenses funded with federal aid in Fiscal 2013.
- **Taxi License Increase.** Based on a projected volume increase for both for-hire vehicle and medallion driver licenses, the TLC anticipates generating additional revenue of \$400,000 in Fiscal 2014 and the outyears.

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

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY 14	4-Month Actual FY 12	4-Month Actual FY 13
Medallion enforcement: Operation Refusal compliance rate (%)	N/A	N/A	79.5%	*	*	70.3%	82.6%
Summonses issued for illegal street hails and unlicensed activity	N/A	N/A	20,547	*	*	6,395	6,381
- Street hail summonses issued to non-medallion vehicle drivers	1,323	6,507	10,783	*	*	4,139	1,140
- Summonses issued for unlicensed operation	N/A	N/A	9,764	*	*	2,256	5,241
Vehicles seized	1,222	1,504	3,493	*	*	518	1,998
Medallion safety and emissions failure rate - Initial inspection (%)	42.1%	38.4%	33.5%	*	35.0%	35.0%	31.8%
Average time to close a consumer complaint (calendar days): Medallion	34.1	44.0	38.0	*	35.0	34.0	32.0
Average time to close a consumer complaint (calendar days): FHV	31.3	44.3	54.4	*	35.0	34.8	32.3

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 700 drivers who were tested, approximately 83 percent were in compliance compared to 70 percent of 204 drivers tested during the same four months last year.

During the first four months of Fiscal 2013, the TLC continued to focus its enforcement efforts on illegal street hails and unlicensed activity. This resulted in the issuance of 6,381 summonses to drivers and the seizure of 1,998 vehicles – nearly four times as many vehicles compared to the 518 vehicles seized during the same four-month period in Fiscal 2012.

During the first four months of Fiscal 2013, fewer medallion taxis failed their initial safety and emissions testing. The failure rate declined from 35 percent to 31.8 percent during the first four months of Fiscal 2013. According to the Commission, the 2010 policy change that required a \$35 fee for each re-inspection has been successful as drivers now make sure that their vehicles are in compliance with the State Department of Motor Vehicle and TLC vehicles emission standards.

The average time between receiving a consumer complaint and its being scheduled for a hearing or otherwise resolved decreased from 34 to 32 days for complaints about medallion drivers, and from 34.8 to 32.3 days for FHV drivers.

## Revenue Summary

The Fiscal 2014 Revenue Budget for the Commission is projected to be \$659.4 million, a decrease of more than \$28 million when compared to the Fiscal 2013 Adopted Budget of \$687.5 million. The Commission anticipates additional fee revenue from for-hire vehicle and medallion driver licenses in addition to increased towing in Fiscal 2014 and the outyears. Of the projected Fiscal 2014 revenue amount, \$43.7 million will come from medallions and for-hire vehicles licensing, permit and franchise fees; \$10.6 million will come from charges for taxi inspections and transfer fees; \$5 million will come from fines and forfeitures and \$600.1 million in miscellaneous revenue will come from the sale of additional taxi medallions.

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### Agency Revenue Overview

*Dollars in Thousands*

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Agency Revenue Sources	Fiscal 2013 Adopted Budget	Fiscal 2013 Modified	Fiscal 2014 Preliminary Budget
License, Permit & Franchises	\$43,284	\$43,284	\$43,684
Charges for Services	9,123	9,123	10,613
Fines and Forfeitures	-	-	5,007
Miscellaneous	635,069	635,069	600,069
Federal Grants - Categorical	-	300	-
<b>Total</b>	\$687,476	\$687,476	\$659,373

- Additional Taxi Medallion Sale.** The enabling legislation for the sale of these taxi medallions was passed by the State Legislature and signed into law by the Governor. However, legal challenges have kept the City from selling any of the 2,000 medallions. Although, the anticipated revenue has remained unchanged, it remains to be seen whether the City can overcome the legal challenges, in time to sell any of the medallions in Fiscal 2013. In Fiscal 2014, the anticipated revenue from the medallion sale is \$600.1 million.

In 2003, the City received a similar authorization that allowed it to sell 900 taxi medallions over a three-year period.

## Appendix A: Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of Adopted 2013 Plan</b>	<b>\$66,336</b>	<b>\$0</b>	<b>\$66,336</b>	<b>\$59,838</b>	<b>\$0</b>	<b>\$59,838</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
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 Under Spending	(834)	0	(834)	(195)	0	(\$195)
<b>TOTAL, PEGs</b>	<b>(\$2,172)</b>	<b>\$0</b>	<b>(\$2,172)</b>	<b>(\$505)</b>	<b>\$0</b>	<b>(\$505)</b>
<b>New Needs</b>						
	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL, New Needs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Adjustments</b>						
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
<b>TOTAL, Other Adjustments</b>	<b>(\$20,662)</b>	<b>\$285</b>	<b>(\$20,377)</b>	<b>\$3,115</b>	<b>\$0</b>	<b>\$3,115</b>
<b>TOTAL, All Changes</b>	<b>(\$22,834)</b>	<b>\$285</b>	<b>(\$22,549)</b>	<b>\$2,610</b>	<b>\$0</b>	<b>\$2,610</b>
<b>Agency Budget as of Preliminary 2014 Plan</b>	<b>\$43,502</b>	<b>\$285</b>	<b>\$43,787</b>	<b>\$62,448</b>	<b>\$0</b>	<b>\$62,448</b>

## Appendix B: Contract Budget

Category	Number	Budgeted	Pct of TLC Total	Pct of City Total
Contractual Services General	2	\$1,201,000	43.6%	0.3%
Telecommunications Maintenance	2	32,000	1.2%	0.1%
Maintenance & Repair, General	10	25,000	0.9%	0.0%
Office Equipment Maintenance	1	20,000	0.7%	0.2%
Data Processing Equipment	1	80,000	2.9%	0.0%
Printing Contracts	1	65,000	2.4%	0.2%
Security Services	4	379,174	13.8%	0.4%
Temporary Services	2	103,000	3.7%	0.3%
Cleaning Services	3	88,156	3.2%	0.4%
Training Programs for City Employees	2	1,000	0.0%	0.0%
Professional Services: Computer Services	4	759,738	27.6%	0.8%
<b>Fiscal 2014 Preliminary Budget</b>	<b>32</b>	<b>\$2,754,068</b>	<b>100%</b>	<b>0.2%</b>

## Appendix C:

### Fiscal 2013 Mayor's Management Report Performance Measures

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY 14	4-Month Actual FY 12	4-Month Actual FY 13
Medallion safety and emissions inspections conducted	55,744	53,362	51,582	*	*	17,201	16,957
- Passed	37,476	37,376	37,683	*	*	12,407	12,565
- Failed	18,134	15,891	13,889	*	*	4,794	4,392
Medallion safety and emissions failure rate - Initial inspection (%)	42.1%	38.4%	33.5%	*	35.0%	35.0%	31.8%
- Re-inspection (%)	12.8%	9.7%	9.1%	*	*	9.3%	8.4%
Medallion summonses issued for non-inspection	1,964	1,929	1,815	*	*	641	595
Medallion safety failure rate - Initial inspection (%)	15.6%	13.7%	7.9%	*	*	11.6%	5.4%
Medallion vehicles that pass On-Board Diagnostic II (NYS standard emissions test) on first try (%)	84.5%	86.3%	88.9%	*	*	88.4%	90.0%
Medallion safety and emissions inspections completed on time (%)	95.5%	94.4%	95.9%	*	*	95.1%	95.3%
For-hire vehicle (FHV) safety and emissions inspections conducted at TLC facility	N/A	38,929	37,373	*	*	10,649	11,387
- Passed	N/A	24,166	24,135	*	*	6,828	7,284
- Failed	N/A	14,763	13,238	*	*	3,821	4,103
FHV safety and emissions failure rate - Initial inspection (%)	N/A	49.4%	45.5%	*	45.0%	46.0%	46.9%
- Re-Inspection (%)	N/A	17.8%	15.6%	*	*	16.8%	15.9%
FHV safety and emissions inspections completed on time (%)	N/A	97.7%	99.9%	*	*	100.0%	99.7%
Summonses issued for illegal street hails and unlicensed activity	N/A	N/A	20,547	*	*	6,395	6,381
- Street hail summonses issued to non-medallion vehicle drivers	1,323	6,507	10,783	*	*	4,139	1,140
- Summonses issued for unlicensed operation	N/A	N/A	9,764	*	*	2,256	5,241
Vehicles seized	1,222	1,504	3,493	*	*	518	1,998
Medallion enforcement: Operation Refusal compliance rate (%)	N/A	N/A	79.5%	*	*	70.3%	82.6%
Operation Refusal: Medallion drivers tested	N/A	N/A	706	*	*	204	711
Operation Refusal: Refusal summonses issued	204	207	168	*	*	47	114
Medallion patrol summonses issued	8,935	5,192	3,574	*	*	415	2,480
Administrative summonses issued to medallions	7,418	3,760	15,460	*	*	N/A	2,873
FHV patrol summonses issued	20,481	27,726	41,254	*	*	11,949	13,326
Administrative summonses issued to FHV's	3,685	3,721	3,945	*	*	NA	2,801
Medallion and FHV vehicles with active insurance (%)	86.8%	89.4%	90.4%	*	*	91.3%	88.9%
Average wait time at Long Island City licensing facility (hours: minutes)	0:20	0:18	0:23	0:25	0:25	0:20	0:15
Medallion driver's licenses issued	27,034	26,949	27,816	*	*	8,740	9,707
FHV driver's licenses issued	32,227	33,010	33,374	*	*	10,332	11,317
For-hire base licenses issued	442	401	262	*	*	141	87
FHV owner's licenses issued	20,617	23,635	26,835	*	*	7,181	8,454
Average days to receive a medallion driver's license from initial application	53.4	55.2	50.9	*	*	51.8	48.0
Average days to receive a FHV driver's license from initial application	19.9	16.5	21.5	*	*	16.8	16.0
Average time to conduct a safety and emissions inspection of a medallion taxi (hours :minutes)	1:12	1:11	1:18	*	1:00	1:16	0:50
Average time to conduct a safety and emissions inspection of a FHV (hours :minutes)	N/A	0:57	1:22	*	1:00	1:08	1:00

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY 14	4-Month Actual FY 12	4-Month Actual FY 13
Average time to close a consumer complaint (calendar days): Medallion	34.1	44.0	38.0	*	35.0	34.0	32.0
Medallion driver complaints received	22,182	20,686	19,161	*	*	6,502	6,662
- Service refusals	3,549	4,716	4,909	*	*	1,782	1,443
- Discourteous behavior	3,540	3,064	2,577	*	*	828	781
- Overcharges	4,248	3,494	3,030	*	*	1,048	1,230
- Traffic rules	4,228	3,558	3,361	*	*	1,053	1,404
- Other	6,617	5,854	5,284	*	*	1,790	1,804
Average time to close a consumer complaint (calendar days): FHV	31.3	44.3	54.4	*	35.0	34.8	32.3
FHV driver complaints received	2,624	2,562	2,761	*	*	879	973
- Discourteous behavior	N/A	N/A	N/A	*	*	N/A	124
- Overcharges	N/A	N/A	N/A	*	*	N/A	69
- Traffic rules	N/A	N/A	N/A	*	*	N/A	151
- Other	N/A	N/A	N/A	*	*	N/A	629

*\*Continuation from previous page*