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Report on the Fiscal 2017 Executive Budget Taxi and Limousine Commission

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Executive Budget Summary

- **Expense Budget Overview.** The Taxi and Limousine Commission's (TLC or the Commission) Fiscal 2017 Executive Budget totals \$72.5 million. The Fiscal 2017 Executive Budget is \$3.6 million more than TLC's Fiscal 2016 Adopted Budget of \$68.9 million.
 - The TLC's budget is funded entirely with City tax-levy funds.
 - TLC's total headcount for Fiscal 2017 is 701 positions, the same as the Fiscal 2016 Adopted Budget.
 - The Fiscal 2017 Executive Budget includes no revenue from the sale of taxi medallions in Fiscal 2017.
- **Executive Budget Changes.** The Commission's Fiscal 2017 Executive Budget makes no programmatic changes. However, it includes a net of \$682,000 in other adjustments related to collective bargaining, small business first staff training, and heat, light and power adjustments. There are also \$2.4 million in Personal Services (PS) savings in Fiscal 2016, which is in line with the citywide savings program for Fiscal 2017.
- **Major Agency Issue.** The City's plan to sell additional yellow taxi medallions continues to be delayed. In addition, the Commission anticipates a decrease in Hail license sales in Fiscal 2017 reflecting the impact of the requirement that for every 1,000 licenses issued for sale, 20 percent must be sold first for accessible livery cabs.

TLC Overview

This report presents a review of the TLC's Fiscal 2017 Executive Budget. The section below presents an overview of the Commission's budget and how it has changed during the course of Fiscal 2016, followed by a review of the significant budget actions introduced in the Fiscal 2017 Executive Budget. Major issues related to the Department's budget are then discussed. Appendix 1 reports the changes made to the Fiscal 2016 and Fiscal 2017 Budgets since Adoption of the Fiscal 2016 Budget. For additional information on the Commission's budget and its various programs, please refer to the Fiscal 2017 Preliminary Budget Report for the Taxi and Limousine Commission at: http://council.nyc.gov/html/budget/fy17_documents.shtml

TLC Financial Summary						
	2014	2015	2016	Executive Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services	\$28,825	\$33,084	\$38,888	\$37,142	\$40,385	\$1,497
Other Than Personal Services	17,569	19,362	29,978	29,719	32,139	2,161
TOTAL	\$46,394	\$52,446	\$68,866	\$66,861	\$72,524	\$3,658
Funding						
City Funds	\$46,394	\$52,446	\$68,866	\$66,861	\$72,524	\$3,658
TOTAL	\$46,394	\$52,446	\$68,866	\$66,861	\$72,524	\$3,658
Budgeted Headcount						
Full-Time Positions	524	543	701	701	701	0
TOTAL	524	543	701	701	701	0

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Executive Budget.

The City's Fiscal 2017 Executive Budget totals \$82.2 billion, \$3.7 billion more than the Fiscal 2016 Adopted Budget of \$78.5 billion. City funds (City tax-levy and non-tax revenues) total \$59.4 billion, an increase of 2.5 million more when compared to the Fiscal 2016 Adopted Budget amount of \$56.9 billion. For TLC, the Fiscal 2017 Executive Budget totals \$72.5 million (all City funds).

The Commission's Fiscal 2017 Executive Budget of \$72.5 million is \$3.6 million more than its Fiscal 2016 Adopted Budget of approximately \$68.9 million. The \$3.6 million increase is primarily due to increased costs associated with the Commission's new facility in Long Island City. The proposed budget is \$682,000 more than the Commission's Fiscal 2017 Preliminary Budget. TLC's projected headcount of 701 for Fiscal 2017 is the same as the Fiscal 2016 Adopted Budget headcount.

Since the adoption of the Fiscal 2016 Budget, several initiatives have impacted both the Commission's budget for Fiscal 2016 and Fiscal 2017. For Fiscal 2016 these include \$207,000 in new needs, \$210,000 in other adjustments, and \$2.4 million in citywide savings program. For Fiscal 2017 these include \$376,000 in new needs, and \$595,000 in other adjustments. Combined, these changes reconcile the TLC to its current budget of \$66.8 million for Fiscal 2016 and \$72.5 million for Fiscal 2017. The Commission's headcount is 701 positions in Fiscal 2017, which is the same as the Fiscal 2016 Adopted Budget.

New in the Executive Budget

The following are major financial plan actions for Fiscal 2017 included in the Executive Plan.

- **Collective Bargaining.** The Fiscal 2017 Executive Budget for the TLC includes \$723,000 in Fiscal 2016, \$780,000 in Fiscal 2017, and \$1 million in Fiscal 2018 and in the outyears for costs associated with collective bargaining agreements.
- **Heat, Light and Power.** Due to re-estimates, TLC anticipates a decrease of \$4,000 in Fiscal 2016, and \$102,000 in Fiscal 2017 and in the outyears for costs associated with heat, light and power usage.
- **Small Business First Staff Training.** Due to a contracting delay in the Department of Citywide Administrative Services, funding of \$4,000 in TLC's budget has been rolled from Fiscal 2016 to Fiscal 2017. The funding is for costs associated with TLC's plain language training, which is aimed at improving customer services relations provided by its licensing staff.
- **Citywide Savings Program.** Along with the Fiscal 2017 Executive Plan, the Office of Management and Budget (OMB) released a Citywide Savings Program that outlines plans to reduce City spending by \$589 million in Fiscal 2016 and \$465.5 million in Fiscal 2017. To develop the program, OMB asked all agencies to identify efficiencies, alternative funding sources and programmatic changes that would yield budgetary savings without reducing service levels. TLC has proposed savings totaling \$2.4 million in Fiscal 2016 only. The TLC's savings plan include:
 - **TLC Personal Services (PS) Surplus.** Due to a higher than anticipated vacancy rate in Fiscal 2016, TLC will realize PS savings of \$2.4 million associated with about 75 positions not filled in Fiscal 2016.

TLC Budget Issues

Miscellaneous Revenue

TLC Miscellaneous Revenue Budget Overview						
Revenue Sources	2014	2015	2016	Executive Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2016	2017	2016 - 2017
Taxi Licenses	\$38,667	\$42,864	\$31,335	\$50,000	\$39,955	\$8,620
Hail Licenses	7,495	6,274	27,630	280	3,620	(24,010)
Taxi Inspection & TLC Fees	12,317	9,699	10,217	8,500	9,000	(1,217)
STIP/Settlement Fines	15,450	15,342	8,118	14,000	10,500	2,382
Sale of Taxi Medallions	337,712	20,875	0	0	0	0
Tow Bonds	183	83	69	69	69	0
TOTAL	\$411,824	\$95,137	\$77,369	\$72,849	\$63,144	(\$14,225)

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Executive Budget.*

For Fiscal 2017 the TLC projects to collect \$63.1 million from various miscellaneous revenue sources, a decrease of \$14.2 million when compared to the Fiscal 2016 Adopted Budget amount of \$77.4 million. The decrease is primarily due to a projected drop in the issuance of Street Hail Licenses (SHL or Hail licenses). The decrease may also be due in part to the requirement that for every block of 1,000 Street Hail licenses, 20 percent or 200 Street Hail licenses for accessible livery cabs must be sold first.

The City's plan to sell additional yellow taxi medallions continues to be delayed. However, despite the delay, the anticipated revenue from the 2,000 medallions that were authorized by the State remains unchanged. In the Fiscal 2017 Preliminary Plan, \$107 million anticipated from the sale of medallions in Fiscal 2017 was pushed out into Fiscal 2018. Although explanations for the reductions remain vague, it is likely that there is a correlation between the continued decline in the price of taxi medallions and the arrival of Uber and other such app operators. Recently, the TLC has promulgated rules in an attempt to ensure that operators using these applications are subject to the same rules that the yellow medallion operators are. However, it is unclear at this time if these efforts can reverse the trend of declining yellow medallion prices.

Preliminary Budget Highlights

- TLC Space at LIC.** The Fiscal 2017 Preliminary Plan included \$27,000 in Fiscal 2016 and \$205,000 in Fiscal 2017 and in the outyears for space costs at the TLC's licensing facility in the historic Falchi Building, located at 31-00 47th Avenue, Long Island City. The new facility features an increased number of counter windows and additional electronic fingerprinting stations. TLC has relocated its licensing and adjudication facility from 32-02 Queens Blvd to 31-00 47th Ave. The move occurred because its previous facility was not adequate to successfully manage the many licensing customers and TLC hearings. TLC has seen a 202 percent growth in licensing applicants since 2013, and the original space did not have enough capacity to meet this new demand or seat all the needed associated staff. The new licensing space will allow for the growth in the licensing and TLC hearings and the additional staff associated with this growth.
- TLC Building Services at LIC.** The Fiscal 2017 Preliminary Plan included additional funding of \$45,000 in Fiscal 2016 and \$86,000 in Fiscal 2017 and in the outyears for costs

associated with additional funding of increased services at the TLC's LIC facility, including janitorial services that will be contracted out.

- **TLC Language Access Services.** TLC will receive additional funding of \$135,000 in Fiscal 2016 and \$85,000 in Fiscal 2017 and in the outyears to provide language access services to licensees who have limited-English proficiency (LEP) at in-person locations, telephonically, electronically, and via written correspondence. The LEP languages covered by the agency are Spanish, Russian, Chinese, Bengali, Arabic and Urdu.

Appendix 1: TLC Fiscal 2017 Budget Actions since Fiscal 2016 Adoption

<i>Dollars in Thousands</i>	FY 2016			FY 2017		
	City	Non-City	Total	City	Non-City	Total
TLC Budget as of the Adopted 2016 Budget	\$68,866	\$0	\$68,866	\$71,552	\$0	\$71,552
New Needs - Prelim. 2017						
TLC Space at LIC	\$27	\$0	\$27	\$205	\$0	\$205
TLC Building Services at LIC	45	0	45	86	0	86
TLC Language Access Services	135	0	135	85	0	85
Subtotal, New Needs	\$207	\$0	\$207	\$376	\$0	\$376
Other Adjustments - Prelim. 2017						
TLC Collective Bargaining OSA	\$57	\$0	\$57	\$69	\$0	\$69
CBU 147 Maintenance Work CBA	10	0	10	12	0	12
TLC FHV study funds take down	(572)	0	(572)	(168)	0	(168)
Subtotal, Other Adjustments	(\$505)	\$0	(\$505)	(\$87)	\$0	(\$87)
TOTAL, All Changes Prelim. 2017	(\$298)	\$0	(\$298)	\$289	\$0	\$289
TLC Budget as of the Preliminary 2017 Budget	\$68,568	\$0	\$68,568	\$71,842	\$0	\$71,842
Other Adjustments - Exec. 2017						
Collective Bargaining	\$723	\$0	\$723	\$780	\$0	\$780
Heat, Light and Power	(4)	0	(4)	(102)	0	(102)
Small Business First Staff Training	(4)	0	(4)	4	0	4
TLS PS Surplus*	(2,423)	0	(2,423)	0	0	0
Subtotal, Other Adjustments	(\$1,708)	\$0	(\$1,708)	\$682	\$0	\$682
TOTAL, All Changes - Exec. 2017	(\$1,708)	\$0	(\$1,708)	\$682	\$0	\$682
TLC Budget as of the Fiscal 2017 Executive Plan	\$66,861	\$0	\$66,861	\$72,524	\$0	\$72,524

*These "Other Adjustments" are included in the Citywide Savings Program.