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Report to the Committee on Finance and the Committee on For-Hire Vehicles on the Fiscal
2019 Executive Budget for

Taxi and Limousine Commission

May 10, 2018

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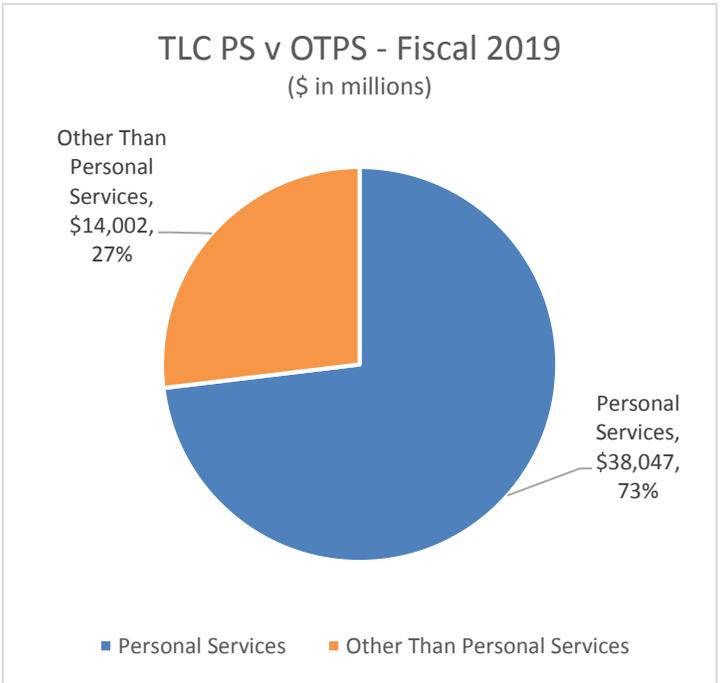
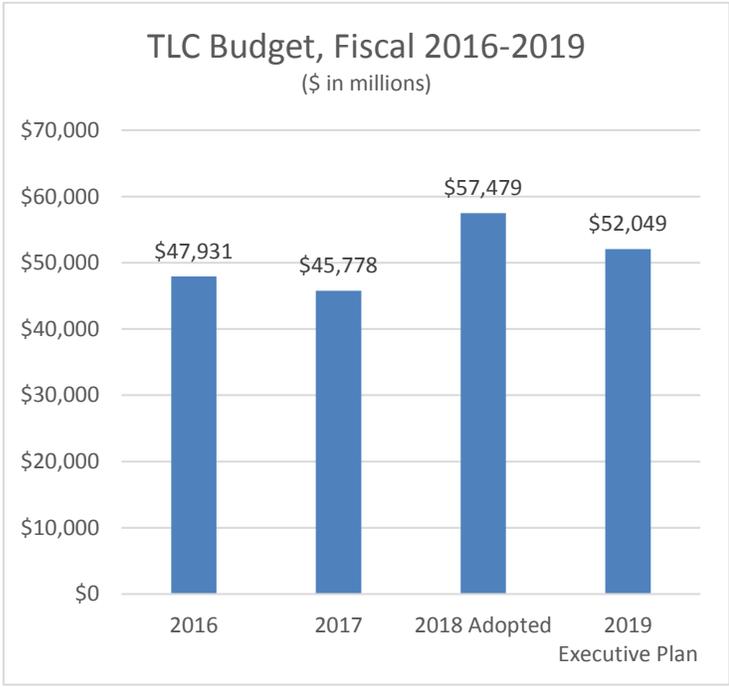
TLC Executive Budget Overview

\$52 million – Fiscal 2019 Executive Budget

0.06% of the City's Budget	\$52 million in City funds
618 headcount	\$57.4 million Revenues
\$1.2 million Overtime	31 Contracts

- ### Executive Budget Changes
- New Needs total \$0 in Fiscal 2019 and in the outyears
 - Other Adjustments decrease TLC's budget by \$8 million in Fiscal 2018 and \$8.9 million in Fiscal 2019
 - Savings totals \$8 million as a result of:
 - Green Grant Surplus: \$7 million
 - Hiring Delay: \$1 million

- ### Major Agency Issues
- **Yellow Taxi Medallion Sales.** The City's plan to sell additional yellow taxi medallions has been pushed out beyond the 5-year financial plan.
 - **Decrease in Hail License Sales.** TLC anticipates a decrease in Hail license sales in Fiscal 2019, reflecting the rise in app base services and 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 Taxi and Limousine Commission's (the Commission or TLC) Fiscal 2019 Executive Budget. The section below presents an overview of the Commission's budget and how it has changed during the course of Fiscal 2018, followed by a review of the significant budget actions introduced in the Fiscal 2019 Executive Budget. Major issues related to the Commission's budget are then discussed. Appendix 1 reports the changes made to the Fiscal 2018 and Fiscal 2019 Budgets since Adoption of the Fiscal 2018 Budget. For additional information on the Commission's budget and its various programs, please refer to the Fiscal 2019 Preliminary Budget Report for **Taxi and Limousine Commission** at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2018/03/FY19-Taxi-and-Limousine-Commission.pdf>

Below is a summary of key funding changes by spending area and source when comparing TLC's Fiscal 2019 Executive Budget to its Fiscal 2018 Adopted Budget.

Taxi and Limousine Commission Financial Summary						
<i>Dollars in Thousands</i>	2016	2017	2018	Executive Plan		*Difference
	Actual	Actual	Adopted	2018	2019	2018 - 2019
Spending						
Personal Services	\$34,622	\$34,990	\$37,717	\$36,360	\$38,047	\$329
Other Than Personal Services	13,309	10,788	19,762	13,070	14,002	(5,760)
TOTAL	\$47,931	\$45,778	\$57,479	\$49,430	\$52,049	(\$5,431)
Funding						
City Funds	\$47,931	\$45,778	\$57,479	\$49,430	\$52,049	(\$5,431)
TOTAL	\$47,931	\$45,778	\$57,479	\$49,430	\$52,049	(\$5,431)
Budgeted Headcount						
Full-Time Positions	523	520	690	690	618	(72)
TOTAL	523	520	690	690	618	(72)

*The difference of Fiscal 2018 Adopted Budget compared to Fiscal 2019 Executive Budget.

The Commission's Fiscal 2019 Executive Budget of \$52 million is \$5.4 million less than its Fiscal 2018 Adopted Budget of \$57.4 million. The \$5.4 million decrease is primarily due to the reduction of OTPS funding associated with the City's subsidy payments for the Five-Boro Taxi initiative, which has experienced lackluster participation due to the changing economy of the taxi industry. The subsidy is generally used to help owners offset the cost of retrofitting or making their vehicles wheelchair accessible. TLC's projected headcount of 618 for Fiscal 2019 is 72 positions less than the Fiscal 2018 Adopted Budget headcount.

New in the Executive Budget

There are no new needs in the Executive Budget for the TLC. However, there is a net reduction in other adjustments totaling \$8 million in Fiscal 2018 and \$8.9 million in Fiscal 2019. The following are the major financial plan actions for Fiscal 2019 included in the Executive Plan for the TLC.

- **Other Adjustments**

- **Agency Phone Plan Savings From New DoITT Negotiated Service.** Due to a re-estimate, the Fiscal 2019 Executive Plan includes an additional savings of \$44,472 in Fiscal 2019 and in the outyears for the TLC's new phone plan with DoITT.
- **Fleet Optimization Completion.** The Fiscal 2019 Executive Plan includes \$54,000 in Fiscal 2022 only for costs associated with the TLC's Vehicle Fleet Optimization.

- **Heat, Light and Power.** Due to re-estimates, TLC anticipates an increase of \$33,000 in Fiscal 2018 and \$28,000 in Fiscal 2019 and in the outyears for heat, light and power costs.
- **Review Agency Travel Request to Promote Cost-Effectiveness.** By reviewing all travel requests with a goal to promote cost efficiency, TLC anticipates to save \$9,000 in Fiscal 2019 and in the outyears from travel costs.
- **Savings from Electric Vehicle Conversion.** By converting to the use of electric vehicles, TLC anticipates savings of \$19,000 in Fiscal 2019 and \$22,000 in Fiscal 2020 that grows to \$27,000 in Fiscal 2022.
- **TLC Collective Bargaining.** The Fiscal 2019 Executive Budget for the TLC includes \$13,014 in Fiscal 2018 and in Fiscal 2019 and in the outyears for collective bargaining agreements.
- **TLC Impact of City-wide Procurement Reform.** As part of the citywide procurement reform, TLC anticipates a savings of \$17,000 in Fiscal 2019, \$27,000 in Fiscal 2020, Fiscal 2021, and \$38,762 in Fiscal 2022.
- **Citywide Savings Program.** In conjunction with the Fiscal 2019 Executive Plan, the Office of Management and Budget (OMB) released a Citywide Savings Program that outlines plans to reduce City spending by \$753 million in Fiscal 2018 and Fiscal 2019 combined. 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 additional savings totaling \$8 million in Fiscal 2018 and \$8.8 million in Fiscal 2019. The savings are largely the result of a Green Grant Surplus, due to lower than anticipated demand for accessible street hail license (SHL), hiring delays and the liquidation of a Trust and Agency Account. The TLC's savings plan includes the following.
 - **Green Grant Surplus.** Due to lower than anticipated demand for Accessible Street Hail Licenses (ASHL), the Fiscal 2019 Executive Plan includes reduce funding of \$7 million in Fiscal 2018 and in Fiscal 2019 for the TLC's accessible livery cabs grant program. In Fiscal 2016, 209 grants were awarded; in Fiscal 2017, 81 grants were awarded; and in Fiscal 2018, year-to-date, only nine grants have been awarded. In addition, the Executive Budget includes a technical grant adjustment resulting in a reduction of \$8.2 million in Fiscal 2022 for TLC's OTPS budget.
 - **Hiring Delay.** Due to delays in hiring, TLC will realize salary savings from existing vacancies of \$11 million in Fiscal 2018 and \$1 million in Fiscal 2019.
 - **Vacancy Reduction.** Due to vacancy reduction of 72 headcount positions, largely in Enforcement and Safety/Emissions Program areas, TLC will realize a savings of \$800,000 in Fiscal 2019 only.
 - **Civilian Overtime Savings From Enforcement of 10% Cap.** By enforcing a 10 percent cap on overtime earnings above \$81,000 per employee annually, the TLC anticipates a savings of \$4,000 in Fiscal 2018 and \$16,000 in Fiscal 2020 and in the outyears.

Budget Issues

The following section provides issues and concerns as it pertains to TLC’s Executive Budget.

- Miscellaneous Revenue.** For Fiscal 2019, TLC projects to collect \$57.4 million from various miscellaneous revenue sources, a decrease of \$15.4 million when compared to the Fiscal 2018 Adopted Budget of \$72.7 million. The 21 percent decrease is primarily due to a projected drop in taxi license fees reflective of the current trend in the industry.
- Taxi Medallion Sales Delayed.** Since March 25, 2014, no additional medallions have been sold by TLC. In the Fiscal 2018 Preliminary Plan, \$107 million anticipated from the sale of medallions in Fiscal 2018 was pushed out into Fiscal 2019. 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, TLC promulgated rules in an attempt to ensure that operators using these applications are subject to the same rules as the yellow medallion operators. However, it is unclear at this time if these efforts can reverse the trend of declining yellow medallion prices. The Fiscal 2019 Executive Budget no longer anticipates any revenue from the sale of taxi medallions during the years of the Financial Plan. This entails the TLC writing off expected revenues of \$107 million in Fiscal 2019, \$257 million in Fiscal 2020, \$367 million in Fiscal 2021, and \$198 million in Fiscal 2022.

TLC Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	FY16	FY17	FY18	Executive Plan		*Difference
	Actual	Actual	Adopted	FY18	FY19	FY18-FY19
Taxi Licenses	\$56,424	\$71,015	\$49,231	\$33,820	\$33,520	(\$15,711)
Hail Licenses	1,741	3,019	2,400	2,400	2,530	130
Taxi Inspection & TLC Fees	10,256	11,481	9,500	9,000	9,700	200
STIP/Settlement Fines	16,276	15,222	11,600	10,500	11,600	0
Sale of Taxi Medallions	0	0	0	0	0	0
TOTAL	\$84,696	\$100,737	\$72,731	\$55,720	\$57,350	(\$15,381)

**The difference of Fiscal 2018 Adopted compared to Fiscal 2019 Executive Budget.*

Appendix 1: Fiscal 2019 Budget Actions since Fiscal 2018 Adoption

<i>Dollars in Thousands</i>	FY 2018			FY 2019		
	City	Non-City	Total	City	Non-City	Total
TLC Budget as of the Adopted 2018 Budget	\$57,479	\$0	\$57,479	\$60,768	\$0	\$60,768
Other Adjustments - Prelim. 2018						
Relocation Savings	(\$56)	\$0	(\$56)	\$0	\$0	\$0
Subtotal, Other Adjustments	(\$56)	\$0	(\$56)	\$0	\$0	\$0
TOTAL, All Changes Prelim. 2019	(\$56)	\$0	(\$56)	\$0	\$0	\$0
DOT Budget as of the Preliminary 2019 Budget	\$57,470	\$0	\$57,470	\$60,957	\$0	\$60,957
Other Adjustments - Exec. 2019						
Agency Phone Plan Savings From New DoITT Negotiated Service	\$0	\$0	\$0	(\$44)	\$0	(\$44)
Civilian Overtime Savings From Enforcement of 10% Cap	(4)	0	(4)	(16)	0	(16)
Green Grant Surplus	(7,000)	0	(7,000)	(7,000)	0	(7,000)
Heat, Light and Power	33	0	33	28	0	28
Hiring Delay	(1,082)	0	(1,082)	(1,039)	0	(1,039)
Review Agency Travel Requests to Promote Cost-Effectiveness	0	0	0	(9)	0	(9)
Savings From Electric Vehicle Conversion	0	0	0	(19)	0	(19)
TLC Collective Bargaining	13	0	13	43	0	43
TLC Impact of City-wide Procurement Reform	0	0	0	(17)	0	(17)
Vacancy Reductions	0	0	0	(804)	0	(804)
Subtotal, Other Adjustments	(\$8,040)	\$0	(\$8,040)	(\$8,878)	\$0	(\$8,878)
TOTAL, All Changes - Exec. 2019	(\$8,040)	\$0	(\$8,040)	(\$8,878)	\$0	(\$8,878)
TLC Budget as of the Fiscal 2019 Executive Plan	\$49,430	\$0	\$49,430	\$52,049	\$0	\$52,049