

Testimony of Meera Joshi
NYC Taxi & Limousine Commissioner/Chair
EXECUTIVE BUDGET for FISCAL YEAR 2019
City Council Committees on Finance and For-Hire Vehicles
May 10, 2018

Good afternoon Chair Dromm, Chair Diaz, and members of the For-Hire Vehicle and Finance Committees. I am Meera Joshi, Commissioner and Chair of the New York City Taxi and Limousine Commission. Thank you for inviting me to present the TLC's proposed Executive Budget for Fiscal Year 2019. With me today is Jennifer Tavis, our Deputy Commissioner for Finance and Administration.

The TLC's proposed budget is fifty two million dollars (\$52,000,000), which will help the agency continue to regulate New York City's growing for-hire vehicle industry in ways that protect passengers and drivers, ensure accessible for-hire transportation for all New Yorkers, and maintain our enforcement efforts to better protect customers and driver income.

Today all TLC licensees are required by TLC regulations to provide "equivalent service" to passengers in wheelchairs, but we have not yet achieved this goal. The most progress has been made in the yellow medallion taxi sector, where the City's goal is to have a 50 percent accessible yellow taxi fleet by 2020. Similarly the City's green taxis are under an accessibility mandate. Now more passengers in wheelchairs can hail an accessible taxi because more wheelchair-accessible vehicles or "WAVs" are circulating, but there is still room for service improvements.

TLC also operates an Accessible Dispatch Program that provides passengers the opportunity for a safe, reliable ride in an accessible yellow or green taxi, all at the metered rate.

Although the Accessible Dispatch program originally served only Manhattan, it has recently expanded to include trips in all five boroughs, and we would be happy to provide information and materials about this expanded service to all members. We have also been working with the MTA as it has expanded opportunities for green and yellow taxis to participate in the MTA's pilot to use taxis for on-demand service, providing additional income streams for taxi drivers. Taxis are currently doing 5,000 Access a Ride trips each weekday, and 2500 trips on Saturdays and Sundays, and we are excited by the possibilities offered by this partnership, for passengers, owners and drivers. We appreciate the interest we have received from Council Members about deepening our collaboration with the MTA, and we welcome your support.

While we have made significant strides for accessibility, we recognize there is more to be done. The yellow and green taxi sectors are significantly ahead of the other for-hire sectors, which have not met the equivalent service mandate for years. The accessibility gap has become greater as the number of for-hire vehicles, virtually all of which are not wheelchair-accessible, has increased by many tens of thousands. For this reason, the TLC recently passed rules that will require for-hire vehicles to dispatch a growing percentage of trips to wheelchair accessible vehicles. The rules will take effect July 1, and the Administration is confident that they will greatly increase the number of wheelchair-accessible vehicles in circulation. All New Yorkers should have safe and reliable transportation within an equitable timeframe.

I would also like to update you on the Administration's efforts to address inequities in driver income. Although there are more trips in TLC-licensed vehicles, the number of licensed drivers has outstripped that demand. At the same time driver's expenses are significant, as many drivers lease or purchase vehicles so that they can drive for the app, and are then burdened with the cost of vehicle payments, in addition to all of the other costs involved in operating a vehicle,

such as insurance and gas. The TLC has been collecting and reviewing data to better understanding of driver expenses and income. The Administration's goal is to establish a regulatory framework to protect drivers' incomes and provide them with the right level of transparency so they know exactly what and how they are being paid and when they are being underpaid.

FY 2019 Budget

And now I want to review our Executive Budget for Fiscal Year 2019, which totals \$52 million. This amount is comprised of \$38 million in personal services (PS), and \$14 million in other than personal services (OTPS). This total amount is \$8.9 million less than the Preliminary Budget I presented to you in March. The decrease is attributable to TLC's contribution to citywide savings, including a hiring delay, and a one-time reduction of 72 vacancies pending our joint efforts with the Department of Citywide Administrative Services to more effectively recruit new Safety and Emissions and Enforcement Officers Inspectors. Additionally, this revised total budget amount represents a \$7 million decrease in funding for our Green Grant program to reflect demand for these grants.

Finally, our projected revenue budget for Fiscal Year 2019 is \$57.3 million. As we noted at our hearing on the Preliminary Budget, the City has reviewed the continued presence of future medallion auction revenues in the budget. This Executive Budget addresses the matter by removing the medallion revenue from our FY 2019 budget and delaying medallion sales beyond the five year financial plan. This change allows the City to continue to monitor the medallion market, and does not foreclose any medallion auctions at a future date. We expect that licensing will continue to be our largest source of revenue. Beginning in January 2016 we began licensing drivers for a three-year term instead of a two year term. These three-year licenses will come up

on their first renewal in 2019, therefore revenue from driver license renewals will be down the first half of FY 2019. We will monitor revenue during the year and work with OMB on any adjustments to the projection.

Conclusion

This has been a time of increased attention on the for-hire industry, particularly on the financial challenges faced by drivers in the taxi and for-hire vehicle sectors. We appreciate the Council's longstanding interest in examining policies to support drivers. We look forward to working with you on this and other topics as we continue our work to make sure that over one million passengers a day enjoy safe and reliable transportation, and to improve conditions for our 180,000 licensed drivers.

Thank you for the opportunity to testify today and I will now answer your questions.

TAXI AND LIMOUSINE COMMISSION

FINANCE DIVISION BUDGET UNIT – FISCAL 2019 EXECUTIVE BUDGET – MAY 2018

\$52 million – Fiscal 2019 Executive Budget

0.06% of the City's Budget

100% City funds

618 headcount

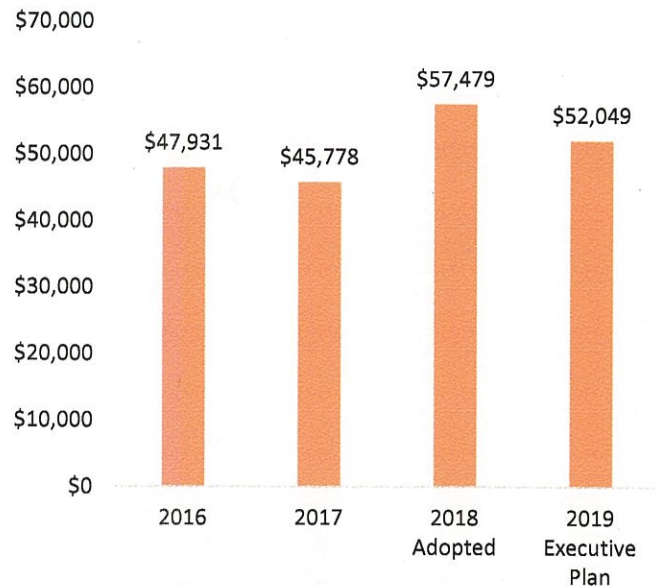
\$57.4 million Revenues

\$1.2 million Overtime

31 Contracts

9% decrease between 2018 Adopted Budget
and 2019 Executive Budget

TLC Budget Fiscal, Fiscal 2016-2019
(\$ in millions)



HIGHLIGHTS FROM EXECUTIVE BUDGET

- There were **no New Needs** in Fiscal 2019 and the outyears
- Other Adjustments **decrease** TLC's budget by **\$8 million** in Fiscal 2018 and \$8.9 million in Fiscal 2019
- Headcount **Reduction of 72 positions**, primarily in enforcement.
- **Savings** total **\$8 million** as a result of:
 - Green Grant Surplus: \$7 million
 - Hiring Delay: \$1 million

BUDGET ISSUES

- **Yellow Taxi Medallion Sales.** The City's plan to sell additional yellow taxi medallions has been **pushed back** beyond the 5 year financial plan. However, TLC anticipates collecting this revenue sometime after 2022.
- **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.

**Testimony of Vincent Sapienza, P.E.
Commissioner, New York City Department of Environmental Protection**

**New York City Council Committees on Finance and Environmental Protection
FY 2019 Executive Budget**

**Thursday, May 10, 2018
City Hall, Council Chambers**

Good afternoon Chair Constantinides, Chair Dromm and members. I am Vincent Sapienza, Commissioner of the New York City Department of Environmental Protection (DEP). With me today are Chief Financial Officer Joseph Murin and Deputy Commissioner of Public Affairs Michael DeLoach, as well as our senior leadership team.

Chair Constantinides, we look forward to continuing to work with you on our shared priorities for sustainability, resiliency, environmental justice, and continuing to improve the environment for all New Yorkers. Chair Dromm, congratulations on your new role as Finance Chair and to new committee members Adams, Powers and Moya (who has thousands of DEP staff as constituents at our main office in LeFrak City). We look forward to highlighting the good work of our agency and being responsive to your questions or concerns, as I believe we have been with your colleagues. Thank you for the opportunity to testify today, and I look forward to answering your questions.

DEP has overall responsibility for the City's water supply and sewer system, including providing drinking water to all New Yorkers, managing storm water, and collecting and treating wastewater. In addition, DEP regulates air quality, hazardous waste, and critical quality of life issues, including noise. All of our water-related expenditures—both operational and capital—are funded with the money collected from the over 834,000 property owners who pay a water bill.

I will start by providing an update on this year's water rate setting process.

As background, the New York City Water Board is an independent body whose fiduciary mandate under State law is to set rates that will satisfy System revenue requirements for operations and maintenance expenses, servicing debt obligations, and achieving fiscally prudent year-end cash reserves. The Board and DEP are assisted by an independent rate consultant in analyzing the fiscal needs of the system and developing water-rate scenarios.

On April 27, DEP proposed to the Water Board a 2.36% rate increase for Fiscal Year 2019 (FY19). We have been able to contain rate increases over the past few years primarily due to Mayor de Blasio's historic decision to eliminate the annual rental payment from the water system to the City treasury. DEP's balance sheet has also remained steady in recent years due to favorable market conditions, including low borrowing costs and robust local employment, enabling most homeowners to pay their water bills on time. Given future uncertainties, DEP continues to make operational improvements and quantitatively assess capital needs to keep rates affordable going forward.

This year's proposal includes the extension of several affordability programs, expected to benefit as many as 65,000 low-income, senior, and disabled property owners. It will also provide a \$250 credit to 40,000 affordable apartment units. In addition, the rate proposal recommends freezing the minimum charge at \$1.27 per day for the fifth consecutive year for those who use fewer than 95 gallons per day. As a result, about a quarter of all single-family homeowners, many of whom are seniors, will see no rate increase at all.

The Water Board will hold public hearings in every borough, starting with Brooklyn on May 21, to hear directly from the public. Your staff has been given the full schedule, and postings have appeared in the Daily News and New York Post.

FY2019 Executive Four-Year Capital Plan

DEP's Executive Capital Budget is \$12.1 billion for Fiscal Years 2019-2022, as presented by Mayor de Blasio on April 26, 2018. This funding supports critical investments in the City's drinking water supply system, sewer network, and wastewater treatment systems. It also provides funding for a number of initiatives to promote the overall health of New York City's environment.

New York City's water supply system provides one billion gallons of safe drinking water daily to more than nine million people. This includes residents of New York City, millions of tourists and commuters who visit the City throughout the year, and approximately one million people living in the counties of Westchester, Putnam, Orange, and Ulster. In all, this system provides nearly half the population of New York State with drinking water.

Over the next four years, DEP will invest \$2.7 billion to protect the quality of our reservoirs and the integrity of our dams, provide for treatment where necessary, and maintain and repair the pipes that convey drinking water to all New Yorkers.

In December 2017, DEP received a new 10-year Filtration Avoidance Determination (FAD) from the New York State Department of Health. The FAD recognizes the great work that DEP has done to protect its reservoirs in the Catskill and Delaware watersheds, including the acquisition of tens of thousands of acres of land, governing certain activities in the watershed, and partnering with many upstate communities to reduce sources of pollution. The Four-Year Plan includes \$341 million for FAD programs, of which \$129 million is allocated for land acquisition. The nationally recognized FAD program helps us avoid building a very costly drinking water filtration plant.

The Delaware Aqueduct conveys more than half of New York City's high-quality drinking water every day from reservoirs in the Catskill Mountains. DEP is currently implementing a \$1.5 billion program to repair a leak in a section of the aqueduct that is 800 feet below the Hudson River. Although this project extends even beyond the current Four-Year Plan, the Executive Budget provides \$253 million for projects associated with its repair related to water conservation and to provide supplemental sources of water during the Delaware Aqueduct shutdown in late 2022. The most significant of these associated projects will increase the capacity of the Catskill Aqueduct by an additional 50 million gallons per day – this project accounts for nearly \$200 million of the above total.

The capital plan includes \$600 million to complete the Brooklyn-Queens leg of City Water Tunnel No. 3, which includes funding to construct two new shafts in Queens. In 1970, the City began construction of City Water Tunnel No. 3, and it is one of the largest and longest-running public works projects in the City's history. In 2013, DEP activated the Manhattan portion of the tunnel, and laid the groundwork to get water flowing further down the tunnel. Late last year, DEP ensured that the Brooklyn-Queens leg was activation ready, so that in the unlikely event of a major failure of City Water Tunnels No. 1 or 2 prior to completion of the two shafts, DEP could quickly deliver water through the entire distribution area of City Water Tunnel No. 3.

DEP is responsible for the maintenance of more than 7,500 miles of sewers throughout the City. Over the last several years, DEP has embraced a data-driven, proactive approach to operating and maintaining this sewer system. By using a range of digital tools and innovative practices, DEP developed targeted programs to provide a high level of service to our customers while focusing on investments that prioritize resources. Over the past decade, these programs have significantly driven down confirmed sewer backups. Since 2013, we have also been more proactively cleaning sewers, rather than the previous practice of reactively cleaning them after a backup occurred. In 2017, DEP proactively cleaned more than 400 miles of sewers, more than a mile a day.

The Executive FY19-22 Capital Plan projects \$2.7 billion of spending on sewers including:

- \$1.0 billion for replacement of sewers (storm, sanitary or combined); and
- \$1.5 billion for new sewers including high-level storm sewers

The Staten Island Bluebelts are an award winning, ecologically sound and cost-effective stormwater management system for approximately one third of Staten Island's land area. The program preserves natural drainage corridors, called bluebelts, including streams, ponds, and other wetland areas. They provide important community open spaces and diverse wildlife habitats. This budget includes more than \$270 million in funding, including extending bluebelts into other boroughs, for Springfield Lake, Van Cortlandt Park, the New York Botanical Garden, and additional locations across the city.

Alleviating street flooding in Southeast Queens is a major priority for Mayor de Blasio and DEP. The Mayor has committed to substantially accelerate relief in Southeast Queens by pairing traditional sewer construction with green infrastructure throughout the region. Through FY17, DEP has committed \$227 million for this work. In FY18, DEP anticipates committing an additional \$186 million. This Four-Year Plan has \$911 million funded in FY19-22.

DEP manages an average of 1.2 billion gallons of wastewater that New Yorkers generate each day through 14 treatment facilities. In alignment with wastewater utilities across the country, DEP is embracing best practices to ensure a sustainable future that minimizes waste, maximizes resources, protects our ratepayers, improves the community, and embraces innovation.

Wastewater resource recovery is an essential element in delivering maximum environmental benefits at the least cost to society. DEP is working to promote our role in energy optimization, greenhouse gas reduction, carbon sequestration, and operational improvements to efficiently manage the expense budget while expanding environmental opportunities.

The Four-Year Plan includes \$4.5 billion in wastewater treatment projects, \$2.9 billion of which is for the reconstruction or replacement of components at our wastewater treatment plants and pumping stations.

DEP is constructing a new cogeneration system at the North River plant, which will use renewable digester gas produced during the wastewater treatment process to power equipment and heat the facility. This project, totaling \$261 million, will help us reduce our energy use in line with the Mayor's major commitment to reduce greenhouse gas emissions by 80% by 2050.

The remaining \$1.6 billion investment will be used to continue mitigating combined sewer overflows (CSOs) that occur during storms.

I am proud to report that that our harbor is cleaner and healthier today than it has been in more than a century. Key indicators of water quality, including concentrations of bacteria and nitrogen continue to drop, while dissolved oxygen is on the rise. We are hearing more and more reports of whales, dolphins and seals returning to our waterways, and we are proud to see our efforts paying off.

In 2012, the State and City signed a groundbreaking agreement to further reduce CSOs using a hybrid green and gray infrastructure approach. So far, the state has approved eight of the City's plans, and one additional plan is under review. The plans for Flushing Bay and Newtown Creek call for enormous CSO storage tunnels beneath Brooklyn and Queens to significantly reduce overflows. DEP is currently developing plans for Jamaica Bay and the East River and Open Waters.

This budget includes \$676 million for green infrastructure, such as rain gardens and infiltration beds, and \$931 million for gray infrastructure, such as giant underground tanks and tunnels to store wastewater. Included in the budget are projects to improve water quality in the Bronx River, Alley Creek, the Hutchinson River, and Flushing Creek. The plan also includes \$535 million for the federally mandated construction of two storage tanks to reduce overflows into the Gowanus Canal. We are hopeful we can purchase these sites without invoking eminent domain.

FY2019 Expense Budget

The projected Expense Budget for the current fiscal year, FY18, is \$1.48 billion. This includes approximately \$210 million in Community Development Block Grant (CDBG) funds for which DEP serves as the contracting entity for the City. For FY19, we expect DEP's expense budget to be \$1.39 billion, including \$92 million in CDBG funding for the Build It Back program.

The Preliminary FY19 Expense Budget breaks down into the following large categories:

- \$545 million, 39% of our total Expense Budget, in personal services to pay the salaries for our more than 6,000 funded positions.
- \$167 million for property taxes on upstate watershed land, a critical investment in maintaining the high quality of New York City's drinking water by protecting it at the source. I am pleased to report that we have successfully negotiated agreements with several

upstate municipalities to make our tax obligations more stable and predictable and, in some cases, to reduce them.

- \$96 million for heat, light and power. DEP is the third-largest municipal consumer of electric power in New York City after the Department of Education and Health+Hospitals, and our consumption will grow as we bring new, mandated treatment facilities on line for both drinking water and wastewater. To control energy costs and greenhouse gas emissions, DEP is investing in projects such as the cogeneration system at the North River Wastewater Treatment Plant, which is now in construction.
- Chemicals, such as chlorine and fluoride, that are used in the treatment of drinking water and other chemicals, like glycerol and ferric chloride, used for wastewater treatment account for \$51 million.
- Finally, management of 1,300 tons per day of biosolids is projected to cost about \$56 million in FY19, just over 4% of our projected FY19 expenses.

DEP has also taken a hard look at our processes to identify where we can reduce costs without sacrificing quality or reliability. We project reducing our overtime usage by over \$1.5 million, and estimate that procurement reforms will save over \$1.2 million.

We are working to improve our interactions with our customers with a new, modern Customer Service Information System, which will incorporate best industry practices. We expect to award the contract this summer, working with partner agencies to ensure effective implementation. We expect the new system to take two years to design and construct.

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On behalf of the 6,000 employees at DEP across the City and upstate, I want to again express our appreciation to Environmental Protection Chair Constantinides for his strong leadership and advocacy, and express our continued commitment to collaborating with Chair Dromm and all of our Council partners to continue delivering on our agency's mission.

I thank you for the opportunity to present testimony today and look forward to answering any questions you may have.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Deputy Commissioner Jennifer Tavis

Address: _____

I represent: TLC

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Commissioner Meera Joshi

Address: _____

I represent: TLC

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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☐ in favor ☐ in opposition

Date: 5/10/2018

(PLEASE PRINT)

Name: Joseph Mucin

Address: 59-17 Junction Blvd

I represent: NYC DEP

Address: Jama

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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☐ in favor ☐ in opposition

Date: 5/10/18

(PLEASE PRINT)

Name: MICHAEL DELOACH, DEP. COMM.

Address: 5917 JUNCTION BLVD

I represent: DEP PUBLIC AFFAIRS

Address: 5917 JUNCTION BLVD

Please complete this card and return to the Sergeant-at-Arms

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THE CITY OF NEW YORK**

Appearance Card

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☐ in favor ☐ in opposition

Date: 5/10/18

(PLEASE PRINT)

Name: Vincent Sapienza

Address: 59-17 Junction Blvd, Flushing, NY

I represent: NYC DEP

Address: _____

Please complete this card and return to the Sergeant-at-Arms