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Honorable Sheldon Silver, Speaker
New York State Assembly

Honorable Dean G. Skelos, Majority Leader
New York State Senate

Honorable Christine Quinn, Speaker
New York City Council

Dear Colleagues:

Over the past few months I have met with a diverse group of leaders and participants in both the taxi and livery car industries regarding the proposed "Five-Borough Taxi Plan" put forward by Mayor Michael Bloomberg and Taxi & Limousine Commissioner David Yassky. We all agree that the status quo is unacceptable and cannot remain. I have learned from my discourse with the various members of this industry that the current plan as formulated is also unacceptable. After listening to the issues and concerns raised by these diverse groups I am putting forth a framework that I hope will help facilitate the formulation of a final plan to be created and agreed to by the legislatures, both in Albany and at the New York City Council.

The main point of contention in the City's proposed plan is the "linking" or "coupling" of the new "Outer-Borough Taxi" or "Borough Medallion" (hereafter "Borough Taxi") to the auction of new yellow medallions. My office recommends that the City go forward with its plan to auction 1,500 new yellow medallions, which will generate \$1 to \$1.5 billion dollars in new revenue. However, this auction cannot link the sale of new medallions to the sale of new Borough Taxis. Concurrently, protections must exist to safeguard the value of the yellow medallion. Hence, airports and the areas of Manhattan that are well served by the medallions should remain their exclusive realm. Moreover, illegal street hails should face increased and severe penalties.

The City should go forward with the creation of new Borough Taxis; however, the manner in which they are brought to market must ensure that they are affordable to livery drivers, base owners and others members of the livery industry that are in good standing. The legislators should work together with the livery industry to determine the right number. The distributions of

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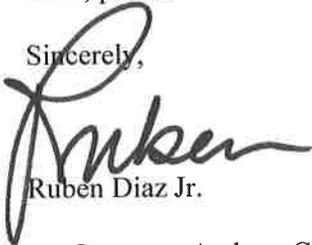
both the new yellow medallion and the Borough Taxis should contain mechanisms, either carve outs or some other form of protection, that facilitates ownership to members of the livery industry. After hearing from many of the interested parties, we have received several recommendations for consideration, including carve outs for livery base owners, drivers, MWBEs, and first-time buyers. Additionally, it has been noted that the distribution should be prorated to reflect the populations in the boroughs. Purchasers of the new medallions should also receive access to financing. Again, it is imperative that the sale of the new Borough Taxi be executed in a manner that makes them affordable and gives preference to members of the livery industry.

We recommend that the Borough Taxi be limited to only do street hail service, and be specifically barred from answering prearranged calls. Based upon the current number of licensed livery drivers, we believe that there would be sufficient volume for street hails to succeed while at the same time reducing competition for prearranged calls. The Borough Taxi ought to contain all of the features provided by the yellow medallions, such as uniform color, meters, credit/debit card processing, GPS, service lights and so forth. The sale of Borough Taxis will create an additional revenue stream for the City, in addition to that provided by the auction of yellow medallions. Those who are unable or decline to pursue the Borough Taxi will face less competition for prearranged calls. In addition, the City should consider the expansion of existing livery stands throughout the city.

The framework provided is the result of the many conversations I've engaged in serving as a mediator at the request of not just the Mayor, but my many friends in Albany and in the industry. My goal is to share with you options that will allow these various groups to come together and design a solution that serves the best interest of people of the City of New York, the livery industry and the medallion industry.

I hope that you find these suggestions helpful. If you would like to speak at greater length about this issue, please do not hesitate to contact me.

Sincerely,



Ruben Diaz Jr.

cc: Governor Andrew Cuomo
cc: New York State Senate Members
cc: New York State Assembly Members
cc: New York City Council Members
cc: Mayor Michael Bloomberg
cc: Howard Wolfson, Deputy Mayor of Governmental Affairs
cc: Commissioner David Yassky