

LIVERY SYSTEM ENHANCEMENTS

EXECUTIVE SUMMARY

Administration, in conjunction with the Taxi and Limousine Advisory Committee (TLAC) is continually working to enhance the livery industry in Calgary. This process of ongoing improvement includes increasing taxi capacity during peak periods, such as weekends and special events, to facilitate accessible citizen transportation options. Incorporating Council direction, feedback received from the recent taxi citizen satisfaction survey, along with industry analysis and best practices, Administration explored three key potential enhancements to the Calgary livery system as a means of addressing the growing demand for taxi service during peak times. These review areas included taxi plate levels, taximeter rate and peak time surcharges along with Smartphone technology options. Following the review process, Administration is recommending the following: 1) the release of 383 new taxi plates to increase the existing taxi fleet (amending Bylaw 6M2007), 2) an increase in the taximeter rate (amending Bylaw 6M2007), and 3) the encouragement of safe and accessible Smartphone technology options to meet increased peak period demand. The adoption of these recommendations will serve to address ongoing taxi demand during peak times while also ensuring a sustainable, safe and accessible taxi system for all Calgarians.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Community and Protective Services recommends that Council:

1. Give three readings of the proposed wording amending the Livery Transport Bylaw 6M2007 to increase the taxi meter rate 8.1% (Attachment 1);
2. Give three readings of the proposed wording amending the Livery Transport Bylaw 6M2007 (Attachment 2) to approve the release of 383 new plates, 42 of which are accessible;
3. Receive for information the Smartphone technology information; and
4. Receive for information the Citizen Satisfaction Survey (Attachment 3).

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2014 July 21 Combined Meeting of Council, Council gave three readings to proposed bylaw 45M2014 to amend the Livery Transport Bylaw 6M2007 to include the addition of the new 'clean up' fee for when passengers soil the interior of a taxi with vomit or bodily fluids (CPS2014-0543). Further, through A MOTION ARISING, Moved by Councillor Colley-Urquhart, Seconded by Councillor Magliocca, that with respect to Report CPS2014-0543, Council directed Administration to bring a report in conjunction with the plate recommendation, outlining key questions raised in relation to limousine regulation and the ability of new entrants to compete in the market.

At the 2013 September 16 Regular Meeting of Council, Moved by Alderman Colley-Urquhart, Seconded by Alderman Jones, that Recommendation 4 (TT2013-0650) be adopted, as follows: That Council direct Administration to bring forward to TLAC, the suggestion on administering a surcharge during peak hour requirements, and report back to Council through the SPC on Transportation and Transit, on recommendations for or against introducing this surcharge as an incentive to ensure that more cars are available during those peak periods.

LIVERY SYSTEM ENHANCEMENTS

BACKGROUND

The mandated purpose of TLAC includes providing advice and recommendations to Council to ensure high quality taxi and limousine services and 'to create and maintain a sustainable...industry' as specified in Bylaw 6M2007. The objective is to ensure public safety, service quality, and consumer protection for customers and service providers in the livery industry, creating and maintaining a sustainable livery industry that considers the interests of service providers and meets the needs of the travelling public in the city. TLAC and Administration work collaboratively to both enhance driver safety and also address issues such as peak period taxi capacity.

The issue of taxi capacity during peak times, including weekends, holidays and special events is a challenge faced by many municipalities across North America and beyond. Each jurisdiction looks to strike its own balance between addressing supply during peak times and also ensuring a sustainable taxi system in which drivers can make a living wage. Calgary, along with other municipalities, have utilized a number of different approaches to strike this balance, including increasing taxi fleet size, mandating that taxis need to accept all dispatched calls rather than focus on lucrative downtown core calls, and placing specific operating requirements on new taxi licenses. Further, Calgary has also focused on actively monitoring the taxi fleet and utilizing this information to inform taxi fleet management practices. This includes utilizing GPS and data tracking tools to ensure taxis required to be in operation during peak times are in service.

One approach highlighted as a potential solution to taxi capacity issues involves the concept of Smartphone applications. It's important to note that such technology has been in place in Calgary previously, through the FastCab application (app) in 2012. This app allowed for GPS tracking of the progress of the taxi for pickup purposes, the ability to rate drivers and also link comments directly to social media. Smartphone apps have the potential to act as another tool to address peak period capacity; however do also present other challenges, including safety and accessibility issues that need to be addressed to ensure successful integration into the livery system.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration and TLAC are committed to providing consumers with safe and accessible transportation options that meet the demands of our growing City. As part of this commitment, Administration is addressing the issue of taxi peak time supply, and subsequently recommending adjustments to livery policies and practices as appropriate.

Incorporating Council direction, feedback received from the recent taxi citizen satisfaction survey, along with industry analysis and best practices, Administration reviewed three key potential enhancements to the Calgary livery system as a means of addressing the demand for taxi service during peak times. These review areas included taxi plate levels, taximeter rate and peak time surcharges, along with Smartphone application options.

1) Taxi Plate Levels

With respect to taxi plate levels, in recognition of current taxi supply issues during peak periods, Administration examined recently released population growth census data along with the current taxi to citizen ratio that is utilized to determine the appropriate number of taxi plates in the city.

LIVERY SYSTEM ENHANCEMENTS

Administration found that a ratio of one taxi per 625 citizens would more adequately bridge the gap between demand and supply for taxi services in Calgary. This is a change from the current Calgary ratio of one taxi per 748 citizens and subsequently exceeds Edmonton's current ratio of one to 662. This finding is bolstered by the 292 per cent increase in airport traffic since 1994, which is anticipated to increase further in coming years with the completion of the airport expansion, as airport traffic represents one of the largest consumers of taxi services. With as many as 200 taxis at the airport during peak late night periods the need for an increase in the taxi fleet is even more pronounced. In addition, with 20 per cent of all taxi trips taking place on Friday and Saturday nights, and over 90 per cent of double shifted taxis (more than one driver taking shifts on a single taxi) in service during these peak periods, adding additional plates will support a system that has currently reached its capacity during peak periods.

As a result, Administration is recommending issuing 383 new taxi plates into the Calgary market, 42 of which would be for wheelchair accessible taxis, including a mandatory provision, set by the Manager, to ensure these taxis operate during peak periods. The addition of these plates will serve to address taxi capacity issues during peak periods, including weekends, special events and holidays. It is of note that TLAC did not agree with the release of this number of plates and, using the population increase and Hara report calculations, alternatively suggested issuing 61 new plates, seven of which would be accessible. TLAC also suggested an additional release of non-transferable taxi licence plates in 2015, conditional on issues resolution with regards to the dispatch system.

Further, licensed drivers who also hold taxi plate licenses, of which there are 774, are expected to oppose the introduction of 383 additional plates, as increasing the total number of current plates may be viewed as impacting the financial viability of their business. These 774 drivers represent about 18% of all 4,195 licensed drivers.

However, the taxi to citizen ratio used by TLAC to arrive at this figure does not address the ongoing taxi supply issue during peak periods. In addition, with only 215 plates released over the last 28 years, Administration stands by its use of the one taxi per 625 citizen ratio and subsequent recommendation of 383 new plates. The release of these new plates and the mandatory provision to operate during peak periods will help to ensure taxi supply keeps pace with growth, and significantly increase taxi availability during peak times.

2) Peak Period Surcharge and Taximeter Rate Analysis

Multiple options were considered as a means of ensuring that taxi rates are structured to enhance the supply of taxis on Calgary roads, including an examination of a peak hour surcharge along with a general increase in taximeter rates.

With respect to a peak hour surcharge, Administration and TLAC examined the experience of Edmonton and their peak surcharge system, where drivers charge \$3 per trip between 11 p.m. and 4 a.m. on weekends. Instituted in 2011, Edmonton subsequently found that while there was an initial 10 per cent increase in peak period capacity, this increase has now gradually decreased to the point where capacity has returned to pre-surcharge levels. It was found that drivers tended to turn down trips from the downtown core to suburban areas in favour of multiple short trips, to maximize the benefits of the surcharge fee, subsequently impacting service for

LIVERY SYSTEM ENHANCEMENTS

many customers. The City of Edmonton is now examining alternative approaches to the current structure of its surcharge system. This finding aligns with TLAC's position that the peak hour surcharge approach would not be an effective option to address peak period demand.

Administration also reviewed the level of the general taximeter rate. Ensuring an appropriate taximeter rate supports taxi capacity, encourages new entrants into the market, and also enhances customer service by ensuring existing experienced drivers remain in the field. Through the review process, Administration conducted an analysis of the current taximeter rate via the Taxi Cost Index (TCI), a tool approved by Council in 2009 as the preferred methodology used to set taximeter rates. The TCI was utilized with Calgary-specific information; incorporating Statistics Canada data, vehicle and fuel costs, insurance premiums, repairs & maintenance, cell phone fees, stand rent charges, license fees, professional fees and labour costs. The index results were then reviewed by TLAC, including providing an opportunity for input from members of the public, with TLAC subsequently adopting the recommendation for an increase of 8.1 per cent in order to support current taxi demand in Calgary.

Since the inception of the TCI in 2009, this is only the second time meter rates have been adjusted. The last meter rate adjustment was 4.4% in 2012. This rate increase also serves to offset any potential economic impact for existing drivers from the recommended addition of 383 new plates into the livery system. It should be noted that with the increase in the taximeter rates, limousine rates would also increase by the same margin as they operate at a standard 25 per cent premium over taxi rates.

For reference, the current Calgary Taximeter rate is \$3.50 for the first 129 meters and \$0.20 for each additional 129 meters. TLAC is recommending that, except for surcharges imposed by the Calgary Airport Authority, all livery vehicle rates set out in the Livery Transport Bylaw 6M2007, Schedule "A" – Rates including Part 1 –Taxi Rates and Part 2 – Limousine Rates, be adjusted by the 2014 April TCI rate of 8.1%. The Calgary Airport Authority is increasing its departure fees from \$4 to \$4.50 for taxis, and from \$6 to \$6.75 for limousines.

A comparison of taximeter rates in other municipalities is included for reference below. It illustrates that the new rate change is in a similar range with comparable municipalities and substantially lower than the rate in effect in Toronto.

					Fare- Distance		
City	Drop Rate	Drop Rate Initial Meters	Additional Rate	Per Meters	1km	5km	10km
Edmonton	\$3.60	135	\$0.20	135	\$4.88	\$10.81	\$18.21
Calgary	\$3.50	129	\$0.20	129	\$4.85	\$11.05	\$18.80
Calgary 8.1%	\$3.80	120	\$0.20	120	\$5.27	\$11.93	\$20.27
Vancouver	\$3.20	54.44	\$0.10	54.44	\$4.94	\$12.28	\$21.47
Toronto	\$4.25	143	\$0.25	143	\$5.75	\$12.74	\$21.48

LIVERY SYSTEM ENHANCEMENTS

3) Smartphone Technology

Smartphone applications have emerged in a number of markets internationally in recent years, presenting themselves as an alternative to address taxi peak period issues and providing more choice in the transportation sector. Benefits of such applications include the ability to request a ride via an app, know the pricing up-front, and paying for the ride directly through the app, along with being able to provide feedback on your driver through the app itself.

Based on the experience of other jurisdictions around the world it is clear that issues arise in regards to app drivers not being appropriately licensed, not having undergone background checks, not being properly trained, a lack of commercial liability insurance in case a passenger or pedestrian is injured during a fare, and no requirements for accessible transportation options for the disabled. These issues have resulted in a number of legal challenges against one of the largest service providers; including thirteen active lawsuits in the United States from passengers, insurance companies and other stakeholders. Many of these apps offer an unregulated taxi market, without requirements regarding safety and accessibility. For example the San Francisco Metropolitan Transit Authority indicates a quarter of wheelchair-accessible cabs – which officials consider a linchpin of the paratransit system – now sit idle because there aren't enough drivers as a result of driver migration to app platforms. Within the current Calgary taxi system, 11 per cent of all taxis are mandated to offer accessible transportation options for the disabled, ensuring increased independence and equity among the disabled community.

Regulators and taxi drivers around the world have raised concerns regarding an unregulated app-based business model, which facilitates competition between private citizens and drivers for business, with the private citizens not being required to uphold safety and accessibility standards and the associated costs. This sentiment has led to mass taxi industry strikes and demonstrations in London, Madrid and Paris as recently as last month. In these cities, more than 30,000 taxi and limo drivers blocked tourist centres and shopping districts striking over safety, accessibility and the issue of equitable competition. Such protests have also led to regulatory action, for instance, Berlin's State Department of Civil and Regulatory Affairs recently served a prohibitive order to the App-based company Uber, stating the company had not done enough to protect the safety of its passengers.

Within the existing Calgary livery system, passengers have come to rely on taxi services employing trained, licensed drivers that have passed a criminal record check, driving vehicles that have met comprehensive safety standards, and possess appropriate insurance coverage so passengers are looked after in the event of an accident. A recent survey conducted by Leger on the Calgary taxi system and released in 2014 June found that 86 per cent of respondents were satisfied with their taxi and accessible taxi services in the past year (Attachment 3). Calgarians also indicated a 93 per cent satisfaction rate with taxi drivers specifically, along with a 92 per cent approval rating for driver safety.

Although Calgary has limited experience with technology companies that facilitate transportation services, in 2013, Uber briefly entered the “black car” market in Calgary. During this time, the service provider with which Uber partnered was investigated for providing unlicensed for-hire sedan services. Issues uncovered included:

LIVERY SYSTEM ENHANCEMENTS

- Outstanding police warrant
- The utilization of 15 rental cars not suitable as limousines and not licensed or registered with Livery Transport Services
- Drivers with insufficient Alberta Drivers License qualifications
- Drivers with non-existing Limousines Drivers Licences
- No evidence of sufficient commercial vehicle insurance
- The contractual arrangement with Uber explicitly exempted Uber from liability related to the vehicle, driver and third parties, including passengers.

The proliferation of unlicensed operators is The City's chief concern when it comes to technologies that make it possible for customers to electronically arrange the services of "black cars"/sedan limousines. It is important to note however, that under the existing licensing system there is still an opportunity for these apps to legally enter the Calgary market and be part of the solution to Calgary's peak period transportation shortages. As such, Administration would encourage these companies to work with The City and TLAC on how best to integrate into Calgary's market in a win-win way that addresses municipal safety concerns.

As a result of the review process, including feedback received from the recent taxi citizen satisfaction survey, along with industry analysis and best practices, three key enhancements to the Calgary livery system are recommended to address the growing demand for taxi service during peak times. These recommendations include:

- 1) The release of 383 new taxi plates to increase the existing taxi fleet capacity (including 42 accessible plates);
- 2) An increase in the taximeter rate of 8.1 per cent to promote increased taxi availability, and;
- 3) The encouragement of safe and accessible app options to meet increased peak period demand.

Stakeholder Engagement, Research and Communication

The Taxi and Limousine Advisory Committee (TLAC) hired Leger to conduct a citizen satisfaction telephone survey (Attachment 3). This survey was completed 2014 April 24 to May 11, and included additional usage and satisfaction with taxi services during two peak periods in the year – late 2013 November to early 2014 January as well as the 2014 Stampede season (early July). The survey found that weekday usage is fairly constant at all times of the day while weekend usage peaks during the late evening, with an increased demand for taxi services during the holiday season. The results state that 86% of customers surveyed were satisfied with both taxi and accessible taxi services this past year, while satisfaction was about the same (85%) around Stampede and somewhat lower (80%) during the peak holiday season in mid-November to mid-January.

Strategic Alignment

This report aligns with Council's Fiscal Plan for Calgary 2012-2014, "Investing in great communities and a vibrant urban fabric."

LIVERY SYSTEM ENHANCEMENTS

Further, the mandate of TLAC as identified by the TLAC Terms of Reference includes a requirement, annually in consultation with Administration, to make recommendations to Council on all issues related to fares, rates and fees for taxi and limousines and the related businesses.

Social, Environmental, Economic (External)

Ensuring there is an adequate supply of taxi services is essential to maintaining a vibrant and productive community. While taxis are used by all segments of society, they are heavily utilized by people with disabilities, enhancing their mobility and reducing social isolation in Calgary communities. Further, the taxi industry plays a strategic role in the city's economic development while supplementing the use of environmentally-friendly modes of transportation.

Financial Capacity

Current and Future Operating Budget:

Calgary Transit and Access Calgary have been informed of the proposed taximeter rate increase and have stated that, assuming it goes into effect in 2014 October, Calgary Transit will be able to absorb the additional costs estimated at \$100,000 for the remainder of year. However, for 2015 the 8.1% meter rate increase will result in a \$600,000 budget shortfall and is not currently addressed in Calgary Transit's 2015-2018 business plan. This change would require an increase in the Access Calgary Extra (ACE) program subsidy for eligible customers from \$52 to \$56 to offset the cost.

Livery Transport Services is a full cost recovery division, all cost incurred as a result of the release of additional taxi plates can be absorbed through user fees. With the addition of the new plates, these costs would include two growth positions; the first being an administrative support position to deal with increased applications and renewal volumes, along with the addition of one taxi inspector to maintain existing levels of driver and vehicle compliance activities.

Current and Future Capital Budget:

None.

Risk Assessment

The utilization of industry analysis, citizen satisfaction survey results and best practice data from other jurisdictions serves to mitigate potential risks and supports the three recommendations brought forward to address taxi demand challenges during peak periods.

REASON(S) FOR RECOMMENDATION(S):

Incorporating Council direction, feedback received from the recent taxi citizen satisfaction survey, along with industry analysis and best practices, Administration is recommending the following: 1) the release of 383 new taxi plates to increase the existing taxi fleet, including a mandatory provision, imposed by the Manager, to ensure these taxis operate during peak periods, 2) an increase in the taximeter rate, and 3) the encouragement of safe and accessible app options to meet increased peak period demand. The adoption of these recommendations will serve to address ongoing taxi demand during peak times while also ensuring a sustainable, safe and accessible taxi system for all Calgarians.

LIVERY SYSTEM ENHANCEMENTS

ATTACHMENT(S)

1. Proposed Wording to Amend Bylaw 6M2007 (taxi meter rate increase)
2. Proposed Wording to Amend Bylaw 6M2007 (release of 383 new plates)
3. Livery Citizen Satisfaction Survey