

Honorable Councillors representing City of Calgary.

Issues related to the Cab Industry - City of Calgary

Representation by the Cab operators

We request you to please kindly go through our report and concerns before taking any decision for issuing new Taxi Licensed Plates. We are not here to oppose the issuing of new TLP's but to highlight the issues and our concerns. Hope we will get fair representation.

The data figures used here are taken from the Study Conducted by the City of Calgary through Livery Transport Services. These reports are available at City of Calgary website.

(Data available for individual months of January - March 2014) following table data has been consolidated as quarterly data.

1. Quarterly Fleet Utilization report shows that approx. 47.48% (885,925) as dispatched trips out of total 1,865,784 trips during the first quarter of year 2014. Total 90 days period. Flagged trips include Airport and hanger trips, trips generated from all hospital and hotel stands. Then there are other corporate events with account being held by a particular broker. In actual sense there are very few flagged trips and most of them are on Friday and Saturday night trips. As two brokers hold 99% of the major stands where these trips are generated, there is limited parking space for cars at these stands. Then where is the space for other cars? It is downtown. With new cabs on the road, all these cabs will be in the downtown and imagine the traffic and parking hazards. You are requested to create minimum 450 taxi stands in the downtown ASAP

1. Looking at the following data collected by the Livery, a very interesting fact comes out.

Average Earnings of Cab Operators per day as per Study Data

| | | | |
|--------------------------------------|------------------------------|--------------------|---|
| Number of Trips | 1,865,784 | | |
| Dispatched Trips | 979,859 | | |
| Flagged Trips | 885,925 | | |
| Total Drivers | 7289 Monthly Average 2430 | | |
| Total Active Vehicles | 4197 Monthly Average 1399 | | |
| Trips per driver | 768 Monthly Average 256 | | |
| Drivers Per Taxi | 1.74 | | |
| Total Hrs in Service | 1,783,107 | | |
| Average trip distance | 8.22 Km | | |
| Average Trip Time | 14 Minutes | | |
| Average Trip Per Driver per Day | 768 / 90 | 8.53 | Say 9 Trips |
| Meter Distance Covered by the driver | 9 x 8.22 Km | 73.98 Km | 73,980 meters |
| Meter Rate | 20 Cents per 129 meters | | |
| Meter Units Chargeable | 73,980 / 129 | 573.49 Meter Units | |
| Earnings as per meter units | 573.49 meter units x \$ 0.20 | \$ 114.70 | |
| Meter down rate | \$ 3.50 | | Per Trip |
| Meter down earnings | 9 x \$ 3.50 | \$ 31.50 | First 129 meters are included which are not deducted here |
| Average waiting time | 2 minutes works out to 18 | | 20 cents per 23 |

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| per trip in 14 minute trip | minutes or 1080 second | | seconds |
|-------------------------------------|------------------------|-------------|--------------|
| Waiting time chargeable units | 1080 / 23 | 46.96 units | Say 47 units |
| Waiting time charges | 47 x \$ 0.20 | \$ 9.40 | |
| Average earnings per day per driver | | \$ 155.60 | |

Explanation:

As this is 90 days period.

Average trip per driver per day works out to $768/90 = 8.53$ (Let's assume it to be 9 trips per driver per day)

Total metered distance covered by the driver on per day average works out as

$9 \times 8.22 \text{ Km} = 73.98 \text{ KM}$ which is 73,980 meters which comes out to 573.49 meter units (129 meter is one unit) $573.5 \text{ meter units} \times 20 \text{ cents} = 12,028 \text{ cents}$ i.e \$ 114.70 Now we will add \$ 3.50 per trip as meter down rate. i.e $9 \times \$ 3.50 = 31.50$. Meter down also includes first 123 meters of distance travelled, which is already included in the total distance travelled but we will ignore this here.

Average earnings of Taxi driver per day works out to $\$ 114.70 + \$ 31.50 = \$ 146.20$. Now there is a waiting time charges of 20 cents per 23 seconds. Assuming that taxi cab waits for 2 minutes in a average trip time of 14 minutes, so the total waiting time in 9 trips is $9 \times 2 = 18 \text{ minutes}$ i.e $18 \times 60 = 1,080 \text{ seconds} = 47 \text{ units}$ and will add $47 \times 20 = 940 \text{ cents}$ i.e \$ 9.40

Now the average earnings per day of taxi driver works out to $\$ 146.20 + \$ 9.40 = \$ 155.60$

(This is taken as driver works every day for 90 days)

AVERAGE DAILY EXPENSE REPORT IF THE DRIVER

| | | | |
|---|----------|-------|--|
| Average Daily Rent charged by the Broker | \$ 50.00 | Fixed | Major Brokers charge from \$ 300 to \$ 400 per week Avg. \$350.00 per week |
| Average gas expenses | \$ 30.00 | | |
| Average daily depreciation | \$ 16.00 | | \$ 6000 per annum |
| Average Oil change charges | \$ 4.00 | | \$ 60.00 for oil change per 2 weeks |
| Tires wear and tear | \$ 6.00 | | \$ 1000 per 6 months |
| Other repair and Maintenance including mechanical every 6 months, windshield, brakes, | \$ 7.00 | | \$ 2,500 per annum. (taken as minimum charges. routers, axels. Alignment, wheel balance. AC, steering, lamps etc. <i>avoid show</i>) |
| Livery Cab Licence renewal fee | \$ 2.30 | Fixed | \$ 843.00 per annum which are increased every year |
| Taxi Driver batch Renewal and Police clearance | \$ 0.50 | Fixed | \$ 130 for Batch & \$ 61.00 for Police Clearance Increased every year |
| Refreshments | \$ 10.00 | | Tea / Coffee and snacks |
| Telephone Expenses | \$ 2.00 | Fixed | Min. \$ 60.00 for unlimited plan and data. Cab operators minimum requirement. |
| Alberta Licence Plate Renewal | \$ 0.20 | Fixed | Can be or is increased every year. |

| | | | | |
|--------------------------------|-----------|--|--|--|
| Total minimum expenses per day | \$ 128.00 | | | |
|--------------------------------|-----------|--|--|--|

Average Savings per Day : \$ 155.60 - \$ 128.00 = \$ 27.60 (It's per day not per hour)

Most of the expenses are fixed and independent of the working days. No adjustments have been done for them. Even if the driver takes a day off, he/she still pays rent and other charges. Non incurable charges during the day off are gas and refreshment charges. If we assume only six (6) working days in a week, then average expenses will go up accordingly.

There are other expenses which have not been taken into account.

1. Daily commuting to work for those drivers not owing a Licensed Cab directly or from brokers.
2. Interest charges ranging from 10% to 12% P.A. charged by the brokers for financing the cabs.
3. Parking and other fines.
4. GST has not been deducted from the expenses.
5. Income Tax / CPP contribution / Accountant fee etc.

Same time tips received have not been included in the earnings.

So drivers have to put in extra hours to make a living or have second job to survive.

Other Most Important Factor to be considered is

METER ON PERCENTAGE DURING WORKING HOURS. (Study Data)

| | | |
|--|-------|---|
| Meter On percentage | 31.11 | Actual earning Hours |
| Time % taken for reaching the destination to pick a fare | 05.00 | Only on dispatched calls (Taken on higher side) |
| Waiting for Fare % Time | 63.89 | Waiting for earning hours to begin |
| Cab efficiency % | 36.11 | Is it a viable business????? |

Study Conducted by The City concluded that more than 90% of customers are satisfied with the service. This is very high as per service standards and the type of service. E.g. a young and drunk customers always have some issue or the other with the drivers, especially when they are in a group or as a couple. They force the drivers to stop at non-scheduled stops, talk about politics, other gender, ethnicity etc. Sometimes they will touch the drivers. Drivers have to be careful not to enter into any type of arguments and same time drive carefully. After all it is **unwritten rule that DRIVER IS AT FAULT.**

Many times customer is already annoyed with the dispatcher due to the reason not known to the driver. Long wait time for the call to go through. Many times Cabs are not dispatched in time. Forgot to dispatch the cab for a timed call. Road closures / blocks/ important meeting / individual nature/ wrong address given by the dispatcher etc. All these factors influence the service standards and customers attitude towards the drivers. Driver is the only person who comes in direct contact with the customer, so he/she has to bear all the burnt

This is the Era of innovations and management. We talk of time management. Equality, diversity, minimum living standards, wealth distribution, environment, depleting resources and much more.

There is need to manage the system, solution is not adding the number of cabs. If we represent our case to any business house that our output rate is just 30%. They will not utter a word and will walk and repent wasting their time to listening to us.

Now the question is where is the flaw, Is there really a problem or it's just a HYPE created by some vested interest.

But in our case all these things are ignored and we can explain each and every point in detail supporting documents and studies. Just to quote

1. WHOSE GAINS: Brokers and only Brokers and to some extent Livery Transport.

BEST BUSINESS MODEL – NO COMPANY CAN DO THIS – ONLY CITY OF CALGARY CAN HELP

Assuming there are 383 new licensed cabs in the city from next week. The brokers income will go up by $383 \times \$ 380 = \$ 145,540.00$ per week which work out to be \$ 7,568,080.00 per annum.

Their Investment \$ 0.00

They will incur one time charges on dispatch system set up, which is an electronic equipment, which is leased or have \$ 0.00 book value in few years due to high depreciation rates. So they can save on taxes. Other charges are insurance charges which are approx.: \$ 15.00 per cab per week. So annual insurance charges will be maximum of \$ 298,740.00 Take other charges of \$ 10.00 per cab per week, say 199,160.00

| | | |
|----------------------------|-----------------|-------------------------------|
| Increase in Brokers Income | \$ 7,568,080.00 | |
| Insurance Expenses | \$ 298,740.00 | |
| Other Expenses | \$ 199,160.00 | Radio fee and Admin. Expenses |
| NET SAVINGS | \$ 7,070,180.00 | |
| INVESTMENT | \$ 0.00 | |
| Return on Investment | 7,070,180 % P.A | 7.07 M % (to be added) |

MAJOR BROKERS INCOME: AT PRESENT LEVEL – CLOSE ESTIMATES ONLY

Considering small brokers charging \$ 200 per week with just 70 - 80 cabs and surviving

| | | | |
|--|--------------|--|--|
| No of Licensed Cabs in Calgary | 1526 | | |
| Owned or attached with major brokers | 1350 | | |
| Average weekly rent charged by these brokers | \$ 380.00 | | Varies from \$ 300.00 to \$ 450.00 per week |
| Gross earnings per week | \$ 579,880 | | |
| Expenses per cab per week | \$ 50.00 | | Insurance \$ 15 – Dispatch System \$ 10.00 Administration and other expenses \$ 25.00 per cab per week |
| Total Expenses per | \$ 67,500.00 | | On a very higher side. |

| | | | |
|--|----------------------|--|---|
| week | | | |
| Savings per week | \$ 512,300.00 | | |
| Annual Savings | \$ 26,643,760.00 | | Get their balance sheets. |
| ADD OTHER ON THE WAY WITH \$0.00 INVESTMENT (383 New TLP | \$ 7,070,180.00 | | Though Administration expenses do not increase proportionally. Still considered at previous level. |
| FUTURE INCOME | \$ 33,713,940.00 | | Works out to be more than one Million for one person / company per month. |
| Additional Income | 5% of Access Calgary | | Only one company holds the monopoly |
| SUGGESTION | | | City can do the same job by outsourcing and make millions a month |
| BENEFITS | | | Snow Removal, less property tax. Higher pay for city staff, more employees. Better infrastructure and ... |

THIS INCOME IS MORE THAN 5 TIMES OF THE INCOME OF ALL THE DRIVERS COMBINED ANNUALLY.

DO THEY HAVE SOME PATENT RIGHTS ON THE CABS?

NO BY LAW TO LOOK AT THEIR INCOME, ALL BY LAWS ARE FOR THE DRIVERS.

DO they contribute anything to the economy or society?

Drivers are not entitled to any kind of benefits. NO CPP, NO WCB, NO MEDICAL INSURANCE, NO PAID VACATIONS, NOT EVEN A STAMPEDE BREAKFAST FROM THESE MILLIONAIRES. TILL DATE THEY HAVEN'T SPENT A SINGLE DOLLAR ON DRIVERS WELFARE. DRIVERS PUT THEIR LIVES AT RISK AND PAY THEM. IT'S THE DRIVERS WHO PAY THEM – WE WILL BE MORE THAN HAPPY TO PAY TO THE CITY.

WHY THE PROBLEM: MOST OF IT IS HYPE – RATHER MANUFACTURED HYPE –

WHO WILL DO THIS – THE PERSON BENEFITING WITHOUT ANY EFFORT:

BIGGEST ISSUE AND PROBLEM IS DUE TO THE MONOPOLY BY TWO BIG BROKERS – HOW?

1. They have taken over all major stands where maximum trips are generated.
 1. Airport
 2. Hangers
 3. Access Calgary Account
 4. School Runs
 5. Hotels
 6. Hospitals
 7. Canada Post Depots
 8. All corporate Accounts
 9. Big Malls

Small brokers are left with city stands in downtown again shared with these brokers.

Hospitals Very smart move; one took the **Airport** other the **Hangers** and the **Downtown Hotels**. Other **hotels** are divided among themselves. This also effects the drivers working with these companies. Strategy is they don't want drivers to rest and incur less expense. The driver who drops a customer at the Hotel from Airport cannot pick the customer from the hotel and vice

versa for the drivers picking the customers from the hotels. They see that drivers keep on juggling.

They divided the Hospitals among themselves so not allow any other broker to take over hospital stands.

They are hand in glove with each other. They will honor and accept taxi chits of each other account, but same time they do not accept their account chits given to the small broker cab driver by the customer. Sometimes customers are not aware or there no cab belonging to these companies at the designated stands. Customer jumps into the first available cab and upon reaching the destinations takes out the account slips and says that it is all he/she has to pay. Small broker cab drivers are left with a little choice to accept the account slip hoping to get the payment and to avoid arguing with the customer. Whose Fault??? **MONOPOLY**

This happens especially during the weekends and Christmas time corporate parties. Customers who are aware that they can take only a particular cab starts complaining about the service and inadequate number of cabs.

Here it's Catch 22 situation for the customer. There is NO CAB but THERE ARE CABS WAITING FOR A FARE? WHOSE FAULT – CUSTOMERS? – NO – CAB DRIVERS? AGAIN – PLAIN BIG NO. IT IS MONOPOLY.

Sometimes the situation can be like this too. There are few corporate parties on the same day and all accounts are with a particular broker. They will send a message to drivers that there are large number of trips at so and so address. Drivers run to the particular address in hope of getting a fare. Some may be lucky, others may be not. Same time there are calls from the residential areas around the city. Long wait time or no cabs for them. Whose Fault – Customers – NO then Drivers – NO. Again it's MONOPOLY at the PLAY.

Why do they keep on adding accounts when they cannot serve their customers. Do they disclose to their clients that they already have so many commitments? Is there any BYLAW to look at the Service Standards of the Brokers? Sorry, All BYLAWS are for Drivers, Brokers are only meant to mint money, Courtesy – CITY of Calgary.

Access Calgary : Only one company holds the account. Plus they deduct 5% from the drivers meter fare. All due to MONOPOLY. Courtesy – ACCESS CALGARY

Please check with the Access Calgary for their annual billing.

Why do they keep on adding the accounts when they are not able to serve their clients?

SECOND MAJOR ISSUE:

As seen above this all creates a uneven distribution of the cabs. This happens every day around the city. Customer calls a particular cab company. Now there is no Cab belonging to that broker is present close to the customers pick up location but same time there are cab belonging or attached to other brokers sitting just next to customers pick up location. How the customer do knows this? Customers Fault – NO – Not at all. Then Cab Drivers Fault? – Please answer.

We want to just an answer for one thing. Who loses in this Game???

It is Customer – getting frustrated blaming the city why there are so few cabs?

The It's cab drivers, camping next to the customers pick up location waiting to make some money to feed his family.

BROKER's INCOME IS FIXED – Irrespective customer gets a cab or not. Driver gets a fare or not.

Yes, broker may lose a customer, then what's customer's options to call another company and same thing may happen with him in a opposite situation. One customer lost another frustrated customer from other broker will call. Customer lost then customer gained. No Loss.

IT'S FIT CASE TO BE FORWARDED TO Competition Bureau of Canada



As the time may not permit but above figure explains the situation of the CAB Driver. If we see below factors do fit in the above figure. If the honorable counsellors are interested we can provide a detailed explanation.

1. There are 1526 total cabs in Calgary.
2. There are approximately 500 Cars to Go in Calgary.
3. There are New Accessible company (Care Calgary) in Calgary.
4. There are Shuttle Service & Limo Sedan Service in Calgary.
5. There are City Bus & LRT service in Calgary.
6. There are Rental Car companies in Calgary.

Now if we count Taxis, Regular & Sedan Limousines , Car to Go, New Accessible company (Care Calgary) they are approximately 2500 cars in Calgary. But, why there is taxi shortage in Calgary ? If, you look at other Canadian Cities (Vancouver , Edmonton , Winnipeg , Montreal, Toronto) there are no taxi issues. Because, there is competition between brokers

- Brokers don't spend a even a cent for any type of incentives to encourage the public to use cabs. Why is Car to Go allowed to promote their business. Many times car to go is available for as little as \$ 50.00 for 24 Hrs. Directly hitting the Cab Industry. Neither Brokers or City takes note of these things and have only one issue CABS – MORE cabs, More Cabs. Yes to increase Brokers Income – Are they filling for Bankruptcy?.

WHERE IS THE SOLUTION? – CREATE A LEVEL PLAYING FIELD FOR ALL CAB DRIVERS.

1. The simplest and the best solution is the centralised dispatch system being managed or supervised by the city. Can be smart app. We as drivers are willing to fund this project. After all we need to feed our families. A bylaw should be passed that No cab company can bid for any stand or have corporate account. It should be level playing field.

Give all Licence plates to the Brokers – No Limit – They can add as many as they want. Conditions should be

1. All cars will be purchased and owned by the Brokers
2. They will pay all City Licence fee
3. They will pay for maintenance
4. They will pay for Gas
5. Hire drivers on hourly basis and pay them as per Calgary living standard wage.

2. Now this will eliminate the problem in a single shot. They can add or subtract cabs as per demand and supply. They will be contributing towards CPP, WCB, Medical Benefits, Drivers will get paid vacations, bonus, annual increments. There are endless benefits for everyone. Companies can list themselves at Stock Exchange, City can boast of creating 3000 jobs in day. We can keep on naming the benefits. BUT the biggest gain will be Customers satisfaction, No wait time, best cabs in Canada, professional drivers, taxi mile cards, regular customers will get surprise gifts. Take a lesson from the small brokers with less than 80 cabs, charging just \$ 200 as stand rent and able to survive in Monopoly. How come big brokers holding 99% business and cabs have problems even after charging Stand rent up to \$ 400 per week.

3. Give us all 1526 cabs with a rider that a Co-op will be formed and maximum \$ 300 rent will be charged per cab per week. Out of \$ 300 rent per cab \$ 100.00 will be paid to the city. City can have \$ 100 X 1526 cabs x 52 Weeks = \$ 7,935,200 in their kitty subject to cab is working and is road worthy. Even at 90% cabs working city can still make 1373 cabs x \$ 100 x 52 weeks = \$ 7,139,600 per annum. That is for our honorable counsellors to decide as how do they want these dollars to be spent. City will depute a inspector to monitor the working and will be on the board of directors. City will know the true picture and will know about the opportunities and threats to the cab industry. We can do this if city joins their hands with us. Look at the Stampede report, the most busiest time for the cab industry. Thank you City for not reserving the Cab pick up spots exclusively for big Brokers.

4. UBER – Customers demand and choice – After all customer is the KING

OTHER BENEFITS :

By creating a better and efficient system we will be helping our future generations and making this world a better place to live.

Environmental : By burning gas in a best efficient way – Less carbon dioxide/monoxide gases. Save Ozone layer.

Depleting Resources : We will be saving natural resources for our children, else they will have to pay more and more. Plus save millions of \$ (A Single cab can save more than \$ 3000 worth in Gas)

Health hazards : AHS is already spending millions of dollars to study the health impact on the residents living or working in a high traffic volume areas. Less poisonous gases means better health conditions for everyone. Think about the kids who are in schools most of the day.

Traffic Congestion : Ease traffic congestion. As cabs will not run from airport to downtown, from city to airport, from neighbourhoods to other places in search for fares.

Actual savings in dollars, health issues, remaining life of natural resources, traffic issues can be explained in detail or concerned departments can be contacted by the City for the verified data.

LETS INNOVATE AND THINK OUT OF THE BOX.