

**Community Services Report to
SPC on Community and Protective Services
2020 July 15**

**ISC: UNRESTRICTED
CPS2020-0708**

Livery Regulatory Framework Options

EXECUTIVE SUMMARY

In 2019 May, Council directed Administration to conduct an accelerated review of the Livery Transport Bylaw 6M2007, which regulates drivers, vehicles and companies in Calgary's taxi, limousine and vehicle-for-hire (rideshare) industry. In 2016, Council approved regulations to allow Transportation Network Companies (TNCs) to operate in Calgary. Now that TNCs have been part of Calgary's livery industry for over three years, a review of the bylaw is being conducted to make sure the regulations are still supporting customers and industry participants.

Administration analyzed potential regulatory options to better meet the current and future needs of customers and industry. The options considered cover major aspects of Calgary's regulations, including how The City regulates fleet supply, fares charged to customers, driver licensing, and vehicle identification and safety requirements. The options were evaluated using a strengths/challenges analysis and how each option affected The City's transportation network goals of providing a variety of safe, accessible, convenient, affordable and efficient mobility choices for all Calgarians. This report presents a set of regulatory framework options for Council's consideration, which will shape the update of the Livery Transport Bylaw.

ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Community and Protective Services recommend that Council endorse the proposed regulatory framework options to guide the update of the Livery Transport Bylaw by directing Administration to:

- a. Continue the current hybrid open/closed entry approach to livery fleet size;
- b. Investigate opportunities to streamline processes for issuing taxi plates that reduce Administration costs and Council involvement;
- c. Allow taxi companies the option to offer upfront pricing to all street hailed and dispatch customers, instead of the taxi meter rate;
- d. Create a unified taxi/limousine driver's licence and retain the separate Transportation Network Company driver's licence;
- e. Standardize the vehicle age limit to a maximum of 10 years for all livery vehicles subject to exceptions approved by the Chief Livery Inspector and standardize the inspection frequency to every 12 months for all livery industry vehicles;
- f. Allow more flexibility in vehicle marking requirements for taxis while still meeting safety requirements and require TNC vehicles to include a visible company decal on the rear windshield and a company decal or beacon in the front windshield; and
- g. Add requirements for any livery vehicle with a camera to have visible notification to customers that camera footage is being recorded.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 May 27, Council directed Administration to accelerate the planned review of the Livery Transport Bylaw 6M2007 and report back to Council through the Standing Policy Committee on Community and Protective Services with proposed amendments to the Bylaw and its fee schedule no later than 2020 Q4. (Council later authorized Administration at the 2020 June 15

**Community Services Report to
SPC on Community and Protective Services
2020 July 15**

**ISC: UNRESTRICTED
CPS2020-0708**

Livery Regulatory Framework Options

Combined Meeting of Council, to defer any Council or Committee report due Q3 or Q4 2020 to 2021.)

On 2018 November 30, as part of One Calgary 2019-2022 Service Plans and Budget, Council approved a review of the Livery Transport Bylaw as a key deliverable for Taxi, Limousine & Vehicles-for-Hire line of service.

BACKGROUND

Current State of Regulatory Framework

The Livery Transport Bylaw 6M2007 (the “Bylaw”) was originally passed in 2007 to regulate the taxi and limousine industry and was based on a controlled entry (closed system) regulatory framework for taxis. Council has approved over 28 amendments to the Bylaw since 2007 reflecting the continuous change and complexity of the livery industry.

In 2016, Calgary’s livery industry was transformed by the arrival of rideshares and Council’s approval of regulations to allow Transportation Network Companies (TNCs) to operate in Calgary. Council adopted Bylaw amendments in alignment with a hybrid open/closed entry regulatory approach, which allowed TNCs and limousines to increase supply as needed to meet consumer demand (open system) while the taxi system remained closed under a Council-approved limit on the number of taxi plate licences issued. Regulations were approved to ensure that livery options continued to meet The City’s high standards of safety through driver licensing, operating conditions and vehicle requirements. A key difference between taxis and TNCs is that TNCs would not be allowed to street hail, use telephone dispatch, or accept cash payments. A key similarity was that rates could be set by the companies or brokers for any livery trip arranged through a Smartphone application. Numerous changes to the Bylaw have been approved by Council since 2016, including licence fee options for TNCs.

Industry Trends

Research compiled on Calgary’s livery industry shows there is increased growth in the combined taxi and TNC market since TNCs were allowed to operate in Calgary. Meanwhile, other aspects of the system show stability such as high customer satisfaction levels across industry sectors, overall number of drivers and limousine fleet size. Data seems to indicate that TNCs filled a gap in customer demand for livery services. The number of taxi trips has declined but continues to provide a significant share of overall livery trips. Attachment 1: Industry Trends discusses these trends in more detail.

Of the 1881 taxi plates (including 189 accessible plates) released by Council to date, approximately 60 per cent are held by individuals, and 40 per cent by brokerages. More than 70 per cent of taxi drivers do not actually hold a plate and therefore are a driver for someone else’s taxi. For further reference on the release and distribution of taxi plates over time, see Attachment 2: Taxi Plate Distribution. Conversely, every TNC driver is associated with a vehicle as they are privately owned vehicles without City issued plates.

Customer Satisfaction Trends

From 2014 through 2018, The City commissioned annual third party citizen satisfaction research via telephone surveys regarding the livery industry in Calgary. The surveys have shown a consistently high level of customer satisfaction results, including satisfaction with drivers, the ride experience, and obtaining taxi services, as well as feeling safe during their last ride. Taxi

Livery Regulatory Framework Options

users were less satisfied with value for money from rides in the 2018 survey (67 per cent were satisfied, consistent with levels since 2014) compared to limousine (85 per cent) and TNC (89 per cent) users, indicating that price sensitivity may be an ongoing concern for taxi users.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Key research and engagement initiatives were completed as part of the accelerated Bylaw review deliverables proposed to Council in 2019 May, which included a best practices scan of regulatory approaches in other municipalities, and public and stakeholder engagement.

External Scan of Other Municipalities

A scan of 15 other North American municipal regulatory frameworks was conducted. The report prepared was shared on calgary.ca in 2020 February and an overview of the key findings is provided in Attachment 3: Municipal Best Practices Review Summary. Calgary faced many similar regulatory challenges to other municipalities covered in the scan although there were differences in the level of provincial or state involvement in regulating TNCs and taxis, and larger cities appeared to have more concerns about managing congestion and higher growth of TNCs. Numerous opportunities for updating Calgary's regulatory framework were identified based on industry practices, covering topics such as fleet size, fare regulation, driver licensing accountability and process and vehicle requirements.

Public and Stakeholder Engagement

A public survey, industry survey, and targeted stakeholder workshops were conducted between 2019 October and November. A summary of both the public and industry What We Heard reports are provided in Attachment 4: Public & Industry Engagement Summary, and the What We Heard reports were shared on www.engage.calgary.ca/liveryreview.

Options Analysis

Administration began the analysis of potential regulatory framework options in early 2020. This analysis involved several steps: 1) identifying potential options from the first phase of the Bylaw review deliverables already completed (discussion paper, best practices municipal scan, public and stakeholder engagement), 2) evaluating each option with a comprehensive strengths and challenges analysis, and 3) identifying the most preferred set of framework options for Council's consideration considering the guiding principles and transportation goals.

Guiding principles for the Bylaw review were developed by Administration and shared with Council and the public in 2020 February (Attachment 5: Guiding Principles for the Bylaw Review). The key principles to guide the analysis of framework options for Council's consideration were aligned with previous Council direction and The City's transportation goals. They include: ensuring public safety, ensuring consumers have affordable, accessible and convenient vehicle-for-hire choices, and streamlining regulations across sectors where feasible.

Regulating Fleet Size

A critical consideration for Calgary's regulatory approach is whether to continue with the current state of a hybrid open/closed system for regulating the supply of livery vehicles. The current system is closed (City-set limits) for taxi plates while the system is open (no City-set limits) for limousine plates and TNC vehicles. The strengths and challenges of the current state; deregulation (opening) of the taxi plate system; and increased regulation (closing) of TNC

Livery Regulatory Framework Options

supply were considered. The resulting analysis is provided in Attachment 6: Regulatory Framework Options Analysis.

Based on Calgary's comparatively stable industry growth to date, high levels of customer satisfaction, and no significant concerns with safety or livery vehicle congestion, there is a lack of rationale for The City to regulate the supply of TNCs at this time or to open the taxi plate system. As Attachment 2 shows, there is room in the current system to distribute more plates as the taxi industry grows. However, the current plate approval and release process lacks flexibility for The City to respond quickly to increase taxi supply, and involves a two-step approval from Council, a plate application process, and an external consultant hired to run the plate selection process to distribute plates to applicants. Administration recommends continuing with the current open/closed livery system, but with plate issue process improvements that will expedite the release of plates to meet customer demand.

Regulating Fares

Administration examined several opportunities within this framework category. The current system allows all livery options to set their own fares (rates) for trips booked through an approved Smartphone application. The City metered rate for street hailed and dispatched taxi trips is set as a maximum, although a lower rate can be charged. These practices were identified as being consistent with effective industry practice in other jurisdictions. However, Administration heard from the public that there is a desire for predictable fares. Fare evasion (also known as "fare-jumping") is a common complaint received by The City from taxi drivers, when customers leave the vehicle without paying. Administration considered possible solutions to these issues garnered from other municipalities, and input from public and stakeholders, as well as market readiness in Calgary. Options considered ranged from establishing minimum base fares or deposits, to complete fare deregulation. The analysis of these options is included in Attachment 6.

Administration's proposed framework option expands the taxi industry's ability to provide competitive upfront pricing to all customers through soft meter technology, while providing more choice and price transparency for taxi customers. A "taxi soft meter" is a smartphone or tablet (with a touchscreen) that is used as a taximeter. Safety, accessibility, and affordability are ensured by mandating that pricing cannot exceed the City-regulated meter rate for street hails and dispatched rides. Price transparency may help reduce incidents of fare evasion by customers. Administration will work with industry to fine-tune this regulatory approach before updating the Bylaw to ensure reasonable timeframes for alignment with taxi soft meter technology and a communications strategy is developed for brokers, drivers and customers to ensure safety.

Driver Licensing

All livery industry drivers are required to obtain a City-issued driver's licence for each sector. Many similarities exist across driver licence requirements, including the recently launched sector-wide on-line livery training module for new applicants. Since a key strength of the current licensing approach is public and driver safety, the opportunities for improving the current regulatory approach are mainly focused on making the driver licensing process more streamlined and business-friendly for industry stakeholders. Options considered ranged from removal of direct City driver licensing to extending driver licence renewal periods, and are evaluated in Attachment 6.

Livery Regulatory Framework Options

Administration is recommending unifying taxi and limousine driver licensing. TNC driver's licences would still be applied for and issued separately due to the unique "one driver, one vehicle" relationship of the TNC model and the specialized provincial requirements for TNCs including police checks and insurance. The City plans to continue to work with industry stakeholders towards streamlined submission of required documentation for all driver applicants, such as enabling electronic submission where feasible.

Vehicle Requirements and Safety Considerations

Numerous ideas from best practices and engagement were considered by Administration for improving the consistency in regulatory approaches for vehicle licensing and inspection requirements, as well improving public and driver safety through vehicle markings and camera equipment. There were several solutions identified that could ensure safety while streamlining the regulatory requirements. These proposed options and rationale are described in Attachment 7: Vehicle Requirements & Safety Considerations.

Stakeholder Engagement, Research and Communication

A summary of public and industry engagement activities associated with this report is provided in Attachment 4.

Strategic Alignment

This report aligns with the following 2019-2022 Citizen Priorities:

- A City That Moves - Calgary's transportation network offers a variety of convenient, affordable, accessible and efficient transportation choices.
- A Well-Run City - Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners, and others

Social, Environmental, Economic (External)

Administration is committed to providing a safe, and customer-focused livery regulatory system. Livery service enhances mobility and reduces social isolation for Calgarians including those with disabilities. It also provides a social benefit by providing a safe and convenient alternative to driving. Further, the livery industry serves to facilitate the city's economic development, while supporting the use of environmentally and economically friendly modes of transportation by enabling personal travel by an integrated network that does not require vehicle ownership.

Financial Capacity

Current and Future Operating Budget:

Livery Transport Services is funded through a cost recovery model where the fees collected from industry are sufficient to cover costs. A proposed fee schedule to cover Administration's operating costs will be presented to Council based on Council's recommended regulatory framework options for amending the Bylaw. This fee schedule would follow the activity-based costing methodology presented in report CPS2019-0609 in 2019 May.

Livery Regulatory Framework Options

Current and Future Capital Budget:

The Livery Transport Services Sustainment Reserve supports capital costs associated with licensing and regulating the livery industry. Administration's proposed framework in this report will ensure an appropriate balance is being maintained in the reserve to support future capital expenditures.

Risk Assessment

The risks associated with implementing each of Administration's proposed framework options have been considered during the options analysis phase. With some proposed changes to the regulatory framework, there is the risk that timeframes for some initiatives may take longer or be more complex to implement than others. For those initiatives, such as proposed upfront pricing for taxis, Administration is committed to engaging with industry prior to bringing forward related Bylaw amendments to ensure reasonable timeframes for implementation.

REASON(S) FOR RECOMMENDATION(S):

Council directed Administration to complete an accelerated review of the Bylaw and associated fee schedule. With Council's endorsement, the proposed regulatory framework options of this report will help shape the detailed Bylaw updates and fee schedule, to be presented to Council in 2021 Q1. The proposed regulatory framework is designed to streamline regulations and operations, ensure public and driver safety, and provide accessible, affordable and convenient choices for customers. Administration will conduct further stakeholder engagement to develop detailed Bylaw amendments based on the proposed framework and ensure reasonable timeframes for implementation of regulatory improvements. Additional opportunities to streamline the Bylaw will be considered by Administration in alignment with Council's approved regulatory framework.

ATTACHMENT(S)

1. Industry Trends
2. Taxi Plate Distribution
3. Municipal Best Practices Review Summary
4. Public & Industry Engagement Summary
5. Guiding Principles for the Bylaw Review
6. Regulatory Framework Options Analysis
7. Vehicle Requirements & Safety Considerations