

Municipal Best Practices Review Summary

Background

On 2019 May 27, Council directed Administration to undertake a full review of the Livery Transport Bylaw 6M2007 and report back with proposed Bylaw amendments and fee schedule. As part of the Bylaw review, an external contractor, CPCS Transcom Limited (CPCS), led an evaluation of municipal approaches to regulating taxis, limousines and rideshares. CPCS compared livery regulatory practices in Calgary against 15 other jurisdictions in North America.

This briefing provides a summary of the CPCS final report, entitled *Municipal Best Practices Review Livery Transport Regulatory Framework* (the CPCS Report), highlighting broad industry practices and regulatory elements that may merit further examination by The City of Calgary. The full report is also available on calgary.ca.

Regulatory Considerations

Limits on Number of Vehicles

The City sets limits on the number of taxi plate licences issued, while there are no limits placed on the number of private for hire vehicles (PFHVs) allowed to operate through a TNC. While most jurisdictions scanned had a similar model, the City of New York set a cap on the number of PFHVs permitted in 2018 in an effort to reduce congestion. The CPCS Report noted, however, there appeared to be limited evidence of vehicle capping policies directly helping to address congestion issues, except within cases of high levels of congestion in core areas such as New York. Capping vehicles might lead to increased wait times in non-core areas, while increased driver earnings are not guaranteed with higher utilization due to dependency of economic profits through companies and plate holders. At the time of CPCS' scan, Los Angeles and the Government of Quebec were planning to move away from a system that limits the number of taxi licences.

In most municipalities reviewed, the market/street value of taxi licences was significantly reduced when rideshares entered the market. Eliminating the cap on taxi licences in some jurisdictions poses a risk of further reducing the market value of taxi licences and potentially financially impacting existing taxi plate licence holders. This, in turn, may pose a financial risk to the issuing authority, although the legal aspect of this risk for Calgary was outside the scope of the CPCS report. In Quebec, the provincial government (not municipalities) issues taxi plate licences, and through its recently adopted Bill 17, has attempted to address this concern by offering \$814 million in compensation to taxi plate holders, although the matter is still being litigated.

Fare Regulation

Like most jurisdictions in the scan, The City regulates maximum rates for taxi trips that are not arranged through an approved app (i.e. street hails and dispatch). There are jurisdictions that are trying to discontinue regulating taxi rates, on the condition that upfront pricing is provided to the customer. Flat rates are also being explored for street hails in some jurisdictions for certain vehicle types, and the use of soft metering technology may enable further dynamic rate options. It was noted in the scan that the City of Winnipeg began a mandatory taxi fare prepayment pilot in 2019 September for certain times of

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day to help reduce fare disputes between drivers and passengers and prepayment is being considered in at least one other Canadian jurisdiction.

Licensing Drivers

The City directly licenses drivers across all sectors of the vehicle-for-hire industry. In some jurisdictions, other orders of government have restricted municipalities' authority to issue vehicle-for-hire driver licences (e.g., BC). Regulators in other comparable jurisdictions no longer license drivers directly, shifting the responsibility for conducting driver eligibility checks to companies. Regulatory authorities verify compliance through regular auditing of data on driver eligibility requirements submitted by companies.

Reducing administrative costs has been cited as the primary reason for shifting the onus of licensing drivers from municipal regulators to taxi and rideshare companies. This shift has also subsequently resulted in reducing licensing fees. Most jurisdictions that no longer have a direct role in licensing report compliance rates for licensing drivers were maintained by the companies. In this model, regulatory objectives are achieved through ongoing audits, which would still require positions to adequately monitor industry compliance.

Vehicle Age Limits

The City has different vehicle age limits for different sectors, with taxi and sedan limousines having a limit of eight years and PFHVs and stretch limousines having a limit of 10 years. All vehicles may be granted an extension once they reach their age limit, at the discretion of the Chief Livery Inspector. Many jurisdictions have vehicle age limits, ranging from five years to 15 years, while a few have none.

The CPCS Report suggests if there is interest in normalizing the age limit between sectors, regulation could specify a maximum of 10 years or a kilometer limit, whichever is achieved first. This model would address potential differences in annual vehicle kilometers that occur in different subsectors. Because vehicle age is only a proxy for safety, another consideration is to remove the age limit, but mandate increased inspections beyond 10 years.

Vehicle Markings

The City has a requirement for distinctive markings on taxis. In addition, taxis are required to have a plate identifier, whereas limousines have decal requirements and TNC vehicles need a sticker for LTS enforcement purposes. The jurisdictional scan noted that the taxi industry has been subject to more prescriptive vehicle markings, which in turn increases costs for the industry. These requirements have been justified by jurisdictions in part due to safety considerations around accepting street hails.

Although vehicle markings are increasingly viewed as a company/management decision, there is an opportunity to consider making prescribed markings removable or less intrusive (i.e. using a window decal). In Alberta, the lack of a provincial requirement for a front licence plate creates unique challenges for consumers to identify a vehicle approaching.