

Regulatory Framework Options Analysis

CPS2020-0708 ATTACHMENT 6
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Regulating Fleet Size Options		
Options Considered	Strengths	Challenges
<p>Recommended Option: Continue with Current Open/Closed System with Streamlined Taxi Plate Issuance.</p> <p>The City places limits on the total number of taxi plate licences issued, but does not limit the number of TNC licences or limousine plate licences.</p>	<ul style="list-style-type: none"> • Citizen satisfaction high, few taxi supply complaints. • Closed entry for taxis aligns with other jurisdictions. • Closed system lowers congestion issues. • Vehicle supply is manageable for enforcement. • Helps ensure sufficient accessible taxi supply. • Streamlined taxi plate process will enable industry to better respond to customer demand. • Pre-approved taxi plates are available should demand increase. 	<ul style="list-style-type: none"> • Cap may create entry barrier for new drivers who must associate with a broker or plate-holder. • Limited flexibility for taxi industry to increase supply if demand grows while limousines and TNCs can. • Legacy 3-tier licensing structure for taxi industry (driver, plate-holder, and brokerage) requires more administrative costs, and fees passed on. • Complex, with different rules for different plates - legacy plates are transferable, newer are non-transferable.
<p>No Cap on any Sector</p> <p>Remove the City-set limits on numbers of taxi plate licences that can be issued, letting the market dictate supply needs, i.e. an Open System for all sectors.</p>	<ul style="list-style-type: none"> • Free market for all sectors. • Increase in taxi fleet sizes, could reduce wait times. • Could increase in Independent Taxis - not brokerages. • More freedom and flexibility for drivers. • More opportunity for individual plate-holders (vs brokers). • City wouldn't manage supply for industry. • Streamlines the Bylaw, easier to regulate. • No selection process means reduced costs to LTS (~\$250K.) • No management of "plates on shelf" or transfers. 	<ul style="list-style-type: none"> • Reduction in service to wheelchair taxi customers, accessible taxi plates less attractive. • Disrupts relative stability of vehicle-for-hire industry as shown by industry trends. • Financial risks for existing plate-holders, potential perception of City liability, • Potential congestion, too many taxis. • Increased competition for taxi driver. • Could increase administration costs to manage higher demand for plates, e.g. staffing resources, upgrading system. • Large influx of new entrants could lower service quality and create enforcement challenges.
<p>Cap # of TNC licences (either drivers or size of TNC companies)</p>	<ul style="list-style-type: none"> • Could increase vehicle for hire driver income, including TNCs. • May ease some traffic congestion • Considered fairer to closed taxi industry, limits TNC competition. • More competition may mean better service quality & more professional drivers. • Benefits existing livery participants, reduces competition. 	<ul style="list-style-type: none"> • May lead to shortages at peak times/events. • May create a TNC licence 'black market'. • Increased administrative costs to oversee number of licences, high turnover in drivers is common. • More regulation required means, more administrative cost. • TNCs may choose to leave the market, affecting consumer choice. • Could create a near-monopoly for first market entrants.

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Regulating Fares Options		
Options Considered	Strengths	Challenges
<p>Recommended Option: Upfront pricing option (rate no higher than regulated meter rate) allowed by taxis for street hail/dispatch rides, instead of the meter rate option.</p>	<ul style="list-style-type: none"> More price transparency and choice for taxi customers, can compare/shop around. Reduces “meter-anxiety” identified in engagement/research. More equitable environment for industry, all sectors can provide unregulated upfront pricing. Upfront price and payment, if chosen, helps address fare evasion. Affordable meter rate still an option for taxi customers. Most taxi brokerages already using soft meters. 	<ul style="list-style-type: none"> Relies on taxi soft meter to be “turned off” without turning off GPS. Brokers/plate-holders would need time to implement, drivers may need training. Challenges with industry communicating pricing options, may create initial confusion/delays. Communication support from The City may be required. Need to ensure that tips can still be provided to the driver at the end of the trip. Brokers offering lower rate than meter rate means lower revenues for taxi drivers with same expenses.
<p>Current State: Regulated Street Hail/Dispatch Taxi Fares (meter rate as a maximum). Flat rates for certain pick-up/drop-off locations (ie. airport). All other industry fares unregulated.</p>	<ul style="list-style-type: none"> Allows all industry players to surge-price and provide price transparency through Apps. Continues to provide consumer protection with regulated meter rates. Flexibility for taxi brokers to compete on price through Apps, limited use of flat rates and ability to reduce taxi meter rate. Approach is consistent with common practices in other jurisdictions reviewed 	<ul style="list-style-type: none"> Customers have indicated preference for up-front pricing for street hails/phone dispatched taxis. Brokers offering lower rate than meter rate means lower revenues for taxi drivers with same expenses. Limited flexibility for taxis to compete with TNC upfront pricing other than through Apps Taxi drivers experiencing “fare-jumpers,” impacting driver safety and livelihood.
<p>Mandatory minimum deposit paid upfront for any taxi fare not booked through an App.</p>	<ul style="list-style-type: none"> Helps address customer “fare-jumpers” and no-shows. Allows taxi drivers to collect sufficient fares for long customer waits. Similar to pre-paid fuel currently in Alberta – parallel could be used in public education/awareness campaign. 	<ul style="list-style-type: none"> If not communicated properly or universally implemented customers could become suspicious. Potential conflict between drivers and customers who refuse to pre-pay. Difficult to verify through enforcement. Challenging for ACE holders, taxi chit holders and gift card holders.

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<p>Expand allowance for regulated flat rates as an option for street hailed or dispatched taxis.</p> <p>This option would allow, but not require, brokerages to offer flat rate options to all street hailed or dispatched customers, if those rates are approved by The City.</p>	<ul style="list-style-type: none"> • More price certainty for customers • Drivers could communicate the cost upfront. • Eliminates potential for price-gouging. • Reduce late night ‘fare jumpers’ (based on industry feedback of when most occur). • Easier for broker dispatch to answer rate inquiries (point A to B – approximate fare). 	<ul style="list-style-type: none"> • Confusing for drivers and customers to have flat rates available from only some taxi companies. • Requires greater regulation and oversight, difficult to enforce • Limiting for industry and customers (e.g. less flexibility to alter routes in progress). • Decreases cost-competitiveness of different sectors if rates aren’t updated regularly. • Drivers may feel they have less control over fares and fuel costs.
<p>Discontinue regulating taxi rates, on the condition that upfront pricing is provided to the customer.</p> <ul style="list-style-type: none"> • Pricing could be based on soft meter technology for taxis, and market pricing applies to all. • Upfront payment is not mandatory unless already embedded in the service. 	<ul style="list-style-type: none"> • More modern approach for taxi industry; TNCs already using this model. • Evens competitive pricing opportunities across industry sectors. • Less regulation required from the City, less costs. • Customer knows cost upfront, can compare/shop around. • Taxi drivers’ income may increase with surge price even for street hails. • Most taxi brokerages already use soft meters. • Aligns with other private enterprise regulations. 	<ul style="list-style-type: none"> • Less control for The City to regulate price when needed (i.e. high demand, special events). • Users become vulnerable to price surging; may impact availability of affordable choices. • Challenges with industry communicating fluctuating changes in pricing. • May result in more complaints to The City if significant surge pricing applied in peak demand. • May increase enforcement and complaint investigations for fare disputes.
<p>Require a minimum base fare to be paid for TNCs (similar to a “drop rate” for taxis)</p>	<ul style="list-style-type: none"> • May even the perception of value between taxis and TNCs. • TNC drivers may be more motivated to pick up passengers for short trips. • More income for TNC drivers. • Responds to TNC driver feedback from industry engagement and other municipal practices (Edmonton, Toronto). 	<ul style="list-style-type: none"> • Prescriptive approach by The City rather than being flexible to the market. • Difficult to determine appropriate “minimum” fare. • Concerns on who benefits, i.e. driver or company. • Penalizes TNC customers for taking shorter trips.

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Driver Licensing Options		
Options Considered	Strengths	Challenges
<p>Recommended Option: Create a unified taxi/limousine driver's licence and retain TNC driver's licence (TNDL).</p> <p>Continue to work with industry towards electronic submission of documentation for all sectors.</p>	<ul style="list-style-type: none"> • Many similarities between taxi and limousine driver's licence requirements, more efficient and cost saving for drivers and The City for one licence to drive either. • More flexibility for drivers • Aligns with provincial regulatory framework for TNC drivers (i.e. police checks, insurance requirements). • Recognizes that taxi (TDL) and limousine (LDL) licence applicants are not affiliated with a vehicle. TNC drivers must be affiliated with a company to apply. • TNC driver's licence continues with vehicle as single touchpoint with LTS rather than TNC driver coming back several times, i.e. TNDL, then verifying the vehicle driven. 	<ul style="list-style-type: none"> • Maintains licensing differences between TNC drivers and other vehicle-for-hire drivers. • Implementation timeframes need to be determined to transfer LDL and TDL to unified licence. • Taxi/limousine electronic submission will require significant initial investment of time and technology.
<p>Current State: A separate driver's licence is required to be a taxi, limousine or TNC driver.</p> <p>TNC drivers can submit their information electronically through the company, while taxi and limousine drivers must submit information in person.</p>	<ul style="list-style-type: none"> • TNCs benefit from electronic data submission of TNDL documentation. • Front counter interaction with drivers enables relationship-building. • Aligns with provincial regulatory framework for TNC drivers (i.e. police checks, insurance requirements). • Recognizes that taxi (TDL) and limousine (LDL) licence applicants are not affiliated with a vehicle. TNC drivers must be affiliated with a company to apply. • TNC driver's licence continues with vehicle as single touchpoint with LTS rather than TNC driver coming back several times, i.e. TNDL, then verifying the vehicle driven. 	<ul style="list-style-type: none"> • Time required to review and process licence documentation and work with drivers to manage submission of information. • Separate licences for taxi/limousines is less efficient.

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<p>Drivers require a City issued licence however required documentation is submitted and reviewed through the company, i.e. broker, or TNC.</p> <p>Companies would be accountable for deficiencies in drivers.</p> <p>The City would only audit company records rather than process individual driver licences.</p>	<ul style="list-style-type: none"> Limits administrative costs and reduces licensing fees. Helps to control the growth of regulatory resources required to license additional drivers. Anticipates autonomous vehicles, companies accountable to verify safe vehicle operation (see Best Practices report). Brokers may put additional requirements in place. May lower licence fees across sectors. Holds companies accountable for drivers. Streamline City services, less staff time needed (front counter). Easy process for applicants (drivers). More control for brokers. 	<ul style="list-style-type: none"> Risk of lack of acceptance of accountability by companies. Potential lack of compliance by companies/drivers, unknown safety risk until records are monitored and audited. City would need to develop strong audit policies. Barriers for enforcement (production orders, warrants, limited information provided). Industry education campaign required. Increased enforcement costs & resources. Driver applicants more susceptible to industry discretionary screening. Lack of transparency of driver information. Increased costs for data enforcement and auditing. More onus on brokers and more costs/work. Greater potential for unqualified drivers, fewer qualified accessible taxi drivers.
<p>Extend driver licensing period from 1 to 2 years for renewals</p>	<ul style="list-style-type: none"> Similar to Edmonton, with a one and two year driver's licence option. More convenience for drivers. Police checks could still be required annually. 	<ul style="list-style-type: none"> Risk that driver could hold valid City livery driver's licence but expired Provincial Driver's Licence. Increases administrative oversight to monitor Provincial Driver Licence expiries, may increase fees charged (cost recovery).