

Transportation Network Company Amendments

EXECUTIVE SUMMARY

Administration and the Taxi and Limousine Advisory Committee (TLAC) have performed several research and engagement initiatives with Calgarians over the course of the past year. Feedback shows that although citizens are satisfied with taxi and limousine service in Calgary, there is a growing interest in expanding transportation options while at the same time ensuring public safety. As a result, Council has directed Administration to develop amendments to the Livery Transport Bylaw 6M2007 based on framework Option 3 from C2015-0886. These amendments, developed in consultation with the livery industry and Transportation Network Companies (TNCs), accommodate TNC operations and enhance citizen choice, while protecting the safety of citizens and allowing taxis and limousines a fair opportunity to participate in an evolving market. Administration will monitor the implementation of the new bylaw structure very closely and will report back to Council with a status update on the implementation of Bylaw 12M2016 after a one year period of TNC operations, by no later than 2017 Q2.

Further, in alignment with the proposed amendments, two annual TLAC reporting requirements are also included, relating to the annual meter rate and Taxi Plate Licence (TPL) release, which support the proposed changes to the livery bylaw while also taking into account the current economic climate. Additionally, Phase 1 findings from the Accessible Taxi Review are provided and include research on best practices and the current state of accessible service in Calgary.

ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Give three readings to the proposed bylaw 12M2016 to amend the Livery Transport Bylaw 6M2007 (Attachment 1);
2. Direct Administration to report back to Council through the SPC on Community & Protective Services with a status update on the implementation of Bylaw 12M2016 no later than 2017 Q2;
3. In respect to Taxi Plate Licences (TPLs):
 - a. Release no plates for the 2015 allocation; and
 - b. Consider the yet to be released 2014 TPLs in conjunction with the 2016 TPL recommendation; and
4. Receive the Accessible Taxi Review Phase 1 update for information.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2015 November 16 Strategic Session of Council, through report C2015-0886, Administration was directed to develop amendments to the Livery Transport Bylaw (6M2007) based on Option 3 and report back to Council through TLAC, no later than 2016 February 22.

On 2015 October 05, Administration presented report CPS2015-0702, "Limousine Regulation Amendments." A referral motion was moved by Councillor Chabot and seconded by Councillor Colley-Urquhart. The report and associated recommendations were referred to Administration to return to the 2015 November 16 Strategic Meeting of Council with options for Council to consider regarding regulation of TNCs.

At the 2014 July 21 Combined Meeting of Council, a Motion Arising moved by Councillor Colley-Urquhart and seconded by Councillor Magliocca was approved as follows: that with respect to

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Report CPS2014-0543, Council direct 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.

BACKGROUND

The objective of the Livery Transport Bylaw 6M2007 is to ensure public safety, service quality and consumer protection for customers and service providers in the livery industry. It creates and maintains a sustainable livery industry that considers the interests of service providers and citizens. TLAC and Administration work collaboratively to both enhance public safety and also address emerging issues as they arise.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Throughout 2015, several research and engagement initiatives were carried out by Administration and TLAC in order to understand how Calgarians feel about the existing livery industry. Research and feedback opportunities included online and telephone surveys (e.g. the 2015 Customer Satisfaction Survey), focus groups, and a 'street team' initiative to solicit responses from taxi users during peak periods.

In addition to these efforts, TLAC, through the Plate Utilization Subcommittee, engaged the livery industry and TNCs regarding new market entrants. This included specific industry focus group sessions for taxi and limousine participants, a number of public TLAC subcommittee sessions, and the examination of TNC submissions.

Through an analysis of the findings of the multi-phased citizen engagement and industry-specific research efforts, a number of key themes emerged:

- 87 per cent overall citizen satisfaction rate with livery services in 2015.
- Calgarians want more choice in livery services: The majority of survey respondents support policy amendments for a number of reasons, including: a difficult economic climate, a desire to improve customer access to a vehicle of their choice and the concept that the industry should be more competitive.
- Importance of addressing peak period demand: A large majority of Calgarians believe that allowing new market entrants to offer on-demand service will provide customers with more choice (95 per cent), better service, especially during busy times (93 per cent) and enhance competition in the industry (91 per cent).
- Acknowledgement that safety remains a priority for citizens: Citizens expect that any policy changes should keep customer safety at the forefront.

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In response to the feedback provided by citizens, TLAC and Administration presented Council with options to accommodate new market entrants into the livery industry. On 2015 November 16, Council endorsed the Hybrid Open/Closed System where TNCs would be allowed to operate in Calgary under specific safety-based conditions. Through the development of amendments to the Livery Transport Bylaw 6M2007 to accommodate the Hybrid Open/Closed System, six strategic outcomes were considered: safety, accessibility, reliability, fairness, competition and customer focus. These were organized via five TNC framework categories, including: 1) municipal licensing and safety screening, 2) operating conditions, 3) restrictions on fleet size, 4) rate setting and 5) vehicle markings. The proposed amending bylaw is included as Attachment 1, while a copy of the Livery Transport Bylaw showing the proposed amendments is

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provided in Attachment 2. The bylaw framework was presented to TLAC on 2016 January 22 and the committee showed support for the majority of the regulatory requirements, with a few exceptions, as described below.

1. Municipal Licence and Driver Safety Screening

In the interest of protecting public safety, all participants in the livery industry will be required to obtain a municipal licence. In addition, all drivers will undergo a screening process prior to obtaining a licence. As the licensing and screening provisions are applied to all market participants equitably, this ensures fairness across all drivers while maintaining public safety standards in the process.

a) Transportation Network Companies

Provision	Impact
All Private For Hire Vehicle (PFHV) drivers will be required to obtain an annual municipal licence. Safety screening requirements to obtain a licence include: <ul style="list-style-type: none">• Annual Calgary Police Service criminal history check;• An additional vulnerable sector check (checks for pardons for sexual offenders);• Annual driver demerit limit checks;• Proof of valid commercial insurance; and• Provincial licence class 1, 2 or 4.	The requirement of a municipal licence for all participants in the livery industry ensures safety screening processes are in place to enhance safety for all passengers and citizens.
The TNC company itself will be required to obtain a municipal licence (similar to a taxi broker's licence).	A licence for the TNC itself ensures that The City has access to a contact responsible for the company's local operations, which allows for TNC accountability in terms of safety and customer service standards.

b) Taxis

The training requirements for taxi and limousine drivers are being streamlined. Administration will simplify the City-provided training program to focus only on safety, the Livery Transport Bylaw 6M2007, and passengers with disabilities. This will result in a reduced time and cost commitment for training and will allow training classes to be offered more frequently to interested participants in the taxi industry, thus reducing barriers to entering the taxi system.

Provision	Impact
Taxi driver training to be streamlined into a 2-day course focusing on: <ul style="list-style-type: none">• Safety;• Bylaw/Enforcement; and• Passengers with Disabilities. Customer-service based training modules to be transferred to industry.	This will result in a reduced time and cost commitment, thus reducing barriers into the taxi industry while maintaining the current levels of consumer and driver safety. Enhanced industry accountability for customer service.

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In terms of driver training, TLAC supports Administration's requirement that taxi drivers continue to be subject to City-provided training; however, they also support two items that Administration is not recommending, including: 1) training and testing requirements for PFHV drivers; and, 2) that taxi and PFHV drivers be subject to an English proficiency requirement. Administration is not in support of these provisions as they shift customer service accountability away from the taxi brokers and TNCs.

2. Operating Conditions

The amending bylaw includes several operating conditions that ensure safety, fairness and customer service standards. Under the proposed amendments, all market participants have the opportunity to use Smartphone Apps approved by the Chief Livery Inspector in order to arrange and perform trips. In order to be approved, an App must contain several features which ensure the safety of passengers, require that fare information be provided ahead of time, and afford the opportunity for customer feedback. A detailed list of App requirements can be found in Attachment 3. In addition, because specialized safety equipment and training will not be required, PFHVs will not be permitted to accept street hails; rather, all trips must be arranged and performed through the use of the approved app.

a) *Transportation Network Companies*

Provision	Impact
PFHVs must use an approved App which calculates a fare based on distance travelled and provides the consumer with a rate for the trip.	Approved apps must provide information to both the driver and passenger about one another, which reduces risks associated with anonymity. Cost transparency ensures customer service levels and reduces the likelihood of fare disputes.
PFHVs will not be permitted to accept street hails.	PFHVs are not equipped with the important safety features (i.e., security camera) nor are the drivers trained to deal with the risks associated with street hail service. Prohibiting PFHVs from street hailing addresses these concerns.
TNCs will be required to provide Administration with trip data.	Data analysis allows The City to monitor trends in the industry and develop (or amend) policy in order to improve the livery system.
TNCs will be required to provide Administration with access to a portion of their App for the purposes of locating TNC vehicles for on-road inspections.	This access will facilitate enforcement efforts, resulting in fewer resource requirements and enhancing public safety.

b) *Taxis*

For taxis, several operating conditions will be adjusted to allow them to participate more effectively in the evolving livery industry. Taxis will be permitted to provide street hail service due to the requirement of a camera and safety training provided by Administration; however, they will also be permitted to arrange and provide trips through approved Apps. In addition, data submission requirements, which support livery system enhancement and policy development, will continue to exist as they do today.

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Provision	Impact
Taxis may choose to use an approved App which calculates a fare based on distance travelled, in lieu of a taximeter. The App must provide the consumer with a rate for the trip.	Provides the option to taxis to offer this technology to customers allowing for enhanced customer service and increased competition.

3. Fleet Size

Based on industry consultation, Taxi Plate Licences (TPLs) will continue to be regulated to ensure accessible service for persons with disabilities and to maintain public safety standards. Alternatively TNCs will have no fleet size restrictions in the proposed amendments, based on the differing operating model (e.g. largely part-time drivers).

a) Transportation Network Companies

Provision	Impact
There will be no restriction on the number of PFHVs permitted.	This allows for adjustments in PFHV supply to meet consumer demand. Drivers benefit from higher fares during periods of increased demand which improves customer service and reliability. However, the trade-off for increased supply and response times of PFHV's may be increased costs for the expedited service.

b) Taxis

Under the proposed amendments, TPLs will continue to be regulated. Removing the restriction on the number of TPLs would have a negative effect on industry sustainability. In addition, TPL limits allow Council to maintain a portion of the fleet as accessible taxis, a key component of accessible service delivery for Calgarians with disabilities. All TPLs released since 2012 are mandated to operate during peak periods in order to address peak period demand.

4. Rate Setting

The rate provisions in the amending bylaw ensure a fair, competitive, customer focused approach to regulating and facilitating industry operations. Under the amended bylaw, rates are unregulated for trips arranged through an approved App for both taxis and PFHVs. This will give citizens enhanced consumer choice, more transportation options and the ability to make informed decisions, based on price. Administration will closely monitor the impact of the new rate structure and report back should amendments be required.

a) Transportation Network Companies

With the proposed amendments to the Livery Transport Bylaw, TNCs will be permitted to set their own rates, under the condition that they use an App that is approved by the Chief Livery Inspector (as detailed in Attachment 3).

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Provision	Impact
Through the approved App, TNCs can choose to charge any rate and change this rate whenever they choose. The rate must be clear to the customer in advance.	Prices can increase during busy times ('surge pricing') which encourages PFHV drivers to take trips, thus increasing the supply of vehicles. Consumers are given the information necessary to make decisions based on price.

b) Taxis

Provision	Impact
Through an approved App, taxis can choose to charge any rate and change this rate based on consumer demand and market conditions. The rate must be clear to the customer in advance.	Taxis will be able to use apps similar to those of TNCs, where rates are increased during busy times, encouraging taxi drivers to take trips. This allows for more reliable and customer focused service during peak times.
For street hail and dispatch trips, taxis will be required to charge a regulated rate, as a maximum. Taxi companies will also have the flexibility to set a lower meter rate based on consumer demand and market conditions.	Allows taxis the opportunity to compete on the basis of price, while maintaining price assurance and transparency for customers using street hail and phone dispatch service.

5. Vehicles/Markings

Under the proposed amending bylaw, different rules exist for PFHVs and taxis in terms of how a vehicle can be identified or marked. The different treatment of the industry participants is related to the business of street hailing and the risks associated with that practice. While taxis will continue to have identifying markings, PFHVs will not. This protects driver and passenger safety while maintaining reliable taxi street hail service. To further enhance safety, all livery vehicles are required to undergo mechanical inspections.

a) Transportation Network Companies

Provision	Impact
No identifying markings allowed, except a small decal required for enforcement purposes to identify approved PFHV vehicles, as passengers will have access to identifying information provided through the App.	Identifying markings can result in street hailing, as people on the street may attempt to flag down a PFHV. Due to the safety implications associated with this, PFHVs must be unidentifiable except for a small decal which assists in enforcement efforts, further enhancing public safety.
Every six months, PFHV drivers must submit to the Chief Livery Inspector a copy of a record of inspection for the motor vehicle pursuant to the Provincial Vehicle Inspection Regulation.	This provision will help ensure the mechanical fitness of vehicles used to carry paying passengers.

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b) Taxis

No changes are proposed to the rules regarding taxi identification. For safety reasons associated with street hail service, taxis will continue to be required to have identifying markings and colouring. Taxis will also continue to be required to display a physical licence in the vehicle and a rate decal for street hail or phone dispatched trips.

Implications for Limousine Rules

Limousines currently operate in an open-entry system with no limit on fleet size. Unlike taxis, and similar to the proposed PFHV provisions, limousines are not permitted to accept street hails. Under the current bylaw, limousines must be pre-arranged at least 30 minutes in advance and are subject to a minimum hourly rate. To ensure fairness and competition across the livery industry, Administration and TLAC are recommending changes to the limousine rules, allowing them additional flexibility.

Provision	Impact
Limousines can be pre-arranged for immediate service. There is no longer a 30-minute pre-arrangement requirement.	This improves customer service as customers can receive limousine service more quickly, if desired.
Minimum rate eliminated.	This allows limousines to set their own rates, increasing competition and customer focus. While no minimum rate is to be mandated, barriers to direct competition with TNCs and taxis exist due to the increased costs related to limousine vehicle costs.
May use an approved limousine Smartphone App.	Limousines may choose to use an approved app that calculates a rate based on distance, providing citizens with increased choices in the livery industry.
May use any app, or arrange trip through traditional means.	If a limousine books trips through traditional means or uses an app not approved by the Chief Livery Inspector, they must enter into an agreement with includes the amount to be paid for the service or the hourly rate to be charged to the customer. This ensures price transparency for consumers.

In summary, the proposed amendments to the Livery Transport Bylaw 6M2007 allow for the operation of TNCs in the Calgary livery industry, offering consumers more choice while maintaining important safety requirements. At the same time, these amendments enhance opportunities for taxis and limousines to compete in an evolving industry. The breakdown of the regulatory changes for all three components of the livery system is outlined further in Attachment 4. Administration will be monitoring the implementation of the new bylaw structure very closely to ensure public safety, a customer focus and the fair treatment of all market participants and will report back to Council after a one year period of TNC operations, by no later than 2017 Q2 with an update. Any decisions made at the Provincial level relating to TNCs,

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insurance or provincial drivers licence requirements will be closely monitored and any necessary amendments to the Livery Transport Bylaw 6M2007 will be brought forward.

Additional Considerations and Annual Requirements

In order to further ensure fairness between taxis, limousines and PFHVs, Administration has aligned several annual reporting requirements to support the proposed changes to the Livery Transport Bylaw.

Taximeter rates

Administration and TLAC have completed an analysis of the current taximeter rate via the Taxi Cost Index (TCI). TCI analysis incorporates Calgary-specific data, Statistics Canada data, vehicle and fuel costs, insurance premiums, repairs and maintenance, cell phone fees, stand rent charges, licence 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. As a result of this analysis and taking into consideration the current economic climate, a reduction in taxi trip volumes and the potential for new market entrants into the industry, Administration and TLAC are recommending no change to the taximeter rate. In addition, the rate will now serve as a maximum, with the flexibility to set lower meter rates, ensuring that taxis have the opportunity to compete on a price basis with other participants in the livery industry.

Plate Release – Taxis

With respect to taxi plate levels, of the 383 TPLs approved by Council in 2014 September, 250 plates are pending release into the market. However, due to reduced trip volumes in a challenging economic climate, industry members and Administration are recommending against the release of the remaining plates at this time. A recommendation on the release of the remaining 2014 TPLs yet to be released will be reported to Council in conjunction with the 2016 TPL recommendation in 2016 Q4, as indicated in the 2016 TLAC Work Plan, approved by Council on 2015 December 14 (Attachment 5). Once TNCs formally enter the market, the impacts of TNCs on the livery industry would be further evaluated and subsequently inform a future plate release recommendation, ensuring enhanced taxi service during peak periods and also allow for greater competition in the industry.

Fees

Livery Transport Services operates within a cost recovery model where licence fees cover administration and enforcement costs. In order to maintain this model, Administration recommends no change to existing taxi fees, while adding new fees for municipal PFHV licences (\$220 – 2016 rate) and TNC (company) licences (\$1753 – 2016 rate). Also, training fees will be reduced for taxi drivers from \$745 to \$300 (2016 rates). In addition, the fees associated with TPL transfers have been reduced for application (from \$877 to \$250 – 2016 rates) and approval (from \$438 to \$250 – 2016 rates). TLAC did not support the proposed fee structure citing lack of detailed financial information on which to make a recommendation, primarily out of concern that the fees may not be high enough for full cost recovery. Administration will be monitoring this fee structure very closely to ensure sustainability of the cost model and fair treatment of all market participants and will report back to Council with any necessary fee adjustments as a result of revenue changes based on the entrance of TNCs. This may potentially involve broader fee reductions for taxis and limousines.

Accessible Taxi Review – Phase 1

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Recognizing that the costs to purchase and operate accessible taxis are significantly higher than those of conventional taxis, Administration and TLAC launched an Accessible Taxi Review to improve service, considering the context of an evolving livery market. Phase 1 of the Accessible Taxi Review includes best practice findings from other jurisdictions along with a current state analysis, summarized in Attachment 6. Phase 2 of the review will conclude in Q4 of 2016, and include public and stakeholder engagement, with key recommendations to enhance accessible service. The bylaw amendments included in this report, and TNC operational impacts will guide recommendations on accessible taxi service in Phase 2.

Stakeholder Engagement, Research and Communication

Administration and TLAC worked with Leger Research on the annual Customer Satisfaction Survey, which highlighted that citizen satisfaction with the livery system has remained high, with an 87 per cent overall satisfaction rate with livery services. In addition, throughout the summer of 2015, TLAC also undertook extensive research and engagement with citizens regarding the issue of potential bylaw amendments related to the Livery Transport Bylaw 6M2007. This information, along with extensive, ongoing consultation with industry and TNCs on the TNC amendments, has informed the recommendations of this report.

Strategic Alignment

This report aligns with Calgary City Council Priorities from Action Plan 2015-2018, including: a city that moves; and strategic action M5: Improve the taxi system.

Social, Environmental, Economic (External)

TLAC and Administration are committed to providing a safe, sustainable and customer focused livery system. Additionally, accessible livery service enhances mobility and reduces social isolation for those with disabilities in Calgary communities. Further, the taxi, limousine and TNC industries serve to facilitate the city's economic development, while supporting the use of environmentally-friendly modes of transportation.

Financial Capacity

Current and Future Operating Budget

Administration operates on a cost recovery basis where all administrative and enforcement costs are covered by licence fees. With the proposed bylaw changes that allow for PFHVs, Administration expects an increase in the total number of licence applications. In order to maintain a cost recovery model and ensure fairness for all parties, licence fees will be applied to all drivers (taxi, limousine and PFHV). Currently, no changes are proposed for existing livery fees; however, new fees are proposed for municipal PFHV licences (\$220 – 2016 rate) and TNC (company) licences (\$1753 – 2016 rate). Also, training fees for taxi drivers will be reduced from \$745 to \$300 (2016 rates). In addition, the fees associated with TPL transfers have been reduced for application (from \$877 to \$250 – 2016 rates) and approval (from \$438 to \$250). Administration will be monitoring this fee structure very closely to ensure sustainability of the cost model and fair treatment of all market participants and will report back to Council with any necessary fee adjustments as a result of revenue changes based on the entrance of TNCs. This may potentially involve broader fee reductions for taxis and limousines.

Current and Future Capital Budget

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There are no anticipated changes to the Livery Transport Services capital budget as a result of this report; however, Administration will monitor any budget implications and report back to Council through the budget adjustment process with any necessary adjustments.

Risk Assessment

Significant consumer demand exists for additional transportation options. The proposed amendments seek to allow PFHV drivers to operate in Calgary while complying with safety and regulatory standards. This will help to meet the needs of citizens while ensuring safety measures are maintained. Administration and TLAC will monitor data closely and will engage with industry and citizens to ensure that the industry operates in a safe, fair, accessible, reliable, competitive, and customer focused manner.

REASON(S) FOR RECOMMENDATION(S):

In the interest of providing safe, accessible, reliable, fair, competitive and customer focused transportation options in Calgary, Administration is proposing several amendments to the Livery Transport Bylaw 6M2007. These amendments not only accommodate TNC operations while protecting the safety of citizens, they also amend regulations to allow taxis and limousines a fair opportunity to participate in the evolving livery industry. Administration will be monitoring the implementation of the new bylaw structure very closely to ensure public safety, a customer focus and the fair treatment of all market participants and will report back to Council with a status update on the implementation of Bylaw 12M2016 after a one year period of TNC operations, by no later than 2017 Q2. Further, Phase 1 findings from the Accessible Taxi Review are provided and include research on best practices and the current state of accessible service in Calgary.

ATTACHMENT(S)

1. Proposed Bylaw 12M2016 to amend the Livery Transport Bylaw 6M2007
2. Discussion Document – Livery Transport Bylaw 6M2007 Showing Proposed Amendments
3. Approved Smartphone App Requirements
4. Summary of Regulatory Changes
5. 2016 Approved Taxi and Limousine Advisory Committee (TLAC) Work Plan
6. Accessible Taxi Review – Phase 1 Findings