

## Transportation Network Companies Framework Options

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### EXECUTIVE SUMMARY

In the interest of accommodating new market entrants into the taxi and limousine industry, Administration has been exploring approaches to Transportation Network Companies (TNCs). A number of strategic options have been developed that range between prohibiting TNCs from operating, to a completely deregulated livery industry. Administration's recommended option allows TNCs to operate in Calgary, under the condition that Private for Hire Vehicle (PFHV) drivers obtain a municipal licence and that PFHVs could only provide services through the use of a Smartphone application. PFHVs would not be allowed to street hail or use telephone dispatch services. Under Administration's recommended option taxis are given flexibility in rate setting for trips arranged through a Smartphone application. Subsequently, on 2015 November 10, the Taxi & Limousine Advisory Committee (TLAC) unanimously endorsed this option which would foster enhanced customer service and choice, while addressing safety concerns.

Additionally, Administration has included recommendations related to CPS2015-0702, which was referred back to Administration on 2015 October 05. These recommendations include receiving two livery surveys for information, maintaining the current taxi metre rate for 2015 in alignment with a TLAC decision earlier in 2015. Additionally, Administration is recommending abandoning amending bylaw 40M2015 which related to previously proposed limousine regulation changes as these changes would no longer be required under the recommended TNC framework option.

### ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Direct Administration to develop amendments to the Livery Transport Bylaw (6M2007) based on Option 3 (see Attachment 1) and report back to Council on 2015 December 14;
2. In regard to 2015 October 05 Report CPS2015-0702:
  - (a) Receive the report and attachments for information, and
  - (b) Direct Administration to maintain taxi meter rates at current levels until Council's decisions arising from the 2016 meter rate review.
3. Abandon the previously Proposed Bylaw 40M2015 to amend the Livery Transport Bylaw 6M2007 (Attachment 4).

### PREVIOUS COUNCIL DIRECTION / POLICY

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 Planning 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 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.

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### **BACKGROUND**

TNCs use Smartphone applications that connect passengers with drivers who use their personal vehicles for profit; known as PFHVs. TNCs do not own or operate vehicles. Currently, the Livery Transport Bylaw 6M2007 does not allow unlicensed PFHVs to operate in Calgary based on a variety of public safety concerns, including inadequate insurance along with a lack of regular vehicle inspections and driver background checks.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

As per Council direction from 2015 October 05, Administration was directed to return to the 2015 November 16 Strategic Planning Meeting of Council with options for Council to consider to regulate TNCs and PFHVs. Attachment 01, a presentation which will be presented to Council at the November 16 meeting, outlines background information on the TNC issue; provides an update on activities in other jurisdictions and outlines five potential TNC framework options for Council's consideration. These options range from prohibiting TNCs and PFHVs from operating, to a completely deregulated industry. Administration is recommending Option 03, which allows TNCs and PFHVs to operate in Calgary, under the condition that PFHV drivers obtain a municipal licence and can only provide services through the use of a Smartphone application. PFHVs would not be allowed to street hail or use telephone dispatch services. In this option, taxis would be given more flexibility in rate setting through the use of a Smartphone application; however, the number of taxis in the system would continue to be limited in order to maintain the integrity of this component of the municipal transportation system. In contrast, PFHVs would not be limited and exist as a matter of consumer choice. On 2015 November 10, TLAC unanimously endorsed this option which supports the strategic outcome of ensuring a safe, fair, reliable, customer service focused, competitive and accessible system.

Administration has included recommendations based on CPS2015-0702, which was referred back to Administration on 2015 October 05. These recommendations include receiving the 2015 Satisfaction with Taxi Services (Attachment 2) and 2015 TLAC Limousine Regulation Amendments Research (Attachment 3) surveys for information. Through these surveys, Administration and TLAC performed a significant amount of research and engagement with citizens this year. The results showed that Calgarians are highly satisfied with taxi service and interested in having more choice at a lower cost; addressing peak period demand and ensuring public safety.

Further, Administration included Recommendation 3, which was proposed through CPS2015-0702, and abandons bylaw 40M2015; as these changes are now being addressed through the current recommended TNC framework option. The abandoned bylaw is included as Attachment 4 for reference. In addition, Recommendation 2 directs Administration to maintain taxi meter rates at current levels until Council's decisions arising from the 2016 meter rate review, aligning with a TLAC decision earlier in the year.

### **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, TLAC also undertook extensive research and engagement with citizens regarding the issue of potential limousine

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regulation amendments throughout the summer of 2015. This information, along with extensive consultation with industry and TNCs informed the TNC framework options in 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 service focused livery system. Additionally, accessible livery service enhances mobility and reduces social isolation for those with disabilities in Calgary communities. Further, the taxi industry serves to facilitate the city's economic development while supporting the use of environmentally-friendly modes of transportation.

### **Financial Capacity**

#### **Current and Future Operating Budget**

This report has no impact on the current or future operating budget.

#### **Current and Future Capital Budget**

This report has no impact on the current or future capital budget.

### **Risk Assessment**

Significant consumer demand exists for additional transportation options. A lack of specific direction regarding a course of action would make balancing the needs of both industry and new market entrants challenging.

### **REASON(S) FOR RECOMMENDATION(S):**

In the interest of accommodating new market entrants into the taxi and limousine industry, Administration has been exploring approaches to TNCs. Administration's recommended option allows TNCs to operate in Calgary, under the condition that PFHV drivers obtain a municipal licence and can only provide services through the use of a Smartphone application. PFHVs would not be allowed to street hail or use telephone dispatch services. Under Administration's recommended option taxis are given flexibility in rate setting for trips arranged through a Smartphone application. Subsequently, on 2015 November 10, TLAC unanimously endorsed this option which would foster enhanced customer service and choice, while addressing safety concerns. Additionally, Administration has included recommendations related to CPS2015-0702, which was referred back to Administration on 2015 October 05. These recommendations include receiving livery surveys for information, maintaining the current taxi meter rate for 2015, along with abandoning amending bylaw 40M2015 which related to limousine regulation changes; as such, changes are now being addressed through the current recommended TNC framework option.

### **ATTACHMENT(S)**

1. Transportation Network Companies Framework Options (Presentation)
2. 2015 Satisfaction with Taxi Services – Executive Summary Report of Telephone Survey

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3. TLAC Limousine Amendments Research – Executive Summary Report of Telephone Survey
4. **Bylaw 40M2015**