

## **Regulated Taxi Meter Rate Adjustment**

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### **RECOMMENDATION:**

That the Community Development Committee recommends that Council give three readings to the attached bylaw to amend the Livery Transport Bylaw 20M2021.

### **HIGHLIGHTS**

- Administration has been monitoring the impact of multiple rising costs on the livery industry and has identified an opportunity to support taxi drivers by amending the Livery Transport Bylaw 20M2021 to increase the regulated taxi meter rate (Attachment 2).
- **What does this mean to Calgarians?** If approved, the maximum fare that customers can be charged for taxis booked through a telephone dispatch service or hailed on the street will increase by 15 per cent in alignment with the Taxi Cost Index.
- **Why does this matter?** The proposed increase will help taxi drivers offset increases in fuel prices and insurance rates, ensuring the taxi industry remains viable and Calgarians continue to have access to a range of safe, reliable, and efficient transportation options.
- Administration engaged with taxi drivers and taxi brokers and heard that the current regulated meter rate is no longer sufficient to cover operating expenses, making it increasingly difficult for drivers to earn a living wage.
- Currently, the maximum regulated meter rate is \$3.80 for the first 120 meters travelled and \$0.20 for each additional 120 meters travelled. There is also a \$0.10 per-trip fee paid by customers to fund the Accessible Taxi Incentive Program. The proposed 15 per cent increase is consistent with the Taxi Cost Index and would raise the meter rate by \$0.60 for the first 120 meters travelled and \$0.03 for each additional 120 meters travelled. The last meter rate increase was 8.1 per cent in 2014.
- Council has been responsive to Calgary's changing livery industry over the last two years, approving a new Livery Transport Bylaw developed in consultation with industry in 2021 March and a \$1.4 million COVID-19 relief package to help support drivers in 2020 May.
- Strategic Alignment to Council's Citizen Priorities: A city that moves
- Background and Previous Council Direction is included as Attachment 1.

### **DISCUSSION**

The City of Calgary regulates taxis, limousines, and transportation network companies through the Livery Transport Bylaw 20M2021 which establishes the regulated meter rate for taxis booked through a telephone dispatch service or hailed on the street. Taxi brokers may charge lower rates than the maximum regulated meter rate to enhance competition in the industry and to cater to different market needs. Taxi trips booked through a company smartphone application have no regulated meter rates, like transportation network companies.

Administration continuously monitors trends in the vehicle-for-hire industry and has been closely following the effects of inflation, rising fuel costs and provincial automobile insurance reform on livery industry participants. While the changing market is affecting all Calgarians, transportation service providers are being disproportionately impacted. Administration has heard from taxi drivers and brokerages that the current regulated taxi meter rate is no longer sufficient to cover operating expenses. As trip volumes slowly recover from the impact of the COVID-19 pandemic, taxi drivers are now faced with absorbing the extra cost of surging fuel prices. Operating costs

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are also increasing for taxi brokerages and have contributed to higher stand rents, which are weekly fees charged to drivers for services provided by brokerages such as fleet insurance, marketing, dispatch services and equipment.

### **Taxi Cost Index**

Administration conducted an analysis of the current regulated taxi meter rate using a Taxi Cost Index (Attachment 3), which is the standard used by many jurisdictions across North America. Council approved the Taxi Cost Index as the preferred method for calculating regulated taxi meter rates in Calgary in 2009. The Taxi Cost Index uses Calgary-specific data, as well as data from Statistics Canada including vehicle and fuel costs, insurance premiums, repairs & maintenance costs, cellular telephone fees, stand rent charges, licence fees, professional fees, and labour costs, to objectively measure the cumulative per cent change in the cost of operating a taxi. All cost components measured on the Taxi Cost Index have fluctuated since the last regulated meter rate increase of 8.1 per cent in 2014 but began trending significantly upward in 2020 January. The most substantial increases have been for insurance rates, which increased by 43 per cent, and vehicle financing and repair costs, which increased by 25 per cent and 18 per cent respectively. Fuel costs have also increased by 12 per cent.

Based on the Taxi Cost Index calculation, the average cost of operating a taxi has increased by 15 per cent since 2014. Administration is recommending a corresponding 15 per cent increase in the regulated taxi meter rate to rebalance increased operating costs and maintain industry profitability. The proposed increase will be applied to both the initial rate and the additional kilometer rate and is summarized as follows:

	<b>Initial rate</b> (includes \$0.10 accessible fee)	<b>Additional km rate</b> (per 120 meters)	1 km	5 km	10 km	20 km
Current rate	\$3.90	\$0.20	\$5.37	\$12.03	\$20.37	\$37.03
Proposed rate	\$4.50	\$0.23	\$6.19	\$13.85	\$23.44	\$42.60
<b>Increase</b>	<b>\$0.60</b>	<b>\$0.03</b>	<b>\$0.82</b>	<b>\$1.82</b>	<b>\$3.07</b>	<b>\$5.57</b>

The proposed 15 per cent increase is in line with taxi meter rates in other jurisdictions across Canada (Attachment 4), and Administration learned through a best practice review that adjustments are being explored in other municipalities facing rising costs.

### **Next Steps**

Administration will continue monitoring market volatility in the livery industry and is exploring other options for Council's consideration to further support taxi operators, such as eliminating the regulated meter rate to allow taxi companies to determine appropriate pricing, bringing them in line with limousine and transportation network companies that already have no regulated fares. Other innovations being considered to improve driver safety and consumer confidence are mandatory upfront pricing and payment to improve transparency and decrease fare disputes and evasion. Administration has reached out to industry stakeholders on a range of options and is exploring best practices to identify additional opportunities to enhance safety, service quality and consumer protection for Calgary's livery services.

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### **STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)**

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Taxi drivers and taxi brokers were engaged for feedback in 2022 March through online and in-person engagement sessions, as well as through a survey made available online and in paper format. Engagement opportunities were communicated to industry stakeholders via an industry bulletin provided in multiple languages including Amharic, Arabic, English, Hindi, Punjabi, Somali and Urdu. The survey was open for two weeks and received 496 completed responses and 730 partial responses. A summary of findings from stakeholder engagement is provided in Attachment 5.

### **IMPLICATIONS**

#### **Social**

An increase in the regulated taxi meter rate supports the Social Wellbeing principle of Equitable Services. The proposed taxi meter rate increase reduces income precarity for drivers, which in turn strengthens the taxi industry, ensuring Calgarians who rely on taxis and accessible taxis for mobility have an opportunity to participate in all aspects of society. Using the Taxi Cost Index to objectively determine the proposed rate increase protects consumers, particularly those on low or fixed incomes, by ensuring the price of taxi services remains fair while rebalancing cost recovery for drivers.

#### **Environmental**

The taxi meter increase will help ensure the livery industry continues to be a profitable sector that is available to support the reduction of greenhouse gas emissions by providing Calgarians with a range of transportation options without having to purchase a vehicle.

#### **Economic**

The taxi, limousine and transportation network company industries contribute to Calgary's economic development and encourage participation for all.

#### **Service and Financial Implications**

No anticipated financial impact

There are no operating budget requests associated with this report.

### **RISK**

There is a risk that costs will continue to rise, and the proposed taxi meter rate increase will be too low to encourage taxi drivers to keep operating, thereby diminishing the taxi fleet. Administration will mitigate this risk by monitoring the effectiveness of the meter rate increase and the Calgary Taxi Cost Index and continuing to engage with industry stakeholders on potentially eliminating the regulated meter rate in the future.

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There is a risk that customers with low or fixed incomes will be negatively impacted by proposed taxi fare increases. Administration will monitor concerns from the public and has committed to increasing affordable transportation options through Calgary Transit's RouteAhead. By using the Taxi Cost Index to assess the actual cost of operating a taxi in Calgary, the proposed taxi meter rate increase strikes a balance between the needs of the taxi industry and the needs of the travelling public.

### **ATTACHMENT(S)**

1. Attachment 1 – Background and Previous Council Direction
2. Attachment 2 – Proposed Wording for an Amendment to Bylaw 20M2021, The Livery Transport Bylaw
3. Attachment 3 – Calgary Taxi Cost Index
4. Attachment 4 – Municipality Scan of Regulated Taxi Meter Rates
5. Attachment 5 – Summary of Stakeholder Engagement

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Jill Floen	Law	Consult