

LIVERY SYSTEM ENHANCEMENTS UPDATE

EXECUTIVE SUMMARY

Livery Transport Services (LTS), in conjunction with the livery industry, has been gathering and reviewing dispatch response times, livery capacity, telephone intake data and economic projections as a means of informing livery operational decision making. The analysis of the data gathered and current economic uncertainty supports the release of 64 taxi plate licences in the second quarter of 2015, 7 of which would be accessible plates. The plates would subsequently be deployed in time for the Calgary Stampede in July; with Administration then bringing a report back to Council in the first quarter of 2016 regarding the release of the remaining 193 taxi plate licenses. This recommendation is supported by the Taxi & Limousine Advisory Committee (TLAC). In addition, LTS engaged the livery industry regarding a driver independence review, including the possibility of an insurance marketplace. Findings from this investigation suggest that such a marketplace would result in additional driver costs and would not be feasible.

ADMINISTRATION RECOMMENDATION(S)

Administration recommends that Council:

1. Approve the release of 64 taxi plate licences (TPL's) in the second quarter of 2015, 7 of which would be accessible taxi plate licenses;
2. Direct Administration to report back to Council with a recommendation on the release of the remaining 193 plates no later than the first quarter of 2016, aligning with a TLAC review into enabling new entrants into the Calgary market; and,
3. Receive for information the findings of the driver independence review.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 July 21 at the Combined Meeting of Council, with respect to Report CPS2014-0543, Livery Transport Bylaw 6M2007 Housekeeping Amendments, Council gave three readings to amending Bylaw 45M2014. Subsequently, through a MOTION ARISING, Moved by Councillor Colley-Urquhart, Seconded by Councillor Magliocca, Council directed Administration to bring forward 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.

On 2014 September 22 (CPS2014-0664), Council directed Administration to release one-third of the new taxi plates in Bylaw 51M2014 (126 plates, including 14 accessible) and to commence work on a report to Council detailing: data on dispatch service; feasibility of creating an insurance marketplace and any other mechanisms to enhance driver independence; a schedule for the release of the remaining new plates; and return to Council no later than Q1 2015.

BACKGROUND

The issue of taxi capacity during peak times, including weekends, holidays and special events is a challenge faced by many municipalities across North America and beyond. Each jurisdiction looks to strike its own balance between addressing supply during peak times and also ensuring a sustainable taxi system. Municipalities, including Calgary, have utilized a number of approaches to strike this balance, including increasing taxi fleet size and placing specific operating requirements on new taxi plate licences. Further, Calgary has also focused on actively monitoring the taxi fleet and utilizing this information to inform taxi fleet management practices. This includes utilizing dispatch and telephone intake data to enhance the efficiency of the livery fleet, particularly during peak periods.

LIVERY SYSTEM ENHANCEMENTS UPDATE

INVESTIGATION: ALTERNATIVES AND ANALYSIS

LTS, in partnership with the livery industry, has been gathering and reviewing livery data as a means of informing livery policy. Through the analysis of this data, it is clear that additional taxi plate licenses are required in order to both address taxi demand, particularly in peak periods, and to further enhance customer service levels. Correspondingly on 2015 February 20, TLAC recommended the release of 64 taxi plate licences while also recommending that the release of any additional plates be deferred due to potential impacts of the economic downturn and pending the results of a limousine regulation review which TLAC has launched as a means of enabling additional entrants into the Calgary market. The TLAC review is expected to be completed no later than the third quarter of 2015. While Administration supports the need for the release of all 257 remaining taxi plate licenses, it supports TLAC's position that due to the uncertain economic climate and current TLAC review on supporting new market entrants; that 64 plates should be released in the second quarter of 2015, with a determination on the remaining 193 plates to be made in the first quarter of 2016. This deferral would allow for additional time to monitor the economic situation and to examine the findings from the review.

Dispatch Response Times

The total number of taxi trips in 2014 was 8.4 million. Of these, roughly half, or 4.2 million, were dispatched while the other half were delivered through taxi stands or hailed trips. The dispatch response time data gathered and recently reported as part of TLAC2015-05 2014 Taxi Fleet Utilization, highlights that current taxi response times are not achieving the Council adopted service standard of 85 per cent of dispatched taxis arriving within 15 minutes; as illustrated in Table 1. Of the 4.2 Million taxi trips dispatched in 2014, 84,000 trips did not achieve this standard. It is important to note however that there were gradual increases in performance during 2014 November and December compared to 2013. This correlates with the release of the first 126 taxi plate licences in the fall of 2014.

Table 1
Estimated % of Trips Arriving Within 15 Minutes

Month	2013	2014
JANUARY	83%	81%
FEBRUARY	83%	82%
MARCH	81%	83%
APRIL	84%	85%
MAY	84%	84%
JUNE	84%	84%
JULY	82%	82%
AUGUST	85%	85%
SEPTEMBER	84%	83%
OCTOBER	82%	84%
NOVEMBER	78%	81%
DECEMBER	71%	77%
Average	82%	83%
Service Target	85%	

LIVERY SYSTEM ENHANCEMENTS UPDATE

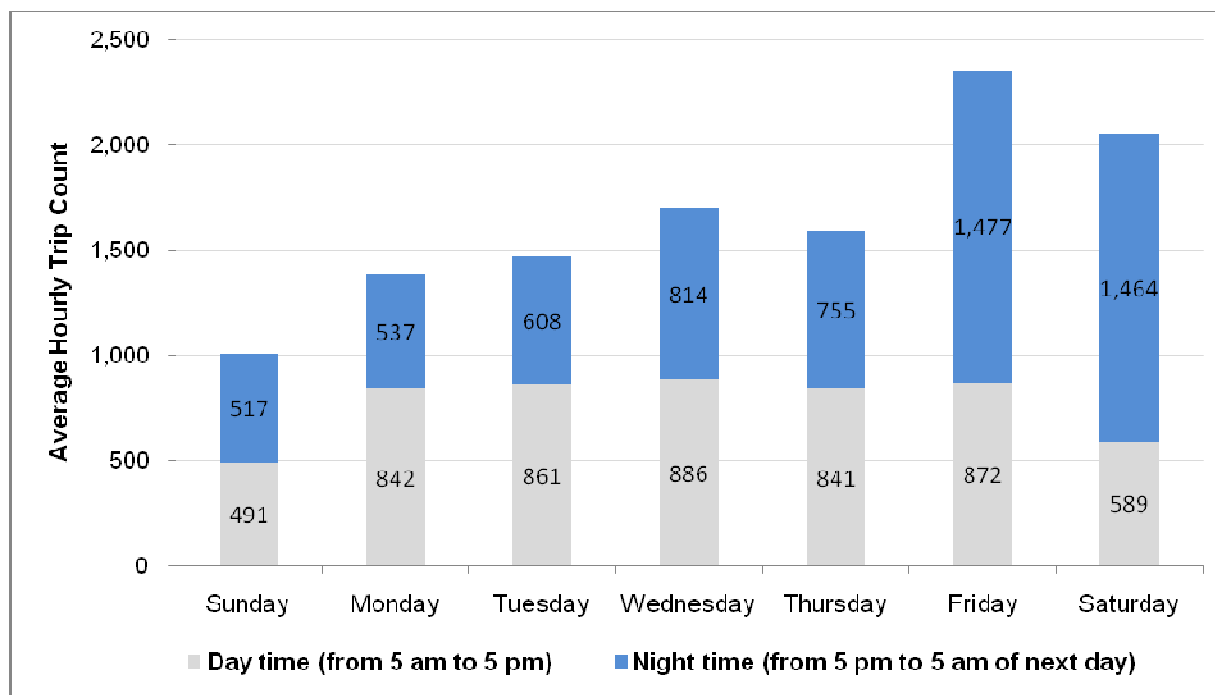
Moving forward, Administration's objective is to exceed the existing 85 per cent standard, and to demonstrate continuous improvement in customer satisfaction, dispatch reliability and public safety. Even achieving the 85 per cent target still corresponds to 630,000 dispatched taxi trips annually arriving past 15 minutes. This dispatch response data highlights the ongoing strain on taxi capacity in the industry and the subsequent customer service implications. The release of additional plates will support dispatch response time enhancement, allowing for additional taxi capacity to meet ongoing demand.

Livery Demand and Related Capacity Challenges

Between April of 2014 and April of 2015, it has been estimated by The City of Calgary Corporate Economics group that Calgary's population will have grown by an additional 2 per cent (25,000 residents). This trend, in addition to increased airport passenger traffic, 6.6 per cent increase in 2014, highlights the need for additional taxi plates to address increased growth and demand. For context, in 2014, the airport constituted 9 per cent of total livery fleet activity with 1.5 million pick-ups and drop-offs.

Aside from sources of consistent taxi demand such as the airport, the issue of taxi demand primarily involves peak demand periods. Friday and Saturday nights for instance account for over 25 per cent of all taxi trips (Table 2), with an average of 708 more trips per hour than the rest of the week. This concentrated demand generates fleet capacity issues and further supports the addition of new taxi plate licenses, with provisions which would require them to operate during peak periods.

Table 2: January 2015 Average Hourly Trip Count by Day of the Week



LIVERY SYSTEM ENHANCEMENTS UPDATE

Recent taximeter data from 2015 January shows demand remains high, with 621,648 trips in 2015 January as compared to 635,332 trips in 2014 January; however it does constitute a decrease in trip volume of 2 per cent. While this does not represent a significant decrease it does warrant continued monitoring over the course of 2015 to determine if recent economic uncertainty will impact livery demand moving forward.

Telephone Response

Administration is in the process of gathering 2015 telephone response data and working in collaboration with the taxi industry to reconcile this data across the various brokerage companies. Preliminary examination points to the prevalence of “abandoned” and “ring busy” calls. Initial findings suggest a direct correlation between a high number of abandoned and ring busy calls and periods in which the fleet is operating at capacity. For instance, abandoned and ring busy call rates reached levels of 15 per cent during a large snow event in January, while weekend peak period averages reached 5 per cent. This is contrasted with weekday averages for abandoned and ring busy calls which only reach levels of 2 per cent.

This preliminary data suggests that while addressing telephone system challenges will enhance customer service levels, it will not necessarily serve to address peak period dispatch capacity issues; as without releasing additional plates, calls would still have to be addressed by the existing number of taxis, already at capacity during peak periods.

In summary, while Administration supports the need for the release of all 257 remaining taxi plate licenses, it supports TLAC’s position that due to the uncertain economic climate and current TLAC review on supporting new entrants into the livery market, that the reduced number of 64 plates is appropriate at this time. Further, the release of the 64 plates (consisting of 7 accessible plates), including the mandatory provision to operate during peak periods, will help to ensure taxi supply keeps pace with growth, and increase taxi availability during peak times. Administration would subsequently report back to Council on the release of the remaining 193 plates by no later than the first quarter of 2016.

Enhancing Driver Independence

As a means of exploring approaches to enhance driver independence, LTS has been investigating the feasibility of creating an insurance marketplace. Specifically, this means investigating opportunities for drivers to secure their own insurance rather than having to affiliate with a taxi broker to obtain insurance. The process included driver engagement, consultation with insurance companies, and a feasibility analysis. Upon investigation, LTS found that it would not be feasible to establish such a marketplace, based primarily on financial and liability implications.

In terms of the financial considerations involved in an insurance marketplace, currently brokers provide insurance to drivers by paying insurance costs upfront and placing the vehicle under the name of the brokerage. This requires smaller payments from the drivers throughout the year to cover the insurance costs. If a driver wanted to establish independence from the brokerage, they would subsequently have to pay the full insurance costs for a commercial use vehicle up front. LTS was quoted \$6,000 to \$8,000 annually as the average cost of commercial automobile insurance for those individuals with a pristine driving record. The issue is further compounded if

LIVERY SYSTEM ENHANCEMENTS UPDATE

the insurance policy is under the driver rather than the brokerage. A lack of Canadian driving experience on the part of the driver could result in increased premiums, as insurance companies would consider such drivers higher risk. Additional driver costs would also result from required safety and customer service equipment; including the taximeter, security camera, debit/credit system technology, etc.; which brokers currently pay for upfront.

With respect to insurance marketplace liability, if a third party system, outside of the brokerage, were established, the third party would be required to have a financial investment in the arrangement. For example, if a third party, such as The City, were to assume this role it would violate the Insurance Act; as an entity cannot purchase a policy if it would not be subject to a financial loss in the event of a claim. In addition, any third party involved would also be accountable for vehicle registrations, renewals, traffic violations, etc., for all associated independent drivers. These factors along with the access and revenue generating opportunities drivers are afforded by their association with brokerages, including hotel and airport taxi stands, further limit the feasibility.

With respect to additional approaches explored to potentially enhance driver independence, outside of the insurance marketplace concept, LTS engaged drivers regarding their interest in additional taxi set-up support to reduce reliance on brokerages. This set-up support could include securing vendor quotes on taximeters, GPS and payment system installations, etc. Through the engagement process only two drivers out of 4,450 expressed an interest in this type of support. As a result of the lack of driver interest, the review process was not continued.

There is however the possibility for a collective of drivers to form to share insurance and equipment costs while also establishing greater autonomy from traditional brokerage systems. For example in 2014 a new taxi service did emerge consisting of plate holders from existing brokerages. This cooperative approach may represent a new trend within the livery industry moving forward.

Stakeholder Engagement, Research and Communication

LTS has been working closely with the livery industry in order to gather taxi dispatch data and has now expanded this process to also include telephone response reporting. LTS engaged the insurance industry, The City of Calgary Risk Management, and the Law Department in assessing the insurance marketplace. In addition, LTS utilizes the annual taxi satisfaction survey and citizen service request data on the taxi industry to inform livery decision making processes.

LTS is also supporting TLAC in the development of enhanced public engagement practices; including current engagement via online consumer feedback and TLAC public information sessions to explore citizen perceptions regarding potential limousine system amendments.

Strategic Alignment

This report aligns with Calgary City Council priorities for 2015-2018, a city that moves; and strategic action M5: Improve the taxi system.

LIVERY SYSTEM ENHANCEMENTS UPDATE

Further, the mandate of TLAC as identified by the TLAC Terms of Reference includes a requirement to make recommendations to Council on all issues related to fares, rates and fees for taxi and limousine service annually in consultation with Administration.

Social, Environmental, Economic (External)

Ensuring there is an adequate supply of taxi services is essential to maintaining a vibrant and productive community. While taxis are used by all segments of society, they are heavily utilized by people with disabilities, enhancing their mobility and reducing social isolation.

Financial Capacity

Current and Future Operating Budget:

None.

Current and Future Capital Budget:

None.

Risk Assessment

The utilization of industry analysis and population growth data serves to mitigate potential risks and supports the continued release of the next phase of 64 taxi plate licences, 7 of which would be accessible plates.

REASON(S) FOR RECOMMENDATION(S):

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ATTACHMENT(S)

None.