

## **LIMOUSINE REGULATION AMENDMENTS**

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### **EXECUTIVE SUMMARY**

In accordance with Council direction, Administration in collaboration with the Taxi and Limousine Advisory Committee (TLAC) has undertaken a review of approaches to facilitate access for new market entrants into the limousine system. The review process included extensive industry and public engagement, with citizens highlighting the importance of expanding transportation options while at the same time ensuring public safety. In response to this feedback, TLAC and Administration are proposing several key amendments to the Livery Transport Bylaw as it relates to the limousine/sedan market, including: 1) Eliminating the requirement for limousines/sedans to be pre-arranged at least 30 minutes before a pickup. This change greatly enhances customer access and service options. 2) Reducing the current minimum limousine fare by an average of 53 per cent when the vehicle is operating on a distance-based fare as opposed to hourly rate. This adjustment will remove a significant price barrier for potential customers, particularly on shorter trips, and involve limousines/sedans utilizing a City- approved smartphone application (app) as a meter. And, 3) Expanding the range of vehicles that can be classified as limousines/sedans, subsequently increasing both industry and customer choice in terms of service levels.

At a special meeting of TLAC on 2015 September 15, the committee reviewed Administration's recommendations and voted in favour of supporting the proposed limousine regulation amendments. As a whole, these amendments will improve citizen choice, enhance customer service, and facilitate the participation of new entrants in the limousine/sedan market, while maintaining a safe and sustainable livery industry. This report elaborates on the proposed amendments, highlights the extensive industry and citizen engagement efforts undertaken and outlines next steps in terms of continuing to enhance the ability of new market entrants to participate in the limousine system.

### **ADMINISTRATION RECOMMENDATION(S)**

That the SPC on Community and Protective Services recommend that Council:

1. Give three readings to the proposed bylaw to amend the Livery Transport Bylaw 6M2007 (Attachment 1);
2. Direct Administration to evaluate the impacts as a result of the proposed bylaw amendments and report back through the SPC on Community and Protective Services in 2017 Q1;
3. Direct Administration to maintain taxi meter rates at current levels for the remainder of 2015;
4. Receive for information the 2015 Satisfaction with Taxi Services – Summary Report of Telephone Survey (Attachment 2); and
5. Receive for information the 2015 TLAC Limousine Regulation Amendments Research – Summary Report of Telephone Survey (Attachment 3).

### **PREVIOUS COUNCIL DIRECTION / POLICY**

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**

The objective of the Livery Transport Bylaw 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 meets the needs of the travelling public in the city. TLAC and Administration work collaboratively to both enhance public safety and also address emerging issues as they arise.

The City of Calgary, like many municipalities across North America, regulates both taxis and limousines/sedans to ensure public safety, service quality and consumer protection. As specified in Livery Transport Bylaw 6M2007, all livery drivers are required to undergo criminal checks, hold a valid Limousine Drivers Licence or Taxi Drivers Licence, possess commercial automobile insurance, and undergo regular vehicle inspections.

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

Findings from the 2015 Livery Customer Satisfaction Survey highlighted that citizen satisfaction with the livery system has remained high in recent years, with an 87 per cent overall satisfaction rate with livery services in 2015, as compared to 86 per cent in 2014. However, feedback from the annual engagement process also illustrates changing needs and expectations from citizens, including an interest in the use of additional transportation options and a greater comfort level in utilizing online booking systems and apps. Attachment 2 outlines further specifics from the 2015 Customer Satisfaction Survey.

In response to these shifting citizen expectations along with Council direction, Administration, in conjunction with TLAC, conducted a review to facilitate the participation of new market entrants in the limousine system. As part of the review, a multi-phased targeted citizen engagement process was undertaken in partnership with Leger and Zinc Tank Research to better understand citizen perceptions and expectations regarding the limousine market and to secure their input on how to encourage new participants. Phase 1 included dedicated citizen focus groups in 2015 June. Phase 2 engaged livery users on the street in entertainment districts during peak periods over the course of June and early July. Phase 3 involved a representative telephone survey of Calgarians, including occasional and peak period livery users, along with sedan/limousine users. The engagement process and associated findings are outlined in detail in Attachment 3.

In addition to these efforts, TLAC, through the creation of a Fleet Utilization Subcommittee, engaged the livery industry and Transportation Network Companies (TNCs) regarding access to the limousine market. This included specific industry focus group sessions for taxi and limousine participants, a number of public TLAC subcommittee sessions, along with 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:

- 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 notion that the industry should be more competitive.

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- Importance of addressing peak period demand: A large majority of Calgarians believe that allowing limousines/sedans 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).
- Support for the elimination of the 30 minute limousine/sedan pre-arrangement requirement: Research indicates that demand for limousine services would likely increase if the 30 minute pre-arrangement requirement was eliminated.
- Preference for modifying existing minimum rates to make limousine/sedan services more accessible: In the current economic climate, Calgarians would support the reduction or elimination of minimum hourly rates for limousines. Research shows that this would encourage a sizeable proportion of citizens to increase their use of limousine services.
- Acknowledgement that safety remains a priority for citizens: Citizens expect that any policy changes should keep customer safety at the forefront.

As a means of addressing these findings, TLAC and Administration are proposing several key amendments to the Livery Transport Bylaw as it relates to the limousine/sedan market:

1) Elimination of the 30 minute pre-arrangement requirement

Currently, all limousines/sedans are required to be pre-arranged a minimum of 30 minutes before picking up a customer. The removal of this requirement would effectively allow for limousine/sedans to pick up passengers immediately, once they have been booked by phone, email, online or via a smartphone app. This change enhances citizen access by providing additional choice when selecting transportation options while also accommodating interested industry participants who would provide more vehicles, including during peak periods. While taxis have the ability to accept street hails, limousines will continue to be prohibited from that practice. Telephone survey research indicates that 62 per cent of Calgarians agree that the 30-minute pre-arrangement requirement should be eliminated. Further, TNCs also highlighted this amendment as a key request in their submissions to Administration and TLAC.

2) Reducing the current limousine minimum fare by an average of 53 per cent

Currently, limousines/sedans are subject to a minimum fare of \$84.60, which is typically used as an hourly rate. There is currently no distance-based calculation for limousine trips; costs are determined on a per-hour basis. This proposed amendment would substantially lower the minimum limousine fare by up to 70 per cent, from \$84.60 to \$25.00, while also including a per kilometre charge of \$2.10 (there is no current per kilometre charge, see Table 1 below). In practice this results in an average savings of 53 per cent per customer, based on the current average taxi trip length of 8 kilometres.

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Table 1: Projected Savings by Distance			
Distance Travelled	Current Minimum Limousine Rate	Proposed Minimum Limousine Rate (\$25 Minimum Rate Plus \$2.10 per KM)	Estimated Saving % Between Current and Proposed Limousine/Sedan Rates
1KM	\$84.60	\$25.00	70%
5 KM	\$84.60	\$33.40	61%
8 KM	\$84.60	\$39.70	53%
10KM	\$84.60	\$43.90	48%
15 KM	\$84.60	\$54.40	36%
20 KM	\$84.60	\$64.90	23%
30 KM	\$84.60	\$84.60	0% (hourly rate would then apply)
40 KM	\$84.60	\$84.60	0%

The limousine/sedan must be equipped with a mobile application capable of calculating a rate based on distance travelled in order to charge the distance-based fare. For limousines operating without a smartphone app, the minimum hourly, or the airport zone rates (if applicable) would apply. Allowing for the option of using a smartphone app to calculate a distance-based fare would provide more affordable limousine/sedan options for customers, particularly for those taking shorter trips. It is important to note that, as is the case today, all limousine fare structures are minimums and drivers can choose to charge a higher rate. A total of 74 per cent of telephone survey respondents support eliminating the minimum hourly rate for limousines, and 70 per cent support decreasing the minimum hourly rate.

Administration and TLAC evaluated a number of fare structures and are recommending the \$25.00 minimum rate based on balancing increased citizen access along with ensuring industry sustainability. It is important to note that TNC submissions requested the elimination of the minimum fare altogether. If the elimination of the minimum fare were to be implemented it would result in a significant increase in service providers which could impact the sustainability of the current taxi industry. This risk is further evident when considering the 9 per cent decrease in taxi trips (year to date) as compared to 2014, along with a 23 per cent decrease in trips per driver as compared to last year. Table 2 below illustrates the difference between taxi and app-based limousine/sedan rates with the proposed limousine/sedan amendments.

Table 2: Comparison Between Current Taxi Rate and Proposed Limousine/Sedan Rates		
Distance Travelled	Current Taxi Rate**	Proposed Limousine/Sedan Rates
1KM	\$5.27	\$25.00
5 KM	\$11.93	\$33.40
8 KM	\$16.93	\$39.70
10KM	\$20.27	\$43.90
15 KM	\$28.60	\$54.40
20 KM	\$36.93	\$64.90
30 KM	\$53.60	\$84.60
40 KM	\$70.27	\$84.60

\*\*Fare includes base fare and distance travelled (2015 rates)

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### 3) Expanding range of vehicles in limousine/sedan category

Currently, the Livery Transport Bylaw outlines specific vehicle models that qualify under the limousine/sedan category. This proposed amendment would allow the Chief Livery Inspector to expand the types of vehicles that can be utilized as limousines/sedans. Previously there were fewer available luxury class vehicle options that met the requirements of the limousine market; today more options exist and are being requested by both consumers and service providers. The amendment would also grant the Chief Livery Inspector the authority to relax age-limit requirements for vehicles in sound mechanical condition and appearance. The change will increase both industry and customer choice, while allowing additional vehicle options for new market entrants. Both industry and citizen engagement results have highlighted the importance of choice and additional service options within the livery system.

These proposed amendments to the Livery Transport Bylaw 6M2007 have been endorsed by TLAC at their 2015 September 15 special meeting. These amendments will facilitate new market entrants into the livery system and are outlined in Attachment 1.

### *Next Steps – Future Approaches to Support New Market Entrants*

With the approval of the proposed amendments, Administration and TLAC will continue to monitor industry outcomes, including the Annual Livery Citizen Satisfaction Survey results, the number of taxi trips and the number of for-hire vehicles serving the Calgary market, reporting back to Council with a status update in 2017 Q1 or earlier if required.

Administration and TLAC are also continuing to explore additional means of facilitating new market entrants while also ensuring public safety, through online booking systems, smartphone applications and advocacy with the province for a province-wide TNC strategy.

Annually, TLAC and Administration make a taxi metre rate recommendation to Council. This recommendation is informed by the Taxi Cost Index (TCI), a measure of economic factors impacting drivers. Based on the TCI data and an increase of 8.1 per cent to the meter rate in 2014, TLAC and Administration have recommended against an adjustment to taxi metre rates for 2015.

### **Stakeholder Engagement, Research and Communication**

Significant stakeholder research by Leger and Zinc Tank Research has been performed with the general public through the Administration and TLAC review to facilitate new market entrants into the limousine/sedan market. This included focus group research with peak period taxi users and limousine/sedan users; street teams connecting with citizens during peak livery system times; a telephone survey with Calgarians aged 18 and older, including occasional and peak period taxi users and sedan/limousine users; and the annual City of Calgary Satisfaction with Taxi Services – telephone survey. In addition, through the formation of the TLAC Fleet Utilization Subcommittee, the livery industry and TNC representatives were also engaged through this process; along with the incorporation of feedback from the Law Department.

### **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.

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### **Social, Environmental, Economic (External)**

The proposed Livery Transport Bylaw amendments provide the opportunity for more selection in terms of how citizens move around the city, representing a social benefit in terms of consumer choice. Further, a broader range of transportation modes can encourage individuals to utilize transit, taxis, limousines and other environmentally friendly alternatives. In economic terms, the proposed amendments will expand opportunity in the limousine/sedan market allowing for more individuals to participate in the livery system and play a strategic role in the city's economic development.

### **Financial Capacity**

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

Any associated operating revenue increases realized from a potential increase in limousine plate licenses as a result of the proposed amendments would be directed to maintaining the ongoing safety and customer service requirements of the livery industry; including vehicle inspections, criminal record checks and ensuring the sustainability of accessible taxi service.

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

There are no capital budget implications associated with this report.

### **Risk Assessment**

The utilization of industry analysis and citizen satisfaction survey results serves to mitigate potential risks and supports the three recommendations brought forward to address taxi demand challenges during peak periods. Further, Administration, in conjunction with TLAC, will monitor any associated implications of the proposed amendments on the livery system, including taxi supply and sustainability issues, and report back in 2017 Q1, or earlier if needed.

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

In accordance with Council direction, Administration in collaboration with the Taxi and Limousine Advisory Committee (TLAC) has undertaken a review of approaches to facilitate access for new market entrants into the livery system. The review process included extensive industry and public engagement, with citizens highlighting the importance of expanding transportation options while at the same time ensuring public safety. In response to this feedback, TLAC and Administration are proposing several key amendments to the Livery Transport Bylaw as it relates to the limousine/sedan market. As a whole, these amendments will improve citizen choice, enhance customer service, and facilitate the participation of new entrants in the limousine/sedan market, while maintaining a safe and sustainable livery industry.

### **ATTACHMENT(S)**

1. Proposed wording for a bylaw to amend Bylaw 6M2007, The Livery Transport Bylaw
2. 2015 Satisfaction with Taxi Services – Executive Summary Report of Telephone Survey
3. TLAC Limousine Amendments Research – Executive Summary Report of Telephone Survey