

MAY 08 2019

ITEM: 7.1 CPS 2019-0609  
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## Livery Fee Review: CPS2019-0609

Presentation to SPC on Community & Protective Services  
2019 May 8

Calgary



### Presentation Outline

- I. Livery Transport Services Mandate
- II. Recent Amendments to Livery Fees
- III. Summit72 Report Findings
- IV. What We Heard from Industry
- V. Options & Recommendations



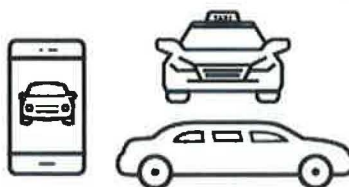
### Council Direction (2018 April 23, CPS2018-0378)

- Undertake a full review of the fee structure in the Livery Transport Bylaw 6M2007.
- Explore a requirement that all private for hire vehicle drivers must complete training equivalent to that required of other livery industry drivers.



### Mandate

## Livery Transport Services



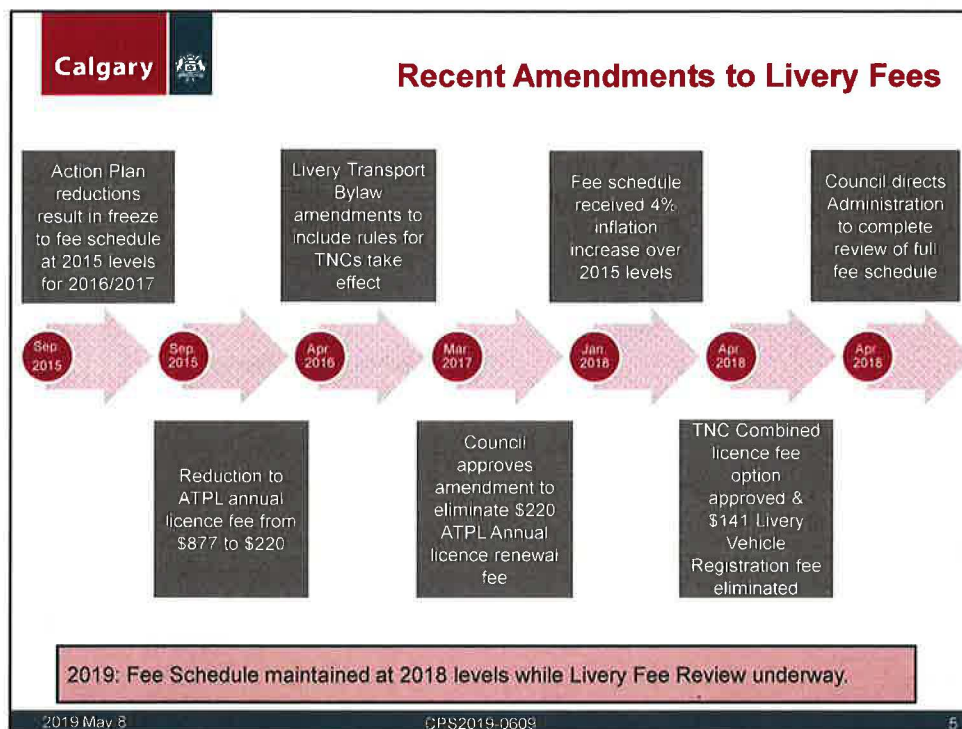
License and Regulate Industry

Public  
Safety

Consumer  
Protection

Service  
Quality

Industry Charged Fees to Cover Costs



## LTS Fee Review

Presentation To: Standing Policy Committee

Presented By: Summit72 Capital Advisory Services

May 8, 2019

## Project Scope

*"A full analysis of the City costs associated with each industry sector (brokers, drivers, vehicles, etc.) will be undertaken to ensure the proportion of fees paid by each participant is relatively equal to the administration and enforcement costs associated."*

*LTS Fee Review Request for Proposal*

- **Review LTS cost structure**
- **Alignment between fees and consumption of LTS resources**
- **Ensure LTS cost recovery**

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## Cost Structure

- **Direct costs**
  - Easily traced to a specific good or service
  - E.g. direct labour and materials to process licenses
- **Indirect Costs**
  - Not easily traced to the production of a good or service
  - E.g. building expenses, LTS management salaries, Livery Transport Inspectors salaries, vehicles, training costs, IT services, and other business expenses.
- **Total Cost**
  - The cost of a product or service is the total of Direct and Indirect Costs

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## ABC for LTS Rationale

- **Equity Principle**
  - Commonly accepted method to equitably allocate indirect costs
- **LTS cost structure has high percentage of Indirect Costs**
- **LTS is a regulatory body operating under cost recovery model**
- **Similar accounting method used in other regulated industries**
  - E.g. power companies

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## ABC for LTS Execution

1. **Understand LTS Processes**
  - Identified the activities which are cost drivers
2. **Understand Industry Sectors (taxi, limousine, TNC, mechanical)**
  - Different business models result in different levels of cost for LTS
3. **Applied ABC to Industry Sectors**
  - Determine sector cost responsibility
4. **Produced fee schedule whereby:**

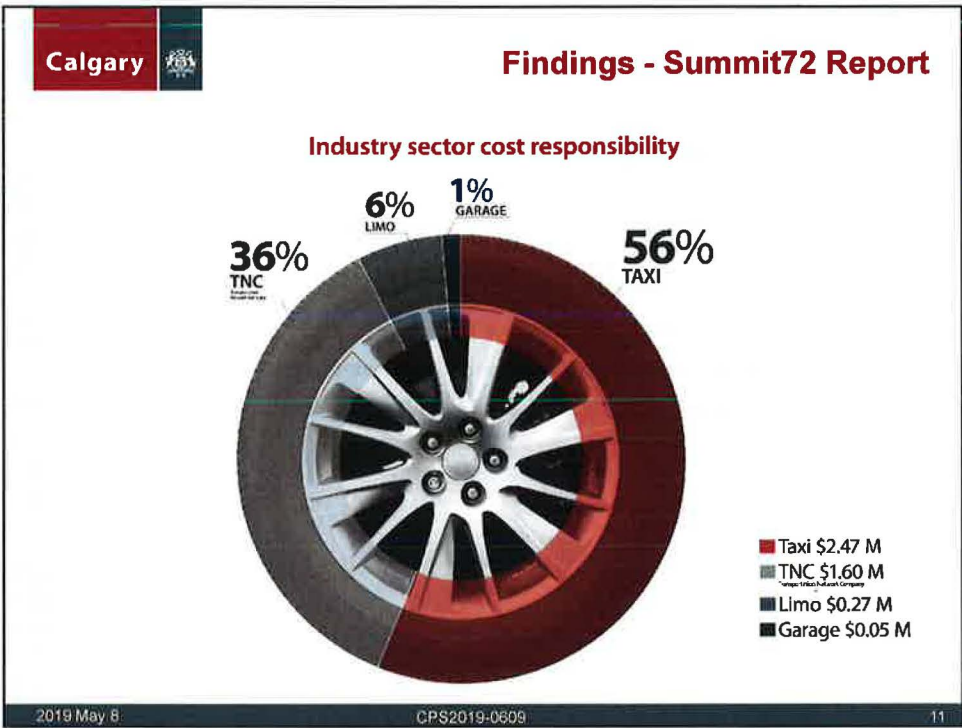
*"...the proportion of fees paid by each participant is relatively equal to the administration and enforcement costs associated."*

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What We Heard from Industry – In Person

Feedback	Taxi Driver	Limo Driver	TNC Driver	Taxi Plate Holder	Taxi Broker	Limo Broker	TNC	Mechanic	Garage
Increase Too High	●	●			●	●	●	●	●
Questions About Calculation	●				●	●	●	●	●
Need More Information					●	●	●	●	●
Hold Fees Until Bylaw Review					●	●			
Freeze Fees at 2016 Levels							●		
Compare to Other Cities	●						●		
Support for Driver Training	●	●	●	●	●		●		

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### Options – Fee Schedule

<b>1. Approve Summit72's proposed fee schedule</b> <ul style="list-style-type: none"><li>Fairly distributes current operating costs</li><li>Achieves equity by industry sector</li><li>Recovers all direct and indirect costs associated with licensing and regulating industry</li></ul>	<b>2. Approve phased-in implementation of Summit72's proposed fee schedule</b> <ul style="list-style-type: none"><li>Freeze driver's licence fees across all sectors to 2019 levels for 2020-2021</li><li>Implement all remaining proposed fee changes</li><li>Full implementation of fee schedule in 2022.</li><li>Draw \$1 M/year from Reserve to cover budget shortfall</li></ul>	<b>3. Complete full review of Livery Transport Bylaw first &amp; align new fee schedule</b> <ul style="list-style-type: none"><li>Freeze all fees at 2019 levels.</li><li>Review concerns raised about how each sector is licensed &amp; regulated</li><li>Streamline and simplify bylaw to reflect an evolving industry</li><li>Industry support for further review before implementing new fee schedule</li></ul> <p>Administration's Recommended Option</p>
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### Options - Driver Training

Evaluate Training Requirements in Evolving Industry

Require for new licence eligibility across all industry sectors	Align with LTS Mandate: public safety, consumer protection, service quality	Streamline training for all industry sectors to include online offerings
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Consider Grandfathering for Existing Drivers (like Taxi in 2006)

If Council endorses approach, can proceed with implementation

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## Administration's Recommendations

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

1. Direct Administration to accelerate the planned review of the Livery Transport Bylaw 6M2007 as described in Attachment 1 and report back to Council through the SPC on Community and Protective Services with proposed amendments to the bylaw and its fee schedule no later than 2020 Q4; and
2. Endorse Administration's approach as described in this report to develop a driver training program for new private for hire vehicle drivers.