

Livery Industry Improvements

EXECUTIVE SUMMARY

Calgary's livery industry has been evolving quickly due to technological advancements. Technology has changed the ways in which we live, work and travel. The City of Calgary Administration and the Livery Transport Advisory Committee (LTAC) have reviewed the Livery Transport Bylaw 6M2007 and considered options for accommodating new market entrants and providing Calgarians with more transportation choice while maintaining public safety. Administration is committed to supporting continued improvement of the industry and ensuring new market entrants follow regulatory requirements to maintain the safety of citizens. Although LTAC did not agree with Administration's recommendation of the combined TNC licence fee option. One issue of concern between LTAC and Administration was the timing of the release of licences. The following recommendations were supported by LTAC:

ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Give three readings to the proposed bylaw 42M2016 to amend the Livery Transport Bylaw 6M2007 (Attachment 1);
2. Maintain 2017 livery licence fees at 2016 levels and increase 2018 livery licence fees by four per cent;
3. Direct Administration to report to Council in 2018 Q1 with an update regarding the one-year pilot for the combined TNC licence fee option;
4. Release a total of 222 Taxi Plate Licences (TPLs), all of which were previously approved by Council on 2014 September 22.
5. Direct that (Attachment 4) remain confidential under Section 27 of the Freedom of Information and Protection of Privacy Act (Alberta).

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2016 February 22 regular meeting of Council, Administration presented report C2016-0144, "Transportation Network Company Amendments." Council approved the report and associated amendments to the Livery Transport Bylaw. In addition, Council adopted Administration's TPL recommendation which included retaining the yet to be released TPLs that were determined as needed in 2014 and 2015 using the taxi demand ratio formula.

At the 2015 November 16 Strategic Session of Council, through report C2015-0886, Administration was directed to develop amendments to the Livery Transport Bylaw and report back to Council through TLAC, no later than 2016 February 22.

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 Meeting of Council with options regarding the regulation of TNCs.

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BACKGROUND

On 2016 February 22, Council passed Bylaw 12M2016, which amended the Livery Transport Bylaw to include rules for TNCs. The amendments came into effect in 2016 April. At that time, Livery Transport Services (LTS) began accepting Transportation Network Driver Licence (TNDL) applications. Following five months of issuing TNDLs and participating in discussions with the Transportation Network Company (TNC) industry, recommendations for areas of improvement were made. The proposed bylaw amendments (Attachment 1) are anticipated to attract new market entrants, increase livery industry efficiencies and provide Calgarians with more transportation options.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Throughout 2015 and 2016, several initiatives were completed which led to several reports and Council's adoption of Bylaw 12M2016, which introduced a regulatory framework for TNCs and TNC drivers. Since the bylaw was adopted and the associated amendments came into effect, The City has licensed six TNCs and has issued 82 TNDLs. In an effort to accommodate additional TNCs and TNC drivers, Administration and LTAC have been exploring alternate fee options and associated amendments to the Livery Transport Bylaw. The proposed bylaw amendments described in this report continue to focus on six strategic outcomes: safety, accessibility, reliability, fairness, competition and customers.

The proposed amendments, if adopted, would allow TNCs to select from two licence fee options: 1) The existing licence fee option, as approved by Council in 2016 February; or 2) the combined TNC licence fee option. If approved by Council, this option would provide TNCs with the ability to choose a licence fee option that best supports their individual business needs. In addition, Administration recommends the implementation of an automated TNDL registration system. Administration further recommends that all livery licence fees remain at 2015 levels for 2017 and that the 2018 livery licence fees increase by four per cent. Other proposed amendments include the requirement that all TNCs report both regular and accessible trip data. As well, Administration recommends the release of 222 previously approved regular Taxi Plate Licences (TPLs). The TPL release would encourage competition and allow the traditional taxi industry the ability to challenge TNCs. It is anticipated that all of the proposed bylaw amendments will lead to service innovation from all livery participants, which will benefit Calgarians.

Combined TNC licence fee option

The proposed bylaw amendments, if adopted, would allow TNCs to select from two licence fee options: 1) the existing licence fee option, as approved by Council in 2016 February, which consists of an annual TNC licence fee of \$1,753 and an annual TNDL fee of \$220 per driver; or 2) combined TNC licence fee option, which includes a scalable administration fee based on the number of drivers authorized to use the TNCs app, a licence fee of \$15 per driver and a per trip fee of \$0.20 of all the trips arranged through the TNC's app. Both TNC fee options support the sustainability of LTS' cost recovery model and are based on collecting enough revenue from TNCs to cover the cost of administering TNC licences and supporting public safety. Each TNC would have an opportunity to select their preferred licensing option at the time of licence application or renewal. A one-year pilot program is recommended to initiate and assess this new fee option for the TNC industry. The combined TNC licence fee option would be reviewed by

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LTS at the end of the pilot program. Administration will report back to LTAC and Council with results in 2018 Q1.

Administration fee

- The annual administration fee would be scalable based on the number of drivers authorized to use the TNC's app and would be payable by the TNC to The City at the time of the TNC's initial application or annual renewal. The administration fee is set out below:

Number of Drivers	Administration Fee
1 – 100	\$5,000
101 – 500	\$10,000
501 – 1000	\$15,000
1001 – or more	\$20,000

- If during the TNC's licence term, the number of Transportation Network Drivers authorized to use the app increases such that a higher administration fee would be payable, the TNC would be required to immediately pay the difference.

Driver fee

- A Driver Fee of \$15 for each Transportation Network Driver that is authorized during the term of a TNC's licence to use the TNC's app, would be payable by the TNC to The City on a quarterly basis.

Per trip fee

- A per trip fee of \$0.20 for each trip arranged through the TNC's app would be paid by the TNC in quarterly installments to The City.

Minimum fee amount

- A TNC using the combined TNC/TNDL licence fee option will be required to pay a minimum aggregate annual fee equal to \$220 x [number of licensed drivers for the TNC], subject to the maximum fee amount. If at the end of the TNC's licence term the total amount paid by the TNC is less than this minimum amount, the TNC must pay the difference within 30 days of the end of the term of the TNC's licence.

Maximum fee amount and reimbursement of excess fees

- If during a calendar year the total amount of fees collected from the TNC which has chosen the combined TNC/TNDL licence fee option equals or exceeds the projected annual costs for regulating the TNC and all Transportation Network Drivers authorized to use the TNC's app (such projection to be based on its actual costs after collecting at least six months of data), The City would discontinue the collection of the Driver fee and Per trip fee from that TNC for the remainder of the calendar year. At the end of the calendar year, any surplus of fees collected from all TNCs who have elected the combined TNC/TNDL licence fee option would be reimbursed and reimbursement

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would be proportional based on the total fees paid by each TNC during the calendar year.

- LTS would publish, online at Calgary.ca, quarterly reports that detail LTS' actual operating costs for regulating TNCs and Transportation Network Drivers and the amount of fees each TNC has paid within that period.

Administration presented this to LTAC on 2016 October 20 and 2016 November 18. LTAC recommended that Council maintain the current TNC fee structure and did not endorse the combined TNC licence fee option. In addition, LTAC recommended that the effective date of the alternate licence fee system, if adopted by Council, be 90 days after the date of third reading.

Automated TNDL Registration System

The automated TNDL registration system would allow TNC drivers to submit documents, through the TNC with which they are registered, using an online system. This allows drivers and TNCs more flexibility in the application process by removing the requirement for TNC drivers to visit the LTS office. All of the documentation required to become a TNC driver would continue to be required. The following documents could be scanned and submitted electronically to LTS: proof of registration with a City-licensed TNC; Calgary Police criminal background check which would include a vulnerable sector check; proof of status to work in Canada; Class 1, 2 or 4 Alberta Driver's Licence; vehicle registration; insurance and motor vehicle inspection. The automated TNDL registration system has the potential to lower future administrative costs. A review of potential and forecasted cost savings would be included as part of the pilot project review. Administration presented this to LTAC on 2016 October 20 and 2016 November 18. Administration's recommendation was endorsed.

Data Requirements

Administration would require that TNCs provide driver and vehicle records for all trips commencing in the city. This information would be required for both regular and accessible taxi trips and would include pick up location and destination; date/time the trip began and ended; length of time between the passenger's service request and the beginning of the trip; and whether a wheelchair trip was requested. Data is integral to supporting the safety of Calgarians, as LTS relies on this data to conduct audits and investigations. Trip data also allows Administration and LTAC to make informed and relevant policy recommendations. Administration presented this to LTAC on 2016 October 20 and 2016 November 18. Administration's recommendation was endorsed.

Taxi Plate Licence Release

Administration recommended the immediate release of 318 regular, non-transferable TPLs to eligible drivers. Council previously approved 250 TPLs (229 regular TPLs and 21 ATPLs) in 2014 September but directed that they not be released. Releasing additional plates will allow the taxi industry more opportunity to compete with new market entrants and will improve customer service during peak periods, including weekends, holidays and special events. Furthermore, an increase in TPLs would support other policy considerations, including the overall decline of car ownership and support the shift to shared transportation resources. It is anticipated that an increase in TPLs and new TNC market entrants would be well positioned to

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support this and help to provide more transportation options that support citizen's needs and wants. Administration presented their recommendation of the immediate release of 318 TPLs to LTAC on 2016 November 18. LTAC recommended the immediate release of 222 TPLs and Administration concurred with their recommendation.

Livery Licence Fees:

Current economic conditions have impacted members of the livery industry. To help mitigate this, Administration recommends maintaining 2017 licence fees at 2016 levels and increasing 2018 fees by four percent. This approach aligns with recent driver survey feedback, which highlighted the importance of reducing fees as a means of supporting industry sustainability. Administration presented this to LTAC on 2016 October 20 and 2016 November 18. Administration's recommendation was endorsed.

Other Livery Transport Bylaw Amendments

Attachment 1 also includes proposed amendments which clarify and streamline processes in relation to TNC operations and technology. The proposed amendments accelerate The City's commitment to increasing transportation options, allow LTS more operational flexibility, and provide industry participants with an equal opportunity to provide service in a competitive market benefitting Calgarians. Administration presented these additional amendments to LTAC on 2016 October 20 and 2016 November 18. Administration's recommendations were endorsed.

Stakeholder Engagement, Research and Communication

Administration and LTAC worked with Leger Research on the annual Taxi Customer Satisfaction Survey, which highlighted that citizen satisfaction with the livery system has remained high, with an 86 per cent overall satisfaction rate with livery services. Research and engagement initiatives over the past two years have shown that although satisfaction with taxi services remains high, Calgarians want additional transportation options. Members of the public and industry were invited to provide input into the proposed Livery Transport Bylaw amendments at the 2016 October 20 and 2016 November 18 meetings of LTAC.

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.

Financial Capacity

In 2014 November, livery licence fee increases of four per cent per year for 2015 to 2018 were approved as part of The City of Calgary's four year budget and business plan cycle. In 2015 October, Council approved maintaining the 2015 livery licence fees for 2016. Maintaining current livery licence fees do not impact the mill rate as LTS is self-supported and maintains a reserve fund, which can be used to stabilize fees.

Current and Future Capital Budget

The proposed Livery Transport Bylaw amendments have no associated capital budget implications.

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Risk Assessment

Administration and LTAC continue to focus efforts on increasing transportation options, supporting public safety and providing better customer service. Continued use of annual livery citizen satisfaction survey results, industry best practices and research serves to mitigate potential risks. A summary of the potential legal risks associated with the proposed bylaw amendments are set out in Attachment 4.

REASON(S) FOR RECOMMENDATION(S):

Calgary's livery industry has been evolving quickly due to technological advancements. Technology has changed the ways in which we live, work and travel. The City of Calgary Administration and the Livery Transport Advisory Committee (LTAC) have reviewed the Livery Transport Bylaw 6M2007 and considered options for accommodating new market entrants and providing Calgarians with more transportation choice while maintaining public safety. Administration is committed to supporting continued improvement of the industry and ensuring new market entrants follow regulatory requirements to maintain the safety of citizens. Administration recommended proposed amendments that encourage operational flexibility, competition and service innovation to LTAC on 2016 October 20 and 2016 November 18. Although LTAC did not agree with Administration's recommendation of the combined TNC licence fee option, LTAC did support a number of proposed amendments recommended by Administration

ATTACHMENT(S)

1. Proposed Bylaw 42M2016 to amend the Livery Transport Bylaw 6M2007
2. Discussion Document: Proposed Changes to the Livery Transport Bylaw
3. Summary of Proposed Bylaw Amendments
4. Confidential: Summary of Legal Risk Associated with Administration's Proposed Bylaw Amendments