

Supplemental Taxi and Transportation Network Company Report

Date	June 3, 2020
To	Community and Protective Services Committee
From	City Solicitor's Office
Service Area	Licensing & Parking Services
Item No.	CPS20-10

RECOMMENDATION

Community and Protective Services Committee recommends that this report be received and filed.

ISSUE

At the February 26, 2020 meeting of Council, during consideration of report CR20-15, a motion was made directing Administration to provide a supplemental report comparing the regulations for taxi and transportation network companies.

IMPACTS

None with respect to this supplementary report.

OTHER OPTIONS

None with respect to this supplementary report.

COMMUNICATIONS

None with respect to this supplementary report.

DISCUSSION

While both TNCs and taxis provide for-hire transportation services, significant differences in the two models exist. It is important to understand the differences of the two models in order to apply regulations that are appropriate for the variations of each industry. The two models are discussed below and summarized in Table 1.

Traditional Taxis

Traditional taxi services across Canada have been regulated through municipal bylaws and taxicab regulatory boards to ensure safe, consistent, efficient and dependable transportation for citizens and industry participants. Within the City of Regina, this has been accomplished through *The Taxi Bylaw, 1994*. The current taxi industry is comprised of four brokerages (companies), 120 regular taxicab licences, 18 accessible taxicab licences, and approximately 500 licensed taxicab drivers. The taxicabs primary use is for the transportation of passengers from point to point and are generally providing service 24 hours a day, seven days a week.

The primary way of acquiring taxi services are via telephone orders (calling a broker), street hails and taxi stands. Smartphone capabilities have been introduced however the prior methods remain the most popular way to book a traditional taxi service. Upon receipt of a request, the broker will dispatch the closest, next available taxicab to provide the service. There is no additional communication to the passenger or driver. This process means that the driver knows very little about the passenger and likewise the passenger knows very little about the driver. *The Taxi Bylaw, 1994*, mandates certain measures to help mitigate safety concerns that are inherent with this type of relationship.

Taxicabs are fitted with a sealed meter that calculates the cost of the trip based on mileage and time. The maximum fares and any additional charges are set by the City and the taxicab meters are inspected on an annual basis by City staff.

Transportation Network Companies

A TNC arranges transportation in privately owned vehicles for financial compensation that is paid to the driver and to the TNC. The TNC uses an online-enabled platform to connect passengers with drivers willing to use their personal vehicle to drive paying passengers. TNC drivers generally work part-time. In Regina, less than 20 percent of active TNC drivers provide more than six daily trips and ten percent of drivers have never provided a trip other than on a weekend day.

TNC utilize applications (APP) on smartphones, laptops, tablets, or personal computers to book rides. The way these ridesharing platforms operate means it is not possible to book a ride via telephone or street hail. The uniqueness with the APP is that it removes the anonymity for both driver and passenger prior to the trip being confirmed. Upon a request

for service the passenger is provided driver information including name and photo as well as vehicle information such as colour, make, model and licence plate number. Prospective passengers must also create an account with the TNC which is transmitted to the driver. TNC platforms also utilize a scoring system for both drivers and passengers which is also communicated during the booking process. The use of this rating system allows some transparency between both driver and passenger as both can determine in advance if they want to accept the ride based on their assessment of the rating/score.

Not only are all rides booked through the APP, but the entire process is cashless reducing potential muggings, robberies and similar crimes of opportunity. Specifically, the APP requires linked payment information to a credit card. A person's information is linked to every ride, ensuring that a record is available of who was taking every trip. Prior to acceptance of the trip, the fare is submitted to the passenger for acceptance and upon completion, charged to the provided credit card.

Another feature of the common TNC APP is the ability to share ride information with other individuals not participating in the ride. When a passenger shares the ride information, the other individual can view the progression of the ride and the location of the vehicle throughout the duration of the trip. This is meant to serve as an added security measure for occupants and since rides are booked through cellular telephones, driver and passenger would both have a communication device in the event of an emergency.

TNC fares are determined using an algorithm that draws upon trip distance, available drivers, immediate demand and market pricing. The use of these factors in determining pricing per trip allows for discounting and surge pricing.

Table 1: Business Model Comparison

	Taxi	TNC
Vehicles in Service	24 hours, 7 days a week	As determined by driver
Booking Ride	Phone, street hail, on-line	App only
Driver Information	Anonymous	Name, photo, licence provided in advance
Passenger Information	Anonymous	Name provided upon arrival
Vehicle Information	Anonymous	Make, model, licence plate provided in advance
Fare Calculation	Based on time and distance as calculated by taximeter	Based on accepted fare as calculated by App algorithm
Payment Method	Cash, credit, debit paid in taxi	Processed through App
Viewable Ride Progression	Not available	Available to passenger and others if shared
Driver/Passenger Rating	Not available	Via App

Industry Regulations

Within the province of Saskatchewan, all for-hire transportation service providers must adhere to the requirements contained in *The Vehicle for Hire Act (Act)* and *The Vehicle for Hire Regulations*. The Act provides for additional regulations to be determined by the municipalities. In Regina additional requirements for the taxi industry are contained in *The Taxi Bylaw, 1994* and for the TNC industry within *The Vehicles for Hire Bylaw*. Appendix A contains a side by side comparison of the requirements for each industry as well as the recommended changes discussed in CR20-15 presented to Council at the February 26, 2020 meeting.

The recommendations contained in CR20-15 bring many of the requirements to a more equal level. The recommendations reduce the requirements for taxis including vehicle age and decals and increase options for the use of technology and pricing including use of smart meters, flexible pricing for trips pre-arranged through a mobile application and the ability to charge their customers the Regina Airport Authority's ground transportation fee. Increasing data retention for taxis to one year has also been recommended for consistency with TNC.

After considering the recommended changes to *The Taxi Bylaw, 1994*, differences will still exist between the two bylaws; however, Administration is recommending that each bylaw contain these remaining different requirements to account for the different ways in which each service operates. Information on the major differences are further discussed below.

City Inspections

Both taxicabs and TNC vehicles may be inspected any time during the year upon request of a city licence inspector. In addition, city licence inspectors must conduct an inspection of taxicabs prior to issuing any taxicab owner's licence. *The Taxi Bylaw, 1994* regulates many elements, not found in provincial regulations, that are specific to the taxi industry. These elements are focused on increasing the safety of drivers and passengers and ensuring consistent reliable pricing. The city inspection confirms:

- Taxicab matches SGI registration and inspection documents
- Decal content, size and location
- Debit/credit terminals, cameras, and dispatch systems are installed and in working condition
- Accessible taxicabs meet D409 standards and are equipped with required safety restraints
- Taximeter rates are accurate for both time and distance
- Vehicle lights, seatbelts and windshield wipers are in working condition
- There are no sharp objects or loose vehicle parts that may cause injury to passengers

Upon verification that the taxicab meets these requirements, the licence inspector will seal the taximeter preventing it from being tampered with (rates cannot be changed) and issue the taxicab owner's licence.

Members of the taxi industry have identified that this process disadvantages their business because taxicabs will fail this inspection which often results in the taxicabs being removed from service. Table 2 below provides inspection information for the last three licence periods.

Table 2: Taxicab Vehicle Inspections

Year	Total Inspections Completed	Total # Failed Inspections	Returned to Service same day	Returned to Service next day	Out of Service more than two days
2017	254	18	11	6	1
2018	233	31	20	8	3
2019	224	20	13	7	0

On average, ten per cent of taxicabs fail the initial inspection and the majority are returned to service the same day. Reasons for failure include non-functioning cameras, taximeter concerns (broken seals, distance rates incorrect), no SGI inspection decals, non-functioning seatbelts and/or vehicle lights and concerns over vehicle fitness.

Although most taxicabs pass the initial inspection, Administration recommends that these inspections remain unchanged. Brokers have suggested that they could inspect the vehicles themselves to provide a quicker return to service. Administration has not recommended this because return to service times are short, and if failure rates are concerning to taxi brokers, they retain the ability to perform pre-inspections to prevent failed inspections. Should Council wish to amend the city inspections, Administration can work with the brokers to develop a process to verify compliance with the bylaw on most of these items. However, confirmation of taximeter rates, sealing the meters and final issuance of the licence should remain with the city licence inspector. Passengers rely upon the City to ensure taximeter rates are consistent and reliable and it is by inspection and sealing of the taximeter that this is accomplished.

Decals

The recommendations contained in CR20-15 reduce the decal requirements for taxicabs to include a top sign, decals are of a minimum size, include the broker name and car number and are present on the rear and sides of the taxicab. Since taxicabs can offer street hails and fares without pre-booking and passengers are not provided driver information nor do they have the vehicle plate number in advance of the fare, it is important that the vehicle is easily identifiable as a taxicab.

TNC are prohibited from accepting street hails, may only accept pre-booked fares, provide driver, vehicle and plate number in advance of any trip. Since the vehicle make, model and plate number are the primary identifiers for passengers, the decal on the vehicle is a secondary identifier and does not need to be as prominent as a taxicabs decal. TNC are also prohibited from using a top light as this feature has traditionally been associated with a taxicab.

Maximum Number of Licences

The City of Regina regulates the total number of regular, accessible and seasonal taxicab licences that are available. Limits on the number of regular taxicab licences were put in

place in the 1960s. Population rates, quarterly trip data and input from the taxi industry is used to determine the appropriate quantity of taxi licences to meet demand. The primary reasons for regulating the number of taxis is to ensure there is an appropriate volume of taxis to meet regular demand while limiting the volume to ensure licence holders can achieve an acceptable income. While the City regulates the number of taxicab licences that are available, there are no limits to the number of taxi drivers.

Research conducted indicates that although other Canadian municipalities regulate the number of taxicab licences issued, they do not limit either the number of TNC licences or the number of drivers that may affiliate with a TNC. There have been discussions by some municipalities in the United States to investigate the need to introduce limits, with the primary reason related to traffic congestion. This has not been a concern within Regina. Limiting the number of vehicles/drivers that may associate with a TNC could impact the availability of service, especially at peak times. As the majority of TNC drivers in Regina are part time, such a limit would significantly decrease the number of available drivers. Availability of service was identified as a concern for residents prior to the implementation of *The Vehicle for Hire Bylaw* and the expectation was that the addition of TNC would supplement the taxi industry during times of high demand and special events. To date, no Canadian municipality regulates the number of drivers that may affiliate with a TNC.

Vehicle Age

Differences in vehicle age regulations between taxis and TNC exist due to the timing of when passengers become aware of the vehicle information that will be providing their transportation service. Potential passengers of a TNC are provided information on the vehicle that will be providing the service in advance of confirming the trip and they can refuse the trip should the vehicle not meet their expectations. Conversely, a passenger booking a taxi will only learn of the vehicle information after waiting for the taxi to arrive at the pickup location. Due to these differences, most Canadian municipalities regulate vehicle age for taxis, however they do not regulate the vehicle age for TNC vehicles.

Regina taxi brokers and other members in the industry requested that the vehicle age requirement be increased from eight years old to ten years old. Administration supported this request. Discussions also included the option to eliminate the vehicle age requirement for taxis, however it was determined that completely removing this requirement may not meet the expectations of taxi users.

Cameras

Pursuant to *The Taxi Bylaw, 1994*, taxis must be equipped with cameras capable of recording video and audio. The cameras assist in deterring violence, threats and other disrespectful behaviour. Cameras do not stop all such behaviour from occurring, however camera footage has been useful for law enforcement when incidents have occurred. Footage recorded in taxis may only be accessed by the Regina Police Service (RPS). The City, taxi brokers, taxi licence holders and taxi drivers do not have access to these files.

Research conducted indicates that no other Canadian municipality has included a requirement for cameras to be installed in TNC vehicles. This difference exists because under the TNC model, the vehicles used are personal vehicles that are not used primarily

for the commercial transportation of passengers and cash is not an acceptable form of payment. The cameras installed in taxis are commercial products that are tamper proof and always on. If cameras were required in TNC vehicles they would significantly infringe on the driver and the driver's family's privacy by recording personal engagement in a private vehicle. Furthermore, the cost of installation and maintenance may be prohibitive for a part time driver. The City of Calgary and the City of Ottawa have both completed reviews on requiring cameras in TNC vehicles and both cities have determined that cameras are not necessary for business models that only conduct prearranged trips and retain appropriate rider and driver information to maintain accountability.

During implementation of *The Vehicle for Hire Bylaw*, Administration researched the use of a mobile device for capturing video. As mentioned above, cameras in taxis are tamper proof, always on, and the footage is only accessible by RPS. While a TNC driver may decide to install some form of camera, or use a mobile phone, there are significant challenges for the City of Regina to require cameras in personal vehicles. Access to footage could not be reasonably confined to RPS, constant recording could lead to storage challenges, and there would be challenges in confirming footage was appropriately managed or erased. There is an important difference for responsibility over data where the City is requiring that the data be recorded. In a situation where the City is requiring the data to be recorded, the City would also play a role in protecting that information. For these reasons, Administration did not recommend requiring the use of personal devices and Council concurred.

Licence Fees

The licence fees paid to the City have been developed based on the different business models the industries follow and are consistent with other municipalities.

Each taxi broker, taxicab licence owner and taxi driver is charged individually for each licence and vehicle inspection conducted. Although this process has not changed since the initial taxi bylaw was developed, it remains the most efficient method for this industry. Due to the multiple working relationships within the taxi industry, an individual may hold one or multiple types of licences.

In the rideshare industry, the licences are issued only to the TNC. Individuals will register themselves and their vehicles with the TNC. The basic annual fees charged to the TNC is based upon the number of drivers that have affiliated with the company. Since the majority of TNC drivers are part time, the base rate is supplemented by a per trip fee. This allows the City to recover costs based on actual services provided by the TNC and match those to costs incurred by the City. In lieu of providing accessible services, TNC are also charged a per trip accessible fee.

Examples of how the fees compare at various driver levels are included in Table 3.

Table 3: Licence Fee Comparison

	1	10	25	50	75	400
Taxi						
Broker fee	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	n/a
Transfer Fee	\$ 100.00	\$ 1,000.00	\$ 2,500.00	\$ 5,000.00	\$ 7,500.00	n/a
Inspection Fee	\$ 100.00	\$ 1,000.00	\$ 2,500.00	\$ 5,000.00	\$ 7,500.00	n/a
Taxicab licence fee	\$ 375.00	\$ 3,750.00	\$ 9,375.00	\$ 18,750.00	\$ 28,125.00	n/a
Taxicab Driver Fees	\$ 100.00	\$ 1,000.00	\$ 2,500.00	\$ 5,000.00	\$ 7,500.00	n/a
Taxi total	\$ 1,050.00	\$ 7,125.00	\$ 17,250.00	\$ 34,125.00	\$ 51,000.00	n/a
TNC						
Annual fee	\$ 2,500.00	\$ 2,500.00	\$ 12,000.00	\$ 12,000.00	\$ 25,000.00	\$ 25,000.00
Per trip fee	\$ 220.80	\$ 2,208.00	\$ 5,520.00	\$ 11,040.00	\$ 16,560.00	\$ 88,320.00
Per Trip Accessible fee	\$ 77.28	\$ 772.80	\$ 1,932.00	\$ 3,864.00	\$ 5,796.00	\$ 30,912.00
TNC total	\$ 2,798.08	\$ 5,480.80	\$ 19,452.00	\$ 26,904.00	\$ 47,356.00	\$ 144,232.00

Assumptions:

- 2 transfer and inspections per taxi
- 4 taxi drivers per vehicle, all renewal licences
- 90 trips per TNC driver per month

Other Differences

TNC drivers are also restricted from using taximeters, accessing taxi stands, providing street hails, and cannot accept payment directly. These restrictions prohibit them from offering a traditional taxi service. In addition, since many of the safety and consumer protection regulations required for TNCs are App-based they are not permitted to provide services that do not use the App (dispatch or payment).

TNC have more technology requirements than the taxicab industry. Due to the advanced systems used by TNC, they have been able to meet these higher demands which include storing and submitting detailed driver, vehicle and trip data on a monthly basis to the City and RPS. Additional information is required to be provided to every passenger to ensure fare prices, driver and vehicle information is known prior to and at the completion of each ride.

The recommended changes to *The Taxi Bylaw, 1994* provide a significant step for the taxi industry in adapting to the changing for hire transportation market. Administration acknowledges that both taxis and TNC have been impacted by the Covid-19 pandemic and will continue to monitor the travelling patterns of the public. Should the situation continue for the longer term Administration will return to Council with initiatives that will assist in the protection of passengers and drivers.

DECISION HISTORY

CPS20-6 Taxi Bylaw Review was presented to the Community and Protective Services

Committee at its February 6, 2020 meeting. During consideration of the report, a request was made for a supplemental report to discuss an option to create an exemption from the general rules for the use of technology for data collection and submission for single vehicle, accessible taxi only brokers.

CR20-15 was presented to Council at the February 26, 2020 meeting. A motion was made for Administration to provide a supplemental report comparing the regulations for taxi and transportation network companies.

Respectfully submitted,



Dawn Schikowski, Manager
Licensing & Parking Services

Respectfully submitted,



Byron Werry, City Solicitor

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ATTACHMENTS

Appendix A For-Hire Transportation Regulation Comparison