

Seasonal Taxi Licences

Date	June 3, 2020
To	Community and Protective Services Committee
From	City Solicitor's Office
Service Area	Licensing & Parking Services
Item No.	CPS20-11

RECOMMENDATION

Community and Protective Service Committee recommends that City Council:

1. Remove CPS18-21 from the list of outstanding items for the Community and Protective Services Committee.
2. Amend *The Taxi Bylaw, 1994* to remove the portion of the seasonal taxicab licences that are issued through a lottery/draw process.
3. Consider this report at its June 24, 2020 meeting.
4. Instruct the City Solicitor to prepare the necessary bylaw amendment to *The Taxi Bylaw, 1994* as described in this report, to be brought forward to the July 29, 2020 meeting of City Council.

ISSUE

At the October 11, 2018 Community and Protective Services Committee meeting, a motion was made to direct Administration to return a report with additional information and statistics on the seasonal taxicab licences at the end of the initial three-year seasonal taxicab licence issuance through a lottery/draw process. This licence period expired on April 30, 2020.

This report will discuss the seasonal licences and provide recommended changes.

IMPACTS

Revenues will be reduced by \$375 per licence or a total of \$10,125. Issuing 27 fewer licences will also reduce direct staffing expenses for this program, however resources will be directed to other licensing and enforcement activities within the branch.

OTHER OPTIONS

Other options that City Council could consider are listed in Chart 1. Analysis of the positive and negative aspects of each alternative include feedback received from the taxi industry.

Brokers favour a seasonal licensing program where 37 per cent of annual licences are issued directly to the brokerage (option 2). Brokers do not support the other options presented.

Chart 1: Alternative Options

	Pros	Cons	Possible Mitigation measures
1. Status Quo	<ul style="list-style-type: none"> • Maintains the historical number of seasonal licences • Provides licences to both brokers and individuals • Promotes small business opportunity in owning a licence • Does not require bylaw change 	<ul style="list-style-type: none"> • Over saturate the market • Decrease the income for drivers • Difficulty in issuing licences • Required to conduct a lottery • Persons who have obtained lottery plates have been refused affiliation with current brokers and left to either become a broker or not use the plate 	<ul style="list-style-type: none"> • Remove minimum driving hours to accommodate flexibility for lottery owners • Remove requirement for broker affiliation
2. Issue all 37% of seasonal licences to brokers	<ul style="list-style-type: none"> • Allows the brokers to manage all seasonal taxicab licences • Maintains historical number of seasonal licences • Eliminates the need for a lottery 	<ul style="list-style-type: none"> • No opportunity for individuals to obtain a licence • Over saturate the market • Decrease the income for drivers • Difficulty in issuing licences 	

3. Replace seasonal licences with annual licences	<ul style="list-style-type: none">• Gives the ability to add vehicles based on demand throughout the year (special events etc.)	<ul style="list-style-type: none">• Over saturate the market• Decrease the income for drivers• Required to conduct a lottery• Persons who have obtained lottery plates have been refused affiliation with current brokers and left to either become a broker or not use the plate	<ul style="list-style-type: none">• Remove lottery issued licences and only replace 14.2% issued to brokers as annual licences
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COMMUNICATIONS

If approved, amendments to *The Taxi Bylaw, 1994* will be posted on Regina.ca and communicated by mailout to members of the Regina taxi industry.

DISCUSSION

In the City of Regina, seasonal taxicab licences have been used to meet increased demand during the winter months. The number of seasonal licences issued is equivalent to 37 per cent of the total number of active regular taxicab licences and are valid between October and April.

Initially, seasonal licences were allocated to brokers in proportion to the number of regular licences held by each broker at the start of the seasonal licence period. This model supported brokers in their business planning efforts and provided them with predictability for entering into contracts with schools and other customers. After the adoption of a lottery/draw system for the allocation of new licences (i.e. temporary and accessible), the seasonal taxicab allocation process was reviewed in July 2017 and the following changes were made:

- 40 percent of seasonal taxicab licences were issued to the broker based on their proportion of regular taxicab licences at the start of the seasonal licence period;
- 60 percent of seasonal taxicab licences were issued by way of a lottery/draw process to individuals for a three-year term;
- All new taxi licence owners, including seasonal licence holders, must be a primary driver of the vehicle associated with the taxi licence averaging 390 hours every three-month period during the licence period; and
- The licence owner must ensure that the vehicle is operated, either by the licence owner or another licensed taxicab driver, a minimum 260 hours in each eight consecutive week period.

As the initial three-year term expired April 30, 2020, it was necessary to review the seasonal taxicab licence program. During the review, consultations with the taxi brokerages and a jurisdictional review was conducted. The details of the review, as well as recommended changes to the seasonal taxicab licence issuance are discussed in detail.

Seasonal Taxi Licences Review

As described in CPS18-21 presented on October 9, 2018, the first year (October 2017 – April 2018) of the new allocation process for seasonal licences was largely positive. Research demonstrated that the change in process did not negatively affect the service provided to residents and visitors to the City of Regina. Specifically, analysis of trip data and a public survey indicated that service remained the same as in previous years. In fact, the research revealed slightly positive changes over the 2016/2017 winter season. First, there was an increase in average trips per vehicle, and therefore an increase in driver earnings. Secondly, there was a perceived increase in customer service provided by taxi drivers. The public reported that drivers had a better knowledge of the city and improved interactions and assistance provided to customers.

The challenges that were experienced included the return of nine seasonal licences throughout the season. The primary reasons for the return of the licences were either because the licence holder was unable to complete the minimum number of driving hours or were not earning the amount of revenue they had expected. The licences were re-issued during the year to alternate drivers. There were also some initial concerns for the ability of the successful applicants to associate with a broker, as required by the bylaw. One broker would not accept any lottery applicants to associate with the brokerage and did not accept any of these licence holders throughout the three-year term.

Year two and three of the licence period proved more difficult in terms of allocating the licences. The allocated and issued seasonal licences for this three-year period, as well as the previous year, is detailed below in Table 1.

In 2018 the Saskatchewan Government began developing *The Vehicle for Hire* legislation that would allow Transportation Network Companies (TNC) to operate in Saskatchewan. This caused many successful lottery applicants to question investment in the operation of a seasonal taxicab when the sustainability of the licence was unknown. In addition, many of the lottery licence holders that intended on using their licence, were unable to do so because brokers were denying their affiliation with their company. Brokers informed these potential licence holders that they either did not have the demand for additional licences or that they were not accepting any or any more lottery issued licences. As per the bylaw, all licence holders must affiliate with a broker before the licence will be issued. In addition, lottery licence holders that were successful in affiliating with a brokerage identified that they were charged significantly higher rates for equipment and use of dispatch services provided by the broker.

As a result, during the 2018/2019 seasonal licence period half (fourteen) of the seasonal licences were unable to be put into service. Difficulties in operationalizing the seasonal licences continued in the 2019/2020 season. *The Vehicle for Hire Bylaw* was passed in early 2019 and Uber began operating in the city in May 2019. Many drivers opted to begin providing transportation services with Uber and demand for taxi trips decreased. This, as well as issues observed in prior years, resulted in few seasonal taxicab licences being activated. Only two lottery issued licences and fifteen licences issued to the brokers were in service during the 2019/2020 winter season.

Table 1: Seasonal Licence Allocation

	2016/2017		2017/2018		2018/2019		2019/2020	
	Allocated	Issued	Allocated	Issued	Allocated	Issued	Allocated	Issued
Allocated to Broker								
Capital Cabs	15	15	6	6	6	6	5	5
Coop Taxi	19	19	7	7	8	8	8	8
Regina Cabs	15	15	6	6	6	6	6	2
Broker Total	49	49	19	19	20	20	19	15
Lottery Affiliation								
Capital Cabs	n/a	n/a	n/a	9	n/a	4	n/a	2
Coop Taxi	n/a	n/a	n/a	10	n/a	9	n/a	0
Regina Cabs	n/a	n/a	n/a	0	n/a	0	n/a	0
Swift Cabs	n/a	n/a	n/a	9	n/a	1	n/a	n/a
Lottery Total	n/a	n/a	28	28	28	14	27	2
Total	49	49	47	47	48	34	46	17

Although the number of seasonal taxicab licences in service were reduced in the last two years, customer service appears to not have been affected. The City did not receive increased complaints for lack of service and wait times remained the same. Trip volumes were equal to the previous year during the 2018/2019 seasonal period, however the volumes decreased by 21 per cent during the 2019/2020 season. This was likely more as a result of other factors such as the emergence of TNC and the recent Covid-19 pandemic, rather than due to the lower number of seasonal licences issued. When March 2020 trip data is removed from the analysis (to adjust for Covid-19 impact), the reduction in trip volume is 16 per cent which is equal to the for-hire market share that Uber currently holds.

Industry Comments

Discussions with the taxi industry have been limited to input from the taxi brokers due to the difficulty in holding large scale in-person meetings. In the past, taxicab drivers have identified that the ability to operate in the industry and maintain a consistent trip volume, and therefore income, have been their primary concerns. These concerns have been considered in the recommendation.

Taxi brokers shared that the overall survival of the taxi industry is important and that is their key focus, seasonal taxicab licences, or changes to them, is secondary. They stated that the lottery

of taxicab licences, the devaluation of licences since the emergence of TNC and the current pandemic have all had significant financial impacts to their industry.

All brokers identified that they prefer that all seasonal taxicab licences be issued directly to brokers. This is the program that was in place prior to when the seasonal licences were allocated to both brokers and lottery applicants. Some brokers stated that the lottery licences did not work, however when asked to elaborate they did not provide additional information. Brokers agreed that the 37 per cent of regular licences that are normally issued through a lottery was not required. Given their other immediate concerns, they had considered what might be a more appropriate amount of licences to issue in order to meet demand. They believed that issuing the 37 per cent would be best and if the licences were not needed, then they would not make use of them.

Jurisdictional Review

A review of Canadian municipalities identified that Winnipeg and Saskatoon, the only other cities that had issued seasonal taxicab licences, have recently eliminated their seasonal programs. Both cities replaced the seasonal licences with some type of annual licence issued through a lottery process.

In 2018 the regulation of taxicabs transferred from the Manitoba Taxicab Board to the City of Winnipeg and a review was conducted. Due to a general under supply of taxis, the City of Winnipeg approved a taxi to resident ratio and transferred the seasonal licences into 120 permanent licences to meet this ratio. The new licences were issued through a lottery process. There were no concerns with issuing these licences as demand for additional taxis had always been high and TNC has had a low impact on the vehicle for hire market. Currently the TNC service providers operating in Winnipeg are smaller, do not have “brand” recognition and provide a limited number of trips. In 2019, taxicabs provided 92 percent of all for-hire transportation.

Saskatoon’s seasonal taxicab licence program was eliminated in 2019 and replaced with enterprise taxicab licences. The seasonal licences were issued between September and June through a lottery process for a period of five years. The thirty-five new enterprise taxicab licences are valid for four years, issued through a lottery and can be used throughout the year. Only the licence holder may drive the vehicle and they must operate the taxicab for a minimum of forty hours per week. The program has experienced struggles similar to what Regina has seen for the seasonal licences. Saskatoon has not been able to issue all of the enterprise licences and the only taxi broker in the city would not accept the lottery issued applicants within their fleet. As a result, two new taxi brokerages have entered the market and all enterprise licence holders have affiliated with them.

Recommendation

Upon review of all factors, Administration recommends eliminating the seasonal taxicab licences that are issued through a lottery/draw process and maintaining the seasonal taxicab licences that are allocated to the brokers.

Although this would reduce the historical number of extra seasonal taxicab licences available throughout the winter, reductions in demand and the demonstrated ability of the taxi industry to meet the current need with fewer licences, issuing this amount of licences would be sufficient to meet market demand. The lower amount of licences ensures that the market is not over saturated and maintains a consistent trip per vehicle and thus income for drivers.

Issuing the licences directly to the brokers removes the uncertainty of whether the licences will be able to meet all licensing requirements. Individuals will not need to meet the requirement of associating with a broker as the licences would be issued to a broker directly. Taxi brokers possess the experience and knowledge of industry trends, city events and supply management to be able to plan in advance and acquire the necessary driver pool to provide services to meet fluctuating demand. If the allocation to the lottery process was maintained, another lottery would need to be conducted as the current list of alternatives has expired.

DECISION HISTORY

There have been no previous decisions related to the recommendations included in this report.

Respectfully submitted,



Dawn Schikowski, Manager
Licensing & Parking Services

Respectfully submitted,



Byron Werry, City Solicitor

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