

February 23, 2015

To: His Worship the Mayor
and Members of City Council

Re: Taxi Rate Changes for 2015

**RECOMMENDATION OF THE COMMUNITY AND PROTECTIVE SERVICES
COMMITTEE - FEBRUARY 11, 2015**

1. Effective March 24, 2015 taxicab rates be set at the following:
 - a. \$4.00 for the first 120 metres;
 - b. \$0.25 for each additional 138 metres;
 - c. \$0.25 for every 25 seconds while waiting under engagement, after the first 5 minutes;
 - d. \$1.72 per out of town kilometre; and,
 - e. \$36.00 for the hire of taxicabs by the hour.
2. That the amendments to Bylaw No. 9635, *The Taxi Bylaw, 1994*, as identified in this report, be approved.
3. That the City Solicitor be instructed to prepare the required amending bylaw based on the changes outlined in this report.

COMMUNITY AND PROTECTIVE SERVICES COMMITTEE – FEBRUARY 11, 2015

The Committee adopted a resolution to concur in the recommendation contained in the report. Recommendation #4 does not require City Council approval.

Councillors: John Findura, Shawn Fraser and Bob Hawkins were present during consideration of this report by the Community and Protective Services Committee.

The Community and Protective Services Committee, at its meeting held on February 11, 2015, considered the following report from the Administration:

RECOMMENDATION

1. Effective March 24, 2015 taxicab rates be set at the following:
 - a. \$4.00 for the first 120 metres;
 - b. \$0.25 for each additional 138 metres;
 - c. \$0.25 for every 25 seconds while waiting under engagement, after the first 5 minutes;
 - d. \$1.72 per out of town kilometre; and,
 - e. \$36.00 for the hire of taxicabs by the hour.
2. That the amendments to Bylaw No. 9635, *The Taxi Bylaw, 1994*, as identified in this report, be approved.

3. That the City Solicitor be instructed to prepare the required amending bylaw based on the changes outlined in this report.
4. That this report be forwarded to the February 23, 2015 meeting of City Council for approval.

CONCLUSION

The City of Regina (City) reviews taxicab rates on an annual basis by applying the latest Statistics Canada Consumer Price Index data to the Taxi Cost Fare Model (TCFM) for the City's taxi industry. Fuel costs, insurance, vehicle purchase price, commercial rent, wages, and vehicle repairs and maintenance are the factors used in determining rate adjustments.

The TCFM used by the City, for the period since the last rate review in October 2013, suggests the cost of operating a taxicab in the City has increased by 3.62 per cent, as shown in Table 1 of this report. The rise in costs is mostly driven by increases in insurance rates and hourly wages in the service industry. The Administration is recommending a 3.62 per cent increase in taxicab rates to offset the increased costs faced by the taxicab industry, and an additional 0.20 per cent increase (for a total increase of 3.82 per cent) to help offset the costs associated with meeting additional technological requirements (i.e. computer-aided dispatch, GPS, and security cameras) that are not accounted for in the TCFM.

BACKGROUND

In 2012, Council adopted a formal process for reviewing taxi meter rates. The calculation and setting of rates for the City's taxicabs is conducted on an annual basis in order to keep taxicab rates in line with overall costs to the taxicab industry. The TCFM includes six weighted industry specific cost factors and evaluates the change in these factors over a specified period of time (refer to Table 1). When the cumulative weighted per cent change in these factors exceeds 3 per cent, a fare increase is recommended. The TCFM replaced the previous rate revision process, which called for the industry to make a request to Council for a fare increase.

The last rate review was conducted in October 2013, which resulted in a 5.2 per cent rate increase in February 2014 (CR14-15). At the same time, the rates for regular taxicabs and accessible taxicabs were equalized (the accessible taxicab rate was formerly double that of a regular taxicab).

DISCUSSION

Results of Taxi Cost Fare Model Analysis

The TCFM compares Statistics Canada Consumer Price Index data between September 2013 and September 2014 (refer to Table 1). These are the most recent data as of October 31, 2014. Table 1 demonstrates that the average hourly wage for full-time employees in the sales and service industry increased by 5.2 per cent. As this factor accounts for 40 per cent of the total TCFM calculation, the increase in service industry wages has significant influence on operating costs in the taxicab industry.

In the same period, there have been increases in all factors relating to the maintenance and operation of taxicab vehicles. Notably, passenger vehicle insurance premiums have increased by 7 per cent, representing the largest percent increase in the TCFM. The costs associated with purchasing a vehicle, repair and maintenance of a vehicle, and fuel have all increased by at least 1 per cent. These cost increases suggest that a corresponding increase in taxicab rates is necessary to ensure industry viability.

Table 1. Taxi Cost Fare Model Analysis, September 2013/2014

Component	Index	Component Weight (%)	Sep-2013	Sep-2014	% change	Weighting
Stand rent, licenses, union dues, other	CPI Regina, all-items index	12%	127.4	130.2	2.20	0.26
Insurance	CPI SK, passenger vehicle insurance	8%	128.5	137.5	7.00	0.56
Fuel	CPI SK, gasoline	20%	171.6	174.9	1.92	0.38
Routine repairs and maintenance	CPI SK, passenger vehicle parts, maintenance and repairs	10%	133.5	136	1.87	0.19
Amortized cost of vehicle, radio, equipment	CPI SK, purchase and leasing vehicles	10%	91.1	92.2	1.21	0.12
Earnings, all drivers	Avg. hourly rate, FTE - Sales and services industry	40%	19.25	20.26	5.25	2.10
Totals		100%				3.62

The TCFM calculation suggests a rate increase of 3.62 per cent would adequately cover the increased costs faced by the taxicab industry. Due to limitations in the way taxi meters calculate total trip fares, it is difficult to calculate a rate change that will meet the exact target of 3.62 per cent for both a 5 kilometre trip and a 10 kilometre trip, as required by the TCFM. Additionally, calculating the wait time rate for trip is done assuming ideal conditions – the driver is travelling at a constant 50 km/hr during the entire trip, without encountering traffic lights and pedestrian crosswalks. In considering these restraints, the Administration has determined three options for taxicab rates that are closest to the TCFM target (refer to Table 2).

Table 2. Comparison of options for adjusting taxicab rates.

Rate	Option 1 (maintain current rate)	Option 2 (recommended)	Option 3
Drop Rate (start rate)	\$ 4.00	\$ 4.00	\$ 4.05
Additional Rate	\$ 0.10 per 57 m	\$ 0.25 per 138 m	\$ 0.10 per 56 m
Wait time Rate	\$ 0.10 per 11 sec	\$ 0.25/25 sec	\$ 0.20/20 sec
Hourly Rate	\$ 33.00 per hour	\$ 36.00 per hour	\$ 36.00 per hour
Out of Town Rate	\$1.66 per km	\$1.72 per km	\$1.72 per km
5km local trip (est. total)*	\$ 15.77	\$ 16.35	\$ 16.35
10km local trip (est. total)*	\$ 27.85	\$ 28.95	\$ 28.85
Avg. % change for local trips	-	+3.82%	+3.64%

Jurisdictional Review of Taxicab Rates in Western Canada

Schedule “A” provides a comparison of current taxicab rates in other Western Canada jurisdictions. Based on the information in this table, it appears taxicab rates in the City are among the highest in Western Canada. It is important to highlight, however, that calculations for

the cost of 5 km and 10 km trips assume the same waiting time across all jurisdictions. In reality, wait times are typically longer in large urban centres, such as Calgary and Vancouver, due to increased traffic, making the total cost of taxi trips higher than those presented in the table. While it is important to know how the City's taxicab rates compare with other jurisdictions, it is not recommended that rates be adjusted using a jurisdictional comparison due to differences in external factors such as geographic size, traffic flow density, traffic infrastructure (e.g., use of freeways versus streets), and taxicab industry size.

Overview of Options

Option 1. Maintain current rates

As rates already increased by 5.2 per cent in March 2014, increasing rates by another 3.6 per cent in 2015 may be seen as too much by taxicab passengers.

Advantages: Passengers will continue to pay current rates for taxicab trips.

Disadvantages: The taxicab industry will not see a rate increase that would offset the increased cost of operating a taxicab vehicle. Additionally, the 3.62 per cent increase calculated in 2014 will carry over to the next review in October 2015, meaning that taxicab passengers will likely see a greater rate increase in 2016.

Rate	Option 1
Drop Rate (start rate)	\$ 4.00
Additional Rate	\$ 0.10 per 57 m
Wait time Rate	\$ 0.10 per 11 sec
Hourly Rate	\$ 33.00 per hour
Out of Town Rate	\$1.66 per km

Option 2 (Recommended). Implement 3.82 per cent increase in rates

Option 2 provides for a slightly higher increase than recommended in the TCFM (0.2% higher). The per hour rate is increased by 9 per cent from the current rate in this option as no increase was provided for in the 2013 TCFM review. Hourly rate increases are limited to calculations based on whole seconds, not fractions of a second, which makes the rate difficult to change on an annual basis.

Rate	Option 2 (recommended)
Drop Rate (start rate)	\$ 4.00
Additional Rate	\$ 0.25 per 138 m
Wait time Rate	\$ 0.25/25 sec
Hourly Rate	\$ 36.00 per hour
Out of Town Rate	\$1.72 per km

Advantages: The higher rate increase will help offset the costs associated with meeting additional technological requirements (i.e. computer-aided dispatch, GPS, and security cameras) by May 2015 for regular taxicabs and by December 2017 for accessible taxicabs. These technological requirements are not accounted for in the TCFM. An additional \$0.05 to \$0.10 on an average trip would not be a financial burden for customers, though will add up for drivers over the course of several trips to help cover technology costs.

Disadvantages: As rates increased by 5.2 per cent in 2014, taxicab passengers may view an additional taxi rate increase in 2015 as excessive.

Option 3 Implement 3.64 per cent increase in rates

The rates proposed in Option 2 provide for a rate increase that most closely aligns with the TCFM. The Option 3 rate is 0.02% higher than TCFM recommendation due to the aforementioned variable restraints in the calculation. Similar to Option 2, the per hour rate is increased by 9 per cent from the current rate to compensate for the lack of increases in previous TCFM reviews.

Rate	Option 3
Drop Rate (start rate)	\$ 4.05
Additional Rate	\$ 0.10 per 56 m
Wait time Rate	\$ 0.20/20 sec
Hourly Rate	\$ 36.00 per hour
Out of Town Rate	\$1.72 per km

Advantages: This option meets the requirements set out in the TCFM, providing the industry with a rate increase that corresponds to the increased cost of operating a taxicab.

Disadvantages: This option does not account for the cost of recent technological requirements imposed on the taxicab industry. Moreover, members of the taxicab industry have indicated preference towards rate increases applied to the per metre rate or wait time rate, rather than the drop rate. From the customer perspective, as rates increased by 5.2 per cent in 2014, an additional taxi rate increase in 2015 may be seen as excessive.

Additional Bylaw Amendments

In addition to the proposed rate changes above, the Administration is using this opportunity to address customer service issues identified by the City's Licence Inspector. As different taxi drivers may operate the same vehicle, there have been several instances where multiple driver identification cards have been displayed in a vehicle at one time. This makes it difficult for a customer to identify the driver operating the vehicle – information that would be valuable in the complaint/compliment process. Additionally, there have been a number of complaints of taxicabs operating without sufficient exterior labelling that would help customers identify a taxi's company affiliation.

The following amendments are proposed to address these issues:

- a) Add a requirement that only the identification card of the taxicab driver in operation of the vehicle, and no other identification card, shall be displayed;
- b) Add a requirement that taxicab licence owners must display on the vehicle exterior at all times:
 - i. The name and phone number of the brokerage (company) with which the taxi is affiliated on the passenger side doors, driver side doors, and rear of the vehicle; and,
 - ii. The car number on the passenger side fender, driver fender, and rear of the vehicle;
- c) Add a requirement that the exterior displays listed in amendment (b) must be:
 - i. a colour that contrasts distinctly with the body color of the vehicle, and;
 - ii. at least 75mm in height.

RECOMMENDATION IMPLICATIONS

Financial Implications

None with respect to this report.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The recommendations will contribute to achieving the City's outcomes for a safe living and working environment for the community and for increased customer satisfaction.

Other Implications

None with respect to this report.

Accessibility Implications

Council approved the equalization of fares for regular, seasonal, temporary, and accessible taxicabs in February 2014 (CR14-15). The rate changes recommended in the current report will also apply to accessible taxicabs.

COMMUNICATIONS

The Administration met with five representatives of the taxicab industry on November 18, 2014 to discuss rate increase options and minor amendments to *The Taxi Bylaw*. The industry indicated preference for maintaining the current drop rate and applying the increases to the per metre rate and wait time rate. Following this meeting, the Administration provided the three options presented in this report for industry review. The industry supports the recommendations.

DELEGATED AUTHORITY

This report must be forwarded to City Council for approval.

Respectfully submitted,

COMMUNITY AND PROTECTIVE SERVICES COMMITTEE



Ashley Thompson, Secretary