

Presented To:	Operations Committee
Presented:	Monday, Aug 11, 2014
Report Date	Friday, Aug 01, 2014
Type:	Presentations

## Request for Decision

### Calculation of Taxi Tariff Rates and Increase of Taxi Fares

#### Recommendation

That the City of Greater Sudbury amend By-law 2014-115 to  
1) remove and replace Schedule "C" with the Taxi Cost Index tool for determining the taxi tariff rates; and  
2) remove and replace Schedule "B" which will reflect an increase of 11% to the current taxi fares, effective September 1, 2014.

## Background

On May 13, 2014, Council enacted the Taxi By-law, 2014-115. This by-law provides a system for the licensing, regulation and governing of taxi, limousine and shuttle transportation in the City of Greater Sudbury, including determining the rates of taxi tariffs. The By-law requires that every taxi driver shall charge a passenger a fee for the conveyance of one or more passengers and/or their goods. Schedule "C" in the by-law was intentionally left blank during the enactment of the by-law to allow staff additional time to determine the best tool to calculate taxi tariffs and to consult with the industry.

The method of determining taxi tariff rates in the previous by-law was based on fluctuations in gas prices. This method was reviewed by the consultant during the recent by-law review, Dr. Hara of Hara and Associates. He determined our present method to be unsustainable from both a perspective of staff resources and practicality. It was recommended that Sudbury develop a more sophisticated system that will reflect the true costs of operating a Taxi, such as fuel, insurance, repairs and maintenance, dispatch fees and employee costs. Staff contemplated a taxi cost index be developed to address the needs and costs of owners of Taxis specific to those in Sudbury. The taxi cost index that was developed during the review of the by-law in 2002 was deemed to be sufficient for these purposes, and addresses all the costs relative to operating a Taxi in the City of Greater Sudbury. The Taxi Cost Index as described in Attachment 1 of this report is recommended as the tool to be used annually to calculate changes in the taxi tariff rates and reflected as an amendment to the Taxi By-law in Schedule "C".

#### Signed By

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## **Taxi Tariff Rates Determination and Implementation**

Staff implemented the Taxi Cost Index tool as recommended for amendment to the by-law to calculate the 2014 costs of operating a Taxi in the City. The calculations show that the costs to operate a taxi in the City has risen 11% since the last tariff rate was approved.

Staff met with the Taxi owners on July 29, 2014 to discuss the increase in operating costs, the Taxi Cost Index Tool that was used and the potential increase in taxi rates to reflect the increase in costs. All taxi owners in attendance at the meeting agreed that the taxi rates should be increased by 11% to reflect costs, effective September 1, 2014. September 1, is the renewal date of the licenses and vehicle inspections occur at this time. The meters can be calibrated to reflect the new rates during the inspections of the vehicles at no additional costs to the taxi owners. The taxi owners also agreed with the schedule recommended by staff for the "Drop" and "Distance" rates included herein. The Wait Time Rate is also recommended to increase by 11% from \$36.75 to \$40.75 for each hour and from \$0.57 to \$0.67 for each minute.

It should be noted for Council's information that the last rate increase for the industry other than that for the H.S.T. harmonization was 12%, 6 years ago in June 2008.

Taxi Tariff Rates		
	Current Fares (from 2010)	Proposed - Sept 1/14
Drop Rate	\$3.50 – 1 <sup>st</sup> 112 m	\$3.75 – 1 <sup>st</sup> 100 m
Distance	.25 for each 112 m	.25 for each 100 m
5 km Trip	\$14.50	\$16.00

Attachment 2 to this report is a table copied from Dr. Hara's report to Council showing a comparison of taxi tariff rates with other municipalities. It shows that the proposed rates are within the range of comparator municipalities.

## **Conclusion**

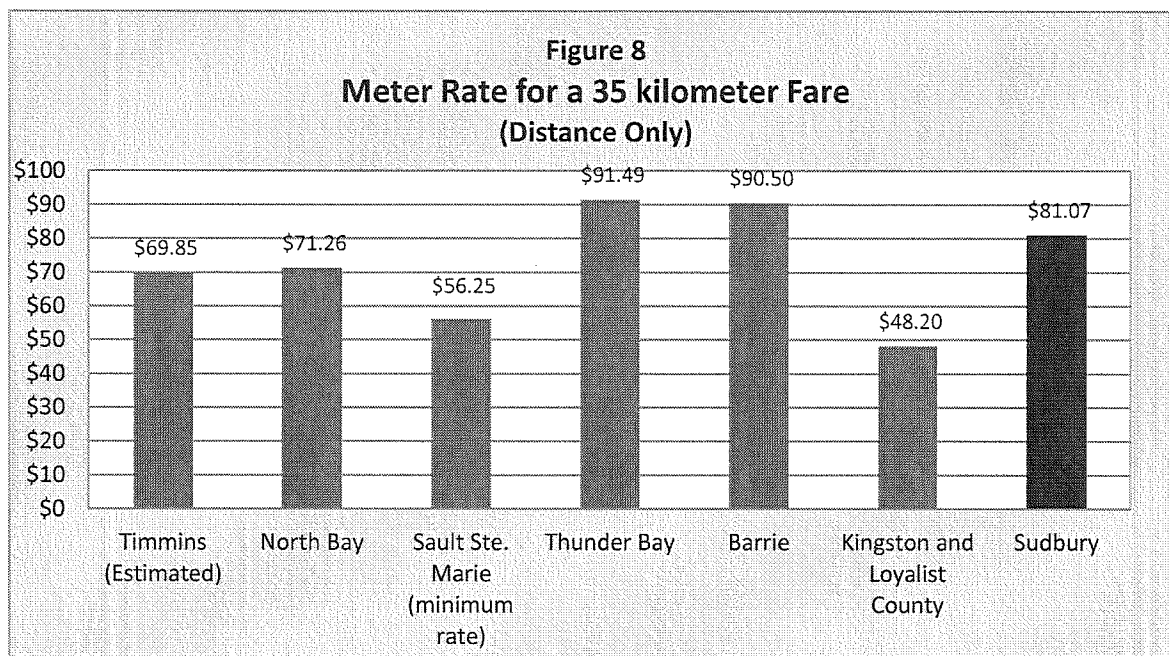
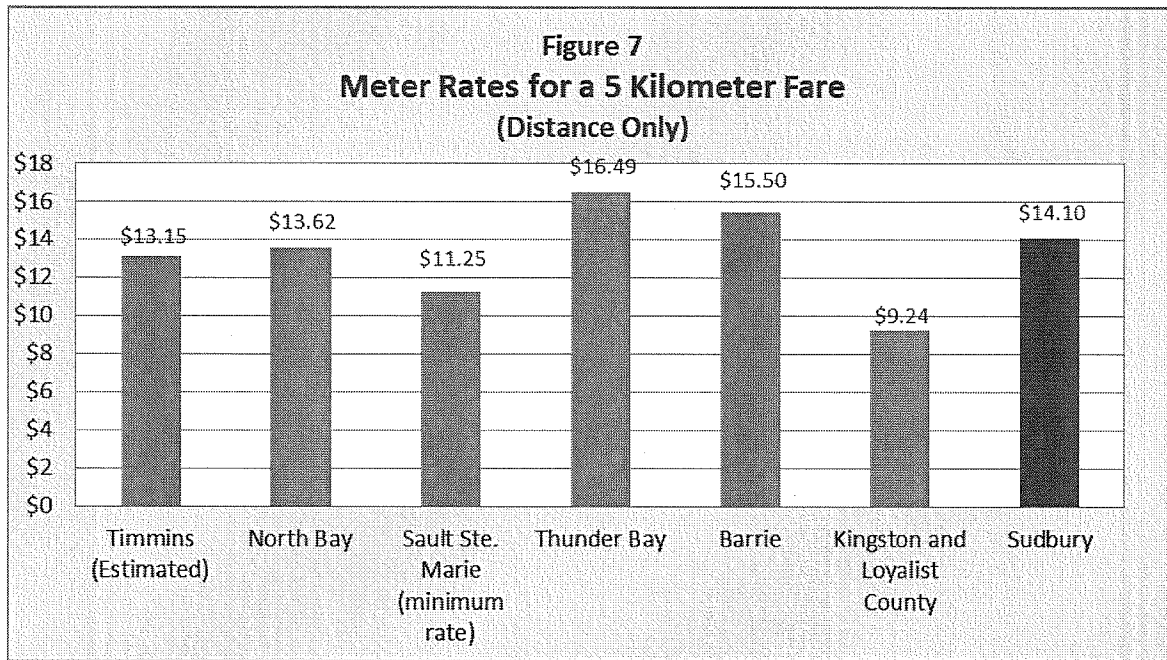
In consultation and with consensus of the taxi owners, staff recommend that Council approve a 11% increase in the taxi tariff rates effective on September 1, 2014, as described in this report. In addition, staff recommend that the Taxi Cost Index used to arrive at this increase be included in the Taxi By-law, 2014-115, Schedule C for future use to determine increases in operating costs of taxi ownership and subsequent increases in taxi tariff rates. These rates will be reviewed annually with the industry and Council starting March 2015.

Worksheet A: Calculation of Taxi Cost Index – June 2014					
A	B	C	D	E	F
Cost Item	Share of Costs March 2002	Proxy Time Series for Cost Item	Current Value June 2014	Percentage Change in Cost Item since March 2002	New Share of Costs 2014
Fuel	12.0	CPI for Gasoline v41691136 Table 326-0020	204.5	95.7	16.1
Repairs and Maintenance	9.6	CPI for Automotive Parts v41691137 Table 326-0020	129.8	31.1	8.6
Employed Driver Returns	26.4	Hourly Wage Transportation & Warehousing v1591431 Table 281-0029	25.29	37.5	24.9
Professional Fees	0.3		25.29	37.5	0.3
Owner Driver Returns	29.2		25.29	37.4	27.5
Insurance	11.3	CPI for Auto Insurance v41691141 Table 326-0020	176.7	82.3	14.1
Depreciation	4.0	CPI for Vehicles v41691132 Table 326-0020	94.5	-4.8	2.6
Return on Investment	1.4		94.5	-4.8	0.9
Dispatch Fees	5.4	CPI All Items v41690973 Table 326-0020	126.9	27.5	4.7
Miscellaneous	0.4		126.9	27.5	0.3
Total	100				100

#### Explanatory Note:

The Cost Index method is intended to be approximate, not exact. It estimates changes in cost by measuring changes in the cost of commodities and services that taxis share with other sectors of the economy. These changes are measured using publicly available statistics, such as components of the Consumer Price Index maintained by Statistics Canada. The Cost Index method is used because it uses data developed at arm's length from the industry, and avoids potentially lengthy and costly enquiries into the operating costs of individual taxicab owners and brokers. The index does not capture any unusual cost increases resulting from new requirements of operators by the Bylaw or administration of the City of Greater Sudbury.

short-haul (5 kilometer) and long-haul (35 kilometer).<sup>18</sup> The range of meter rates is quite broad. Sudbury falls in the upper third. Rates in Thunder Bay and Barrie are higher, while rates in the other four peer cities are lower.



<sup>18</sup> Distances are calculated based on the

published rate was adjusted upwards 8% for HST harmonization, but a record is missing from City electronic records.