

## **Purpose**

The City of Greater Sudbury regulates vehicles for hire within By-law 2016-145, a By-law of the City of Greater Sudbury for the Licensing, Regulating and Governing of Vehicles for Hire. In addition to setting requirements for the licensing of drivers and condition of vehicles, in the interest of public safety and protection, the by-law provides specific tariff rates to be charged upon pick up and for each incremental distance travelled.

Section 156 of the *Municipal Act, 2001*, SO 2001, c.25, provides that “a local municipality, in a bylaw under section 151 with respect to the owners and drivers of taxicabs, may,

- (a) establish the rates or fares to be charged for the conveyance of property or passengers either wholly within the municipality or from any point in the municipality to any point outside the municipality;*
- (b) provide for the collection of the rates or fares charged for the conveyance; and*
- (c) limit the number of taxicabs or any class of them. 2006, c. 32, Sched. A, s. 82.”*

As noted by Hara in 2014 “in the absence of regulation, passengers would not be able to assess a fair price given the variable nature of the service in terms of both distance and quality of service and driver”. Unlike ridesharing software, where the user receives a cost estimate for the trip booking, taxi users do not receive this advance calculation prior to engaging the ride/fare. Taxi riders are dependent on the posted rates to avoid situations of haggling or exploitation.

Using provisions within By-law 2016-145, this report provides a review of taxi regulations in the City of Greater Sudbury. Applying current provisions of the By-law, it recommends an increase to tariff rates for taxis. Further, while examining municipal comparators for tariff rates and overall administration of vehicle for hire regulations, this report provides option to provide increased autonomy for Taxi Owners, while supporting overall intent of the By-law.

## **Background- A History of Municipal Taxi Regulations**

Following the amalgamation of the City of Greater Sudbury in 2001, Council passed subsequent taxi by-laws all of which regulated taxi rates. The cost calculation index that was established applied data sets from the CPI for Fuel, Repairs and Maintenance, Employed Driver Returns, Professional Fees, Owner Driver Returns, Insurance, Depreciation, Return on Investment and Dispatch Fees to assist in determining any increase or decrease in the regulated taxi fares. This model of regulated taxi fares was in place to support consumer protection while also providing for a stable service model for Taxi Owners.

Following a review of taxi services in August 2008, the City of Greater Sudbury continued to regulate taxi fares and provide regulations that supported both the protection of the public and the business interests of the Taxi Owners. However, due to a spike in fuel prices, Council directed Staff to create a system that allowed for a review of the taxi fares every three months. Using an average of gas prices per liter from three (3) different gas stations, Council directed Staff to develop a formula to adjust taxi fares for fluctuations in gas prices and that this formula be added as a schedule to the by-law.

In January 2014, the City of Greater Sudbury participated in a formal “Taxi Regulation Analysis and Peer Comparison” led by Hara Associates. This review compared the City of Greater Sudbury’s model against municipal peers and best practices, and found that the City’s current method of quarterly reviews was not effective. At the conclusion, this review brought forward ten (10) recommendations for Staff.

Most notably, Hara Associates recommended, “future rates be reviewed on an annual basis, replacing the current formula based exclusively on gas prices with a broader index capturing other costs as well. Either the Consumer Price Index or the development of Taxi Cost Index is recommended. Sudbury’s smaller peers use the convenience of the CPI, while best practice in larger cities is to develop a cost index based on the local cost of taxi operations.”

On August 14, 2014, within By-law 2014-115, using a newly created Taxi Cost Index formula, Council directed Staff to increase taxi fares 11%. The Cost Index method is used because it applies 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.

On March 20, 2018 Council agreed to increase the drop rate and rolling rate by 5% to respond to the Provincial minimum wage increase, while also committing to review for subsequent wage increases, that ultimately did not occur.

**Table 1: Historical Taxi Drop Rates and Fares – City of Greater Sudbury**

<b>Date</b>	<b>Drop rate</b>	<b>Fee per Distance</b>	<b>Travel per km</b>	<b>Travel 1<sup>st</sup> km</b>	<b>Travel 10 km</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>A+C</b>	<b>A+(Cx10)</b>	
<b>2003</b>	\$3.00	\$.25 per 150 meters	\$1.66	\$4.67	\$19.60
<b>2010</b>	\$3.50	\$.25 per 112 meters	\$2.23	\$5.73	\$25.80
<b>2014 to 2018</b>	\$3.75	\$.25 per 100 meters	\$2.50	\$6.25	\$28.75
<b>2018 to Current</b>	\$4.00	\$.25 per 95 meters	\$2.63	\$6.63	\$30.31

### **Municipal Comparison - Taxi Fares in Ontario**

The City of Greater Sudbury uses an objective taxi cost index to determine any requirement for an increase or decrease in tariff rates. The formula currently in use takes into account several factors used to calculate the taxi fares. Several of the municipalities considered, Ottawa, Kingston, Windsor and Hamilton, utilize similar fulsome taxi cost indexes and the rates determined appear to be comparable to the City of Greater Sudbury rates.

The smaller municipalities, that have less taxi companies and licenced vehicles, tend to use simpler approaches for calculating taxi rates such as CPI or peer reviews. In both Sault Ste.

Marie and Timmins, the Police Board regulate and licence vehicle for hires and the power of passing and amending by-laws remain with the City Councils. Finally, some municipal comparators are deciding to move away from municipal of fares.

The following is a comparison of drop rates and fees for distance travelled for fifteen (15) different municipalities split between Northern and Southern Ontario. The table also provides for how each municipality calculates the drop rate and any fees.

A review of taxi rates in Northern Ontario concludes that the Drop rate for the City of Greater Sudbury is one of the lowest. Alternatively, with an ability to charge \$0.25 for every 95m traveled, this translates to residents of the City of Greater Sudbury paying the highest per kilometer of travel, at \$2.63. Averaging the drop rate and the fee per distance for a 10km trip, City of Greater Sudbury residents currently pay more for the same trip if taken in Timmins, Thunder Bay, Sault Ste. Marie or North Bay.

### **Northern Ontario**

City	Drop rate A	Fee per Distance B	Wait time per hour	Travel per km C	Travel 1st km A+C	Travel 10 km A+(Cx10)	Who regulates the Taxi Tariff?	How is the Drop rate Calculated?	Extra Fees (such as baggage, head count)
<b>North Bay 2020</b>	\$4.90	\$0.10 for each 39.46 meters	\$40.15	\$2.53	\$7.20	\$27.70	Municipal By-Law and Police Services Board	Rate of Inflation - Consumer Price Index for Canada	No
<b>Timmins 2020</b>	\$4.10	\$0.20 per 1/10 Meters	\$40.00	\$2.00	\$6.10	\$24.10	Municipal By-Law and Police Services Board	No defined process. Hara found no formula	No
<b>Sault Ste. Marie 2020</b>	\$3.90	\$0.10 per 1/15-1/13 km	\$45.00 \$0.1875 per 15 seconds	\$2.50	\$6.40	\$28.90	Municipal By-Law and Police Services Board	Hara found no formula. Meter rates are adjusted based on requests to the SSMPBSB and its own resultant investigations.	No
<b>Thunder Bay 2020</b>	\$4.78*	\$0.12* per 1/16 km	\$33.00	\$1.92	\$6.70	\$23.98	Industry regulated – approved by Licensing Section	Hara found no formula.	Industry regulated

<b>Sudbury 2020 (current)</b>	<b>\$4.00</b>	<b>\$0.25 per 95 meters</b>	<b>\$40.75</b>	<b>\$2.63</b>	<b>\$6.63</b>	<b>\$30.31</b>	<b>Municipal By-Law</b>	<b>Taxi Cost Index (Schedule A-1)</b>	Yes Booking trip via App/tech Cleaning Fee \$50
<b>Northern Ontario AVERAGE</b>	<b>\$4.33</b>		<b>\$39.78</b>	<b>\$2.27</b>	<b>\$6.60</b>	<b>\$26.99</b>			

\*Self-regulated industry average in City of Thunder Bay as of September 2020.

Looking beyond Northern Ontario for municipal comparison, currently City of Greater Sudbury residents pay the highest amount for wait time per hour and pay the second highest for each individual kilometer traveled. Overall, out of fifteen different municipalities, a 10km cab ride for a City of Greater Sudbury resident is among the top five most costly in the comparison.

### **Southern Ontario**

<b>City</b>	<b>Drop rate A</b>	<b>Fee per Distance B</b>	<b>Wait time per hour</b>	<b>Travel per km C</b>	<b>Travel 1st km A+C</b>	<b>Travel 10 km A+(Cx10)</b>	<b>Who regulates the Taxi Tariff?</b>	<b>How is the Drop rate Calculated ?</b>	<b>Extra Fees (such as baggage, head count)</b>
<b>Ottawa 2020</b>	\$3.45	\$0.16 per 86 meters/24 seconds waiting time	\$24.00	\$1.86	\$5.31	\$22.05	Municipal By-Law	Taxi Cost Index	Yes \$15.00 Booking trip via App \$5.00 Cancellation of App Booking at the door \$.25 Baggage (max of \$300) Bulky Items \$10.00 max
<b>Chatham-Kent 2020</b>	\$5.75	\$.25 for each 100 meters	\$.50 per minute (\$30.00)	\$2.50 urban \$2.00 outskirts	\$7.25	\$29.75	Industry regulated	Industry regulated	Industry regulated – requirement to post extra fees if any.

<b>Kingston 2020</b>	\$4.25	\$.25 for each additional 135 meters	\$.25 for each 25 seconds (\$36.00)	\$1.85	\$6.10	\$22.75	Municipal By-Law	Taxi Cost Index	Yes \$.50 for each additional person if a van not requested \$.50 Use of Trunk Space \$2.00 Bulky items
<b>Windsor 2020</b>	\$3.80	\$.10 per 64 meters	\$27.00	\$1.45	\$5.25	\$18.30	Municipal By-Law	Taxi Cost Index	No
<b>Peter-borough 2020</b>	\$4.75	\$.25 for additional 89 meters	\$39.13	\$2.80	\$7.55	\$32.75	Municipal By-Law – Police Services	Peer review, no formula, not utilizing CPI or Taxi Cost Index	Yes More than 4 passengers \$2.00 each Baggage \$.50
<b>Guelph 2020</b>	\$3.00	\$.10 per 1/24 km	\$32.00	\$2.20	\$5.20	\$25.00	Municipal By-Law	unknown	No
<b>Waterloo 2020</b>	\$3.50	\$2.10 per km	\$31.20	\$2.10	\$5.60	\$24.50	Municipal By-Law	unknown	No
<b>Amherst-burg 2020</b>	\$3.50	\$0.17 per 1/10 km	\$.22 per minute \$13.20/hr.	\$1.70	\$5.20	\$20.50	Municipal By-Law	Peer Review and Industry Average	Yes Trunk space \$.25 to a max of \$.50
<b>Hamilton 2020</b>	\$3.90	\$.13 per 72.1 meters	\$.13 for each 14 seconds, \$37.00	\$1.80	\$5.70	\$21.90	Municipal By-Law	Taxi Cost Index	No
<b>Brantford 2020</b>	\$3.58	\$0.109 per 1/20 <sup>th</sup>	\$30.00	\$2.18	\$5.66	\$28.84	Municipal By-Law	CPI	Yes \$15.00 requested van calls \$1.00 Excess baggage
<b>Southern Ontario AVERAGE</b>	<b>\$3.95</b>		<b>\$29.95</b>	<b>\$2.04</b>	<b>\$5.88</b>	<b>\$24.63</b>			

## Stakeholder Feedback

To support a fair and transparent regulatory system for vehicle for hire in the City of Greater Sudbury, Staff host stakeholder meetings as part of the review process. These open forum gatherings provide opportunity for Owners to discuss trends in the taxi industry and speak openly about regulations as they apply to their operations. In 2018, Owners expressed support

for municipally regulated fare structure. The consensus was that it protected their business interests and further to protected against “taxi shopping”.

On March 03, 2020, Staff hosted a stakeholder meeting for Taxi Owners and other stakeholders. Feedback of Owners was specific to increased insurance rates, fare structure and the Taxi Cost Index and the hiring process for drivers.

### **Insurance Rates**

- Becoming unachievable with the current insurance companies available
- Little option to get better rates, with only three (3) insurance companies that offered coverage to taxi owners
- Lockerby Taxi reported a 26% year over year increase on policy premium
- Aaron Taxi reported a 10% year over year increase on policy premium.
- Insurance companies are requesting drivers provide a letter of experience to show at least three years of clean driving experience.

### **Fare Structure and Taxi Cost Index**

- Having regulated rates is very beneficial for the industry. It allows for consistent service and pricing to residents of the City using taxi services.
- Agreement that tariff rates need to be reviewed and adjusted annually.
- Concern that the taxi cost index does not take into account current commercial insurance rates.
- Process for rate change requires an amendment to a By-law, which can create time line issues
- Request to add additional fees for technology (wireless debit) and for short trips

### **Recruitment of Taxi Drivers and the Hiring Process**

- Concern for time lines associated with new drivers applications (required to submit a letter of hire, a criminal record check, a driver’s abstract, and pay a fee as per the User Fees), which negatively impacts recruitment of new drivers

## **Deregulation of Taxi Meter Rates**

While staff are not recommending the complete deregulation of taxis in the City of Greater Sudbury, as an alternative to current fee regulations contained in the Bylaw, this review has concluded that some Ontario municipalities are moving away from municipal oversight of rates. In 2018, the municipality of Chatham-Kent decided not to regulate fares, and only focus on public safety issues, for the following reasons:

- a. With the increase in minimum wage and rising insurance costs, it is getting very difficult for taxicab companies to be profitable. By allowing the market to dictate the price, we are allowing the taxicab operators to regulate themselves in a way to take into account their costs and profit margin while remaining competitive.
- b. Private transportation companies, such as Uber or Lyft, fares are not regulated so in order to put taxicab companies and private vehicles for hire on a level competitive playing field the Committee chose not to dictate the fares. The municipality does not regulate the fees or prices

of any other business, allowing the market to dictate the price. Consumers will know the cost of the service before proceeding and will be able to make a decision if they are willing to pay the price.

- c. The main reason to regulate is from a public safety perspective for things such as insurance, police check, safety check, as consumers would not readily have access to this information when utilizing the service.”

To address stakeholder concerns with the process for amending the Vehicle for Hire By-law related to fares, and further to remove concerns with the taxi cost index formula used to calculate fare increase or decrease, this best municipal best practice, also referenced in the City of Vaughan, presents an opportunity for the City of Greater Sudbury. There's opportunity to streamline municipal process, while also ensuring continued oversight for safety and integrity issues.

### **Next Steps**

In conclusion, Staff have completed an analysis of the regulated model of taxi services while also doing a comparison of fare rates and structures for other Northern and Southern Ontario Municipalities. From the comprehensive review of the regulatory regime, further supported by the direct feedback of Taxi Owners at an open house, stakeholders meeting, input from insurance industry experts, Staff recommend the continuation of a municipally regulated taxi service as supported by Bylaw 2016-145, as amended. Regulations that oversee requirements for the licensing of drivers and vehicles are in place to support community safety and well-being of both passengers and drivers, while ensuring trust in the service.

Utilizing the current Taxi Cost Index as a basis for calculation, Staff recommend amendments to By-law 2016-145 to provide a 5% increase to fare rates and rolling rates in 2020. As rounded to the nearest \$0.25 for the drop rate, the increase is listed in the below table. Although the drop rate would not be the highest among Northern or Southern Ontario peers in this comparison, increases would make Sudbury taxi fares to be the most costly in Northern Ontario for wait time and average cost per distance travelled and within the top three in Southern Ontario peers.

Date	Drop rate A	Fee per Distance B	Travel per km C	Travel 1 <sup>st</sup> km A+C	Travel 10 km A+(Cx10)
2020 Proposed	\$4.20	\$.25 per 95 meters	\$2.76	\$6.96	\$31.80

In response to the industry asking for quicker amendments to the meter rates and the ability for Council to review these rates, Staff are recommending amendments to By-law 2016-145 in the first quarter of 2021 in order to permit meter rates to be set by Taxi Owners and filed with the municipality. It is recommended that rates can only be amended annually by an Owner (no more than once in a 12 month period) unless otherwise deemed to be in the best interest of all City of Greater Sudbury taxi companies. Further, Owners will only be permitted to set rates that

are currently regulated in Schedule A, Section 16 of Bylaw 2016-145; specifically being rates for the first 100m (drop rate), fee for each incremental distance traveled, wait fee and clean up fee.

Staff will continue to collaborate with Economic Development to provide options to Council to review by-law provisions for PTC owner and drivers based on stakeholder requests and comparison to other municipalities.

## **Resources Cited**

### **Council Agendas:**

#### **June 25, 2008-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=140&itemid=987 &lang=en>

#### **August 13, 2008-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=151&itemid=107 4&lang=en>

#### **August 12, 2009-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=213&itemid=219 7&lang=en>

#### **June 09, 2010-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=255&itemid=292 3&lang=en>

#### **February 25, 2014-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=716&itemid=826 7&lang=en>

### **Sudbury Taxi Regulation Analysis and Peer Comparison- Hara Associates Inc.**

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=11585.pdf>

#### **May 13, 2014**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=721&itemid=868 2&lang=en>

#### **August 14, 2014**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=783&itemid=900 5&lang=en>

#### **March 22, 2016-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=942&itemid=108 76&lang=en>

#### **June 28, 2016-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=948&itemid=116 17&lang=en>

#### **March 20 2018-**



<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=5&id=1270>

### **Other Resources Cited:**

<https://www.ontario.ca/document/industries-and-jobs-exemptions-or-special-rules/transportation>

<https://www.ontario.ca/page/how-provide-accessible-transportation-services>

<http://www.cbc.ca/news/canada/thunder-bay/thunder-bay-taxi-rate-increase-1.4500047>

<http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04007.html>

<http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=580&Geo2=PR&Code2=47&Data=Count&SearchText=Greater%20Sudbury&SearchType=Begin&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=580 &TABID=1>

<http://www.cbc.ca/news/canada/thunder-bay/thunder-bay-taxi-rate-increase-1.4500047>

<https://www.chatham-kent.ca/Council/Meetings/2018/Documents/June/Jun-18-16c.pdf>

<https://www.fsrao.ca/industry/auto-insurance-sector/auto-insurance-rates>

<http://www.fsco.gov.on.ca/en/auto/rates/Pages/q4-2019.aspx>

<https://www.hamilton.ca/sites/default/files/media/browser/2020-02-25/information-update-taxi-insurance-feb-25-2020.pdf>

<https://toronto.ctvnews.ca/taxi-drivers-struggle-to-continue-work-after-another-insurance-hike-1.4809274?cache=%3FclipId%3D68597%3FcontactForm%3Dtrue>

**Schedule "A.1"**  
to By-law 2016-145 of the City of Greater Sudbury

**Estimation of Change in Cost of Operating a Taxicab**

The change in the cost of operating a taxicab shall be estimated using the Taxi Cost Index method. It may be calculated using Worksheet A of this Schedule. The following steps shall be followed;

1. **Get Recent Cost Data:** Obtain the most recent available number for each Proxy Time Series listed in Worksheet B and enter on the same line in Column E.

Where a designated proxy series has been discontinued by Statistics Canada, the Licence Issuer may designate a new proxy series, giving first preference to related monthly series available from Statistics Canada. In this case, the Licence Issuer must also replace the Base Value for June 2014 in Column C of the Worksheet with an appropriate value for the newly selected proxy.

2. **Calculate % Cost Increase of Each Item:** Calculate the value for each cell in Column G using number from the other columns and the formula ( $G = (E/D - 1) \times 100$ ).
3. **Calculate Current Index Components:** Calculate the value for each cell in Column H using numbers from the other columns and the formula ( $H = E/D \times B$ ).
4. **Calculate Current Cost Index:** Total the values in Column H and enter them on line J of Worksheet B.
5. **Calculate % change in Cost of Operating a Taxicab since June 2014:** Calculate cell K in Worksheet B using the formula.

The result of Step 5 should be reported and considered in review of adjustment to taximeter rates.

Explanatory Note: The Cost Index method is intended to be approximate, not exact. It estimates changes in cost by measuring changes in cost of commodities and services that taxis share with other sectors of the economy. These changes are measured using publically 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 City of Greater Sudbury. As of June 2014, these series are available through the Statistics Canada Internet web site. The information in column B identifies the series within the Statistics Canada CANSIM database.

Worksheet A: Calculation of Taxi Cost Index

A	B		C		D	E	G
Cost item	% share of costs	Time Series	Table	CPI Description	Base value	Current value	% change in cost item since Jun- 14 =(E/ D- 1) * 100
	Jun-14				Jun-14		
Fuel	16.1	v41691136	326-0020	Gasoline	204.5		-100.0
Repairs & maintenance	8.6	v41691137	326-0020	Automotive Parts	129.8		-100.0
Employed Driver returns	24.9	v1591431	281-0029	Hourly Wage, Transportation and	25.29		-100.0
Professional fees	0.3	vv1591431	281-0029		25.29		-100.0
Owner Driver returns	27.5	vv1591431	281-0029	Warehousing Auto	25.29		-100.0
Insurance	14.1	v41691141	326-0020	Insurance	176.7		-100.0
Depreciation	2.6	v41691132	326-0020	Vehicles	94.5		-100.0
Return on investment	0.9	v41691132	326-0020	Vehicles	94.5		-100.0
Dispatch fees	4.7	v41690973	326-0020	All Items	126.9		-100.0
Miscellaneous	0.3	v41690973	326-0020	All Items	126.9		-100.0
Total	100.0						

Worksheet B: Calculation of % Cost Increase Since June 2014

I - Base value Jun-14	100.0
J - Current value of index	0.0

**K -% change in Taxi Costs since June 2014\* - ((J/I-1)x100))** **-100.0**

\* [(Current value of index / Base value June 2014 - 1) \* 100]

Source: Statistics Canada, Consumer Price Index, Tables 236-0020 and 281-0029