

## **Purpose**

On January 23, 2018, Council passed a motion directing staff to review the Vehicle for Hire by-law in response to legislative changes for Bill 148: Fair Workplaces, Better Jobs Act, 2017.

Taxi Drivers are paid within a commission model where the employer tops up any shortfall from minimum wage. An increase in minimum wage costs as mandated through Bill 148, taxi owners in the City of Greater Sudbury have expressed concern for the impact of a 21% increase in the minimum wage. With an increase from \$11.60/hr to \$14.00/hr, taxi owners state that this increase will be detrimental to their continued operation if similar increases are not added to the municipally regulated taxi fares.

The Employment Standards Act provides guarantees for Drivers to receive minimum wage, hours of work, time off between shifts, weekly/bi-weekly rest periods, personal emergency leave, vacation with pay, notice of termination/termination pay and severance pay. By way of *O. Reg. 285/01*, there are exemptions where Drivers are not entitled to overtime or public holidays.

Resolution CC2018-23 as presented by Councillor McIntosh, and carried by Council on January 23, 2018 reads as follows:

WHEAREAS the City of Greater Sudbury, through its By-law 2016-145 for the Licensing, Regulating and Governing of Vehicles for Hire, sets the Tariff of Rates which taxi companies and drivers must charge passengers;

WHEREAS the Ontario legislature has passed the Fair Workplaces, Better Jobs Act, 2017 which includes changes to the minimum wage rates which increased to \$14 per hour on January 1<sup>st</sup>, 2018 and which will increase again to \$15 per hour on January 1<sup>st</sup>, 2019;

AND WHEREAS the taxi industry in Greater Sudbury has not been afforded the opportunity to adjust its fees in a timely fashion to reflect the increased costs associated with the minimum wage increase, as would other businesses;

AND WHEREAS Council for the City of Greater Sudbury would like to be provided with information as to why the City regulates taxi fare rates, whether we should continue to regulate those rates, and if the City is to continue to regulate the rates, how we can address large fluctuations in operating costs such as the minimum wage hikes as they occur, to mitigate the impact to the taxi industry outside of the annual review requirements under the by-law;

THEREFORE BE IT RESOLVED that the City of Greater Sudbury direct staff to bring a report to the Finance and Administration Committee in March, 2018 with information outlining why the City regulates taxi fare rates, whether we should continue to regulate those rates, and if the City is to continue to regulate the rates, how we can expeditiously address large fluctuations in operating costs such as the minimum wage hikes.

The following review will support Council in deciding whether the municipality should continue to regulate tariff fare rates, and if the City is to continue to regulate these rates, this report will provide consideration on how large fluctuations in operating costs may be reflected in order to mitigate the impact to the taxi industry outside of the annual review requirements under the Vehicle for Hire By-law.

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

Section 156 of the *Municipal Act, 2001, SO 2001, c.25*, provides that “a local municipality, in a by-law 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.”*

Following the amalgamation of the City of Greater Sudbury in 2001, City Council passed By-law 2003-003 to replace regulations of the former Municipalities. This By-law used a cost calculation index that 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. This By-law also set regulations for maximum vehicle age, vehicle standards, minimum insurance premiums and the requirement for criminal record checks for Drivers. Upon Council's request, staff completed a review of By-law 2003-003 in June 2008 due to the increasing fuel prices at that time and the impact on the taxi industry. As a result, Council directed Staff to amend the Taxi, Limousine and Shuttle Transportation By-law to include an increase of 12% to the taxi tariff rates effective July 01, 2008.

Following a review of taxi services in August 2008, the municipality repealed By-law 2003-003 and enacted 2008-180. The municipality continued to regulate taxi fares and provide regulations that supported both the protection of the public and the business interests of the Taxi Owners. 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.

On June 09, 2010, Council directed Staff to update Bylaw 2008-180 and increase regulated taxi fares by 8% because of the inclusion of Harmonized Sales Tax in taxi fares.

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.

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 rate change can be seen in the schedule below.

**Historical Drop Rates- City of Greater Sudbury as Regulated by Various Taxi By-laws**

<b>Date</b>	<b>Drop rate A</b>	<b>Fee per Distance B</b>	<b>Travel per km C</b>	<b>Travel 1<sup>st</sup> km A+C</b>	<b>Travel 10 km 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 Current</b>	\$3.75	\$.25 per 100 meters	\$2.50	\$6.25	\$28.75

On October 20, 2015 (CC2015-352) Staff were directed to undertake a review of the implications of ride sharing businesses (eg Uber). In particular, Staff were asked to report to Council the impact of the technology ride apps on public safety and the current taxi and limousine industries.

After the completion of an industry review, and considering best practices of other municipalities such as Ottawa and Toronto, on June 28, 2016, Council approved the current Vehicle for Hire By-law 2016115. This By-law provided an equal regulatory regime for a vehicle for hire companies such as Uber to enter the market, while allowing the currently licensed taxi owners to operate competitively. Currently the City does not have any Private Transportation Companies/Ride Sharing companies providing services within the City limits.

**Vehicle for Hire By-Law, and other City Obligations through Regulation**

Annually, the Vehicle for Hire By-law requires the Licence Issuer to conduct a review, which includes a consideration of Taxi tariffs relative to the taxi cost index. Using the Taxi Cost Index calculator, with fare rates still in place from 2014, applying this same index year over year would have resulted in; a reduction of 1.8% in 2015, an increase of 2.4% in 2016 and a decrease of 5.6% in 2017 (overall 5% decrease).

With any increase or decrease determined by a Taxi Cost Index calculation, Schedule A, Part 3 of the current Vehicle for Hire By-law lists fees that taxis can charge a passenger for services. It requires that

no owner shall authorize or direct a Driver to charge or collect any fee for the operation or use of the Taxi, Accessible Taxi, or Limousine, except a tariff fee determined by the City in accordance with the applicable schedule to the By-law. As per the By-law, this fee shall be for the use of the Taxi and not based on the number of persons carried in the Taxi.

Furthermore, the Licence Issuer shall make a determination for the maximum number of taxi owner licences (plates) while using most recent Census population data and divide by 1,224. Currently, with 130 plates in circulation, with the 2016 Census population data for the City of Greater Sudbury being 164,689, there is an opportunity to increase the number of plates by five (5). The current By-law requires a wait list to be maintained by the City and referred to when plates become available.

The annual review should also contain a consideration for the number of taxi trips in the City and a consideration of the number of Accessible Taxi Owners Licences issued relative to recommendations of the Accessibility Advisory Committee. In addition, the review should include any other matters, which in the opinion of the Licence Issuer are of significance, such as physical condition of the Taxi Fleet.

As part of Ontario's commitment to accessibility, within the *Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11, O. Reg. 191/11: Integrated Accessibility Standards*, there are mandated responsibilities set upon municipalities that regulate transportation services. Where a municipality licenses taxis municipal regulations must ensure that all owners and operators charge the same rate to persons with and without disabilities (no higher fares or additional fees allowed, including fees to store mobility aids or assistive devices) and ensure vehicle and driver information is accessible to persons with disabilities who are passengers. While Staff consider improvements that can be made to better support the provisions of vehicle registration, identification and tariff rates in an accessible format, the current Vehicle for Hire By-law ensures each of these requirements are met.

The province defines an accessible taxi as "a vehicle which can safely and comfortably transport a passenger with a disability who needs to remain seated in his or her mobility aid during the trip". When providing accessible taxi service, the Province requires municipalities to consult on the number of accessible taxis needed in the community through both an accessibility advisory committee and the public. Steps taken are required to be reported as part of the accessibility plan for the municipality.

Based on the demographics of Greater Sudbury, it is estimated that there are roughly 24,000 to 26,000 citizens with disabilities living in our community. Of these, approximately 1,000 are children under the age of 15 and 1,000 are teens and young adults. The most significant age group for persons with disabilities is seniors. In the City of Greater Sudbury, there are approximately 11,000 adults over the age of 65 who have a disability. Although there have been no requests for increase of the amount of accessible taxis in the City, Staff believe there is an opportunity to better align taxi services to meet the needs of this demographic

### **Municipal Comparison- Taxi Fare Rates**

The regulation of meter rates is in place to support the protection of the public. Regardless of day, time or starting place for a taxi ride in the City of Sudbury, a customer knows what the cost of a ride

should be. 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”.

The following is a comparison of drop rates and fees for distance travelled for sixteen (16) different municipalities split between Northern and Southern Ontario.

#### Northern 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 1<sup>st</sup> km A+C</b>	<b>Travel 10 km A+(Cx10)</b>
<b>North Bay</b>	\$4.60  \$4.70*	\$ .10 (\$ .12*) for each 49.12 meters	\$32.25	\$2.04  \$2.44*	\$6.64  \$7.14*	\$24.96  \$29.10*
<b>Timmins</b>	\$4.10	\$ .175 per 1/10 meters	\$36.00	\$1.75	\$5.85	\$21.60
<b>Sault Saint Marie</b>	\$4.40	\$ .10 per 1/25km	\$30.00	\$2.50	\$6.90	\$29.40
<b>Thunder Bay</b>	\$4.78*	\$ .12* per 1/16 km	\$33.00	\$1.92	\$6.70	\$23.98
<b>Sudbury</b>	<b>\$3.75</b>	<b>\$ .25 per 100 meters</b>	<b>\$40.75</b>	<b>\$2.50</b>	<b>\$6.25</b>	<b>\$28.75</b>

\* Indicates newly adjusted rates (Thunder Bay and North Bay)

A review of taxi rates in Northern Ontario concludes that the Tariff Rate (drop rate) for the City of Greater Sudbury is the lowest ranging from 9% to 27% lower than other municipalities. Thunder Bay and North Bay have recently increased their tariff rates in recent weeks in response to the minimum wage increase. In January 2018, the Police Board in Thunder Bay Police Services Board agreed to a 15% increase to drop rates, and at a February 2018 Police Board Meeting, the North Bay Police Services Board agreed to a 1.9% drop rate increase and a 20% rolling rate increase.

With an ability to charge \$0.25 for every 100m traveled, this translates to residents of the City of Greater Sudbury paying one of the highest per kilometer of travel \$2.50. 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 or Thunder Bay.

#### Southern Ontario Municipalities

<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 1<sup>st</sup> km A+C</b>	<b>Travel 10 km A+(Cx10)</b>
<b>Ottawa</b>	\$3.45	\$.16 per 86 meters/24 seconds waiting time	\$24.00	\$1.86	\$5.31	\$22.05
<b>Chatham Kent</b>	\$4.75	\$.25 for each 100 meters	\$.50 per minute (\$30.00)	\$2.50 urban \$2.00 outskirts	\$7.25	\$29.75
<b>Kingston</b>	\$3.05	\$.10 for each add 77 meters	\$.10 every 13 seconds (\$27.69)	\$1.30	\$4.35	\$16.05
<b>Cornwall</b>	\$3.50	\$.18 per 1/10 km	\$32.30	\$1.80	\$5.30	\$21.50
<b>London</b>	\$3.50	\$.25 per 130 meters		\$1.92	\$5.42	\$22.70
<b>Windsor</b>	\$3.80	\$.10 per 69 meters	\$27.00	\$1.45	\$5.25	\$18.30
<b>St. Thomas</b>	\$4.50	\$.40 per 1/7 km	\$36.00	\$2.80	\$7.30	\$32.50
<b>Peterborough</b>	\$4.00	\$.25 for 111 meters	\$32.50	\$2.25	\$6.25	\$26.52
<b>Guelph</b>	\$3.00	\$.10 per 1/22 km	\$30.00	\$2.20	\$5.20	\$25.00

<b>Brampton</b>	\$4.25	\$.25 per 141 meters	\$30.00	\$1.77	\$6.02	\$21.95
<b>Waterloo</b>	\$3.50	N/A	\$31.20	\$2.10	\$5.60	\$24.50

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 sixteen different municipalities, a 10km cab ride for a City of Greater Sudbury resident is among the top five most costly in the comparison.

Although this review has concluded that many Municipalities regulate tariff rates, some have indicated they are moving toward a less regulated regime. In response to ridesharing services that are picking passengers up in their City limits and in an effort to level the playing field for all personal transportation service providers, the City of Vaughan has recently changed their by-law that regulates taxis. In addition to specific regulations aimed at creating equal opportunity while ensuring a support for public safety and the protection of vulnerable customers, changes include the removal of tariff rates to allow providers to charge what they want as long as they file their rates with the Municipality. This by-law came into effect in the late Fall of 2017, and as they are still implementing, there is no conclusive evidence on their rate of success or challenges.

Mirroring what is listed in the City of Sudbury Vehicle for Hire By-law, there are provisions within the Vaughan By-law that allow a Taxi owner to set and charge a fee greater than the minimum fare set out in the taxi tariff where the customer has dispatched the Taxi through the use of a software, application or telecommunications platform owned by the Taxi Owner or Taxi broker.

### **Stakeholder Feedback**

On February 15, 2018, Staff hosted an open house for Taxi Owners and Drivers where representatives from nine (9) taxi services attended to provide feedback on the Council motion with respect to possible recommendations for any change that would impact their service. City Staff facilitated a discussion on the existence of municipal regulation, fare structure, zones and plates in order to gain an understanding of the needs of the owners.

#### **1) Regulation**

There was complete consensus that regulation of the industry supported their interests as business owners and employers. In addition, Owners saw the positive impact of municipal regulations such as Driver checks (vulnerable sector and Driver's abstract), minimum insurance requirements and maximum vehicle age restrictions. There was an opinion that the By-law regulations in place provided for a safe, reliable and accessible model of service for the community and there was no desire to remove any restrictions.

## **2) Fare Structure**

Speaking specifically about the fare structure, in relation to the increase in the minimum wage, taxi owners expressed concerns for the current drop rate as calculated in the Taxi Cost Index. It was agreed that the index did serve a purpose, but in the event of a drastic increase as seen in the minimum wage rate, the impact was immediate on their business and CPI may not reflect the increase as quickly. There was a discussion that costs of fuel and vehicle parts had increased, and coupled with the increase in wages, business was becoming increasingly difficult to operate efficiently.

## **3) Geography**

Taxi Owners further raised concerns with costs they faced for operation when considering the geography of the City and distances required to travel to pick up passengers. Referring to costs of “dead mileage”, it was noted that owners faced higher costs in order to remain compliant with By-law requirements that taxi service be provided at any time of day, at any place within the City of Greater Sudbury.

## **4) Plates**

Speaking specifically about the By-law regulation to limit the number of plates to a ratio of 1/1,224 population, taxi owners favoured the process and appreciated the fact that it would not allow for the market to be over saturated, thus negatively impacting their business revenue. Concerns reported by owners regarding taxi plates were specific to the limits on the availability of accessible plates. One owner stated they have seen a 25% increase in the past year in public requests to use an accessible taxi, while a second owner was considering options to upgrade their entire fleet to accessible vehicles. They added that this would be done outside of the City’s process for distribution of accessible taxi plates and the vehicles would be considered an upgraded “regular” taxi with accessible vehicles features to meet public demand.

## **5) Owner’s Proposal**

Although speculative, Owners estimate that 50%-60% of their gross sales revenue is spent on staffing costs for wages and WSIB premiums. To stay competitive, the group of owners spoke in favour of a set fare rate as regulated by the Municipality, and stated that continuing to do so supported their respective business interests.

To protect against “Taxi Shopping”, Taxi Owners were resistant of any modification to the rate in the By-law that would allow for a maximum fare and discretion below that rate. Based on their needs, Taxi Owners proposed an increase of 15% for drop rate, fee per distance and wait time.

## **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, Staff recommend the continuation of a municipally regulated taxi service as supported by Bylaw 2016-145 as amended.

In response to a significant increase to Ontario minimum wage, using 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 2018. 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.

**Taxi Cost Index- Increase of 5%,**

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)
2003	\$3.00	\$.25 per 150 meters	\$1.66	\$4.67	\$19.60
2010	\$3.50	\$.25 per 112 meters	\$2.23	\$5.73	\$25.80
Current	\$3.75	\$.25 per 100 meters	\$2.50	\$5.85	\$28.75
(5% +) 2018	\$4.00	\$.25 per 95 meters	\$2.63	\$6.63	\$30.31

While maintaining the use of the taxi cost index as listed in the current By-law, Staff will perform an annual review of costs using the standardized tool. In order to balance the needs of taxi owners and the community that depend on their services, Staff recommend that increases in the fare rate would not occur until such time that the 5% increase being recommended equalizes with increases in the taxi cost index as driven by a currently lagging CPI. In the event of another increase to minimum wage in 2019, staff recommend a proactive review in the late Fall of 2018 to determine whether any increase to fare rates would be recommended. This forecast will be brought before Council in January 2019 to ensure prompt response if there is an increase.

By-Law and Security Services will work with Taxi Owners and City residents to understand the barriers to provision of service across our geography. The City is engaged in Transportation and Transit planning currently and is exploring the role of vehicles for hire in supplementing public transit services. Although this report does not raise recommendations about the number of taxi plates in circulation or geographic specific markets for vehicles for hire, the By-law makes it an offence for any taxi driver to fail to

punctually respond to each call or to refuse service based on location and/or time. Where education may not be sufficient, the department will consider additional enforcement options that are available within the By-law.

Listed in Schedule A.1 of the Vehicle for Hire By-law, 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 City of Greater Sudbury utilizes contracted taxi services to provide 60-80 taxi rides per day to Transit riders. The term of this contract ends on April 30, 2019. The recommended increase to tariff rates will not have a financial impact on the City as the terms of the agreement do not permit an increase to costs due to changes in tariff rates. It is anticipated that these rates will increase in 2019 and consideration for this increase will be incorporated into the 2019 budget.

### **Resources Cited**

**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=1074&lang=en>

**August 12, 2009-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=213&itemid=2197&lang=en>

**June 09, 2010-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=255&itemid=2923&lang=en>

**February 25, 2014-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=716&itemid=8267&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=8682&lang=en>

**August 14, 2014**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=783&itemid=9005&lang=en>

**March 22, 2016-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=942&itemid=10876&lang=en>

**June 28, 2016-**

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=948&itemid=11617&lang=en>

<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>