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# HALDIMAND COUNTY

## Report CLS-01-2020 Hired Vehicle Operation Framework For Consideration by Council in Committee on March 3, 2020

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### OBJECTIVE:

To present options for amending the operation framework of the Hired Vehicle Licensing By-law.

### RECOMMENDATIONS:

1. THAT Report CLS-01-2020 Hired Vehicle Operation Framework be received;
2. AND THAT a revised Hired Vehicle Licensing By-law be presented for enactment, in accordance with the recommendations outlined in Report CLS-01-2020.

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**Approved:** Craig Manley, MCIP, RPP, Chief Administrative Officer

### EXECUTIVE SUMMARY:

In response to recently-raised concerns about the lack of taxi service availability in Haldimand County, staff have reviewed the existing licensing by-law and provided some recommendations for amendments that are designed to help alleviate the problem. Staff have met with operators and also sought public input on the issue through a survey available online. In making recommendations, staff have focused on a flexible operational framework, while continuing to maintain a focus on public safety and consumer protection.

In order to update the licensing framework and address service availability and increased transportation costs, staff are making the following recommendations to address the taxi servicing issue. Essentially, the recommendations are:

- Maintain a licensing system to ensure key public safety measures such as vehicle condition and driver screening remain in effect;
- Cancel the quota system and allow an unlimited number of hired vehicles to be licensed and to operate within a flexible framework, based on supply and demand;
- Increase the fares to be charged by taxis, but indicating that they are maximums, allowing for taxi operators to provide lower rates if desired.

Other potential options are outlined within the report and if Council supports alternate approaches for addressing taxi licensing, staff should be directed to proceed accordingly.

### BACKGROUND:

The *Municipal Act* (Act) sets out specific powers with respect to taxicab licensing. Most municipalities license taxicabs to ensure public safety, as there is no other regulatory system in place to do so and the travelling public could be left vulnerable without it. The Act also authorizes municipalities to set fares

and to set quotas limiting the number of taxicab licences issued. Haldimand County's current Hired Vehicle Licensing By-law regulates vehicle safety and driver background checks, sets fares, and sets quotas for the number of licences issued.

When Haldimand County's Taxicab Licensing By-law was first drafted in 2002, a ratio for quotas on the number of operators' licences issued was set, and the County has operated with a quota system since that time. The current quota is based on 1 licence for every 1600 residents in the County, for a total of 28 available licences. As part of a comprehensive review of business licensing in 2013, several amendments to the licensing of taxis were suggested, including the discontinuation of a quota system for the number of taxicab licences issued. Based on concerns raised by taxicab operators, staff were directed to revise the by-law with the retention of a quota system. As the licensing of specialty vehicles (i.e. limousines and shuttle vehicles) was also incorporated into the by-law, the name changed to Hired Vehicle Licensing in order to encompass a broader range of vehicles for hire.

In 2019, Council considered a report on a minor housekeeping amendment to the Hired Vehicle Licensing By-law and as part of the discussion, expressed concern regarding the lack of availability of taxicabs in the County at certain times and in certain areas. The following motion was adopted at the May 13, 2019 Council meeting:

*THAT staff be directed to report back to Council in Committee on the operating framework for hired vehicles in Haldimand County.*

Additionally, the 2018-2022 Term of Council Corporate Priorities includes public mobility and transportation. The Hired Vehicle Licensing Bylaw and proposed amendments will address one area of this corporate priority, while other matters will be further researched over the term of Council.

This report provides background material and potential options for the operating framework for hired vehicles in the County.

## **ANALYSIS:**

### **Licensing**

The purpose for business licensing as authorized through the Act is generally accepted to achieve 3 goals:

- Elimination of nuisances
- Public safety, and
- Consumer protection

Regulation of taxis focuses mainly on public safety and consumer protection. While Part IV of the Act speaks to business licensing powers in general, Section 156 speaks specifically to municipal authority related to taxi licensing, and states that a municipality 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.

Other types of businesses may be regulated through separate legislation or regulatory systems, but municipal licensing is the only regulatory framework that regulates taxicabs. The County Solicitor advises that taxicab licensing is essential and the County should continue to license this form of business, requiring minimum standards with respect to drivers and vehicles, for public safety and consumer protection purposes.

It is important to note that taxi regulation in Haldimand County has not been as stringent as other municipalities in terms of how taxi businesses are run. The by-law does not speak to any business processes (i.e. brokerages), it does not regulate the relationship between owner and driver (i.e. employee or contracted service), and does not require vehicle age standards, the use of meters or types of payment methods to be utilized. Essentially, regulation has basically addressed vehicle and driver safety, a fare structure and has established a quota system in terms of the number allowed.

Currently, there are 28 taxi operators licensed within the County (# of vehicles):

- Caledonia Taxi - 2
- County Taxi - 2
- D & C Taxi - 1
- EZ Cab - 2
- Gottago Logistics (Southcoast Haldimand Taxi) - 6
- Mr. J's Taxi - 10
- Norfolk Taxi - 1
- Taxi 2000 - 4

Staff recommend that taxicabs continue to be licensed by the County for the health and safety reasons outlined above.

### **Quotas**

Haldimand County established a quota to regulate the number of available taxi licences in the municipality. The quota is a ratio of 1:1600 residents and was based on the quota that previously existed in the Town of Haldimand. (The City of Nanticoke and Town of Dunnville did not utilize quotas.) There are certain municipalities that do not set quotas for their taxicab licences and let the market regulate through supply and demand. In 2013, staff studied taxi regulation in four other municipalities as comparators: Norfolk County, City of Hamilton, Niagara Region and City of Burlington. The City of Burlington maintains a quota through a ratio of 1:2800 (they also have a public transit system in operation). Niagara Region has set quotas for each of the lower tier municipalities, but it is not clear what those are based on, and they utilize a business case system for licence approval. Norfolk County utilizes a business case system to determine whether additional licences should be issued. Hamilton Council determines how many licences are to be issued and they utilize a priority waiting list for prospective owners.

The main purpose of a quota is to balance sustainability of the industry with public safety and consumer protection. In theory, quotas will limit competition but they also help ensure that each taxi operator will have sufficient work to permit drivers to make a fair wage and for operators to have sufficient revenue to ensure that taxis are well-maintained and safe. One of the unintentional consequences however, may be that the market incentive to provide services during off-peak or late evening times is reduced. Based on public input from a recent survey noted below, the current quota system has not fully served resident needs. In preparing the staff recommendations within the report, staff considered, fundamentally, whether or not the above reasons for having a quota system should be the role or responsibility of the municipality.

The County has a number of options regarding quotas for taxi operator licences.

### ***Option 1 - Status quo***

The current quota system could be maintained and operational concerns could be addressed through other aspects of the by-law such as stipulating hours of service. If maintained, an increase in the number of taxis will depend solely on population growth, based on the municipally set ratio of licenses to population.

Initially, Haldimand County issued 27 operators licences and that was increased to 28 when the population grew. Staff review Statistics Canada population figures every 5 years to determine whether the number of available licences should increase. Should the current quota ratio remain in place, it is likely that the number of licences will increase by 1 or more after the 2021 census figures are released.

Staff do not feel that maintaining the current ratio would provide enough additional taxis in the County to address availability concerns and that the existing process may limit competition, considering there is a current waiting list (priority list) for taxi licences. This option would not align with allowing the market demand to dictate the supply.

### ***Option 2 - Increase Number of Licences by Decreasing the Ratio***

The current population of 45,608 (according to Statistics Canada) supports 28 licences as per the ratio of 1:1600. Should Council decide to retain and increase a quota, the ratio could be lowered to 1:1400, resulting in 4 additional licences being available now, with an increase in population potentially supporting more licences in future. (If the ratio was lowered to 1:1200, it would result in 10 additional licences.) This will effectively increase the number of taxi licences. This may potentially address some of the servicing issues assuming that more taxis would mean more availability. However, this would be somewhat dependent on the hours of operation each taxi service makes itself available.

This particular option has the municipality limiting the number of taxis in the County. Consideration was given to whether this is the role of the municipality or whether more emphasis should be given to the law of supply and demand.

### ***Option 3 - Eliminate the Quota***

Eliminating the quota would allow for an unlimited number of taxi licences in Haldimand County. By establishing a flexible, open framework for the number of taxis, the market demand would dictate the supply of taxis. Consequently, a municipally set standard for mandatory operational hours would not be required.

While taxicab operators have indicated in the past that they feel this model would affect the perceived value of operators' licences, staff feel that open market competition would respond to community need and the real value of the business would be in the service provided to customers. The County's primary focus on health and safety and consumer protection would continue to be served through the licensing process.

It should be noted that, once eliminated, it may be difficult to revert to a quota system again in the future if the number of taxi operators increases substantially. Staff are recommending proceeding with Option 3, to best serve the travel needs of the public. It is suggested that this new framework come into effect as of April 15, 2020.

### **Priority List**

A Priority List was established in 2015 as a method of determining how to address the issuance of any licences that became available. An annual application and related fee has been required to remain on the list. Since the list was established, 7 licences have been issued to those on the list. There are currently 12 individuals on the list who have paid an annual fee (\$57 in 2019) to remain as a potential applicant for a taxi licence. As staff are aware that changes may be coming forward, no re-application for the list for 2020 has been processed. Should Council decide to retain the quota system and expand the number of taxi licences, staff would undertake the usual process and licences would be offered to applicants based on their position on the list.

## Fares

The Act speaks specifically to a municipality's ability to establish rates or fares to be charged for the conveyance of passengers. Fare regulation essentially prevents price gouging and yet provides the industry with sufficient business and sufficient income to ensure sustainability of the industry and available resources to ensure safe vehicles and drivers. By-law 1369/13 regulates fares to be charged for hired vehicles as follows:

### Taxicabs

The following regular tariffs shall apply to Taxicabs operating within Haldimand County:

#### 1. By Area / Location

Urban Area flat rate	\$9.00
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Rural Area	\$5.00 minimum + \$2.30/km discretionary option of charging for pickup at the halfway point between where the cab is coming from and the pickup destination.
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2. Standing / Waiting Time	\$0.50/minute
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3. Handling Luggage or Groceries	No Charge
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4. Senior's & Students Discount - Discretionary	10%
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5. Surcharge - Discretionary (on fares of four (4) or more people at any time)	\$2.00
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### Specialty Vehicles

The following regular tariff shall apply to Specialty Vehicles operating within Haldimand County:

Minimum rate:	\$40.00/hour
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Transportation costs have risen over the last seven years in terms of insurance, maintenance costs, and fluctuating gas prices. In reviewing the current rates, staff consulted the Statistics Canada Consumer Price Index (CPI) annual average for transportation costs in Ontario, as well as fare changes in the 4 municipalities that were referenced through the 2013 review of taxi licensing. Based on the CPI figures, transportation costs have risen approximately 6.7% since the beginning of 2014. It is not possible to directly compare other rates with ours, as we do not require meters to be installed in taxis, and most municipalities regulate fares through meter drops, mileage rates and waiting time fees. That being said, meter drops for the 4 municipalities noted above have increased on average by 13.7% (a 30% increase for Hamilton significantly raises the average). Mileage rates have increased on average by 17.85% (Hamilton and Burlington both increased around 30%). These increases provide some context, but as rate-setting and increases do not happen in tandem amongst municipalities, some increases could be correcting long-standing gaps or accounting for urban conditions that are not as prevalent here. To account for inflationary conditions, staff are recommending that the following **maximum** rates be approved for hired vehicles:

Urban Area flat rate	\$10.00	11% increase
Rural Area minimum	\$5.50	10% increase
+ Rural Area mileage	\$2.50	8.7 % increase

Setting the rates as “maximums” is something staff is proposing and is new to the bylaw. The maximum would allow flexibility for operators to charge less where they deem it necessary, yet still protects the consumer by setting a cap. Staff believe it would be beneficial for business, as it allows for marketplace competition. When businesses compete with each other, consumers get the best possible prices and quality of service.

Other rates for standing/waiting, handling luggage or groceries, seniors’ and students’ discounts and discretionary surcharge on 4 or more people would remain the same.

Staff are suggesting that the Specialty Vehicle fare (i.e. limousines) would be removed from the bylaw as there has been limited use of these licences and it may be best to leave that to the open market at this time.

In the Stakeholder Impact section below, it is noted that many taxi customers feel that fares are currently too high. It is important to remember that as Haldimand County is a large, spread-out rural community, travelling from one end to the other can be expensive. In addition, the set fares are intended to be reasonable for the business owners to sustain the provision of quality service. As staff are not aware how the current fare structure is being adhered to in charging customers, the County would also initiate a public awareness communication campaign advising of approved taxi fares.

As a comparator to illustrate fares, a trip from Cayuga to Dunnville is approximately 23 kilometers. The following chart shows what the fare should be under the current Haldimand County by-law, the recommended maximum fare, and if it took place in other municipalities:

	Meter drop	Mileage	Total
Current Haldimand County fare	n/a	23 x \$2.30 = \$52.90	\$52.90
Recommended Haldimand County fare	n/a	23 x \$2.50 = \$57.50	\$57.50
Norfolk County fare	\$3.30	23 x \$2.20 = \$50.60	\$53.90
Hamilton fare	\$3.90	23 x \$1.80 = \$41.40	\$45.30*
Niagara fare	\$3.75	23 x \$2.45 = \$56.35	\$60.10*
Burlington fare	\$3.50	23 x \$2.40 = \$55.20	\$58.70*

\*Please note that Hamilton, Niagara and Burlington approved fare rates also include waiting time fares. Meters will add additional fees to what is listed above for time taken at red lights, rush hour traffic, railway crossings, etc. It is also important to note that in Hamilton and Burlington, other modes of public transportation are available such as transit and ride sharing programs, which may bring the taxi rates down in order to be more competitive.

## Operating Standards

When taxis were first licensed in Haldimand County, there was a requirement for continuous service, 24 hours a day, 7 days per week. In reviewing the licensing framework in 2013, this requirement was removed, as it was recognized that it was not being offered by taxi operators and also was not being monitored or enforced by staff. Also, this requirement does not meet the principle of a business

operating within a flexible framework based on supply and demand. As a result, a new minimum operational standard was introduced whereby taxi operators had to be available for an 8-hour shift on at least 8 occasions each month. Staff request that operators submit trip logs on occasion and the logs are verified to ensure that the standard is being met. Generally speaking, all operators are currently meeting this standard. Based on comments from the public, this standard is not providing adequate service to local residents.

As staff are recommending opening up the taxi industry to market demands, operational standards in terms of hours of service will no longer be regulated through the by-law. However, should Council decide on retaining some form of quota system, a more rigorous operational standard could be established to aid in providing more adequate service. For example, being available for a minimum of eight (8) hours per day for at least fifteen (15) occasions, two (2) of which must occur on weekend evenings (Friday and Saturday from 8:00 p.m. to 2:00 a.m.), per calendar month, throughout the calendar year could be considered. This is only recommended if Council should choose an option other than the recommended removal of the quota system.

### **Other Related Matters**

Current operators' licences were issued with an expiry date of February 15, 2020 and staff advised vehicle owners not to proceed with renewal processes until it was determined whether any changes to the by-law would be forthcoming. At the February 4, 2020 Council in Committee meeting, an extension of the current licences to April 15, 2020, was approved. If Council moves forward with the recommended Option 3, licences will be renewed under the new framework as of April 15, 2020.

Ride-sharing services, such as Uber and Lyft, are not currently regulated in Haldimand County and staff are not aware of them being operational in the County. Although ride-sharing and taxi services seem very similar to the travelling public, the regulatory framework is different, and sufficient research and analysis would be required to address potential licensing of this service. It is likely that market demand will drive the supply of ride-sharing services in Haldimand County, staff will be analyzing this form of transportation, along with others, later in this term of Council, to determine viability as part of the corporate priorities program set by Council in 2019.

### **FINANCIAL/LEGAL IMPLICATIONS:**

In 2019, gross revenues related to hired vehicle licensing totalled approximately \$9,676, including operators' licences, drivers' licences and priority list renewals.

The County Solicitor was consulted regarding the regulation of taxis and the quota issue, and recommended that the County continue to license taxis.

### **STAKEHOLDER IMPACTS:**

Staff met with taxi operators on April 26, 2019 to garner some general feedback on the current state of the industry. Of the seven licensed operators invited to attend, two were in attendance and spoke to some general concerns:

- Regarding the issue of residents not being able to procure a taxi, especially on a Saturday evening, several owners mentioned the concern about a local restaurant calling 2 or 3 taxis, so the first one there would get the fare and the others would end up as no-shows.
- No-shows of customers were also listed as an issue in certain areas of the County, which is why an operator based in Caledonia is not likely to go to Fisherville to take someone to Selkirk. Some operators offer the ability to pre-pay and that will guarantee a pick-up.

- One of the smaller firms indicated that he needs more licensed vehicles in order to run an effective service.
- Concern was expressed by one operator that if the licence quotas were removed, the value of the business would effectively be lowered.

Staff met again with operators on Thursday, November 26<sup>th</sup>, advising them that there would be a report presented to Council providing options on the operating framework for taxis. Four out of eight operators were in attendance.

- Concern was expressed again about nighttime “ghosting” where numerous cabs are called by a restaurant for one fare, especially on Saturday evenings.
- Operators felt that adding more vehicles won’t necessarily fix the situation – it may mean more companies chasing the same service.
- Some smaller firms only operate on scheduled and contracted calls.
- A comment was made about Norfolk County having no limit on the number of cabs and being oversaturated.
- A suggestion was made about allowing existing companies to increase their fleet so that they could help service the County during underserved periods.
- Rather than increase the number of plates, one operator suggested increasing the minimum standards of operation to require vehicles to be available more than they are now.
- After the meeting, one of the other operators provided a suggestion of licensing taxis within specific zones of the County, and also expressed concern about significantly increased insurance rates for taxis.

A survey was launched in late December to gather information about residents’ experience with the local taxi industry, specifically about any issues with arranging taxi service. The following provides an overview of the results provided through the survey:

- 125 responses were received
- 55% of respondents needed a taxi in the last 6 months but were not able to arrange one
- 31.67% state that the process for arranging a taxi was difficult to arrange
- 14.29% rated local taxi service as excellent, 31.09% rated it as satisfactory and 26.05% rated it as unsatisfactory
- Of the 5 areas listed: Caledonia, Hagersville, Jarvis, Cayuga and Dunnville - Caledonia and Dunnville experienced the most difficulty in arranging taxi service
- The time that there was most difficulty in arranging a taxi service was weekend evenings
- General feedback was sought regarding taxis and the 70 responses are summarized here:
  - Many noted that the service was too expensive
  - Unreliability of being able to arrange service when needed – many noted the need for more service - weekend evenings were identified, as well as weekday mornings and afternoons when school runs take place – some advised of no-shows
  - Unpleasant condition of vehicles and demeanor of drivers
  - A desire to see ride-sharing service in the area as that is seen as being more responsive and affordable
  - Positive comments about some local taxi services
- After the survey closed, a local pub owner contacted staff to advise that their patrons are unable to secure taxi service on weekend evenings.

The survey results provide helpful community feedback on taxi service in Haldimand County, but one has to take into account that most often people provide feedback when they are dissatisfied with a service so the random survey may not reflect the full experience with taxi service in the County.



**REPORT IMPACTS:**

Agreement: No

By-law: Yes

Budget Amendment: No

Policy: No

**ATTACHMENTS:**

None.