Agenda – Council – December 15, 2022

Report – Standing Policy Committee on Public Works – November 29, 2022

Item No. 4 Vehicles for Hire Revised Rate Schedule and Rate Setting Process

STANDING COMMITTEE RECOMMENDATION:

On December 7, 2022, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the following to Council:

1. That the taxi meter rate, effective December 16, 2022, as per the schedule in Appendix A, be approved.

2. That authority to make temporary amendments to taxi meter rates be delegated to the Designated Employee appointed under the Vehicles for Hire By-law, subject to said amendments being:

    A. No more than 10% of the maximum taxi meter rates.

    B. For a period no longer than six months before Council approval is required.

    C. No more than one temporary meter rate change and surcharge within a one-year period.

    D. Only approved if requested by a majority of taxi licence holders and substantiated by an analysis of available data.

    E. Subject to a full taxi meter rate review, including a report to Council within 60 days of expiration.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Standing Policy Committee on Public Works – November 29, 2022

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 7, 2022, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On November 29, 2022, the Standing Policy Committee on Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

On September 7, 2022, the Standing Policy Committee on Infrastructure Renewal and Public Works directed the Winnipeg Public Service to report back in November 2022 with the following:

1. A revised rate schedule including recommendations for rate changes and justification for those changes.

2. A rate setting process including a cross jurisdictional summary to determine how rate changes are handled in other jurisdictions.

STANDING COMMITTEE DECISION:

On September 7, 2022, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service.

COUNCIL DECISION:

On April 28, 2022, Council adopted the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works which included the following:

Report – Standing Policy Committee on Public Works – November 29, 2022

DECISION MAKING HISTORY (continued):

COUNCIL DECISION:

3. That the draft amending by-law attached as Appendix B, which includes amendments to the Vehicle for Hire By-law as well as the Municipal By-law Enforcement Act Enabling By-law, be approved, and the Winnipeg Public Service be directed to report back to the Standing Committee at its September 7, 2022 meeting on its collaboration with the industry on proposed section 46(3) of the by-law.

ADMINISTRATIVE REPORT

Title: Taxi Meter Rate Increase and Taxi Meter Rate Setting Methodology

Critical Path: Standing Policy Committee on Public Works – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Heather, on behalf of R. Topolniski	J. Berezowsky	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

On March 1, 2018, *The Local Vehicles for Hire Act* came into force, thereby dissolving the Manitoba Taxicab Board (TCB) and requiring the City to assume responsibility for regulation of the vehicle for hire (VFH) industry in Winnipeg through the passage of the VFH By-law.

The City of Winnipeg last amended the Taxi Maximum Fare Schedule in 2018 when it assumed responsibility for the VFH industry, increasing meter rates from the fare schedule that had been in place when the TCB had authority. The increase at that time included market adjustments as well as amounts to pass along the new City fees to the customer.

Market competition combined with minimal inflation has resulted in no increases occurring since the City took over in 2018. However, with the high levels of inflation over the past year and the significant increase in the price of fuel, the major taxi companies, through the Winnipeg Taxi Community Association, have requested an increase.

This report recommends a taxi meter rate change and proposes a rate setting methodology for future changes.

RECOMMENDATIONS

1. That Council approve the taxi meter rate, effective December 16, 2022, as per the schedule in Appendix A.

2. That authority to make temporary amendments to taxi meter rates be delegated to the Designated Employee appointed under the Vehicles for Hire By-law, subject to said amendments being:

    A. No more than 10% of the maximum taxi meter rates.

    B. For a period no longer than six months before Council approval is required.

    C. No more than one temporary meter rate change and surcharge within a one-year period.

D. Only approved if requested by a majority of taxi licence holders and substantiated by an analysis of available data.

E. Subject to a full taxi meter rate review, including a report to Council within 60 days of expiration.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On September 7, 2022, the Standing Policy Committee on Infrastructure Renewal and Public Works directed the Winnipeg Public Service to report back in November 2022 with the following:

1) A revised rate schedule including recommendations for rate changes and justification for those changes;

2) A rate setting process including a cross jurisdictional summary to determine how rate changes are handled in other jurisdictions.

Only Council has the authority to approve an increase in the taxi meter fare rate and delegate authority to make any amendments regarding taxi meter rates.

IMPLICATIONS OF THE RECOMMENDATIONS

This report recommends an increase to the maximum allowed taxi meter fare rates, as well a setting out a methodology and process by which future increases may be analyzed, considered, and implemented. There are no direct financial implications to the City of Winnipeg as the taxi meter rate is charged by licenced taxi operators directly to passengers in exchange for transportation services.

HISTORY/DISCUSSION

On November 9, 2017, the Province of Manitoba passed *The Local Vehicles for Hire Act*, which dissolved the Manitoba Taxicab Board (TCB), repealed *The Taxicab Act* and associated regulations, and statutorily transitioned oversight and regulation of Winnipeg's vehicle for hire (VFH) industry to the City, effective February 28, 2018.

When the City of Winnipeg assumed responsibility for regulating certain aspects of the VFH industry, Council approved a new taxi meter fare schedule.

Before this new fare schedule was approved, the last taxi meter fare increase was in 2012, when the TCB made permanent a temporary increase that had been put in place in 2010 based on a number of rising costs experienced by the taxicab industry at that time.

From 2018 until early 2022, inflation had been relatively minimal (including a period of deflation during 2020 and the COVID-19 pandemic). Costs related to taxicab operation remained

relatively steady and there was a period where the cost of fuel decreased significantly over recent historical averages. However, 2022 has seen a significant increase in fuel prices, spiking to over $2.00 per litre at one point, as well as a significant rate of inflation and increases in interest rates.

Service providers in the taxi industry are now facing large cost increases, not only in those directly related to the operation of taxis, but in their everyday lives as they work to earn a living and support their families.

In August 2022, the presidents of the boards of the city's two largest taxi companies (Unicity Taxi and Duffy's Taxi) sent a letter to some of the Councillors on the Standing Policy Committee, as well as the City's VFH office, expressing their desire for a rate increase. They also recommended that the authority to implement a taxi meter rate increase be delegated to the Manager of VFH, so as to expedite the implementation of rate changes in the future. This request was discussed at the September 7, 2022, Standing Policy Committee meeting, where the General Manager of Duffy's spoke on behalf of both Duffy's and Unicity Taxi.

Please note that a large majority, if not all, of the standard taxis operating in Winnipeg are hybrid models and are generally very fuel efficient in their operation. The same cannot be said for the accessible taxis. Any meter rate change would be applicable to both standard and accessible taxis.

Taxi Meter Rate Increase

The City increased the meter rate effective March 1, 2018 when it took over responsibility from the Province for regulating the VFH industry. Figure 1 below shows the pre-2018 rates in place under the Manitoba TCB and the post-2018 rates implemented by the City of Winnipeg.

	Pre-2018	Current	% increase
Basic Charge (drop fare)	$3.50	$3.75	7%
Rate per 1 km	$1.38	$1.60	16%
Rate per 1 minute of wait time	$0.46	$0.52	14%

Figure 1

The wait time rate was subsequently adjusted from $0.13 per 15 seconds wait time to $0.16 per 18.4 seconds wait time. This amendment was approved by Council in 2018 to accommodate old-style meters and resulted in a negligible change in total taxi fares.

The meter rate change in 2018 was based on an analysis of operating and capital cost increases experienced by the industry since the previous meter rate adjustment in 2012, as well as the City's new VFH licencing and per-trip fees that were ultimately intended to be passed along to the customers.

For the most part, expenses related to the cost of operating a taxi have remained relatively static over the past number of years, with general inflation running at approximately 2.1%, with brief periods of deflation during the COVID-19 pandemic from 2018-2021 (City Economist – *StatsCan - Consumer Price Index, annual average, not seasonally adjusted*).

CPI - Winnipeg	
2018	2.4%

2019	2.3%
2020	0.6%
2021	3.1%

Figure 2

Increased competition in the market has likely also played a role in discouraging taxi operators from petitioning the City for a meter rate increase. This includes the impact that personal transportation providers (PTPs) have had on the VFH market since they entered in 2018, most recently with Uber entering the Winnipeg market in July 2021.

It should be noted that PTP company fare pricing is not regulated, and they are able to adjust their rates to respond to market forces without seeking the City's approval. As an example, earlier this year Uber implemented a $0.50/trip fuel surcharge to compensate drivers for the significant impact of increased fuel costs.

However, during 2022, there have been a number of areas that have seen cost increases. While some increases have been marginal, others have been significantly higher. Inflation has been averaging 6.8 percent throughout 2022 (January-August). As well, the price of fuel reached a high of nearly $2.20 per litre in early 2022, and while it has decreased throughout the summer, has remained significantly higher than the inflation-adjusted average for the same period in recent years.

Further strains on the taxi industry include COVID pandemic supply chain issues related to vehicle parts, which have made them more expensive and harder to find. This has led to longer wait times for vehicle repairs and maintenance, which has resulted in vehicles being off the road longer than normal, impacting taxis' earning potential. This has also been an issue for accessible taxis, where the specialized equipment is also more difficult to obtain, costs more, and can take longer to be replaced if it fails.

The overall cost of living has increased, which, besides the increased costs associated with operating and driving a taxi, also means that the driver's earnings do not go as far in supporting their families.

Cross-Jurisdictional Information

Across Canada, a number of jurisdictions have adjusted their taxi meter rates in 2022. Some of those adjustments occurred because of a pre-determined meter rate setting interval in place, while others were based on requests from the taxi industry, and in some cases, a combination of both. Increases seen across Canada have been adjusted from a low of 10 percent to a high of 25 percent, with most averaging between 13-17 percent. It should be noted here that a number of the Canadian cities had not adjusted their rates for a number of years and therefore had a longer interval from their last increase, thereby requiring a more significant increase. A copy of the cross-jurisdictional scan can be found in Appendix B.

City of Winnipeg Fuel Escalation Clauses and other Contract Increases

Many companies have increased their rates in response to the sudden rise in gas prices affecting those in the transportation industry who rely on vehicles to perform their jobs. Besides the impact of the federal carbon tax and regular market fluctuations, the price of gas increased dramatically in 2022 due to the war in the Ukraine, as well as refinery and pipeline issues throughout the world.

Many of the vehicles used in construction and by Public Works Department run on gasoline and diesel fuel, so the increases are dependent on the individual source.

Many contractors that work with the City of Winnipeg have requested reviews of their agreed-upon fees in order to address the price of fuel. In June 2022, for example, the Winnipeg Parking Authority (WPA) was approached by its contracted towing service provider who requested an interim increase to their rates due to the significant and sustained increase in the cost of fuel. The towing service provider indicated that the increased operating costs were impacting their ability to retain sub-contracted tow operators and maintain optimal service levels for the contract. After reviewing the request, the negotiated increase was approved. Tow rates for light, medium, and heavy vehicles were increased between 11 and 24 percent. This interim increase was only in effect until the end of the contract year, October 31, 2022. Typically, requests for mid-contract changes are not entertained; however, due to the extraordinary circumstances and the current economic climate, the Public Service is reviewing these requests on a case-by-case basis.

The WPA has recently negotiated and received approval for the next contract year which includes a continuation of the interim increase amounts. In considering any further cost-related amendments, it should be noted that tow trucks typically run on diesel fuel and there has been less relief in the cost of diesel fuel compared to regular gasoline.

Taxi Cost Index (TCI)

The TCI is made up of a number of expense categories and is derived from information obtained from Statistics Canada. It tracks changes in costs from Statistics Canada's Consumer Price Index for transportation-related goods and services, and includes items such as fuel, repairs, insurance, the cost of operating as well as purchasing/replacing a vehicle, and labour costs. It is also based on the individual costs related to specific jurisdictions.

The graph below represents the change in costs of items in the TCI. Using March 2018 as a baseline (the time at which the City of Winnipeg took over regulating and licencing the VFH industry), with the exception of insurance, costs remained relatively flat through 2021 before increasing significantly in 2022. Those numbers have only continued to rise throughout the year. It should be noted that from March 2021 to March 2022, the CPI for Manitoba increased by seven percent and has continued to go up, increasing a further three percent from March 2022 to August 2022. While indicators show some slowing since then, these figures still demonstrate significant increases related to cost of living.

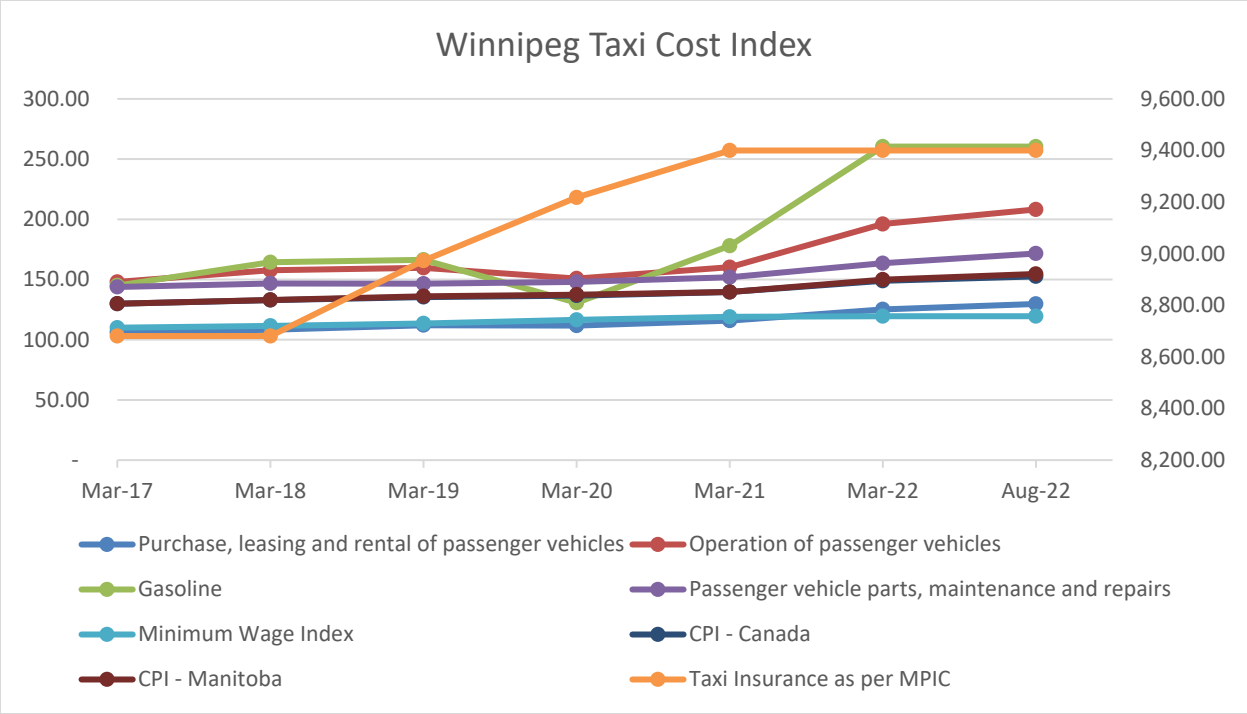


Figure 3

Taxi Vehicle Insurance

VFH in Manitoba are insured by Manitoba Public Insurance (MPI), and fall into one of four VFH insurance categories, depending on the type of vehicle for hire being insured. In 2018, the average discounted MPI insurance rate for VFH Taxi insurance was $8,681 per year. There has been a gradual increase in the cost of insurance to 2021, with the average discounted rate now at $9,400/year, an increase of 8.3 percent. With all MPI insurance costs, the rate that a vehicle owner pays is based on the claims information for the category, and then adjusted for the driver safety rating of the person holding the insurance. Essentially, the increase in insurance costs has amounted to two percent per year.

Minimum Wage

In 2018, the minimum wage in Manitoba was $11.35/hour, increasing to $13.50/hour on October 1, 2022. This amounts to an 18.9 percent increase in the minimum wage over that time period.

Proposed Rate Increase

In consultations and discussions with the VFH office, members of the taxi industry have made and initial request of a meter rate increase for starting rate of$3.95 from $3.75, as well as increasing both additional meter rate (run rate) and the wait time rates to 20 seconds. One recommendation from the industry is to adjust the wait time calculation to 20 cents for 20 seconds, from the current 16 cents for 18.4 seconds.

The taxi companies, represented by the Winnipeg Taxi Community Association (WCTA), have been made aware of the impact a rate increase has on passengers in the community. However, the impact faced by the drivers providing the service also needs to be considered. The operators providing the service are facing the same inflationary challenges in their lives as others in the community. While a meter rate increase may be felt across the community as taking a taxi becomes more expensive, many drivers in the taxi industry are also feeling the

same impacts and rely on the work to maintain their households and the vehicles they use to provide the service.

Further discussions with the WCTA, and considering the data collected by the VFH office, and an analysis of other qualitative factors, there is evidence to suggest that the following increase, while slightly lower than what was proposed, would be appropriate and acceptable to the taxi industry:

New Taxi Meter Rate Schedule (Appendix B)

	Current	New	% increase
Basic Charge (drop fare)	$3.75	3.95	5.3%
Rate per 1 km	$1.60	$1.90	18.8%
Rate per 1 minute of wait time	$0.52	$0.57	9.2%

As well, the same $0.20 increase is being applied to the Basic Taxi Meter rate that can be charged for trips starting at the James Richardson International Airport. This is to maintain the $1.25 incremental charge that had been in place for airport starting trips previously.

The increase as proposed would be approximately 11.1% total increase and would be in line with inflationary increases experienced since the last change. This increase would be effective December 16, 2022, however it may take some time to be fully implemented as there is some time involved in reprogramming existing old-style meters and in the VFH office ensuring that such programming has been completed successfully and in compliance with the updated taxi meter rate schedule.

Meter Rate Adjustment Methodology

Currently, authority to adjust taxi meter rates to approve increases or decreases rests with City Council.

The same general policy applied when the TCB was responsible for setting rates; companies would make a request to the TCB to amend the meter rate, and the TCB would approve, amend, or reject the amount requested. The Minister responsible for the TCB did not need to approve the rate.

Cross-Jurisdictional Scan

In all the cities who responded to our request for information, adjustments to the taxi meter rates are approved by City Council. This review included major cities across Canada such as Calgary, Edmonton, Regina, Saskatoon, Ottawa, Toronto, Hamilton, Missisauga, Montreal, and Halifax. in the majority of cases, reviews are triggered by request from the taxi industry and are based on a number of items, including cost index and benchmarking to other jurisdictions. A copy of the cross-jurisdictional scan can be found in Appendix B.

Recommended Methodology for the City of Winnipeg

After consulting other Canadian jurisdictions and reviewing their processes and methodologies, the Public Service recommends adopting the following methodology to review taxi meter rates moving forward:

1. That the Public Service, after receiving a formal written request from the taxi industry for a change to the meter rate, will initiate a review of the taxi meter rate to determine what,

if any, increase (or possible decrease) may be substantiated by the data available at that time.

2. Such a review may take into account the following:
   1) The TCI derived from data obtained through Statistics Canada;
   2) Information pertaining to insurance costs obtained through MPI;
   3) Minimum Wage comparison;
   4) Other cross-jurisdictional information;
   5) Other qualitatitve or quantitative factors that may be applicable.

3. After reviewing a request for a meter rate amendment, a report with any recommended meter rate adjustments will be submitted for Council's approval.

Temporary Meter Rate Adjustments

While the authority to make long-term changes to taxi meter rates will remain with Council, there is some concern about the ability to react quickly to severe market forces or abnormally significant cost increases like those seen in 2022. PTP dispatchers may adjust their rates at any time based on a number of factors, while taxi dispatchers do not have the same ability to do so.

In order to improve responsiveness and put taxi dispatchers and operators on a more competitive and even footing with PTP dispatchers, the Public Service is recommending that Council delegate authority to implement temporary rate changes or surcharges to the Designated Employee appointed under the Vehicles for Hire By-law, with the following restrictions:

1. Temporary taxi meter rate changes approved by the Designated Employee may not exceed 10 percent of the taxi drop rate (i.e. the starting meter rate when a passenger enters the taxi) and 10 percent of the variable distance rate and waiting time rates approved by Council.

2. Temporary surcharges approved by the Designated Employee may not exceed 10 percent of the taxi drop rate (i.e. the starting meter rate when a passenger enters the taxi) approved by Council.

3. Any temporary meter rate changes approved by the Designated Employee can be in place no longer than six months before Council approval is required, and no more than one temporary meter rate change and surcharge may be approved within a one-year period.

4. Temporary meter rate changes and meter surcharges will only be approved if requested by a majority of taxi licence holders (the majority may be recognized through dispatchers representing individual licence holders), substantiated by an analysis of available data.

5. The exercising of this authority will automatically trigger a full taxi meter rate review with a report that must be submitted to Council within 60 days of the expiration of the temporary increase, which will include disclosure of the use of the temporary increase authority, as well as justification for its use.

This delegation of authority would allow the Public Service to be in a position to react quickly to significant market increases, large cost increases, and inflationary pressures that affect the taxi industry and the operators' ability to earn a living. It would allow the taxi industry to remain competitive, and put them on even ground with those service providers operating in the PTP category who may adjust their rates without approval from City Council. This would also allow for a temporary increase to be in place while a formal review is completed, with the Public Service able to bring a report forward to Council through its normal timelines and administrative process.

FINANCIAL IMPACT

Financial Impact Statement **Date:** October 14, 2022

Project Name:

Taxi Meter Rate Increase and Taxi Meter Rate Setting Policy

COMMENTS:

There are no direct financial implications to the City of Winnipeg from recommendations noted in this report. It is possible that increase in rates will have impact on customers' behavior and number of trips taken which, in turn, can influence revenue earned by the City from per trip charges. However, at this time it is not possible to predict how changes in prices will affect people's behavior.

Lioubov Gavrilova-Crozier, Oct 14, 2022
Lioubov Gavrilova-Crozier, CPA, CA
Manager of Finance, Winnipeg Parking Authority

CONSULTATION

This Report has been prepared in consultation with: n/a

OURWINNIPEG POLICY ALIGNMENT

These changes are aligned with:
Goal: Environmental Resilience – Objective 2. Prioritize sustainable transportation as the mobility options of choice.

Goal: Economic Prosperity – Policy 3.17 – Sustainable Transportation Connectivity.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

The VFH industry supports CAP Strategic Opportunity #3, which is to advance sustainable transportation and shift to zero emission vehicles (page vi of the plan).

The ability to access taxicabs and personal transportation providers (limousines and ridesharing) allows greater flexibility for residents to shift out of single occupancy vehicles and provides improved access to other mobility options such as transit and active transportation. For example, in other jurisdictions ridesharing has been used successfully as part of an integrated multi-modal trip planning tool for residents where VFH are used for a portion of a trip and transit is used for the remainder of the trip.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The recommended increase to the taxi meter rate attempts to balance Goal #3 (*Equity is Embedded in all City Employment and Income Opportunities*) and Goal #5 (*Transportation System Equity is Enhanced*) by setting the rates at a point that enables taxi owners to pay their drivers a reasonable wage without unduly limiting access to this critical transporation service.

SUBMITTED BY

Department: Public Works
Division: Winnipeg Parking Authority SOA
Prepared by: G. Heather
Date: October 27, 2022
File No: WPA-021-2022

Attachments:
Appendix A: New Taxi Meter Rate Schedule

Appendix B: Cross-Jurisdictional Scan