

## LIVERY TRANSPORT SERVICES FEE STRATEGY

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### SUMMARY

Livery Transport Services (LTS) has been directed to report back to the SPC on Transit and Transportation no later than 2014 April 16, outlining a Livery Transport Services fee strategy that reflects operating expenditures, revenues, reserve balances and capital projects.

As per the Taxi and Limousine Advisory Committee (TLAC) Terms of Reference, TLAC is responsible for reviewing all recommendations of The City of Calgary administration related to the taxi and limousine industry prior to presentation to Council.

This report provides an overview of LTS revenues and expenditures and the Livery Transport Services Reserve activity, and makes recommendations for:

- Updating the reserve fund target to allow up to 6 months operating budget
- Approving up to 6 additional positions for LTS
- Approving an annual budget of approximately \$75,000 (3 per cent of operating budget) for public education/awareness campaigns
- Assessing the feasibility of developing a subsidization model for accessible taxis and a centralized accessible dispatch system as part of the 2015-2018 business plan and budget cycle and setting aside the current reserve fund surplus towards the potential future capital costs.

### BACKGROUND INFORMATION

LTS transitioned from Calgary Transit to Development & Building Approvals (DBA) effective 2008 January 1, and then from Development & Building Approvals to Animal & Bylaw Services (ABS) effective 2014 January 1.

During its time with DBA, annual LTS revenues increased from \$1.9M in 2008 to \$3.3M in 2013 (Attachment 1). During the same period, annual operating expenditures rose from \$1.5M in 2008 to \$2.5M in 2013 (plus capital expenditures of \$500K for renovations in 2012 and \$250K for the Livery Taxi Data System in 2013/2014) and the Livery Transport Services Reserve rose from \$667K at the start of 2008 to \$3.722M at the end of 2013.

Licence fees have roughly doubled in the past ten years (2005-2014), as evidenced by taxi driver and taxi plate fees (Attachment 2).

The target balance for the Livery Transport Services reserve has not been updated since 2001, when Council carried a motion to approve *an operating budget reserve of approximately \$300,000 to meet future operating budget obligations* (TTP2001-17, City of Calgary Taxi Commission 2001 Operating Budget Reserve, from the SPC on Transportation, Transit and Parking, dated 2001 April 10).

The City reports on reserve activity annually (Attachment 3) and conducts more in-depth reviews every three years (Attachment 4) to ensure reserves are being operated in accordance with City policy (FA-050, Administration Policy: Financial Reserves).

At the 2012 November 26 Special Meeting of Council, Recommendation 3 contained in Report PFC2012-0753 was adopted as follows:

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That Council Direct Administration to report back to the SPC on Transit and Transportation no later than 2013 May, outlining a Livery Transport Services fee strategy that reflects operating expenditures, revenues, reserve balances and capital projects.

Requests to defer the report to the 2013 December 13 and then 2014 April 16 meetings of the SPC on Transportation and Transit were supported by Council. The reason for both deferrals was to ensure alignment with the corporate 2013 Triennial Reserve Review, which reported to the 2013 December 16 Regular Meeting of Council.

The outcome of the Triennial review (Attachment 4) was to defer any possible change to the Livery Transport Services reserve pending the outcome of the 2014 January 1 transfer of Livery Transport Services to Animal and Bylaw Services with the understanding that the transfer may impact operating and capital budgets going forward.

### INVESTIGATION

Under Development & Building Approvals, LTS expenditures have been well managed. This can, in part, be attributed to “doing more with less.” For example, at Calgary Transit, Livery Transport Services had its own dedicated Manager, whereas at DBA (and now ABS) this position also oversees Business License and Development Compliance operations.

Taking its lead from DBA, LTS fees were increased by set percentages for each year of the 2009-11 and 2012-14 business planning and budget cycles. To date, fee increases have exceeded expenditure increases, resulting in annual transfers to the Livery Transport Services Reserve as outlined in Attachments 1 and 3.

The 2001-approved level of \$300K for the reserve fund needs to be updated. Administration recommends this be updated to the equivalent of 6 months operating budget. Based on the 2014 operating budget of \$2.753 million (Attachment 1), the target reserve balance would be half of this amount, or \$1.377 million. With the current balance at \$3.722 million, this means the reserve is currently over funded by about \$2.345 million, and another transfer to the reserve can be anticipated at the end of 2014.

With the annual operating surplus and healthy reserve balance, Administration is in a position to propose the following:

1. Business cases for additional resources for LTS (*as further outlined below*)
2. Review the feasibility of using the reserve to fund a subsidization model for accessible taxi plate licensees (Existing Council-adopted recommendation through TT2012-14 to *Assess a new subsidization/incentive model to ensure drivers, in relation to standard taxi service, are equitably compensated through mechanisms such as: i. A flat rate top-up for all accessible trips; ii. A direct subsidization of the vehicle cost or a capital cost rebate based on number of accessible trips delivered in a given time period; and iii. Subsidization of accessible trips from the stand fee – shared by all, not just accessible taxi drivers*).
3. Review the feasibility of creating and funding a centralized accessible dispatch system (Existing Council-adopted recommendation through TT2012-14 that *LTS in collaboration with Access Calgary and brokers assess the feasibility of establishing of a central booking system for accessible taxi requests*.)

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4. Develop and implement awareness campaigns (complaints/compliments to 311; Bill of Rights; Tips for identifying licensed taxis/limousines; plan your ride; etc.). Estimate annual expenditures of 3 per cent of annual operating budget, or about \$75,000.
5. Review the feasibility of freezing or reducing overall fees

The business cases for additional resources for LTS are as follows:

1. Taxi Inspector Peace Officers (3 positions)  
In 2008, LTS had a complement of 6 taxi inspectors. Between 2008 and 2010, two of those positions were absorbed by other Compliance Services operations. In 2012, Council approved two additional taxi inspector positions, bringing the total complement back to 6. In the meantime, taxi inspectors became responsible for delivering the taxi driver training program and, by virtue of the increase in plates and new conditions of license, there has been an increase in the volume of work (new vehicle set-ups, in-field inspections) and a need identified for ongoing enforcement based on GPS and taximeter data.
2. Administrative Support (1 position; previously ½ a position)  
In 2013, an Administrative Recording Secretary position was approved to assist TLAC and the Combative Sports Commission. Half of this position was paid for by LTS. A determination has since been made that a full position is needed to assist both TLAC and to provide administrative and clerical support to the LTS Licensing Coordinator to assist with increased volume at the front counter and anticipated regular plate selection processes.
3. Project Specialist (1 position)
  - Lead implementation of annual LTS project work plan and assist with TLAC work plan, including:
    - Telephone response times project (2015 January 1 implementation date)
    - Policy development to back-up Manager discretion in Bylaw 6M2007
    - Scope/build publishing of licensee data
    - Records management set-up
  - Action recommendations 6-11 from TT2012-14 (Accessible Taxi Service), including assessing a subsidization model for accessible taxi plate license holders and aiding in the development of a driver training refresher
4. Business Analyst (1 ½ positions)
  - Review existing policies and processes to identify anomalies and out of date provisions; suggest updates, changes and amendments. Develop and analyze options and advise Manager of preferred options; support delivery of changes to business customers or internal stakeholders including Council.
  - Analyze and document existing workflow and process statistics to identify business process changes and business requirements, recommending solutions/improvements to meet business needs
  - Conduct collation and analysis of LTS GPS data from brokers
  - Build benchmarks and reporting framework of indicators for compliance and standards for service
  - Implement publishing of LDL/TDL data and reporting requirements publicly
  - Support accountability reporting with respect to LTS data from brokers
  - Introduce process or policy improvements to business unit staff to ensure a clear and consistent understanding, including training of staff with respect to policy or process changes that impact day-to-day operations

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### STAKEHOLDER ENGAGEMENT OR RESEARCH CONDUCTED

Stakeholder input is welcome by way of the TLAC process itself. The opportunity to provide input will also be available at the 2014 April 16 Standing Policy Committee meeting of Transportation and Transit.

### CURRENT AND FUTURE FINANCIAL IMPACTS

Current revenues are sufficient to fund additional positions and a public education/awareness budget through the LTS operating budget. Even with these additional operating expenses, it may also be possible to freeze or reduce fees through the 2015-2018 business planning and budget cycle.

The reserve surplus provides a real opportunity to address accessible taxi service improvements should the assessments for a subsidization model and central dispatch result in recommendations for development and implementation.

### RECOMMENDATIONS FOR TLAC TO CONSIDER

That TLAC adopt Administration's proposed recommendations to Council to:

1. Approve an operating budget reserve of approximately six months of the annual operating budget to meet future operating budget obligations.
2. Approve 3 additional taxi inspectors, 1 Administrative Support position, 1 Project Specialist and 1 ½ Business Analyst positions.
3. Approve an annual budget of up to 3 per cent of the LTS operating budget (\$75,000) for awareness campaigns.
4. Direct Administration to assess the feasibility of a subsidization model for accessible taxi plate licensees and a central booking system for accessible taxi requests as part of the 2015-2018 business planning and budgeting cycle, and in the meantime set aside the \$2.345 million reserve fund surplus towards the potential future capital costs.

### ATTACHMENTS

1. Livery Transport Services Financial Information
2. Taxi Driver and Plate Fees & Revenues (2005-2014)
3. Relevant Excerpt from 2012 Annual Reserve Report
4. Relevant Excerpt from 2013 Triennial Reserve Review Report

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