SUMMARY
Findings from the administrative review of Smartphone technology options to address increased peak period demand.

BACKGROUND INFORMATION
The issue of taxi capacity during peak times, including weekends, holidays and special events is a challenge faced by many municipalities across North America and beyond. Each jurisdiction looks to strike its own balance between addressing supply during peak times and also ensuring a sustainable taxi system in which drivers can make a living wage. Calgary, along with other municipalities, have utilized a number of different approaches to strike this balance, including increasing taxi fleet size, mandating that taxis need to accept all dispatched calls rather than focus on lucrative downtown core calls, and placing specific operating requirements on new taxi licenses.

One approach highlighted as a potential solution to taxi capacity issues involves the concept of rideshare applications. It’s important to note that rideshare technology has been in place in Calgary previously, through the Fast Cab application (app) in 2012. This app allowed for GPS tracking of the progress of the taxi for pickup purposes, the ability to rate drivers and also link comments directly to social media. Rideshare apps have the potential to act as another tool to address peak period capacity, however do also present other challenges, including safety and accessibility issues that need to be addressed to ensure successful integration into the livery system.

INVESTIGATION
Rideshare apps have emerged in a number of markets internationally in recent years, presenting themselves as an alternative to address taxi peak period issues and providing more choice in the transportation sector.

In effect, these apps offer an unregulated taxi market, without requirements regarding safety and accessibility. They allow for private citizens to rent out their driving services via an app, without criminal record checks, without confirmation of commercial drivers insurance, without vehicle safety standards, without safety equipment such as security cameras, and without driver training, etc.

Based on the experience of other jurisdictions around the world it is clear that issues arise in regards to rideshare drivers not being appropriately licensed, not having undergone background checks, a lack of commercial liability insurance in case a passenger or pedestrian is injured during a fare, and no requirements for accessible transportation options for the disabled. These issues have resulted in a number of legal challenges against one of the largest service providers; including thirteen active lawsuits in the United States from passengers, insurance companies and other stakeholders.

Accessibility has also been cited as a challenge with unregulated rideshare programs, as no provisions for accessibility are required by such services. For example the San Francisco Metropolitan Transit Authority says a quarter of wheelchair-accessible cabs – which officials
REVIEWS OF SMARTPHONE APPLICATION OPTIONS

consider a linchpin of the paratransit system – now sit idle because there aren't enough drivers as a result of driver migration to rideshare platforms. Alternatively, within the current taxi system, 11 per cent of all taxis are mandated to offer accessible transportation options for the disabled, ensuring increased independence and equity among the disabled community.

Additionally, regulators and taxi drivers around the world have raised concerns regarding an unregulated rideshare business model, which facilitates private citizens to compete with drivers for business, while not being required to uphold safety and accessibility standards and the associated costs. This sentiment has led to mass taxi industry strikes and demonstrations in London, Berlin, Madrid and Paris as recently as last month.

Within the existing Calgary livery system, passengers have come to rely on taxi services employing trained, licensed drivers that have passed a criminal record check, driving vehicles that have met comprehensive safety standards and have been inspected every six months for safety and possessing appropriate insurance coverage so passengers are looked after in the event of an accident. A recent survey conducted by Leger on the Calgary taxi system and released in June of 2014 found that 86 per cent of respondents were satisfied with their taxi and accessible taxi services in the past year. Further, Calgarians indicated a 93 per cent satisfaction rate with taxi drivers specifically, along with a 92 per cent approval rating for driver safety.

Although Calgary has limited experience with technology companies that facilitate transportation services, in 2013 the U.S.-based company UBER briefly entered the “black car” market in Calgary. During this time, the service provider with which UBER partnered was investigated for providing unlicensed for-hire sedan services. Issues uncovered included:

- Outstanding police warrant
- The utilization of 15 rental cars not suitable as limousines and not licensed or registered with Livery Transport Services
- Drivers with insufficient Alberta Drivers License qualifications
- Drivers with non-existing Limousines Drivers Licences
- No evidence of sufficient commercial vehicle insurance
- The contractual arrangement with UBER explicitly exempted UBER from liability related to the vehicle, driver and third parties, including passengers

The proliferation of unlicensed operators is The City's chief concern when it comes to technologies that make it possible for customers to electronically arrange the services of “black cars”/sedan limousines. The discreetness of sedan limousines makes it difficult for the average citizen to identify whether or not the vehicle and driver are licensed. It is important to note however that under the existing licensing system there is still an opportunity for these apps to legally enter the Calgary market and be part of the solution to Calgary’s peak period transportation shortages. As such, Administration would encourage these companies to work with The City and TLAC on how best to integrate into Calgary’s market in a way that addresses municipal safety concerns.
REVIEW OF SMARTPHONE APPLICATION OPTIONS

STAKEHOLDER ENGAGEMENT OR RESEARCH CONDUCTED
Research was conducted into the experiences of other jurisdictions with Smartphone app options. This process included an examination of potential benefits, challenges, pending legal issues, etc.

CURRENT AND FUTURE FINANCIAL IMPACTS
None

RECOMMENDATIONS FOR TLAC TO CONSIDER
To receive this report for information.

ATTACHMENT
None.

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