

Response to GL29.21 Ensuring Accessibility and Equity for Toronto Taxi Drivers

Date: April 12, 2022

To: General Government and Licensing Committee

From: Executive Director, Municipal Licensing and Standards

Wards: All

SUMMARY

As directed by General Government and Licensing Committee at its meeting of March 22, 2022, this report responds to item GL29.21 - Ensuring Accessibility and Equity for Toronto Taxi Drivers, which contains three recommendations:

- That the Executive Director, Municipal Licensing and Standards in partnership with Technology Services, invite the Toronto Ombudsman to review the digital business licensing portal used to apply or renew taxicab licences to ensure equity and accessibility, and consider possible language or technical barriers and their solution and report back,
- Retain third party facilitation for any large scale consultation or working group in the taxicab industry, and
- Increase the taxicab tariffs by \$1.00 per trip.

Since its launch in July 2020, over 7,500 new licence applications and 14,000 licence renewals were successfully received and processed by MLS staff using the digital business licensing portal. MLS and Technology Services worked collaboratively to design and launch the portal and have iteratively improved the design since its launch. Staff are committed to continuing to review the portal to ensure that it is designed to be as intuitive and easy to use as possible for all licensees, including people of varying digital literacy and English proficiency.

Third party facilitation is a strategy that has been successfully employed by MLS for other large scale consultation projects, and staff are supportive of retaining external facilitation services for major vehicle-for-hire related consultations and working groups.

Finally, staff are supportive of an increase to taxicab fares to respond to the rapid and unexpected rise in fuel prices that has occurred. This report proposes an amendment to Chapter 546, Vehicle-for-Hire Licensing, to implement a fuel surcharge of \$1.00 to the taxicab tariff, effective immediately. It is proposed that the fuel surcharge be applied on a temporary basis until staff can conduct a fulsome review and consultation on taxicab tariffs and fares and report back about current and expected future costs of operating a taxicab, including fuel prices and rates of inflation to inform proposals for any changes to the taxicab fare structure.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards recommends that:

1. City Council amend Chapter 546, Appendix A, Taxicab Tariff and Charges, to establish a taxicab fuel surcharge of \$1.00 per trip that will form part of the total tariff paid by passengers, effective immediately upon the passing of the requisite Bills.
2. City Council request the Executive Director, Municipal Licensing and Standards to conduct a review of the taxicab tariff and charges and report back the results of the review to General Government and Licensing Committee and as part of the review consider:
 - a. The rate of inflation,
 - b. The price of fuel and other costs associated with operating a taxicab, and
 - c. Information received through consultations with taxicab owners and operators, vehicle-for-hire drivers, other industry stakeholders, and the public.
3. City Council direct that the fuel surcharge expire upon the completion of the review of taxicab tariffs and charges and consideration of the report requested in recommendation 2, or when City Council otherwise rescinds the surcharge.

FINANCIAL IMPACT

There is no financial impact arising from the recommendations in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On March 22, 2022, General Government and Licensing Committee referred item GL29.21 Ensuring Accessibility and Equity for Toronto Taxi Drivers to staff and requested a report on the three recommendations contained within the item.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.GL29.21>

On February 18, 2021, City Council adopted, with amendments, EX21.2 2021 Capital and Operating Budgets, resulting in a temporary reduction in the regulatory charges for the Vehicle-for-Hire Accessibility Fund Program in 2021, a reduction of renewal fees for select taxicab and limousine licence categories, reinstatement of vehicle-for-hire licences expired and cancelled in 2020 for the non-payment of renewal fees and payment deadline extension, and suspension of cancellation of vehicle-for-hire licences for non-payment of renewal fees in 2021.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>

On December 16, 2020, City Council adopted, with amendments, GL19.4 Vehicles-for-Hire and COVID-19 Related Financial Hardship, resulting in temporary changes to Chapter 546 to extend the maximum age of vehicles provision by two additional years for existing taxicab and sedan limousines.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL19.4>

On July 16, 2019, City Council adopted, with amendments, GL6.31 Review of the City of Toronto Municipal Code Chapter 546, Licensing of Vehicles-for-Hire, which resulted in a number of changes to the vehicle-for-hire regulations. City Council also requested the Executive Director, Municipal Licensing and Standards to establish a system to allow vehicle-for-hire owners, operators and drivers to submit vehicle registrations and fees electronically.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.GL6.31>

On May 3, 2016, City Council adopted, with amendments, LS10.3 A New Vehicle-for-Hire By-law to Regulate Toronto's Ground Transportation Industry, resulting in a series of changes to the vehicle-for-hire industry, including permitting private transportation companies to operate under a licensing regime. It also allowed taxi brokerages to offer discounted rates for any pre-booked trips or surcharged rates for pre-booked trips using a smartphone enabled application.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.LS10.3>

On September 30, 2015, City Council adopted, with amendments, LS6.1 2015 Ground Transportation Review: Taxis, Limos and Uber, resulting in a reduction to the "drop fee" for taxicab fares from \$4.25 to \$3.25.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.LS6.1>

On February 19 and 20, 2014, City Council adopted, with amendments, LS26.1 The Taxicab Industry Review - Final Report, which included a review of the taxicab tariffs and fares. Council directed that the taxicab fare rates at the time of the review be maintained at the same level.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.LS26.1>

On February 22 and 23, 2010, City Council adopted, with amendments, LS27.2 Inclusion of the Harmonized Sale Tax (H.S.T.) in Taxicab Fares for Toronto Licensed Taxicabs, resulting in a recalibration and increase of taxicab fares to reflect the implementation of HST.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.LS27.2>

COMMENTS

At its meeting of March 22, 2022, General Government and Licensing Committee referred item GL29.21 Ensuring Accessibility and Equity for Toronto Taxi Drivers, which consisted of a letter containing three recommendations, to staff and requested a report on the recommendations. This report provides staff's response to each of the recommendations.

Digital Business Licensing Portal

The first recommendation directed the Executive Director, Municipal Licensing and Standards, in partnership with Technology Services, to invite the Toronto Ombudsman to review the digital portal used by vehicle-for-hire drivers and brokerages to submit forms, data, as well as other critical materials to ensure accessibility and equity, considering possible language or technical barriers and their solutions and to provide a report to the General Government and Licensing Committee by the first quarter of 2023.

In July 2020, in response to the closure of in-person business licensing services due to COVID-19, MLS and Technology Services rapidly developed and launched a digital licensing portal that allowed for the application and renewal of business licences through the City of Toronto website. Prior to the pandemic, any person applying for a business licence or permit was required to attend in person to the business licensing offices at East York Civic Centre to submit the application and required documents. The sudden closure of in-person services meant that there was no avenue to apply for or renew a business licence, leading to an immediate need to establish a new digital system to allow business licensing services to continue to operate.

In addition to the licensing portal, there is a separate online payment system for business licensing which has been an option to pay business licensing fees since 2010. The digital licensing portal and online payment systems are not solely dedicated to vehicle-for-hire licensing, but are used to submit and process applications and renewals for all 99 municipally licensed business classes and permits. Since its launch, over 7,500 new licence applications and over 14,000 licence renewals across all licence classes were successfully received and processed using the portal.

To use the portal, applicants must submit basic information, such as their name, licence number (if applicable), email address and telephone number. They must also upload the necessary documents required to support the application or renewal, as well as pay the requisite fee. It should be noted that not every renewal of a business licence or permit requires supporting documentation, and in these cases licensees must simply pay the renewal fee. As part of launching the digital licensing portal in 2020, staff developed a step-by-step guide, which is available on the website, and includes snapshots of the portal pages along with explanatory text for exactly what applicants must do to successfully complete their application or renewal.

There are alternative options for those who do not wish to use the digital licensing portal, including mailing in the required documents using Canada Post, or by booking an in-person appointment or delivering the documents to the drop box at the Business Licensing office at East York Civic Centre. At this time, in-person appointments are not available for licence renewals, which generally require less documentation and input compared to a new application. There is a dedicated call centre for business licensing to provide support to applicants and answer questions about the licensing process and portal, as well as an email address specifically for vehicle-for-hire driver and owner licensing.

Since the launch of the portal, MLS staff have worked collaboratively with Technology Services to iteratively improve the design and function of the portal, and several

enhancements have been made or are planned to be made. Examples include changing the portal design to be more reflective of the inputs required for the specific licence type being applied for, and improving information provided to customers. These enhancements were guided by focus groups with front line City staff, comments received directly from clients about the portal as well as a customer survey that received over 700 responses. Staff remain committed to continuing to explore and implement improvements based on staff's experience with the system as well as feedback and comments received from users of the portal.

The digital licensing portal is the first step taken in a long-term strategy to modernize the permits and licensing management activities of MLS. Digital transformation is an ongoing process in which manual and legacy systems are enhanced or replaced with digital ones in order to enable greater efficiency and sustainability, faster service delivery, new capabilities, and better customer experience for the public. For digital services to be successful, their design and user experience must be driven by a fundamental understanding of user needs. The Permits and Licences Modernization project is an initiative under the umbrella of the Customer Experience Transformation project (CET Project). This is a corporate initiative for which MLS is a divisional partner along with others corporate partners such as Corporate Services, 311 and Technology Services. The goal is to design, build, pilot and evaluate a new future state end-to-end permit/licensing system and streamline processes that can eventually be scaled or leveraged across the City divisions for different permit or license types. The objectives of this initiative is to improve the customer experience in obtaining a permit or licence with the City and to ensure that customers have a consistent experience. This includes ensuring digital transformation, service improvements, or efficiencies do not compromise public accessibility and privacy, as well as integrate non-digital service channels as part of a broader customer experience (i.e., in-person or phone channels).

The digital licensing portal is an important part of MLS' digital infrastructure, and its design and usage is aligned with the Council-adopted Digital Infrastructure Strategic Framework (DISF). Two important strategic priorities within the Framework are "digital inclusion and human rights" and "human-centred digital infrastructure" which have the objective of ensuring that digital infrastructure is inclusive, free from systemic barriers, bias and discrimination and also intuitive and easy to use by everyone. Staff acknowledge that varying levels of digital literacy, access to reliable internet and technology and English proficiency can create a digital divide which acts as a barrier to full access to digital service and can disproportionately affect equity-deserving communities. As part of the ongoing review and improvement of this digital portal, staff will continue to be mindful of the strategic priorities of the DISF and will work to reduce barriers created by the digital divide by improving ease of use and access to service.

As requested by the letter referred to by GGLC, the Toronto Ombudsman will be notified of the request for a review of the digital portal. As an independent accountability officer of Council, the Ombudsman has sole discretion to determine whether an investigation is warranted. MLS and Technology Services staff are prepared to work with the Ombudsman, should an investigation occur.

Third Party Facilitation

The second recommendation contained within GL29.21 directs the Executive Director, Municipal Licensing and Standards to retain a third party facilitator for any working groups or large consultation meetings with vehicle-for-hire stakeholders.

Staff are supportive of the retention of third party facilitators for large scale public and industry consultations and working groups, a strategy which has been successfully employed in the past by MLS, for example as part of public consultations for the Noise By-law review in 2019. Retaining a third party to help design, deliver and facilitate consultations and working groups allows staff to focus on listening to, understanding and considering feedback received during consultations and actively participate in working groups without also needing to chair meetings, deliver presentations or otherwise administer the consultation session.

There can be perceived bias in cases where City staff responsible for oversight and regulation of an industry are also responsible for guiding conversations and collecting feedback and suggestions during a consultation, some of which may be critical of the staff member or regulation they are responsible to enforce. The retention of third party facilitation can increase public trust and result in more constructive conversations during the consultation process as it brings a non-interested party into the process and separates City staff directly from the facilitation role.

There are several working groups and consultations planned for the vehicle-for-hire industry, including the vehicle-for-hire electric vehicle working group, the taxicab data working group and anticipated consultation on the fare review proposed by this report. Third party facilitators will be retained for these vehicle-for-hire consultations and working groups. Staff will continue to consider the retention of third party facilitation for future working groups or major consultations, as necessary.

Third party facilitation comes with a financial cost and the retention of any facilitator would be conducted in accordance with the City's purchasing policies. The total expense for the facilitation ultimately depends on the size and scale of the consultation or working group. The cost of third-party facilitation would be accommodated from within MLS' operating budget.

Taxicab Tariff Increase

The third recommendation contained within item GL29.21 directs a taxicab tariff increase to the "drop fare" of \$1.00, from \$3.25 to \$4.25, to respond to the cost of inflation and rising cost of gas.

The *City of Toronto Act* authorizes the City to set the fare that may be charged for taxicab services. The taxicab tariff and rates are regulated by Toronto Municipal Code Chapter 546, Vehicle-for-Hire Licensing, meaning any changes to the taxicab tariff requires amendment to the Chapter. Under the regulations of Chapter 546, the taxicab driver is only permitted to charge its customers a fare calculated by the tariff and charges contained in Appendix A, although a taxicab trip pre-booked through a brokerage may offer a discounted rate or, if pre-booked through a smartphone enabled application, a surcharged rate.

The fare for a taxicab trip generally consists of three calculations, the initial rate for beginning the trip, known as the "drop rate", a charge for the distance of the trip and a charge for any waiting time while under engagement. Currently, Chapter 546, Appendix A, Taxicab Tariff and Charges contains the follow rates:

Drop Rate	For the first 0.143 km, or part thereof	\$3.25
Distance Charge	For each additional 0.143 km, or part thereof	\$0.25
Waiting Charge	For each 29 seconds waiting while under engagement	\$0.25

There are additional charges for carrying more than four passengers, cleaning required due to soiling by a passenger, document or parcel delivery or use of a debit or credit card.

Taxicab tariffs and charges were last changed in November 2015, when the drop rate was reduced from \$4.25 to \$3.25. Prior to that, as part of the taxicab industry review conducted in 2014, a review of the tariffs and charges was completed, and City Council directed that taxicab fare rates be maintained at the then current rates. The last time taxicab fares were increased was in 2010, which was done to reflect the implementation of HST.

The rate of taxicab tariffs are generally derived from the cost of operating a taxicab, and as the regulator of taxicab tariffs, the City must respond to the changing market to determine the appropriate rate that reflects changes in operating costs. However, the cost of fares can also impact the broader community, especially those who rely on taxicabs as an important source of transportation. Setting the correct taxicab rate is an important function of the regulatory oversight that the City provides for this industry, and fare reviews should include a consultation process for taxi owners, drivers and customers.

Staff acknowledge that the current state of the market, particularly the sudden and rapid increase in fuel prices over the months of February and March requires immediate action. According to Natural Resource Canada, average retail fuel prices in Toronto peaked at \$190.5/L on March 10, 2022, and were \$1.678/L during the week of April 12, 2022, compared to \$1.421/L during the week of January 1, 2022 and \$1.226/L in April 2021. While generally a review of tariff levels should include public and industry consultation, at this time and given the increased operating cost factors of rising fuel prices and inflation, a recommendation to increase taxicab fares immediately is appropriate. This report proposes the establishment of a fuel surcharge of \$1.00 to be levied on the tariff for all taxicab trips in the City of Toronto. Fuel is a significant portion of the cost of operating a taxicab, and with the ongoing world events and continued instability and fluctuating prices in the market, the future trend of gasoline prices is not clear. This surcharge would be effective immediately and will allow taxicab drivers and operators to adapt to the unexpected and sudden cost increases.

A similar taxicab fare fuel surcharge was recently implemented in Washington DC and staff are aware of other Ontario jurisdictions that are also reviewing taxicab fare rates in light of fuel cost increases. Establishing a \$1.00 fuel surcharge would align the cost of Toronto's taxicab fares with neighbouring jurisdictions, such as Mississauga, Brampton and Markham, which each have a \$4.25 drop fare and similar distance and waiting charges as Toronto.

As the last full taxicab fare review occurred in 2014, staff recommend undertaking a comprehensive taxicab fare review, which will include a review of the current and future trends in operating costs for taxicabs and will also provide an opportunity for broader consultation. The goal of this review is to ensure that taxicab tariff and charge levels are appropriate considering the current costs of taxicab operation. A feasibility of annual fare reviews will also be considered as part of this review to determine whether it is desired and operational practical to adjust fares more frequently. It is recommended that the fuel surcharge expire upon the completion of this fare review and consideration of the report by Council, or when Council otherwise moves to rescind the surcharge.

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SIGNATURE



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ATTACHMENTS
