



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: September 13, 2005
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TO: Standing Committee on City Services and Budgets

FROM: Chief License Inspector in consultation with the Director of Finance

SUBJECT: Year 2006 Vehicles for Hire License Fee Amendments and New Taxicab and Dual Taxicab License Fee

RECOMMENDATION

- A. THAT with the exception of dual taxicabs and taxicabs, the license fees for all Vehicles for Hire, contained in Schedule "A" of By-law No. 6066, be increased by approximately 2.75 percent (when rounded) for Year 2006.
- B. THAT the license transfer fee be increased from \$103 to \$106 for Year 2006.
- C. THAT the fee for bicycle courier testing be increased from \$27 to \$28 for Year 2006.
- D. THAT the license fee for dual taxicabs and taxicabs be increased from \$321 to \$331, representing an approximate 2.75 percent (when rounded) rise for Year 2006.

OR

CONSIDERATION

- E. THAT the license fee for dual taxicabs and taxicabs be increased from \$321 to \$376, representing an approximate 17 percent (when rounded) rise for Year 2006.

OR

- F. THAT the license fee for dual taxicabs and taxicabs be increased from \$321 to \$565, representing an approximate 76 percent (when rounded) rise for Year 2006; and
- G. THAT the Director of Legal Services be instructed to prepare the necessary By-law amendments to the Vehicles for Hire By-law to implement the revised Fee Schedule and other proposed changes, to be effective January 1, 2006.

GENERAL MANAGER'S COMMENTS

The General Managers of Corporate and Community Services RECOMMEND approval of A, B, C, D and G above and submit E and F as alternate choices should Council choose not to support D.

CITY MANAGER'S COMMENTS

The City Manager notes that the Taxi Industry provides a critical transportation choice for users. Also, at this time, increasing fuel costs are creating pressures on operators. Therefore, the City Manager recommends approval of A, B, C, D and G.

COUNCIL POLICY

It is Council policy that fees and charges be established on the basis of the cost of providing the associated services. It is Council policy that new or expanded service costs be fully offset by expenditure reductions or new revenues.

PURPOSE

The purpose of this report is to update the Vehicles for Hire license fees for 2006 and present Council with three options for a new taxicab and dual taxicab license fee. The Vehicles for Hire licensing fee update includes increasing the license transfer fee, the bicycle courier examination fee and the license fees for all classifications of vehicles for hire, with the exception of dual taxicabs and taxicabs, by approximately 2.75 percent (when rounded). Staff have put forward three options for the new dual taxicab and taxicab license fee. The report also discusses the possibility of the City subsidizing the cost of additional training for taxi drivers.

BACKGROUND

In the fall of every year, the License Office prepares an administrative report to Council proposing an across-the-board inflationary adjustment in vehicles for hire license fees which reflects the estimated growth in City costs for the following year.

At the Planning & Environment Committee meeting held on March 3, 2005, Council approved the issuance of 29 new dual taxicab licenses for an annual license fee of \$321 each; a lower fee than what was recommended by staff. Staff was requested to review the current \$321

license fee for taxicabs and dual taxicabs to determine whether these vehicles for hire categories incur higher inspection or administrative costs which would warrant a higher license fee increase. Staff was instructed to report back on any new rates before the 2006 license fees are due.

Along with the 29 new dual taxicab licenses, Council also approved a requirement for all taxicab drivers employed by Vancouver taxicab companies to successfully complete at least 45 hours of training approved by the Inspector which includes a focus on transporting people with mobility impairments, by January 1, 2006. Staff was directed to consult with the taxi companies to look at possible ways of subsidizing the costs of additional driver training for their employees and report back to Council when recommending the 2006 license fees.

DISCUSSION

Year 2006 Vehicles for Hire License Fees

This report recommends that with the exception of taxicabs and dual taxicabs, license fees for all Vehicles for Hire categories contained in "Schedule A" of By-law No. 6066 be increased by approximately 2.75 percent (when rounded) for the Year 2006. The proposed 2.75 percent increase represents the inflationary rate of adjustment from 2005. This amount is required to achieve cost recovery for the various services required under the Vehicles for Hire By-law.

The administrative cost of license transfers and bicycle courier testing has also risen over the past year, providing justification for the proposed fee increases to recover expenses.

The following table outlines the fee increases for 2006:

Current and Proposed (2006) Vehicles for Hire License Fees (Schedule "A")

Class of Vehicle		Current Fee (\$)	Proposed Fee (\$)
Airport Shuttle Bus	for each vehicle	60.00	62.00
Airport Transporter	for each vehicle	128.00	132.00
Antique Limousine	for each vehicle	162.00	166.00
Charter Bus	for each vehicle	128.00	132.00
Charter Van	for each vehicle	128.00	132.00
Courier Bicycle	for each vehicle	15.00	15.00
Driver Instruction Vehicle	for each vehicle	128.00	132.00
Dual Taxicab	for each vehicle	321.00	To be determined
Funeral Cab	for each vehicle	128.00	132.00
Handicapped Cab	for each vehicle	128.00	132.00
Horse-Drawn Carriage	for each vehicle	424.00	436.00
Luxury Limousine	for each vehicle	162.00	166.00
Motor Stage	for each vehicle	128.00	132.00
Pedicab	for each vehicle	128.00	132.00
For each person operating a leased vehicle on a daily fee basis		11.00	11.00
School Cab	for each vehicle	128.00	132.00
School Shuttle	for each vehicle	128.00	132.00
Sedan Limousine	for each vehicle	162.00	166.00

Class of Vehicle		Current Fee (\$)	Proposed Fee (\$)
Sport Utility Limousine	for each vehicle	162.00	166.00
Stretch Limousine	for each vehicle	162.00	166.00
Taxicab	for each vehicle	312.00	To be determined
If used also for displaying advertising material, for each vehicle so used, additional fee		26.00	27.00
Tow Truck	for each vehicle	128.00	132.00
U-Drive	for each vehicle (4 or more wheels)	35.00	36.00
	For each other vehicle	12.00	12.00
Unless otherwise provided herein, the license fee to operate a vehicle licensed for one purpose shall be \$57.00 for each additional purpose authorized by this By-law.		57.00	59.00
Administrative Costs not in Schedule "A"		Current Fee (\$)	Proposed Fee (\$)
Cost of Transfer of License		103.00	106.00
Cost of Bicycle Courier Testing		27.00	28.00

Additional Training for Taxi Drivers

Further to Council's resolution of March 3, 2005, all taxi drivers employed by the four licensed taxi companies in the City are required to successfully complete at least 45 hours of training approved by the Inspector which includes a focus on transporting people with mobility impairments by January 1, 2006. This training provides important instruction in the areas of loading/unloading people with disabilities, driver safety (assault avoidance and awareness), collision prevention and advanced geography.

A concern voiced by certain taxi company representatives in attendance at the meeting was the significant cost of this additional driver training for their employees. The taxicab companies also informed staff of greater difficulties encountered when hiring drivers due to current economic conditions and the competitive hiring environment. As a result, Council requested staff to consult with the taxi companies to look at possible ways of subsidizing this cost.

After considering the possibility of the City subsidizing a portion of the training cost for taxi drivers, staff have concluded that under the existing circumstances, there is no appropriate or effective means of directly subsidizing these costs. The majority of taxi drivers in the City are owners and therefore, the shareholders of the taxi companies are in fact driving the vehicles. However, one way that the City can assist the taxi companies with this additional financial burden is to maintain licensing costs as low as possible.

Tourism Vancouver

Tourism Vancouver has been very supportive of enhanced taxi service in the City of Vancouver which includes recognition of their importance to visitors and residents and ongoing driver training. During recent discussions with Tourism Vancouver, staff have been informed that

there have been discussions with the tourism industry, including taxi companies, for a monetary contribution to support the expansion of the convention centre, particularly in the sales and marketing to ensure increased convention business in the city. This shared industry approach to funding may result in additional annual costs to the taxi industry in the future.

Taxicab and Dual Taxicab License Fee Review

Currently, the license fee for every person owning or operating either a dual taxicab or taxicab in the City of Vancouver is \$321. A review of the expenses incurred by the City on taxicab and dual taxicab licensing concludes that this license fee does not adequately reflect the higher inspection and administrative costs attributed to these particular vehicles for hire categories. Expenses incurred by the City in relation to taxicab and dual taxicab licensing are categorized as follows:

- Police Services (full-time constable; clerical assistance)
- Community Services Group (inspections; meter testing; clerical assistance; and policy review, amendments and document preparation for Council)
- Property Use Inspection (full-track meter testing; fleet inspection)
- Engineering Services (signage; inspections; and addressing taxi-related issues)
- Office Support/Overhead (includes meetings with taxi industry representatives)

Over the years, the City has provided approximately 30 taxi zones on City streets to improve taxi customer service and accessibility. As these zones would otherwise have been used for parking meters, this action has resulted in a certain amount of lost parking revenue to the City.

It is difficult to accurately access the actual costs of taxi administration as Police and staff carry out various duties related to all types of vehicles for hire. The approximate annual costs to the City attributed to each of the above expense categories for taxicab and dual taxicab licensing are shown in the table below.

Approximate Annual Cost to the City for Taxicab and Dual Taxicab Licensing

EXPENSE	APPROXIMATE COST PER ANNUM
Police Services	\$ 85,000
Community Services Group	\$ 60,000
Property Use Inspectors	\$ 5,000
Engineering Services	\$ 10,000
Office Support/Overhead	\$ 25,000
<i>Lost Parking Revenue attributed to taxis</i>	\$ 90,000
TOTAL	\$275,000

Staff also recognize that the taxi industry provides many benefits to the City. Taxis are an integral part of the overall transportation system often providing connections to transit and services for the disabled. They also support the tourism industry, provide options for individuals not wanting to own a car and provide transportation for the business community, particularly in the downtown core.

After consideration of all the above factors including estimated administration costs, taxi driver training, benefits provided by the taxi industry and Tourism Vancouver initiatives, staff have derived the following three taxicab and dual taxicab license fee options for Council's consideration:

OPTION 1: Increase current \$321 license fee to \$331 per annum

This option proposes applying the same across-the-board 2.75% inflationary adjustment being applied to all other vehicles for hire categories.

OPTION 2: Increase current \$321 license fee to \$376 per annum

This option proposes removing the lost parking revenue (\$90,000) from the total cost incurred by the City for taxicab and dual taxicab licensing as the taxi zones are considered to be integral to an efficient taxi industry in the City. Therefore, the revised cost of \$185,000 incurred by the City for taxicab/dual taxicab licensing divided by 477 (total number of taxicab and dual taxicab licenses permitted in the City) results in a fee of \$376 per vehicle per annum. This represents an increase of 17%.

OPTION 3: Increase current \$321 license fee to \$565 per annum

This option considers the lost parking revenue in the table above as a direct cost to the City attributed to taxicab licensing. This option proposes dividing the total cost of \$275,000 incurred by the City for taxicab/dual taxicab licensing by 477 (total number of taxicab and dual taxicab licenses permitted in the City) resulting in a fee of \$565 per vehicle per annum. This represents an increase of 76%.

After giving consideration to all the above factors, staff recommend Option 1 at this time. A further review in future years will be carried out after the driver training is completed in January 2006 and the Tourism Vancouver initiative is implemented.

FINANCIAL IMPLICATIONS

The financial implications of the three proposed license fee options are as follows:

OPTION 1: The proposed 2.75% fee increase for all vehicles for hire categories will result in approximately \$9,600 in increased revenue for 2006.

OPTION 2: The 17% fee increase for taxicabs and dual taxicabs will result in approximately \$26,000 in increased revenue and the 2.75% fee increase for all other vehicles for hire categories will result in approximately \$5,000 in increased revenue. Therefore, this option would provide the City with an approximate total of \$31,000 in increased revenue for 2006.

OPTION 3: The 76% fee increase for taxicabs and dual taxicabs will result in approximately \$116,000 in increased revenue and the 2.75% fee increase for all other vehicles for hire categories will result in approximately \$5,000 in increased revenue. Therefore, this option would provide the City with an approximate total of \$121,000 in increased revenue for 2006.

CONCLUSION

A 2.75 percent increase for the Year 2006, reflecting the inflationary rate of adjustment, is being proposed for all vehicles for hire license fee categories, including taxicabs and dual taxicabs. Fee increases are also proposed for license transfers and bicycle courier testing fees. Council is being asked to consider staff's recommendation along with two other options for the new taxicab and dual taxicab license fee based upon the inspection and administrative costs the City incurs for taxicab and dual taxicab licensing. Finally, staff conclude that one way the City can assist taxi companies with the costs of additional driver training is to maintain licensing costs as low as possible.

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