

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



Report to:	Mayor and Council Members	Priority:	<input type="checkbox"/> High <input checked="" type="checkbox"/> Low
Submitted by:	Brent Larmer, Municipal Clerk, Director, Legislative Services Legislative Services Division blarmer@cobourg.ca	Meeting Type:	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
Meeting Date:	March 28, 2022		
Report No.:	Legislative Services-019-22		
Submit comments to Council			

Subject/Title: Taxicab Fuel Surcharge Request Report

RECOMMENDATION:

THAT Council receive the staff report for information purposes; and
FURTHER THAT Council provide direction on the introduction of a Fuel Surcharge on Taxicab Fares, within the Town of Cobourg.

1. STRATEGIC PLAN

Not Applicable.

2. PUBLIC ENGAGEMENT

This report does not require public engagement, but any approved Taxicab Fare change shall be advertised, and public notice issued through the Town's website and within the local newspaper. In addition, Taxicab Fare explanations and descriptions should be readily available and visible in every Taxicab that is currently licensed within the Town of Cobourg.

3. PURPOSE

The purpose of this report is to present Council with a Staff report on the Taxi Cab Industry Request for a Taxi Fuel Surcharge to be added to each fare due to the increase cost of Fuel prices.

4. ORIGIN AND LEGISLATION

Ontario's *Municipal Act, 2001* as amended gives the Town the power to license businesses, and specifically to license taxicabs and taxicab brokers. The general powers of business licensing include requiring a license, refusing a license, setting conditions, regulating the use of property used in the business, and setting administrative penalties for non-compliance. Without limiting these general powers, municipalities may regulate taxicabs and drivers by:

- Establishing rates or fares
- Providing for the means of collection of fares
- Limiting the number of taxicabs or any class of them

The Public Vehicles Act defines a taxicab as “. . . a motor vehicle as defined in the *Highway Traffic Act*, having a seating capacity of not more than six persons, exclusive of the driver, hired for one specific trip for the transportation exclusively of one person or group of persons, one fare or charge only being collected or made for the trip.”

5. BACKGROUND

On February 20, 2020, Council approved a Fare increase for the Taxicab Industry from what was in place in 2014. Below is the previous Fare Schedules from 2014 to 2020 and 2020 to 2022.

2014 to 2020 Fare Schedule:

	Type of Taxi Fare	Rate
1.	Pick-Up Charge	\$4.75
2.	Pick-Up Charge (Senior Rate)	\$4.25
3.	Meter Charge	.35cents 1/5 km (\$1.75/km)
4.	Meter Charge (Senior Rate)	.25cents 1/5 km (\$1.25/km)
5.	Stops During Trip	\$1.50 per stop
6.	Waiting Times at Stops	\$0.75 per min after 2mins
7.	Parcel Unloading Charge	\$0.75 per min after 2mins
8.	Destination Waiting Charge	\$0.75 per min for waiting at final destination

Senior defined as 65 years of age or older.

2020 to 2022 Fare Schedule:

	Type of Taxi Fare	Rate
1.	Pick-Up Charge	\$4.75
2.	Meter Charge	\$1.75 per km
3.	Waiting/Running time while under engagement	\$0.75 per minute, Meter activated only when vehicle is travelling below 26km per hour or stopped.

Discount for Seniors is 10%:

- Proof of age is needed (Senior 65) at Driver's discretion
- Discount not applied on fares below \$10.00.

**As Council can see, the changes in 2020 cleaned up some of the fare charges, and the elimination of the Senior Rate to a Senior discount to help provide a higher fare from the current rate. Council also removed the per stop charge and added a revised waiting time running charge in order to help to provide an increase to the taxi fare instead of time stopping and not being charged until after two (2) minutes at the previous rate structure.

Previous Fare Calculation prior to March 14, 2022:

1) Previous Fare 5km Trip (with one additional stop during trip, assuming wait time at stop is only 3 minutes)

$\$4.75 + (\$1.75 \text{ per km @ } 5\text{km}) + 3 \text{ minute wait time } (\$0.75 \text{ per minute @ } 3 \text{ minutes}) = \mathbf{\$15.75}$

2) Previous Fare 5 km Trip (with two additional drop off stops, assuming wait time at stop is only 1 minute)

$\$4.75 + (\$1.75 \text{ per km @ } 5\text{km}) + 1 \text{ minute wait time per stop } \times 2 \text{ stops } (\$0.75 \text{ per minute}) = \mathbf{\$15.00}$

On March 14, 2022, Municipal Council received a delegation request from the Taxicab industry regarding a request for an increase to the Taxi Fares, due the increasing rise of costs associated with operating their business, such as the minimum wage increase, and the rising and unpredictable rise in gas prices.

The following Taxi Fare increase were approved at the March 14, 2022 Regular Council Meeting:

Current Fare Schedule:

	Type of Taxi Fare	Rate
1.	Pick-Up Charge	\$4.25
2.	Meter Charge	\$2.25 per km
3.	Waiting/Running time while under engagement	\$0.75 per minute, Meter activated only when vehicle is travelling below 26km per hour or stopped.

Discount for Seniors is 10%:

- Proof of age is needed (Senior 65) at Driver’s discretion
- Discount not applied on fares below \$10.00.

On March 15, 2022, all Taxicabs were calibrated with the new fares as well as all Taxicabs were provided new Tariff Cards with the changes to the rates, to be displayed to the public.

6. ANALYSIS

As part of Municipal Councils direction to Staff, the Town conducted a quick turnaround on research related to the Fuel Surcharge request and if there are any other jurisdictions, such as licensing authorities that have added this charge to Taxicab Fares. There were little to no current municipalities that have considered

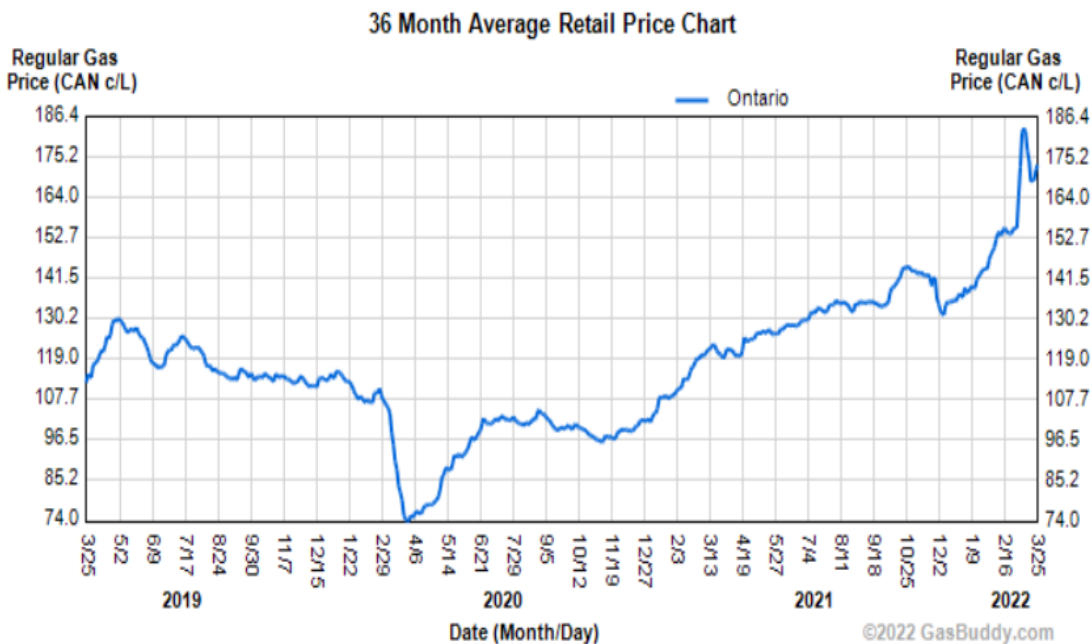
or are considering this option prior to 2022, in Ontario, but there are a few municipalities in the East Coast that have been presented with a similar request from their taxi industry. With these recent discussions, nothing has been reported to the various Councils in a Staff report, meaning Cobourg may be the first municipality to consider this option of a fuel surcharge.

In 2008, the City of Toronto considered an option for an increase in taxicab fares in the City of Toronto due to the unprecedented increase in gasoline prices and the resulting additional costs to and impact on the Toronto taxicab industry. This review included a consideration of the entire fare system and a Taxi Industry Stakeholder engagement, which resulted in the stakeholders being adverse to the institution of an interim fuel surcharge on taxicab fares as they felt it might result in disputes with taxicab passengers and a reduction in tips for taxicab drivers.

A number of cities in the United States, such as Boston, Seattle, Las Vegas, Miami and St. Louis have implemented or considered implementing a surcharge in 2008 where there was a larger increase in the price of fuel, and those surcharges ranged from \$0.50 to \$1.00 on their current taxicab fares to offset the cost of fuel for the taxicab industry.

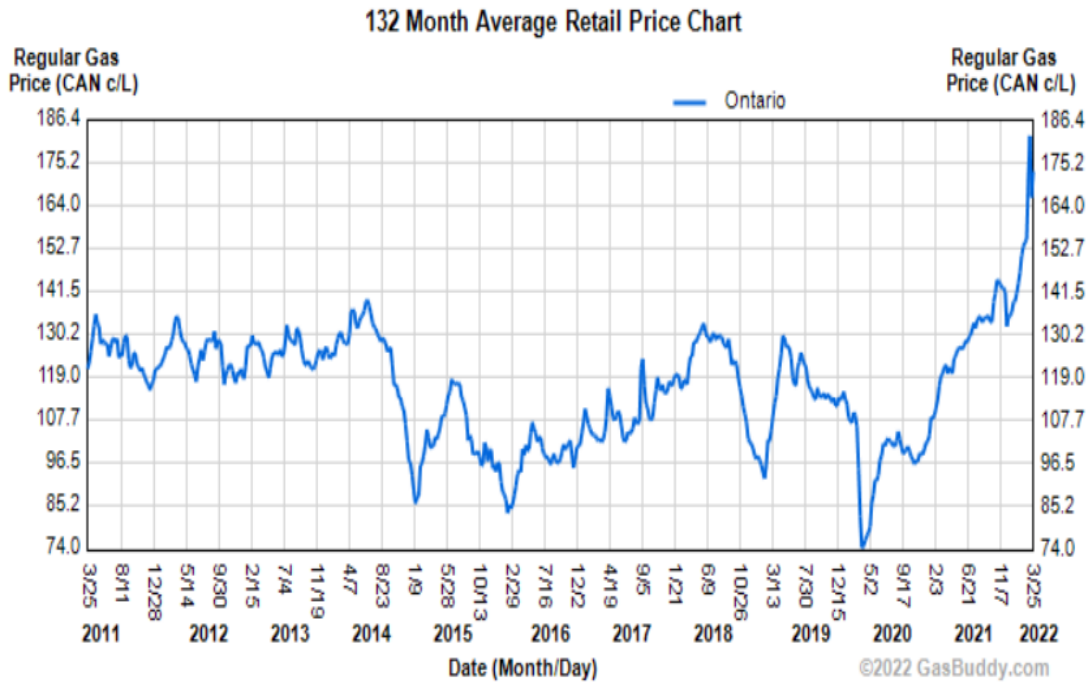
In Canada, Ontario and as a result in the Town of Cobourg, the cost of fuel has increased over the last few years and the current fuel prices are at an unprecedented high, and some industry analysts have suggested the price of gasoline could top \$2.00 per litre. The increase in fuel price impacts directly on the daily expenses for taxicab operators in the Town of Cobourg.

Average Gas Prices – 2019 to 2022:



****Graph taken from online source – Gas Buddy. – Not Government Website**

Average Gas Prices – 2011 to 2022:



***Graph taken from online source – Gas Buddy. – Not Government Website*

Taxicab Industry Stakeholder Consultation

On March 24, 2022, Staff met with the Taxicab industry to speak on their proposed Fuel Surcharge request. The initial request at the March 14th, Regular Council Meeting was to include a \$1.50 Fuel Surcharge on every fare due to the increase in fuel prices and the impact on their bottom line.

At the meeting, the Taxicab industry agreed that due to the current increase that they received at the Regular Council Meeting, that the Fuel Surcharge fee be changed to \$1.00, as they have just received a .50 cent increase in their fares to date.

In Summary the Taxicab Industry is requesting that there be a Fuel Surcharge of a \$1.00 be added to the Taxicab Fare.

Sample Taxi Fares:

Current with Recent Fare Increase approved on March 14, 2022:

3) Current Fare 5km Trip (with one additional stop during trip, assuming wait time at stop is only 3 minutes)

$$\$4.25 + (\$2.25 \text{ per km @ } 5\text{km}) + 3 \text{ minute wait time } (\$0.75 \text{ per minute @ } 3 \text{ minutes}) = \$17.75$$

4) Current Fare 5 km Trip (with two additional drop off stops, assuming wait time at stop is only 1 minute)

$\$4.25 + (\$2.25 \text{ per km @ } 5\text{km}) + 1 \text{ minute wait time per stop} \times 2 \text{ stops } (\$0.75 \text{ per minute}) = \mathbf{\$17.00}$

Current with Recent Fare Increase approved on March 14, 2022 with the \$1.00 Fuel Surcharge:

1) Current Fare with Fuel Surcharge - 5km Trip (with one additional stop during trip, assuming wait time at stop is only 3 minutes) + \$1.00 Fuel Surcharge

$\$4.25 + (\$2.25 \text{ per km @ } 5\text{km}) + 3 \text{ minute wait time } (\$0.75 \text{ per minute @ } 3 \text{ minutes}) = \mathbf{\$18.75}$

2) Current Fare with Fuel Surcharge - 5 km Trip (with two additional drop off stops, assuming wait time at stop is only 1 minute) + \$1.00 Fuel Surcharge

$\$4.25 + (\$2.25 \text{ per km @ } 5\text{km}) + 1 \text{ minute wait time per stop} \times 2 \text{ stops } (\$0.75 \text{ per minute}) = \mathbf{\$18.00}$

Summary of Fare Percentage Increase:

From 2020 the Fare Increase to the 2022 Fare Increase with the fuel surcharge there would be a 19% Increase in the Taxicab Fares within the Town of Cobourg to the Consumer, based on a *Scenario #1 of a 5km Trip (with one additional stop during trip, assuming wait time at stop is only 3 minutes)

Summary of Fuel Increase from 2019 to today:

***From 2019 fuel costs of \$1.19 per liter to current fuel cost as of today March 25, 2022 in Cobourg of \$1.72 per liter, the price of fuel has increased by 45%.**

Limitation of the Fuel Surcharge Fee:

Another discussion that took place and for council to consider, if the fuel surcharge is approved, is the amount of time that the Fuel Surcharge remains in place and added to the Taxicab Fares. The Taxi Industry is requesting that the fuel surcharge remain in place until the price of fuel gets below \$1.40 per liter.

As we know, gas prices are a volatile commodity and with the recent events that are taking place around the world, with the price of fuel, we may not see this price of fuel dip below \$1.40 per liter for some time. The other option that was considered was, if the fuel surcharge fee is approved, that the fee remains in effect until the next Taxicab Fare review that will take place in October of 2022. This way there

would be a confirmed seven (7) month timeframe to monitor the price of fuel and the effects it has on the consumers and the Taxi Owners/Companies.

Options on including the Fuel Surcharge to the Taxicab Fare:

As part of the conversation with the Taxicab industry, there was discussion on how this fuel surcharge would be instituted within the collection of the fare by the Taxicab Driver. There are two (2) different options for this surcharge to be applied to all taxicab trips. The first option would be that the proposed interim surcharge could be added by the taxicab driver upon conclusion of the trip. The second option would be to apply the interim surcharge to each trip would be to recalibrate the taximeter to add the surcharge to the meter. This would require the recalibration of the taximeter to add the surcharge and recalibration of the taximeter to remove the surcharge.

Staff is recommending that if a fuel surcharge is approved, that Staff recalibrate each Taxicab meter in order to provide the indication of the Taxicab Fare to the passenger in a transparent way through the running of the meter display calculation, as with how the current Fare System is displayed to the passenger at the current time. This \$1.00 surcharge could be added to the pick-up charge and displayed on the tariff card in the Taxicab that the Fare calculation includes a \$1.00 charge to represent the approved Fuel Surcharge to be in effect until further notice.

Other Council considerations:

In summary and as communicated to Council in prior reports, Council has the duty to make their decision in an attempt to strike a balance between the interests of transportation operators (Taxicab Companies) and the consumers they serve (residents and visitors). Municipalities may regulate taxicabs and drivers by: establishing rates or fares, providing for the means of collection of fares, and limiting the number of taxicabs or any class of them and other means of licensing, but what Council does not control or can influence is how the Taxicab Businesses operate their daily operations, such as hours of operations, amount of calls that the Taxicab companies respond to, amount of employees or the amount of vehicles on the road operating and the type of vehicle (fuel vs electric). Some of these operational decisions are up to the industry and adjustment could help to assist with the increase in costs and the ability to innovate operations to meet the changing economy and not putting those operating costs directly to the consumer. But Council also needs to be cognizant of the increasing operating costs including: taxicab equipment, automobile financing (leasing), insurance, maintenance, accident repairs, plate lease, licensing, overhead expenses.

Council should also consider the fare increase that has already been approved and applied to Taxi meters, as the increase will help the taxicab industry to offset the increase in fuel prices and consider monitoring the fuel prices for the next seven (7) months, and then consider an additional increase in the per km rate to assist with the longer term cost of fuel.

7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

There are no financial or budget implications related to this Staff Report. The only impact would be the By-law Officers and Staff having to spend a full day recalibrating Taxicabs and relocking the meters with tariff tags.

8. CONCLUSION

That Council receive this report for information when considering the request from the Taxicab industry on the introduction of a Fuel Surcharge to the Taxicab Fare.

Report Approval Details

Document Title:	Taxi Surcharge Information Report - Legislative Services-019-22.docx
Attachments:	
Final Approval Date:	Mar 25, 2022

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Mar 25, 2022 - 2:34 PM