

Regina Taxi Study Executive Summary

This report was to relate the findings and recommendations of a study contracted by the City of Regina for the examination of taxi services within the city. Conducted over the period of December 2009 to April 2010, this report discusses the rationale and necessity of regulating taxi operations within the City of Regina; the current Regina taxi markets and company structures for the provision of taxi services; the current environment for taxicab service, and finally, recommendations for the future regulation of Regina taxicab operations.

Regina Taxi Markets

Within Regina, taxi services are extremely important to the local users for airport trips, shopping, medical appointments, eating out and generally getting around when an automobile is not the preferred option or inconvenient. In winter months, similar to residents in other Midwestern communities such as Winnipeg and Saskatoon, a taxi service is preferable for many residents when traveling to and from the airport, going out for the evening, or simply getting around.

While no official statistics are available in Regina, taxi use penetration into the general population is probably similar to Winnipeg's, at the fifty (50) percent level. That is, fifty percent of Regina residents can be expected to use a taxi at least once during the year. On a comparative basis, this is significantly greater than for most North American cities.

Regina taxis have several demand points which generate a significant percentage of their daily demand. Two of these sources would be the airport and the school trips. Another would be public taxi and hotel stands where individuals can obtain taxi services without making a reservation. The vast majority of taxi trips however, are provided through taxi broker dispatch calls, airport and school trips. Thus, a taxi broker is essential in the scheme of taxi services for Regina since it is the broker that arranges all of these trips either through their call/dispatch center or contracts with school, individual accounts, and the airport.

Descriptive Regina Taxi Industry Statistics

The following statistics describe the general Regina taxicab industry.

- Licensed drivers: 550
 - With a company: 172
 - No company listed: 378
- Active decaled vehicles: 120 regular decals plus 5 wheelchair accessible decals with two additional accessible decals to let by City
 - 60 drivers own 66 vehicles
 - Broker (including Buffalo Cabs, Arch Transco, and D&G Taxi) own 2 vehicles
 - Independent owners of 57 vehicles

- Vehicle Decal Holders
 - Drivers: 20
 - Own their vehicles as well
 - Non-driver owned decals
 - Brokers: 5
 - Van De’s owns decal and vehicle
 - D & G owns decal; driver owns vehicle
 - Arch Transco owns decal, independent person owns vehicle
 - Buffalo Cabs
 - Co-op Taxi
 - Non-broker/Non-driver: 102
 - Independent decal ownership with vehicle: 12
 - Independent decal ownership without vehicle: 90
 - » Driver owns vehicle: 45
 - » Other independent vehicle owner: 45

From these general statistics certain things become obvious. The Regina taxi industry would have to be considered one of the City’s larger employers with over 500 individuals involved. Also, Regina taxi decals or medallions are not utilized by an individual who owns his own taxi and drives it. The vast majority of these annual taxi decals are owned by independents who neither drive nor own a taxi. These individuals pay a yearly license renewal fee of \$180 and then lease this transferable city property to either a taxi broker who then subleases it to a driver who brings his own vehicle outfitted as a taxi, or to an individual who outfits a vehicle as a taxi and pays a broker for dispatch and other services. The current “going rate” for a monthly lease of the city’s taxi license ranges between \$1,000 to \$1,500 per month. Current estimates of the tradable value of Regina’s taxi license or “decals” is estimated to be between \$120,000 to \$150,000. However, since there are no records kept on the transfer price, these estimates may or may not be accurate.

Types of Taxicab Operations

Fortunately, four of the five taxi brokers licensed by the Regina City Administration would historically fall into a category of taxi operator types we refer to as “Full Service Operators”; they use independent contractor drivers and vehicles supplied by the driver, license holder, broker, or other third party. These are taxi operations which have a separate business facility, provide radio dispatch services, and attempt to assist most of their drivers in the marketing of their service through service contracts. Taxi broker, Van De’s Accessible Transit, operates a single wheelchair accessible vehicle and, while a valuable and necessary specialized service, would not be considered a significant factor in the supply of overall taxi service within Regina. His would be considered a special case taxi company.

As depicted, the City of Regina has not experienced the problems associated with such widespread devolution of the taxi industry where cities and airports are required to assume an

extensive managerial role over taxi drivers. In these communities large regulatory agencies are left to screen the driver applicants, issue driver permits, fine violators for not following the operating rules, set the meter rates, vehicle ages and condition, inspect the vehicles, and ultimately determine the economic conditions within which the taxi drivers operate. Regina taxi operations could, however, devolve into this type of more fragmentation and a less responsive service industry unless appropriate measures are taken to regulate service levels, encourage and reward efficiencies, and support the quality of taxi operations.

Current Taxi Environment

During the course of this study several methods were utilized to provide information and background for determining the current taxi situation. Among these were Secret Shoppers, mailed surveys to frequent users, interviews with all taxi brokerages and their drivers, and telephone conversations with key stakeholders. Following is a brief summary of the results of these inquiries.

On the negative side, analysis of the taxi vehicles and dispatch technologies utilized by Regina's taxi industry indicates they were considerably out-of-date. Older vehicles and much older dispatch technologies were the norm. Many taxis were 10 or more years old and several of the taxi fleets lacked any continuity in the types (and even the colors) of the cars that were placed into service as taxis. Newer vehicles and a common type of vehicle type per fleet would be far more efficient, less polluting than the older taxi vehicles now common on Regina's streets, and provide a vastly improved taxi image for several of the existing taxi companies.

Woefully inefficient radio dispatch technologies from the 70's were also in use by all three of Regina's taxi brokers. Modern GPS based taxi dispatch technologies, computerized phone reception and record keeping have made the taxi industry much more efficient, effective, and customer oriented. Computerized call taking allows repeat callers to be recognized by the computer on the first or second ring. Such is very helpful to hotel clerks, and restaurant personnel that have to make frequent calls for taxi services.

Computerized dispatching is extremely helpful to the taxi industry when it is coupled to GPS in the taxis. The computer can provide the trip for closest car, phone ahead to the user to let them know that their driver will arrive in two minutes and to go to the designated pick up point such as the south side of the building facing Jefferson Street, for example. Along with automatic credit card swiping, and turn by turn directions possible with GPS digital dispatching, the driver saves considerable time and the service is improved for the user, thereby improving the image and quality of the cab service.

A computerized GPS taxi dispatch system, along with a in-vehicle camera designed for the taxi industry, provides the driver with significant safety protection in the event he/she is attacked or robbed. By having a panic button on the GPS dispatch system, the driver can alert the dispatcher silently that he is in trouble and his exact location. That information can immediately be given to the police and broadcast to every taxi close to the driver in trouble. The camera acts as a follow-through by making it easy to prosecute felons for attempted robbery/ battery or both.

Of course, GPS dispatching is only effective if taxi drivers accept the computerized dispatch when offered. Drivers, who are working as independent contractors, often feel they have the right to accept or reject any broker's request for service if they do not like the trip that is being offered. Such reluctance, for sure, is reasonable when a driver may feel personally threatened by the location of the pickup or the destination requested. Such respect for a driver's judgment needs to be respected in the industry. However, in cases where a driver simply doesn't feel like taking the trip – preferring to wait on a better one, this discretion should be overshadowed by the individual's need for a taxi in the shortest time and distance possible. Thus, GPS dispatching works best when computerized dispatch calls are treated as any street hail or first in line at the airport or hotel stand. The driver is the next in line (in the GPS example, the closest to the pickup or the one that has been in the zone the longest and closest to the pickup) and he/she is the one who takes the trip.

Other problems associated with the introduction of these modern technologies to the taxi industry is that decal owners, brokers, and individual vehicle owners will argue that they just do not have the money to invest in these technologies or that vehicle or decal owners will simply not buy these technologies for their vehicles. True, these digital computerized dispatch systems were typically very expensive and aimed at larger taxi fleets of 200 or many more vehicles. However, their cost has come down considerably and several well-known vendors offer lease payments that can be had for about \$100.00 per month or \$25.00 per week per taxi. If a taxi is operated 14 shifts per week, this represents less than \$1.78 per shift.

An analysis of driver activity and gross incomes, on the other hand, reveals that Regina taxis are very busy and generate significant revenues per day. While there is typically a broad range of what any two taxi drivers may take in on any given day – individual Regina taxis range from an average low of \$400 per day to an estimated high of \$600 per day or greater when these taxis are utilized in a double shift system in peak winter season. Driver interviews confirm that this range is realistic but individual income depends upon how hard the driver works his shift, how well he knows the market, and how willing he is to take all calls to stay busy.

Most taxi firms which adopt computerized dispatch technology are able to decrease deadhead miles of their fleets by up to 15% or more, thereby saving driver fuel costs daily. Drivers spend less on fuel and get to their pick up points faster which also improves customer service – a win-win for both the driver and the customer. Customers also like the “call ahead” feature of computerized taxi dispatch technology which phones them when their taxi is within two minutes of arrival – again a win for the customer and the driver in making pickups easier and less waiting for both. Busy restaurant and hotel personnel also like the quick computer answered calls and generated estimated time of arrival for the taxi assigned to make the pick up. This saves them time while providing greater information to their clients.

The reduced driver waiting time alone from GPS modern taxi dispatch systems could increase average daily gross revenues of drivers by 10 percent or more during winter months when they are already extremely busy. In just reduced driving miles alone, this investment will pay for itself but the increased customer service times and amenities have the potential to increase overall taxi business as Regina taxi services become more punctual and professional.

With respect to the city licensing and regulatory activities, it was observed that the City of Regina's present involvement with their taxi industry is that of a taxi licensing bureau with little overall regulatory oversight. In addition, current fees charged by the City for services provided to the taxi industry and drivers do not appear to adequately cover the office costs associated with these activities.

As previously shown, these taxi licenses have generally ceased to be driven by drivers who add value to the license, but rather they are held by speculators who derive monthly income and anticipate appreciation of these licenses in the future. As such, this practice puts extreme pressure on the ability of taxi brokers (unless they own the license) and drivers in the form of ever increasing lease payments for the use of the city license. Finally, it puts pressure on the entire taxi system to raise rates in order to provide greater revenues to all members of the taxi system – drivers, brokers, taxi vehicle owners, and decal (license) holders.

Recommendations

The following recommendations are made as a “package” that is intertwined. They are heavily related and form a recommended policy of light taxi regulation for the City of Regina. Only the primary recommendations are made here in the Executive Summary. For more depth in the specifics of these recommendations please see the full report.

Broker/Vehicle Technology Requirements

All Regina taxi decal lease holders, brokers and taxi vehicle owners should be required to upgrade their taxi dispatch technologies to current industry standards including GPS, computer based dispatching, electronic credit card in-vehicle processing, and extensive data management for regulating their industry, including but not limited to, the number of all meter trips by vehicle, by driver, by time and date.

All taxi drivers approved for driving a taxi within Regina should accept GPS closest computerized calls from their broker's dispatch just the same as they accept hail or stand calls. Finally, each taxi vehicle driven on the streets of Regina should be equipped with an on-board taxi camera to record pictures of everyone entering and leaving the vehicle.

City Technology Requirements

Just as the taxi brokers must update their data processing abilities, so must the City of Regina. Currently taxi broker, driver, and owner data is maintained by the City in various Access databases. The City needs to develop a comprehensive database management system for the regulation of its taxi and other ground transportation systems. While not overly expensive, such data-based management systems for the taxi industry can be expected to cost approximately \$25,000 spread out over a period of years.

Vehicle Age, Driver Appearance and Qualifications

All vehicles utilized in the Regina taxi industry should be no older than 8 model years old in 2011, 7 in 2012, and 6 by 2013. This will apply to all new vehicles placed into service.

Each taxi broker and its drivers should develop a dress code that identifies that driver with the company. This dress code is to be approved by the City. Such a dress code need not be a uniform but that each taxi broker enforces a city requirement that each taxi driver have a proper customer appearance representing the taxi company they are driving for.

Each new applicant for a taxi driver's license in the City of Regina should be required to have a minimum of two years driving experience in Canada and a minimum of 6 months driving experience in the City of Regina.

Creation of Taxi Regulatory Division or Board

The City of Regina should expand their Licensing and Municipal Fines - Protective Services Department into a taxi regulatory division with "light" regulations - basing decisions upon "data" provided by taxi broker companies. Using an existing structure within the City's existing organizational system, this Taxicab Regulatory Division or Board could be set up as a Departmental Consultative Committee with quasi-judicial powers to administer the taxicab regulations. Membership in this expanded branch of city government could be:

- Manager of Licensing & Municipal Fines Branch
- Director of Fire & Protective Services
- Member of City Council
- Regina Police Service

Either as functioning members of the Board or as a Demand Advisory Panel

- Representative from Hotel/Motel/Visitor's Bureau
- Representatives from Public and Separate School Systems
- Regina Airport Authority Representative

As a Supplier Advisory Panel

- All Taxi Companies
- All Taxi Brokers

The duties of this Taxi Regulatory Division, in addition to those already performed by the City, consist at a minimum of:

- Awarding regular and seasonal taxi decals
- Determining taxi fares
- Handling customer complaints unresolved at the broker level
- Reviewing all taxi decal lease and taxi vehicle agreements for clarity, proof of receipt for all monies paid, and terms without setting individual lease rates.
- Reviewing the operational and safety aspects of the city's bylaws dealing with the operation of taxicabs and limousines and making appropriate changes by majority vote whenever necessary.
- Reviewing and recommending taxi industry technology including but not limited to vehicles, dispatch technology, meters, in vehicle cameras and other driver safety devices and making appropriate changes by majority vote whenever necessary.

Appeals of decisions made by the Regina Taxi Regulatory Division, with the exception of bylaw amendments, which will go to City Council, should be made directly to the General Manager of Community & Protective Services.

Fees

Fees for taxi licenses, driver permits, and enforcement should be increased to cover all costs associated with the establishment of the Regina Taxicab Regulatory Division or Board and additional personnel necessary to carry out its functions.

As indicated above, it is recommended that the cost of Regina's light regulation be borne primarily by taxi license holders. There is a market equilibrium operating here, with the taxi driver at the bottom of the chain. Currently taxi decal lease rates to the drivers are set at a level that will entice someone to both own and drive the vehicle or to simply drive the vehicle. However, if the lease holder can obtain greater revenue by leasing the decal to someone else or to another broker, then he/she will do so in the long run. There is no incentive for the decal holder to lower the cost of their lease if they can still have someone drive. This is what economists refer to as market equilibrium.

If additional costs of owning a Regina taxi decal are increased due to technology and light regulation requirements, then one could argue that decal holders would simply force these additional costs down to the drivers. However, economic sense suggests that this could not be the case unless drivers are willing to pay more for the opportunity to drive. It would also say that the decal holder is not in market equilibrium - currently pricing his lease too low and thereby allowing the driver more income than necessary to keep him/her driving. This is probably not the case! Therefore, it is my belief that these costs would not be forced downward on the drivers but rather assumed by the decal holders.

The decal holders are benefiting from the recommended process in that the City of Regina is tacitly recognizing the right of existing decal holders to continue to renew their decal without a determination if they are personal or city property. Thus, present decal holders gain "stability" in their decals and banks should now be able to loan against these decals. Overall this will also assist the migration of these decals to drivers and brokers as they are sold off at some time in the future.

Therefore, it is recommended that the primary increases in light taxi regulation be phased in over two years by adding an LMF field officer the first year and, if necessary, a clerk to process all the data requirements and provide secretarial services to the TRD. The current hourly wage for an LMF officer is \$20.10 per hour or approximately \$41,808 per year in direct salary. Applying overhead and anticipated operating expenses, the total annual cost of this individual would be approximately \$52,608 per year.

Currently Regina taxi decal holders pay \$180.00 per year for an annual or seasonal decal - an asset that grosses approximately \$1,200+ per month. If this additional cost of \$52,608 for the LMF Officer cost were spread out over the 126 annual decal holders and 44 seasonal decal holders, the additional cost of an annual decal renewal would rise from \$180.00 per year to \$538.00 per year for annual permits and \$358.00 for seasonal decals.¹

¹ This analysis assumes that the 126 annual decals are utilized for 12 months or a total of 1,512 months (12 x 126) and that the 42 seasonal decals are utilized for 252 months (6 x 42). Together this represents 1,764 months divided into \$52,608 which equals \$29.82 per month. Thus, 12 months at \$29.82 per month equals \$358.

The current average hourly wage including benefits for a clerk is \$17.25 per hour or approximately \$36,804 per year. Using the same 1,512 total months as found in Footnote 1 below, this would calculate out to an additional \$20.86 per decal per month or a total of \$250.00 additional fee per annum for annual decals and \$125.00 for seasonal decals.

In total the annual fee for a Regina taxi decal rises from the current \$180.00 per yearly renewal to \$968.00 (\$180 + 538 + 250) for an annual decal and \$ 663.00 (\$180 + 358 + 125) for a seasonal decal. These fees per taxi decal would be slightly higher when compared to other cities. However, as mentioned under a discussion of limousine regulations, other cities often spread their regulatory costs over more than just taxicabs, thereby lowering the average cost per taxi. The same would happen for Regina should limousines be brought under local regulatory authority with respect to enforcement of minimum fares. It should be mentioned that as additional seasonal and annual taxi decals are added, the average cost per taxi could be lower in the future.

Existing Taxi Decals

A final set of recommendations for a taxi decal transfer is that (1) all existing taxi decals are transferable only to individuals who add value to them either as a broker or an owner/driver. Both of these entities add value by either driving the vehicle or providing a market for the decal. Thus, over a period of time, even existing decals would migrate to drivers and brokers as they are sold and transferred. An additional recommendation, (2) is that the minimum number of decals required for a taxi broker be 25.

A minimum taxi broker size is necessary in order for the broker to afford the technology and central dispatching but not so large as to prohibit an entity from starting a new taxi brokerage if he/she can convince 25 or more decal owners that he/she can provide a better deal than their existing taxi brokers. This approach to open entry for brokers permits competition to be very much present in the Regina taxi market but limits the total number of taxi operations to the actual demand, as evidenced by the brokers' reporting of activity.

Future Taxi Decals & Transferability

Future taxi decals issued by the Regina Taxi Regulatory Division (TRD) should be issued on the basis of industry-supplied data on current utilization of all seasonal and annual taxi decals. Within one year from the date of adoption of these recommendations, the TRD should have considerable industry data from which to decide if and how many additional winter decals need to be issued. As a broker's fleet is reaching its maximum capacity of 25 to 30 trips per shift/per taxi, then the ability to add additional vehicles and drivers may be requested.

All future decals, winter and annual, should be awarded by lottery to current drivers or brokers with two or more years of taxi driving experience in Regina.

Added to the current \$180, this would sum to \$ 538.00 per year. For seasonal decals this would represent a total fee of \$358.00 per renewal.

These additional decals should be awarded for no longer than a five-year period, to be renewed annually as long as the original driver or broker continues to be a primary driver averaging 5 days per week or if a broker, managing the taxi on the streets for five or more days per week.

Owners and drivers of additionally awarded decals should be required to affiliate with a broker who has requested additional vehicles and drivers as evidenced by their current trips per taxi/per shift data. Once a decal owner has affiliated with an existing broker, it is anticipated that he/she would remain with that broker for the duration of the decal award. Should their conditions change dramatically, these additional decal owners can and should petition the Regina Taxi Regulatory Division for the ability to transfer to another broker.

All sales and/or transfer of controllership of existing Regina taxi decals should be approved through and by the Regina Taxi Regulatory Division. The TRD should not be involved in setting transfer prices, but such transactions should be approved and recorded by the TRD as going to a current driver Regina taxi driver with two or more years of Regina taxi driving experience.

Specific Issues

There were two specific issues city officials wanted addressed within the scope of the recommendations. The two issues were the problems of long delays for taxis at the Regina International Airport and the use of brokerage paid taxi stands within the city. Recommendations regarding the airport were for the airport to maintain their monitoring of the number and length of taxi delays and the greater use of non-concession taxicabs when concession cabs were not on their stand.

Most taxi stands within the City have been metered parking spaces which were converted to specific taxi company stands with the company (broker) paying the City an amount of money annually that these metered spaces could have been expected to generate from general public use, had they still been public meters. Current problems have arisen when drivers of one company occupy an empty taxi stand of another, and then refuse to move off when a driver of the owning company appears. Since these stands are on public property, it was recommended that the total annual cost of all these stands be summarized, divided by the total number of taxi licenses (regular and seasonal), and then added to the yearly renewal fee for Regina taxi licenses.

Phased Implementation

With any set of recommendations to significantly change an industry, everything cannot be done overnight. These recommendations should be phased in over a period of two years with a firm start date of January 1, 2011. A specific timeline is provided in the full report.

Limousine Regulation

A final set of recommendations regards the future limousine industry of Regina. Due to the competitive nature between sedan type limousines and taxicabs, care should be taken to ensure that limousines are not operated as taxicabs without a meter. It was recommended that the City of Regina request permission to regulate limousine services operating within their political jurisdiction.