

City of Mississauga Corporate Report



Date: May 19, 2022

To: Chair and Members of 14

From: Geoff Wright, P.Eng, MBA, Commissioner of
Transportation and Works

Originator's files:

Meeting date:
June 21, 2022

Subject

Taxicab Fare Rate Review

Recommendation

1. That the Public Vehicle Licensing By-law 420-04 Schedule 9, to be amended to permit taxicabs to charge a fuel surcharge based on the price of gasoline per litre.
2. That an incremental fuel surcharge that applies to the fare rate whenever fuel prices increase above a certain price point per litre be introduced.
3. That all necessary by-laws be enacted.

Background

Mobile Licensing Enforcement regulates the taxicab drop rate as indicated in the *Public Vehicle Licensing By-law 0420-2004 Schedule 9*. In 2022 the average gasoline price per liter in the Greater Toronto Area (GTA) surpassed \$1.50 a liter. Due to the increased pressures of operating a taxicab, the industry and the Public Vehicle Advisory Committee (PVAC) asked staff to review the taxicab fare to ensure equity and sustainability.

In 2021, staff conducted a review of the taxicab fare model which included consultation with the industry and members of PVAC. Staff presented four approaches:

- 1) Increase or decrease the current fare rate;
- 2) Introduce a maximum fare rate;
- 3) Introduce fixed fare rates; or
- 4) Deregulation.

The committee decided that no action was necessary at the time and the fare model was reflective of the current state of the industry.

Present Status

The current drop rate as prescribed in the *Public Vehicle Licensing By-law Schedule 9* is \$4.25 for the first 141 metres or part thereof and \$0.25 for additional 141 metres or part thereof. Since the beginning of 2022 gas prices in the GTA have raised above \$1.50/litre, and as of May 19th gas prices in the GTA have reached as high as \$2.00/litre. The increasing price of fuel has directly impacted the operation of taxicabs and have placed an increased pressure on industry members. Although the taxi fare model was reviewed in 2021, Staff agree that due to the current state of the economy and its impact on the industry a review of a fuel surcharge is appropriate.

Comments

In March of 2022, Transportation Network Companies (TNCs), Uber and Lyft, announced a fuel surcharge of \$0.45 or \$0.55 (dependant on company and type of ride) to each ride that would be in effect for 60 days, with 100% of the surcharge going towards the driver. The mechanism put in place by the TNCs is possible due to their current operating framework that allows the company to control the operation of their business including fare prices, driver conduct, vehicle condition, and promotions or agreements. This method enables the transportation company to better respond to increasing operating pressures in a more timely and fluid manner.

Staff consulted the taxi fare rate in six comparable jurisdictions including Toronto, Brampton, Hamilton, Oakville, Ottawa, and Markham (Appendix 1). At \$4.25 for the first 141 metres or part thereof, Mississauga maintains one of the highest drop rates in the GTA.

In 2015 the City of Toronto reduced its taxi drop rate by \$1 to better compete with TNCs, however, staff in consultation with the industry have increased the drop rate from \$3.25 to \$4.25 per 143 metres or part thereof. This increase is 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.

In Hamilton, staff in consultation with the taxi industry introduced an increase to the taxi fare rate from \$3.90 for the first 71.4 metres or part thereof to \$4.90.

Oakville is the only comparable jurisdiction that does not set the fare rate for the taxi industry. A review of the Licensing By-law in 2018, as approved by council, permitted taxi brokerages or independent operators to set their own rates and fees. Changes can be made once every three months with one month's notice to the Licensing Commissioner before any changes. Brokerages submit their rates and fees to staff, which are made public on the City of Oakville's website. The City does prescribe a fare rate of \$4.50 for the initial 130 metres or part thereof if brokerages or independent operators opt not to set their own rates.

These different approaches in comparable jurisdictions identify the need to assess the mechanisms available to the industry based on geographic area, industry needs, customer trends and regulatory framework. Staff recommend introducing an incremental fuel surcharge that applies to the fare rate whenever fuel rates exceed a certain price point per litre (see table below). This will allow the taxi industry to respond to increasing operating pressures without consulting staff or amending the Public Vehicle Licensing By-law through PVAC and Council. The incremental fuel surcharge would apply as follows.

Taxi Fuel Surcharge	
Price of Fuel per litre	Fuel surcharge
Below \$1.25	\$0.00
\$1.25 - \$1.50	\$0.25
\$1.50 - \$1.75	\$0.50
\$1.75 - \$2.00	\$0.75
\$2.00 - \$2.25	\$1.00
\$2.25 - \$2.50	\$1.25
\$2.50 - \$2.75	\$1.50
\$2.75 - \$3.00	\$1.75
Over \$3.00	\$2.00

As per provision *44 Review of Schedules of the Public Vehicle Licensing By-law* Schedule 9 shall be reviewed each odd number year which would result in a taxicab fare review in 2023. Staff require the following information to inform a review of the taxicab fare:

- Lease fees;
- Vehicle cost;
- Fuel expenses;
- Brokerage dues; and
- Insurance costs

Due to the varying degree of both data collection and submission by the industry along with rapid operating changes, there are many barriers to effectively evaluating taxicab fares. Staff agree that the current model available to the taxicab industry is not representative of the response required for the industry to address increased operating costs and pressures due to factors like fuel, insurance, and maintenance.

Staff support the recommendation made in the report to introduce a fuel surcharge and agree that the current framework is not effective, nor conducive to the industry's successful operation. Staff recommend and support a model similar to the Town of Oakville where brokerages and independent operators determine their own rates and fees based on their cost of operating.

Financial Impact

There are no financial impacts resulting from the recommendations in this report.

Conclusion

Staff recommend amending the Public Vehicle Licensing By-law 420-04 Schedule 9, to permit taxicabs to charge a fuel surcharge based on the price of gasoline per litre. Staff support providing relief mechanisms for the industry but are concerned that the mechanism may not provide a long term solution to the Taxi industry, with the necessary tools to remain competitive in a rapidly changing economic environment.

Attachments

Appendix 1: Jurisdictional Scan of Taxicab Fare Rates



Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works

Prepared by: John Domitrovich, Acting Manager Mobile Licensing

Jurisdictional Scan of Taxicab Fare Rates

Jurisdiction	Taxi Fare Rate	Last Review
Brampton	\$4.25 – first 141 metres or part thereof \$0.25 – each additional 141 metres or part thereof	Fare last reviewed in 2021. Reviewed every 2 years.
Hamilton	\$4.90 – first 71.4 metres or part thereof \$0.10 – each additional 55.6 metres or part thereof	A \$1 increase to the fare was approved by council on April 2022. Full review scheduled for late 2022.
Markham	\$4.25 – first 143 metres or part thereof \$0.25 – each additional 143 metres or part thereof	Full review scheduled for late 2022.
Mississauga	\$4.25 – first 141 metres or part thereof \$0.25 – each additional 141 metres or part thereof	Fare review conducted in June 2021.
Oakville	\$4.50 – first 130 metres or part thereof \$0.25 – each additional 130 metres or part thereof	Licensing By-law review conducted in 2018.
Ottawa	\$3.80 – first 150 metres or part thereof \$0.18 – each additional 86 metres or part thereof	A 10% increase was approved by council in May 2022.
Toronto	\$4.25 – first 143 metres or part thereof \$0.25 – each additional 143 metres or part thereof	A \$1 increase was approved by council in May 2022. Full review scheduled for 2023.