



Facilitation Session Summary

To: City of Saskatoon

Attn: Jo-Anne Richter, Director, Community Standards
Michelle Beveridge, Chief of Staff, Office of the Mayor
Mark Wilson, Licensing and Permitting Manager, Community Standards

Re: **Summary of Stakeholder Engagement Session with the Taxi Industry**

Date: August 16, 2018

Background

The provincial government has recently introduced legislation that will allow for the operation of Transportation Network Companies (TNCs, e.g., Uber or Lyft), in Saskatchewan. Ride share companies will need to adhere to provincial insurance and licensing regulations as well as local bylaws and regulations. The City of Saskatoon has been seeking ongoing engagement with the taxi industry to develop regulations that will accommodate their ability to increase service during peak demand times in order to facilitate a level playing field between the taxi industry and TNCs. In late 2017, the Saskatchewan Taxi Cab Association (STCA) and the United Steel Workers (USW) independently submitted proposals to address increased demand during peak periods as an alternative to TNCs. City Council has since indicated its intent to allow TNCs to enter the market and requested further consultation with stakeholders of the taxi industry.

The Session

Stakeholders from the taxi industry, including proponents of the two proposals, were invited to come together to discuss areas of common interest and to determine whether or not consensus can be reached among the stakeholders on one common proposal to be submitted for City Council's consideration. This initiative was undertaken in response to a resolution from the July 23, 2018 meeting of Council which stated: "That Administration hold further consultations with the stakeholders in regard to Flex Service, Sask Plates, accessible licenses and seasonal licenses with a report to be received by the Standing Policy Committee on Transportation September 2018."

A session attended by 12 taxi industry stakeholders, invited by the City of Saskatoon, was held at Le Relais, located at 308 4th Ave. N. in Saskatoon, on August 8th, 2018 from 1:00 p.m. to 4:00 p.m. Stakeholders participating in the session were representative of owners, managers, brokers, and drivers from three cab companies in Saskatoon, as well as representatives of USW Local 2014. Councillor Jeffries, Chair of the Standing Policy Committee on Transportation and Councillor Dubois Chair of the City Council's Strategic Priority of Transportation were also invited to attend but were unable to do so.

The session was facilitated by Doug Fast with support from Jennifer Longo to note-take and capture the discussion. No recording of the session was taken.

The number of stakeholders in the session was limited to 12 on the basis of a recommendation from our firm to facilitate with a group size that was manageable for a workable discussion with meaningful participation from all participants. Four staff members from the City of Saskatoon were also in attendance, primarily to observe the discussion, but also to be available for questions.

The session began with general introductions and an explanation from the moderator about the format and the overall objective. The intent of the session was to determine if an agreed upon common initiative/proposal from both taxi industry groups could be developed and submitted for consideration by Council and to assist in the development of regulations to provide flexibility to the taxi industry to better meet demand during peak hours.

Participants were informed that the outcome of the session would be summarized into a brief report by our firm and submitted to the City of Saskatoon. Participants were assured that opinions expressed by stakeholders would be reported in an aggregate manner and not attributed to specific individuals.

Feedback from the session provided insights into what is driving the motivations of stakeholders to consider developing a common proposal for Council to consider, what is important for them, and possibilities in terms of how their needs can potentially align with the needs of citizens and the marketplace for improved service levels during peak demand times and a level playing field in which the taxi industry and TNCs can compete.

Comment: The City has limited the taxi industry to address peak times. For instance, we were told no to putting more taxis on the road to address the increased demand arising from the Garth Brooks concerts. Ultimately the taxi industry is also a TNC, but we're handcuffed, unlike the new TNC competitors being allowed to enter the market.

Comment: A sustainable Vehicle for Hire bylaw, including TNCs, is what we're looking for. We have to do the right thing for the right reason. Uber offers discounts during slow times, which makes them attractive to potential customers, but then surges their pricing during peak demand times. The consumers focus on the discounted rates, leading to the false perception, in the minds of participants in the session, that rideshare rates are more economical than taxis.

Comment: The real issue with peak time comes from dispatchers' lines being busy. Once the call finally gets through to dispatch, the taxi is there quickly.

Existing Proposals

The STCA and USW see two groups from the taxi industry had previously submitted separate proposals to the City to improve the ability of the industry to meet demand during peak hours; *Flex Service*, put forward by the Saskatchewan Taxi Cab Association, and *Sask Plates*, put forward by a consortium of taxi drivers under the United Steel Workers.

The Flex Service proposal put forward by the STCA would allow taxi brokerages to increase the number of vehicles operating under their brokerage during peak or high demand times by putting additional

vehicles into service on an as needed basis. In addition, there would be no surge pricing during peak times.

The Sask Plates proposal put forward by the USW would have the City issue 50 additional taxi licenses to current taxi drivers through a lottery process in lieu of the current seasonal plates program. Licensees would be required to operate full time and the licenses would not be transferable (could not be bought, sold, leased or rented).

Both of these proposals were submitted as an alternative to TNCs entering the market and before Council made the decision to allow TNCs in Saskatoon.

The Discussion

Some taxi industry participants in the session (not all) concede that there are times when they struggle to meet demand; certain times during the mornings, bar closings, and special events such as popular concerts and some sporting events. There are some participants in the session, however, that indicate that the taxi industry is currently meeting demand even during peak times. A further concern is voiced that there will no longer be peak times if regulations are put in place that will allow TNCs to operate in the city. (This might be seen as essentially encapsulating Council's goal but may also illustrate a source of tension in terms of potentially competing objectives.)

Stakeholders participating in the session indicated that they are currently in preliminary discussions regarding a common proposal from the two groups in the taxi industry that would be based on consideration of flexibility and increasing the number of taxis in order to better address peak demand periods. Further, their proposal would be structured to do so in a manner where it is both viable to operate sustainably and provide good service levels for citizens during peak as well as non-peak demand periods. **Most of the stakeholders do not believe they can go forward with a common proposal in an environment of unlimited TNCs.**

Most of the stakeholders in the session recognize that Council is allowing TNCs. Some suggest they can compete with TNCs provided a level playing field can be established through regulation. There is confidence among stakeholders in the session that they can find common ground and put forward a common proposal that will meet this goal. This was the foundation of their meeting the day before this session to frame out various initiatives of a common proposal. But most (not all) of the stakeholders are firm in their position is that a common proposal from the taxi industry is only viable if Council limits the number of TNCs allowed to operate.

The concern of taxi industry stakeholders is that if the City does not limit or cap the number of TNC vehicles in its bylaw, similar to the cap that already exists for the taxi industry, then there is risk that TNCs could potentially 'flood the market'. In the opinion of stakeholders, an increase of TNCs without limits will lead to a dramatic decrease in taxi industry revenues and sharply cut into existing driver earnings, making the industry unsustainable for taxi companies and all drivers.

To support their opinion, stakeholders in the session reference recent media coverage of new bylaws being passed by the Kingston Area Taxi Commission, to start regulating ride-hailing services much like it does traditional taxis, and that they are doing this in an attempt to level the playing field in that city. They also reference that New York has also recently become the first US city to cap the number of ride-sharing vehicles and establish a minimum wage for all TNC drivers. Stakeholders suggest that the City of

Saskatoon should learn from the experience of other cities like these that have experienced TNCs and develop a bylaw that limits the number of TNCs in this city in order to provide a level playing field.

This is the opinion of most stakeholders in the session; they cannot see their way to a common proposal from the taxi industry unless it is in the context of a market with regulated limit on TNCs.

They also feel that pricing model of TNCs is predatory, in that it discounts rates in non-peak periods to leave the impression with consumers that it is more competitive than taxis, but then surges their prices in peak demand times to compensate. A suggestion that a comprehensive Vehicle For Hire bylaw should be created, rather than taking an interim step of establishing a bylaw for TNCs in addition to the Taxi Bylaw.

Some stakeholders suggest that the taxi industry groups have put forward proposals in good faith based on consultations with the City. They also indicate that the City has not traditionally provided the industry with the flexibility to put more vehicles on the road to meet peak demand periods before, and that changing directions now by allowing TNCs to do so does not create a level playing field.¹

Framework for a Common Proposal

Many of the stakeholders in attendance had preliminary discussions prior to the meeting to identify common ground and make headway on a common proposal for City Council. It was noted that that meeting was unprecedented (the two groups had never met prior to yesterday), and participants made positive references to the meeting throughout the session. The meeting had concluded with a joint agreement on the following recommendations, which were summarized by one of the stakeholders in attendance:

- There are currently 16 wheelchair seasonal licenses expiring in December. These were previously issued on a 5-year term. These licenses would be extended for another 5 years to the current wheelchair license owners.
- An additional 10 wheelchair licenses for a 5-year term issued via lottery. These would allow a 2nd driver. The current wheelchair license owners would not be allowed to participate in the lottery.
- An additional 30 SaskPlates (or “temporary plates”) issued via lottery for a 5-year term to drivers who will work during peak times. These would only allow 1 driver and would use the same criteria the City currently uses for seasonal licenses.
- The joint proposal also included a recommendation for the City to review data regularly to add additional licenses based on wait times.

While most (not all) participants agreed with this framework for a common proposal, some stakeholders pointed out that this was only a short-term solution and that they felt there were still bigger issues at hand.

Further, and more importantly, stakeholders suggested that these elements of a common proposal were framed with knowledge that Council will be allowing TNCs, but that they were not discussed by the two groups in the context of unlimited TNCs.

¹ This was in reference to proposals from the industry to increase the number taxi vehicles available for popular special events/concerts attracting large audiences.

Therefore, the proposal was withdrawn by the group and instead they decided to reconvene to discuss developing a different proposal that also called for a cap to TNCs.

Comment: We're not in agreement with going forward until we address the elephant in the room. We have agreed to this proposal in the short-term as it addresses single drivers in limbo. The taxi industry is more complicated than people think. TNCs are the biggest issue.

Comment: The opportunity for TNCs to exist comes from the taxi industry not being able to address demand. Regulations from the City that did not allow for increasing the number of licences/vehicles on the road did not allow for the industry to adapt. TNCs are being allowed to come in to address the demand that taxis were prevented from addressing due to regulations in place. The City doesn't allow us to put an extra 20 drivers on the road without changing regulations, while TNCs can just come in and go.

Limiting TNCs

After some initial discussion about the common proposal, one of the stakeholders asked City staff to clarify whether City Council would be allowing unlimited TNCs to enter the market. When City staff confirmed that the session discussion should not be based on TNC caps, many commented that the common proposal they had framed out and agreed to at their meeting the day before was untenable without consideration of a limit on the number of TNCs. There were also several comments that should revisit some of the practices from other municipalities, as some of them are starting to imposing restrictions on TNCs after introducing them to the market.

Comment: When we met yesterday we didn't know there would be unlimited TNCs. This fact changes everything. I find it hypocritical that one industry doing the same thing as another is being handcuffed. It's a fundamental flaw that another player can come into the market without the same restrictions. We put two groups together yesterday to come up with a proposed solution – but now our solution seems irrelevant.

Comment: If TNCs flood the market, why do we even need extra plates as we've been outlining in our industry proposals? We're giving taxi drivers false hope with extra licenses if we can't compete.

Comment: The value of my plate(s) for which I paid hundreds of thousands of dollars because their availability was restricted by City bylaw, will go down considerably because TNCs are being allowed to enter the market. No caps on TNCs will dilute the market. I don't want to lose my livelihood or see the value of my plate go down.

Comment: It's like a sports match where one team has more players than the other; it's not a level playing field. We've been at these consultations for a year. I realize there's a rush by the City now, but we've been trying – we've written proposals. Show us a statement that says you will protect our livelihoods with a level playing field. We've seen nothing that backs that up – no data that shows this can be done without impacting our livelihoods. There is a lot to be learned from other jurisdictions. New York, Kingston – they're backtracking now and imposing restrictions on TNCs after introducing them to the market.² We need to learn more from the experiences of other jurisdictions who have been this already.

² CBC News (August 8, 2018). Under a new bylaw passed by the Kingston Area Taxi Commission, the city will start regulating ride-hailing services much like it does traditional taxis. Under the bylaw, companies such as Uber or Lyft will be required to pay a \$40,000 administration fee when they first apply to enter the local market, and an

Comment: The biggest issue by far is the cap. The numbers we would put forward in our common proposal mean nothing until we know. I'm committed to going forward with a common proposal between our groups on the condition of a cap. If the City is looking for a joint proposal, there simply can't be one if there are no TNC caps.

Comment: We're beating a dead horse. We can sit down together without external help. After yesterday's meeting, I have confidence that the taxi industry can develop a common proposal. But the situation has changed from our understanding yesterday. With no cap, this meeting isn't going to get us anywhere. I suggest we postpone this and stakeholders get together again. The industry/stakeholders will come up with something we can all agree upon.

Access

Comment: Accessibility is also an issue. We have 10% of accessible taxis on the road so serve customers with mobility challenges. If TNCs aren't going to have the same percentage, in the spirit of a level playing field, then they should be paying a surcharge.

Comment: There are a number of issues not being considered. If the City drafts a bylaw that has the effect of removing a large part of the taxi industry because there are too many vehicles on the road resulting from unlimited number of TNCs, you're no longer providing a service to those people in our community that do not have access to credit cards or data plans, both of which are necessary for TNCs using ride hailing apps. This is the type of information we need to include in our common proposal to support recommendation for a cap on TNCs.

Going Forward

Participants concluded that a cap on the number of TNCs was necessary for them in order to redraft a joint common proposal. When the suggestion was made for all of the session participants to collaboratively work together to create a common proposal that included industry data to calculate a recommended cap on TNCs as part of the proposal, there was strong agreement and consensus to move forward with this.

Comment: At the end of the day, we have to focus on customers. We're willing to put data out there and show when there's a need for more service. There are many things we could do to fix things for our customers. I currently can't promote my business because I can't always guarantee service. We're

annual \$35,000 fee after that. Kingston's bylaw also caps the number of ride-hailing vehicles in the city at 150, with no more than 50 drivers allowed to be on call at any one time. For drivers, it means coughing up anywhere from \$350 to \$900 in yearly licensing fees and other charges, as well as footing the bill for police record checks.

CNN (August 8, 2018) New York just became the first US city to cap the number of ride-sharing vehicles and require Uber, Lyft, and other companies to pay drivers a minimum rate. This comes in the wake of reports that the rise of ridesharing services has depressed the price of taxi medallions and sharply cut into driver earnings. Supporters of the law say it will ease gridlock and improve wages. But critics say it will make it harder, and more expensive, to get around.

committed to a solution that better serves customers. Let's bring our walls down and figure out the best solution from a taxi industry perspective.

Comment: All of us in the taxi industry, taxi companies, drivers and union representatives, all need to compromise in order to come up with a joint proposal that better serves customers in peak demand periods, but so does City Council. A compromise means we all have to give up something we want. We can do that, but what are we getting in return for our compromise? What is the City giving up? What, at the end of the day, serves customers better during peak demand periods?

Comment: With no cap, everyone will suffer. We need a common proposal contingent on caps, and that cap recommendation needs to be calculated with proper analysis.

There was active participation from all stakeholders during the session and many stakeholders remained in the room for an extended period after it concluded to ask questions and reiterate their opinions to City staff. Stakeholder participants were informed that the Mayor as well as Councilors are aware of many of the issues raised during the session and that the Mayor would be prepared to discuss any outstanding issues and explain what Council's position is on them and why. It was explained that this was not with the intent to re-open decisions Council has already made, but to offer an explanation, to listen, and to see if perhaps there may be alternative solutions to their concerns that could be brought back to Council without undoing the current work being done.

Agreement was reached among the stakeholders to hold another meeting amongst themselves and to work together to develop a common proposal that will include a recommended TNC cap; a recommended level calculated by them on the basis of industry data. They were cautioned that bringing forward such a proposal may be somewhat risky, in that it could be considered by Council to be re-opening a decision that was already made (i.e. Council signaled their intention to move forward with TNC regulations that do not include caps on the number of TNCs).

They were encouraged by City staff to come forward with a finalized proposal as soon as possible so that it can be considered by the Standing Policy Committee on Transportation, chaired by Councillor Jeffries, which is meeting on September 10, 2018.