

Vehicle for Hire Fee Waiver

Recommendation

That the 2020 fees within Vehicle For Hire Bylaw 17400, for dispatch and vehicle licences, be waived by 50 percent, upon request.

Executive Summary

This report provides an overview of the impact of COVID-19 on the vehicle for hire industry and recommends a 50 percent percent waiver of 2020 dispatch and vehicle licence fees to support the industry in managing current financial hardships. The total financial impact of this recommendation is \$330,000 which can be withdrawn from the Vehicle for Hire Reserve. The report also presents other options for consideration and a cross jurisdictional scan of municipal initiatives to support vehicle for hire industries.

Report

The Vehicle for Hire industry is an essential part of the local economy, employing Edmontonians and enhancing livability in the city by providing mobility options for residents. The COVID-19 pandemic has dramatically decreased Vehicle for Hire customer service requests and increased expenses for personal protective equipment and other provincial health and safety requirements. Limousine service providers have been highly impacted as events, which make up a large portion of their revenue, were cancelled due to limitations to group gatherings. Private transportation providers, taxi and transportation network companies faced similar challenges as COVID-19 stay home strategies have limited ridership levels. These circumstances have significantly reduced revenue leading to financial constraints and economic instability in the Vehicle for Hire industry.

Administration provided various relief opportunities to support the Vehicle for Hire industry in response to the impacts of COVID-19. These include:

- Deferral of annual dispatch and vehicle licence renewals and corresponding fee payment from April 2020 to August 2020. This allowed the industry to continue providing services despite the financial and operational disruptions.
- Non cancellation of licences for dispatchers and vehicles not in operation, enabling stakeholders to easily reactivate the licences, in lieu of new applications, when operations resume.
- Dispatchers who have reduced their fleet size pay licence fees based on the current number of vehicles in operation.

- The Edmonton Economic Recovery Grant, which can provide financial support to businesses that meet specified criteria. However, through engagement, the industry has indicated that many stakeholders are unable to meet criteria for the grant and would prefer support in relation to licence fees.

While the relief opportunities have alleviated some financial pressures early on, Administration heard from industry this is insufficient in meeting their continuing constrained environment and additional relief is needed.

Fees under the Vehicle for Hire Bylaw

Fees charged under the bylaw include:

- Driver's licence - \$64 for one year or \$106 for two years;
- Dispatch licence (taxi, limousine) - \$1,056;
- Transportation network dispatch - \$3,106 for 1-15 vehicles; \$10,353 for 16-50 vehicles and \$20,706 for 51 plus vehicles;
- Vehicle licence - \$423.

A \$0.30 per trip fee applies to transportation network companies.

Options for Additional Support

Through a jurisdictional review (Attachment 1) and discussions with stakeholders, Administration identified options for consideration to provide further support to the Vehicle for Hire industry as it adjusts to the changing economic environment and responds to COVID-19 requirements.

Option 1 - Waive 2020 Dispatch and Vehicle Licence Fees by 50 Percent, upon request

Under this option, a 50 percent discount to 2020 renewal fees for vehicles (plates) and dispatch licences would be applied upon request. Licensees that have already paid their 2020 fees would receive a credit of 50 percent applied to their 2021 fees.

The total financial impact of this option is \$411,000, which can be absorbed by the Vehicle for Hire Reserve (with a projected budgeted balance of \$687,000 as of December 31, 2021). As of July 31, 2020, vehicle for hire revenues were 14 percent below the reduced year to date budget.

Option 2 - Waive 2020 Dispatch, Vehicle and Driver's Licence Fees and Per Trip Fees by 50 Percent

This option involves applying a 50 percent waiver to dispatch, vehicle and driver's licences, and per trip fees. The total financial impact of this option is \$611,000, which can be absorbed by the Vehicle for Hire Reserve, resulting in a projected balance of \$487,000 as of December 31, 2021.

Implementation of this option would be challenging as driver's licenses can be issued for up to two years, requiring a longer timeline to fully implement the reduction. Additionally, it is understood that per trip fees may be passed to customers of Transportation Network Company trips and thus economic relief may not directly benefit the company. For these reasons, this option is not recommended.

Option 3 - Extend Term of Dispatch and Vehicle Licences by six months

The Vehicle for Hire Bylaw 17400 states that all dispatch and vehicle licences expire on April 30 of each year. This option proposes to extend the term of dispatch and vehicle licences by six months thereby providing an extension to currently licensed dispatchers and vehicles.

To implement this option, a bylaw amendment to change the term of issued licences to October 30 would be required, allowing licenses to obtain additional value from recently issued licences. However, through engagement, industry indicated a need for immediate support with licence fee waivers rather than a licence term extension. For this reason, option 3 is not recommended.

Administration recommends Option 1 - waive 2020 dispatch and vehicle licence fees by 50 percent, upon request. This option will:

- Balance the industry's need for financial relief with Administration's capacity to provide programs funded by the Vehicle For Hire Reserve, such as Accessibility Initiatives and Bylaw Enforcement
- Align with the 50 percent discount to the Business Licence fees already approved by Council.

Public Engagement

Administration held virtual meetings with industry stakeholders on September 2 and 3, 2020. Participants included limousine and taxi dispatchers, a transportation network company and a drivers' representative from the United Taxi Group. Other stakeholders also provided responses via email. Input was provided on the impact of COVID-19 on the vehicle for hire industry and the options for licence fee waivers. Below is a summary of the feedback:

- There has been a substantial reduction in business due to COVID-19. This is due to cancellation of flights resulting in fewer airport trips, cancellation of events, and stay at home strategies, among others.
- At the same time, stakeholders are facing high operating costs for insurance, rent and personal protective equipment. Some stakeholders have shut down their businesses and others face uncertainty.
- Participants requested a 100 percent waiver of all licence fees.

- The transportation network company participant requested a reduction in the per trip fee due to the severity of financial hardship they are facing instead of a discount on their dispatcher's licence fee.
- Extending the expiry term of licences is not a suitable option as stakeholders need immediate financial assistance.

Administration did not include the option of a 100 percent fee waiver as it would constrain the Reserve and it would not align with the 50 percent licence fee waiver open to other businesses.

Next Steps

Administration will monitor the impact of COVID-19 on the Vehicle for Hire industry and, if necessary, make future recommendations.

Corporate Outcomes and Performance Management

The City of Edmonton has a resilient financial position			
Outcome	Measures	Results	Targets
Deliver effective and efficient services: revenue supports ongoing city operations.	Fees received from the vehicle for hire program are sufficient to cover the costs of the program.	134 percent cost recovery (2019)	100 percent cost recovery
Edmonton has a globally competitive and entrepreneurial business climate			
Support and guide business and industry.	Percentage of vehicle for hire dispatchers that renew licences year over year.	37 percent (September 2020)	100 percent

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Inequity across industries.	Businesses that had already paid licence fees did not benefit from the 50% licence fee waiver so concerns may	4 - Likely	1 - Minor	4 - Low	Communication with industry.	Communication with industry.

	be raised about inequality across industries.					
Industry expectations.	Industry may expect support beyond 2020.	4 - Likely	2 - Moderate	8 - Medium	Clear recommendation for a 50 percent fee waiver to be applied to specified 2020 licence fees.	Communication with industry.

Attachments

1. Cross Jurisdictional Scan of Municipal Initiatives to Support Vehicle for Hire Industries.

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- R. Smyth, Deputy City Manager, Citizen Services
- B. Andriachuk, City Solicitor