# Winnipeg Taxi Study (Volume One – Report)

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# TTLF

**Tennessee Transportation & Logistics Foundation** 

Ray A. Mundy, Ph.D

Tel. (314) 225-7039 Fax. (314) 516-7272

Email: <a href="mailto:rmundy@ttlfconsulting.com">rmundy@ttlfconsulting.com</a>
Website: <a href="mailto:www.ttlfconsulting.com">www.ttlfconsulting.com</a>

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## INTRODUCTION

The purpose of this report is to relate the findings and recommendations of a study contracted by the Manitoba Taxicab Board to examine taxi services within the City of Winnipeg. The several project tasks of this study were:

### **Phase I: Determine System Requirements and Current Situation**

- Meet with officials and staff to clarify project, request further data, determine study requirements, and create lists of people and organizations to interview
- Conduct comprehensive customer/hotel surveys/interviews with all stakeholders as deemed necessary
- Conduct Secret Shopper trials of all taxi companies serving Winnipeg, Manitoba
- Interview taxi and limousine owners and drivers
- Interview representatives of taxi driver co-op
- Interview applicants for new or additional taxi or limousine permits
- Obtain dispatch data, both raw and electronic, from existing taxi operators to perform service level analysis on existing taxi system at both peak and non-peak demand periods

## Phase II: System Conceptual Design

- Conduct in-house seminars with officials comparing Winnipeg with other cities of similar size and situation
- Provide several alternatives for discussion and consensus, building an appropriate "best fit" taxi regulatory model for Winnipeg to use in the future

## Phase III: Implementation Plan and Detailed Design

- Prepare detailed recommendations and implementation plan of the chosen alternative for final approval
- Prepare final report
- Be available for public hearings and presentations as necessary

This report will first address the rationale and necessity of regulating taxi operations, the current Winnipeg taxi markets, company structures for the provision of taxi services, the current environment, and finally, recommendations for the future.

## Why Regulate Taxis?

The necessity to regulate taxi services within the Province of Manitoba and City of Winnipeg is twofold. First, there is the legal responsibility prescribed by the Manitoba Legislature that communities are required to not only ensure the safety of public taxis, but also to economically regulate the provision of public taxi services in the public's interest. One could argue that citizens need other generally available goods and services such as grocery stores, restaurants, car rental firms, etc. They are not economically regulated, in the belief that competitive forces will bring about quality operations and the best consumer prices if government intervention is kept to a minimum. Why then is there the need to regulate Winnipeg, Manitoba taxi services?

The simple, but yet most effective, answer lies in the rationale that it is **in the public's interest** to regulate taxicabs in Winnipeg. There is the social commitment a community has to both its citizens and its visitors that this vital public transportation service will be available, safe, and economical to use. Rates are balanced to protect the user not only from onerous or arbitrary fares but, at the same time, to still yield the provider sufficient funds to continue in business and make a modest profit.

As shown in a later section of this report, a deregulated, or completely open-entry, approach to taxi services within a community leads to unreliable, expensive, and spotty taxi service at best. Like any good transportation service, taxi services must be appropriately planned for, coordinated, and continually upgraded if they are to attract and support the needs of a customer base.

Another important reason for regulating taxi services, especially in the Winnipeg area, is the heavy reliance on taxi and limousine services by residents and visitors alike. During winter months, nearly 50% of Winnipeg residents utilize these privately provided public transportation alternatives to the private automobile.

Therefore, it is both in the public's need and its preference to have a modern, positive image for its taxi and limousine operations. As an example, a taxicab service should reflect the community's desire for clean, efficient, and responsible public transportation services which

meets the needs of all. Winnipeg does have an extensive public bus system, and is commissioning more express bus service. However, for many trips, and for those who are disabled or without access to private automobiles and/or a bus route, a privately provided taxi or limousine service is the only form of public transportation available. Proper regulation of efficient taxi and limousine services is one way the community can ensure its citizens have reasonable and reliable access to these privately provided public transportation services.

## Taxicab History in Winnipeg, Manitoba

Being a relatively mid-sized community with a population of approximately 700,000, Winnipeg has not previously authorized a formal study of its taxicab regulations. Unlike other larger municipalities, this city does not have an extensive history of past taxi regulatory issues. The city, however, does have a well-developed traditional taxi ordinance which lays out the requirements for obtaining a taxi operator's license, driver's permit, insurance, operating standards, etc. The city currently has several registered taxi companies which reside within the city, with a main focus of serving the Winnipeg area, and specifically, the City of Winnipeg. The three larger companies, in order of size, are Unicity Taxi, Duffy's Taxi and Spring Taxi.

The word "traditional" taxi ordinance is used to connote the typical requirement of obtaining a taxi "Certificate of Convenience and Necessity" before beginning operations. In this procedure, which was common during the 1930s in the regulation of all motor vehicles, an applicant is required to show that he/she is not only fit and able to operate a taxi service, but that there is also a need for the service that is presumably not being met by existing providers. Existing providers are offered a chance to refute these claims, and they often do.

Regulatory officials are frequently faced with the difficult decision of whether to let additional competitors into the marketplace, or to continue to provide protection from competition to existing providers. Often there is little guidance as to what is in the best interest of the public.

It should also be noted that the taxi fares within Winnipeg would be considered low to mid-range for the region and the nation. The City of Winnipeg would not be considered a high rise community and has numerous bridges and congested areas that require considerable skill if the taxi drivers are to avoid traffic delays and long circuitous trips.

## **Winnipeg Taxi Markets**

Every community has distinct taxicab market generators. A few of these trip generators would be the presence of a busy airport, an urban population which use taxis on a regular basis, and/or local residents who depend upon taxi services for emergency and occasional trips not easily made on public transit. Another generator would be the presence of a large elderly, retirement, and/or a tourist population who use taxi service for medical, social, and entertainment (dining out) activities. It is easy to see that each community is somewhat unique in its various market demands for taxi services.

Within Winnipeg however, 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 is inconvenient. In winter months a taxi or limousine service is preferable by many residents when traveling to and from the airport. When temperatures are constantly dipping well below zero and vehicle heaters need to be "plugged in" in order to make sure the vehicle will start, a taxi or airport limousine is a preferable option. All year round however, as noted above, taxi and limo services are important and frequently used options for visitors, tourists, and residents alike. Taxi penetration into the general population is estimated to be fifty (50) percent. That is, fifty percent of Winnipeg residents can be expected to use a taxi at least once during the year. On a comparative basis this is significantly greater than in other North American cities.

With the presence of a significant regional commercial airport, however, Winnipeg taxis and limos have a single demand point that generates greater than a third of their daily demand, and makes the demand for local trips taken by residents and visitors the second most important service generator. As will be shown later, these are mostly short trips of a few kilometers resulting in most fares at a rate slightly less than \$10. In the case of taxi service, however, these short trips in the relatively dense areas of Winnipeg proper represent a large number of trips per day per vehicle that are easily served with a minimum of deadhead mileage. This creates a taxicab market for Winnipeg taxis that offers them the opportunity to be highly efficient in their operations if they choose to do so.

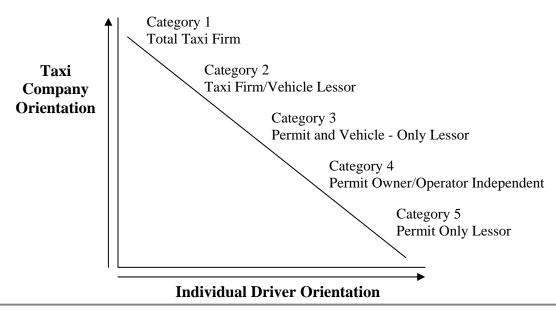
## Framework for Analysis

Unfortunately, there is considerable confusion today as to an accurate definition of a taxi company. The general public sees a car with a dome light on top, the name of some company on the side of the vehicle and the letters "taxi", and assumes that it has a meter, is regulated somehow, and that there is a company in back of the service they are calling, hailing, or stepping into at the airport. Taxi companies today can be, and often are, very different – even within the same community. Winnipeg is similar to other North American cities in this way, and has several different transportation operations that are labeled as taxi companies serving its community.

A thorough knowledge of the Winnipeg taxi service first requires some detailed explanation of the types of taxicab firms found in North American communities in general. The North American taxi industry can be perceived as a continuum ranging from a comprehensive taxi firm to single independent taxi driver(s) acting as a taxi firm. At one end of this continuum, there is an orientation toward the taxi company as the provider of service and at the other end is the reliance on the independent owner-operator taxi driver as the provider of service. (Figure 1 below)

A detailed explanation of these taxi company categories can be found in Appendix A.





As shown, this continuum of taxicab firms ranges from the total taxi firm, one which adds significant economic value to the city's taxicab permit, down to a simple permit holder who leases a city property (the taxi permit) to the highest bidder. At the upper end of this continuum, the total taxi firm is adding significant value to the community permit using their own employees or commissioned drivers which they hold themselves out to manage. As we move toward the concept of the independent driver who owns his/her own vehicle and/or license (medallion) the community inherits a much greater role in the management of these taxi drivers on a day-to-day basis.

Unfortunately, most taxi regulatory systems are set up as if we still had either Category 1 or Category 2 full service taxi firms. With either of these operational systems, the regulator assumes very little of the management of the individual taxi drivers at first. Over time, the regulator's (or airport's) responsibilities of issuance of driver permits, vehicle inspections, daily citations for violations of city/airport taxi ordinances, etc., evolve into the day-to-day management for the community's taxi operations. This scenario is an appropriate template upon which Winnipeg's taxi firms can be placed.

Taxi firms licensed by the Manitoba Taxicab Board would historically fall into Categories 2, 3, 4, and potentially, 5. There are three taxi operations that have a separate business facility, provide radio dispatch service, and attempt to assist most of their drivers in the marketing of their service through service contracts.

Spring Taxi has a physical facility which includes a maintenance facility, management offices, record keeping, and dispatch. In addition, Spring Taxi also owns a significant portion of its taxi fleet, and offers these vehicles to drivers on a revenue sharing basis. By our definition, then, it would be classified as a Category 2 taxi operation. Category 1 taxi operations are those which have employee drivers, but only a few major North American cities still have employee taxicab drivers – the notable and largest city being Las Vegas, Nevada.

Duffy's Taxi and Unicity Taxi each have physical facilities which include management offices, large dispatch centers, and driver areas. However, neither owns and maintains its fleet of common vehicles. Both companies are co-ops whereby the individual participating co-op drivers own their own license and supply their own vehicle. Today, with individual medallion values exceeding \$250,000, it is typical for a single license to be owned by two individuals – each driving a different shift. Each co-op actively markets its services within the community and

would be considered a "full service taxi company" but a Category 3 taxi operation, by our definition.

Category 4 taxi firms would be those Winnipeg taxi firms being dispatched primarily from the drivers' homes and/or cell phones while they themselves are driving. These would be the independent taxi operations. These taxis serve street hails, bus stops, hotels, public cabstands, and often may have a considerable amount of "personal" business.

If the taxi firm or individual license holder provides no insurance coverage, dispatching, voucher business, credit card processing, etc., but rather, only leases its "colors" and permit to owner/ operators, then for all intents and purposes, these are single owner/operator taxi firms simply operating under another's colors and, by our definition, would be considered Category 5 taxi operations.

The problems associated with a large number of Category 4 and 5 taxi operations is that cities and airports are often forced to assume the managerial role over the drivers within these firms, since for many Category 4 and 5 taxi firms, there are no other "real" managers. Community regulatory agencies are left to screen the driver applicants, issue driver permits, fine violators for not following the operating rules, set the meter rates, inspect the vehicles, and ultimately determine the economic conditions within which the taxi drivers operate.

The other, even more serious problem from this devolution of the taxi industry arises when these drivers realize they are receiving no real benefits from the fees they are paying taxi firms for the permit to operate a taxicab. Lower insurance costs may be deemed as the only value of associating with a cab company if you work primarily the airport and public cab stands. Independent insurance can be obtained by many drivers, so why not press the regulatory agency for your own independent medallion type taxicab permit?

It should be noted that two of these firms, Duffy's Taxi and Unicity Taxi are co-ops which collectively support their company-like dispatch center through co-op payments. Their "company" owns assets, provides dispatch services, markets their companies, and otherwise carries on the functions of a full service taxi company.

The major difference between a co-op ownership structure and individual or stock-type ownership structure in the taxi industry can be found in the willingness and interest of the company to grow and/or expand the number of vehicles under the co-op. Individual investor(s) or stock ownership taxi company officials are typically interested in growth through the addition

of more taxis. Greater income is derived to cover fixed costs of operation and profitability is typically enhanced through growth and expansion. Therefore, these owners and managers are motivated to add additional vehicles. This type of ownership may have its faults when the supply of taxis exceeds demand for taxi service, and driver incomes suffer due too few trips per vehicle to make a decent living.

Co-op forms of taxicab company ownership and management typically overcome this interest in potentially oversupplying the taxicab market. Co-op owners who are still driving and deriving their living from their cabs are typically not interested in adding additional taxis, feeling that they will only take trips from them, forcing them to work longer in order to make the same income. However, as one can readily imagine, with driver owned taxi co-ops, the opposite problem of too few taxis to service demand can become a problem. Although additional drivers would help defray a share of the common co-op costs, the fear is that these additional taxis will, in the longer run, cause them to lose income. This situation is even more pronounced when there is a significant medallion value attached to each co-op member's taxi permit. The fear by co-op members are that their medallion value will be affected negatively if any new taxis (additional let permits) are added to their co-op.

### **Interviews with Taxi Firm Owners**

During July and August, 2008 interviews were conducted with the three Winnipeg taxi firms which had physical places of business and central dispatching. All other owners of taxi firms were invited to meet with the project director or a member of the study team in order to provide input into this study. Following is a brief description of the major taxicab firm facilities and their owners' concerns.

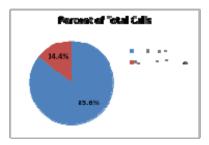
**Duffy's Taxi** 



Duffy's taxi is a cooperative taxi firm comprised of 154 vehicles. As a taxi cooperative each taxi license holder is permitted one vote in the cooperative. Some licenses are held by two individuals or partners, each driving half time. However, this license would still have only one vote in the affairs of the cooperative. This cooperative is managed by a Board of Directors, elected yearly, who then retain managers of the cooperative. Duffy's Board has retained the services of some managers who have been in the taxi industry for many years and appear to know the industry and community quite well. Duffy's management was able to provide detailed electronic data regarding their operations. Following is a review of these data.

## Completed Dispatch Call Report

Averaging approximately 2800 calls per day Either Cancellation or No Show Call Completion Rate = 85.6%

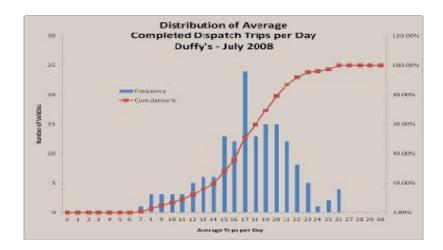


As shown, Duffy's Taxi is a large taxi call center with approximately 2,800 calls per day. Most of these calls for service are completed (85%). When "no shows" or cancellations are considered, an 85% completion factor would be considered quite good in the taxi industry.

Much of this success rate is due to the modern, up-to-date taxi dispatch system utilized by Duffy's management. It has an extensive computerized dispatching and information system for efficient management of their taxis. Dispatchers can view maps of pickup and drop-off points and driver locations, thereby providing turn-by-turn directions of where to go should a driver require assistance.

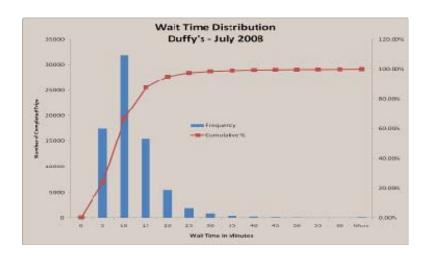
Such computerization also permits the taxi company to access the number of trips per taxi, locations of their trip origins, and provide important managerial information on the number of taxis needed on the streets, their best locations, and which cab is closest to the customer for swift and accurate service.

# **Dispatched Trips Per Day/Per Taxi**

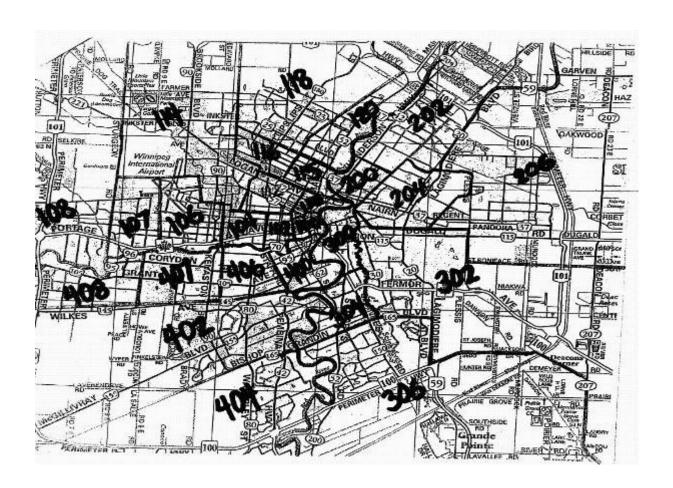


As shown above, the average dispatched trips per day during the slower summer period ranges between 18 and 20 trips. When one adds non dispatched trips such as those from hotel stands, hails, and personals, the total per day can reach 40 or more trips per vehicle – a very high taxi utilization rate.

## **Customer Service Times**



However, this high utilization rate does not appear to have a negative effect on service levels. As shown above, customers wait very little after having called for a Duffy's Taxi. Slightly more than 60 percent of their customers are picked up within ten minutes or less of having been dispatched. Eighty percent are picked up within 15 minutes. This is a very good level of service for called taxi operations. It is probably one of the best in North America. These excellent service levels however, are an average of all their service levels throughout the Winnipeg region. In order to assess the quality of taxi service in various other areas, data from dispatch was used to determine what the customer wait times were for the various zones served by Duffy's Taxi. Below is a copy of their zone map and this analysis. From this zone map, the individual wait times per zone are shown, along with a bar chart of how these zones compare to one another.

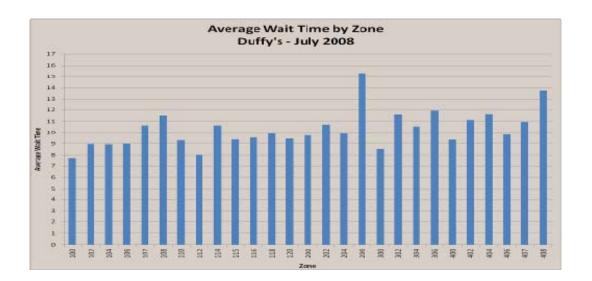


# Zone Analysis

Trip Statistics by Zone Duffy's - July 2008

	Average	Wait Time	Wait Time	WaitTime		Trip Duration	Trip Duration	Trip Duration	Trip Duration	Monthly	Daily Avg
Zone	Wait Time	St Dev	Min	Max	Avg	Avg (>=5)	St Dev	Min	Max	Trip Total	Trips
100	7.73	10.81	0	430	0.94	13.23	4.85	0	180	3732	124.40
102	8.95	8.40	0	279	1.29	14.60	6.55	0	274	4472	144.26
104	8.94	9.78	0	302	0.71	15.07	4.16	0	103	3975	132.50
106	9.01	5.50	0	77	1.09	12.13	4.35	0	100	2370	79.00
107	10.63	6.87	0	113	0.75	13.40	3.07	0	39	1259	43.41
108	11.49	8.28	0	126	1.19	14.39	4.50	0	70	1798	58.00
110	9.28	8.82	0	270	0.55	12.21	2.95	0	97	2144	73.93
112	8.03	7.20	0	257	0.80	12.20	3.50	0	114	4531	146.16
114	10.64	11.05	0	318	0.77	13.33	3.09	0	42	2745	91.50
115	9.37	8.86	0	248	0.59	9.61	2.33	0	61	4139	137.97
116	9.54	6.68	0	138	0.61	12.28	2.86	0	57	1949	64.97
118	9.91	8.80	0	277	0.95	12.11	3.65	0	80	3504	116.80
120	9.42	10.14	0	297	0.92	13.11	4.24	0	150	3170	109.31
200	9.72	10.16	0	280	0.60	12.79	2.61	0	49	2394	82.55
202	10.70	8.99	0	261	0.51	12.89	2.51	0	46	2799	90.29
204	9.91	8.86	0	264	0.76	13.09	4.17	0	181	3377	112.57
206	15.29	20.00	0	603	1.03		6.62		196	1379	44.48
300	8.53	5.71	0	100	0.99	13.27	4.55	0	128	3406	113.53
302	11.58	7.15	0	74	1.18	17.99	7.94	0	292	2041	65.84
304	10.53	7.75	0	156	0.87	12.10	3.96	0	127	2519	81.26
306	11.92	10.89	0	265	0.91	15.37	4.31	0	120	2212	76.28
400	9.35	10.08	0	404	0.71	13.15	3.81	0	171	5576	185.87
402	11.11	8.99	1	252	0.94		3.97	0	109	2183	72.77
404	11.60	12.35	0	262	0.63	14.07	2.96	0	68	1824	65.14
406	9.79	9.81	0	264	0.53		2.20		34	2141	69.06
407	10.94	5.72		96	0.69				94	1420	50.71
408	13.75	10.43	0	260	0.74	13.46	3.06	0	42	942	31.40

Avg Daily Trips Per Vehicle = 17

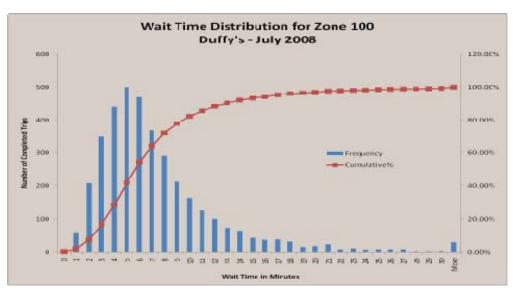


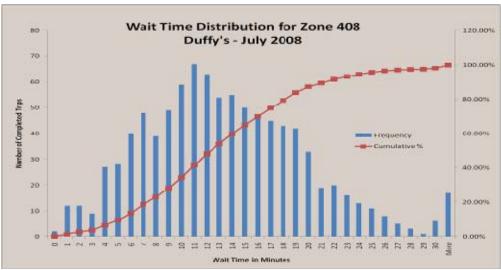
The above bar chart indicates that Duffy's service times are excellent, with three zones which differ slightly. These are Zones 100, 206 and 408. Zone 100 is in the heart of Duffy's downtown service area and callers here enjoy an excellent level of taxi service, with nearly 90 percent of callers meeting their cab within approximately ten minutes.

Further analysis of Zone 408 (Charleswood) indicates a zone that is considerably out of the downtown area and much less dense in population. However, even here service is fairly good considering where this zone is. Nearly 90 percent of these callers meet their taxi service within approximately 20 minutes.

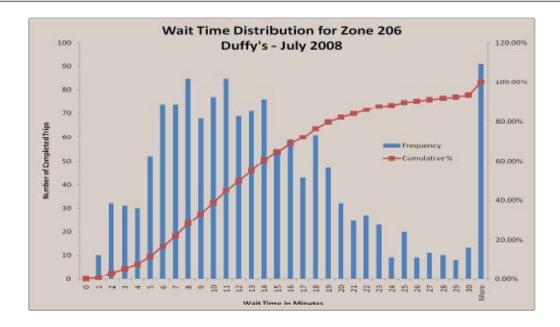
Finally, Zone 206 (Transcona) is the most unusual zone in that it has a higher average wait time for taxi callers – slightly more than 15 minutes on the average. Wait times here appear to be higher due because a number of callers in this zone experience wait times of up to 60 minutes.

# **Individual Zones**





**Individual Zones** 



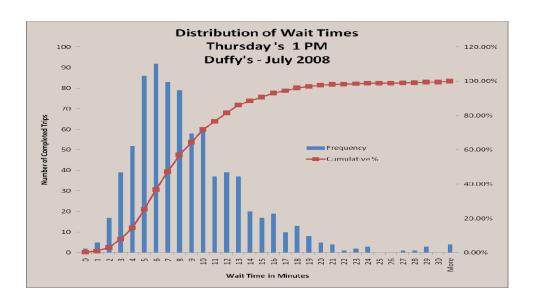
Of course "average wait times" can be somewhat misleading since there are times of the day or night during peak service demand when significantly more wait time is required in order to get a cab. To see whether this was an issue in Winnipeg, Duffy's dispatch data was broken into wait times by hour of day and day of the week. Researchers then picked two time periods that would usually be considered "peak utilization" times and tested the data to see what wait times were experienced by callers during these time periods.

# **Total Dispatched Trips**

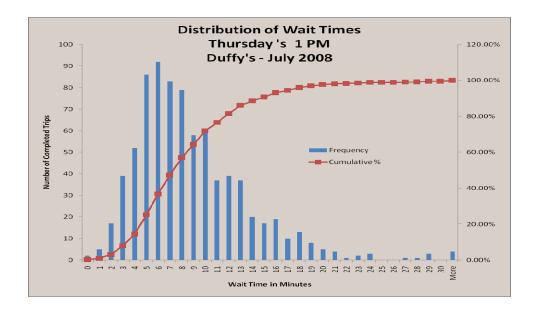
Total Trips by Hour & Day of Week Duffy's - July 2008

Hour of Day	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total by Hour
0	564	293	477	513	468	558	664	3537
1	462	195	335	394	295	314	515	2510
2	380	124	300	360	287	344	408	2203
3	381	124	286	268	230	323	425	2037
4	397	211	346	426	333	413	432	2558
5	327	330	424	528	443	448	426	2926
6	324	279	378	403	352	409	343	2 488
7	261	313	451	565	485	507	304	2886
8	252	435	486	740	596	602	309	3420
9	259	457	394	709	705	609	357	3490
10	288	442	356	689	750	679	336	3540
11	309	41.7	387	543	732	616	381	3385
12	306	402	362	545	7 42	489	433	3279
13	319	463	578	630	798	494	458	3740
14	337	434	599	652	779	547	433	3781
15	320	405	675	554	705	534	426	3619
16	309	359	599	507	702	465	443	3384
17	326	325	518	443	654	436	453	3155
18	298	281	557	487	627	498	421	3169
19	2 49	244	466	478	526	41.4	383	2760
20	235	227	368	376	479	449	402	2536
21	270	233	449	350	512	533	529	2876
22	258	299	501	376	614	712	643	3403
23	283	254	462	425	633	688	603	3348
Total by Day	7714	75 46	10754	11961	13447	12081	10527	

# **Wait Times During Peaks**



## **Wait Times During Peaks**



As shown by these peak day and hour analyses, Duffy's Taxi appears to handle these calls quite well even during these peak times. Nearly 95% of these calls for service are handled within 15 minutes – a high standard for any North American cab company. Thus, it can be concluded from this detailed empirical analysis of Duffy's dispatch records that no new or additional taxis are needed or required during the summer or off peak service period.

# **Unicity Taxi**

















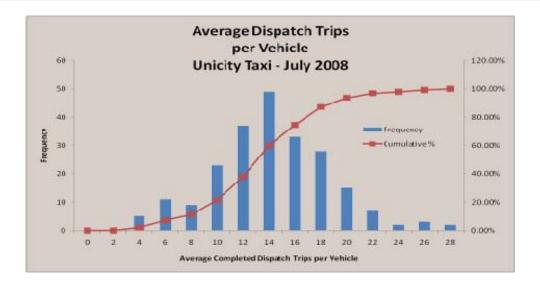
Unicity is the largest taxi operation in Winnipeg. As previously mentioned, it is a cooperative which collectively owns the assets of the Unicity dispatch or taxi call center. This entity owns property, a building, office equipment and an electronic taxi dispatch system for the

co-op licensees. Each member has one vote. The membership votes on its Board yearly and this board then hires management to run the operations. In the case of Unicity, the Co-op Board has retained the services of a long time taxi manager who appears to know the industry quite well.

As shown from the photos above, this taxi call center is very modern and is now utilizing the latest GPS taxi dispatching and record keeping technology. Similar to Duffy's Taxi, their electronic dispatch system utilizes a zone approach and attempts to dispatch a call for service to the nearest Unicity taxi. Also, as with Duffy's Taxi, Unicity submitted electronic taxi dispatch data for this report but, unfortunately, their previous dispatch system did not keep records for more than a few months back. Thus, our analysis is limited to the past summer (2008) period. Following are the results of this analysis:

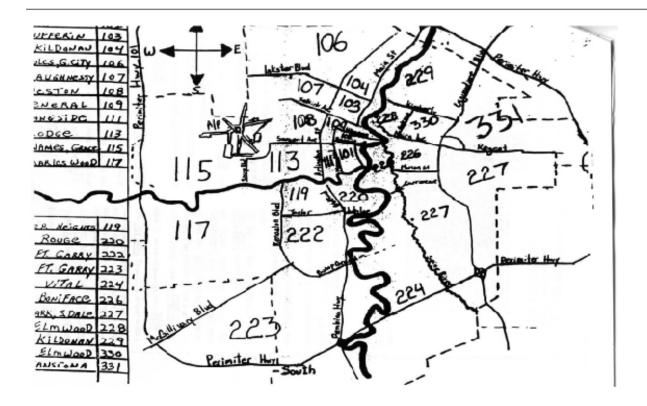
Unicity Call Disposition Statistics July 08						
<b>Bad Records</b>	605	1%				
<b>Cancelled Trips</b>	5590	5%				
No Shows*	11494	11%				
<b>Completed Trips</b>	88803	83%				
<b>Total Call Records</b>	106492	100%				

Unicity Taxi completion ratio is similar to that of Duffy's in that 83 percent of the callers ultimately received the taxi service they were inquiring about. This ratio of completed trips to calls is considered very good in the industry where there appears to be a large population of callers that call all cab companies and take the first one that shows up. Both Duffy's and Unicity computers alert telephone operators when a caller is calling from a phone number that has resulted in excessive no-shows.

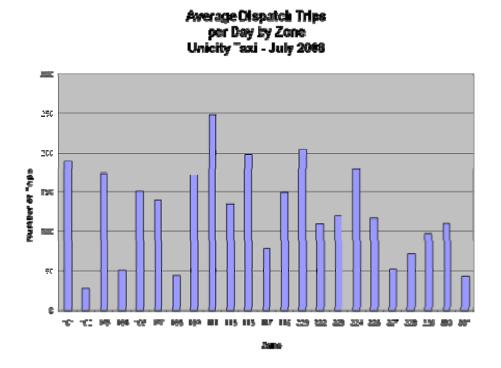


During the month of July 2008, Unicity dispatched an average of 14 trips per vehicle per day. This number includes only those trips that were dispatched through the call center and did not include trips taken from the airport taxi walkup concession. If one adds these trips to the total dispatched and airport trips, the average would be increased by two trips, or a total average of 16 trips per day per total vehicles within the Unicity taxi co-op. Similar to Duffy's Taxi, Unicity taxi drivers will sit on hotel stands, accept street hails, and have a number of personal callers that they serve. Thus, it is difficult to determine the total number of trips per day per vehicle, but it is sufficient to suggest that given other statistics from competing taxi companies, the total trips per day would be considerably more.

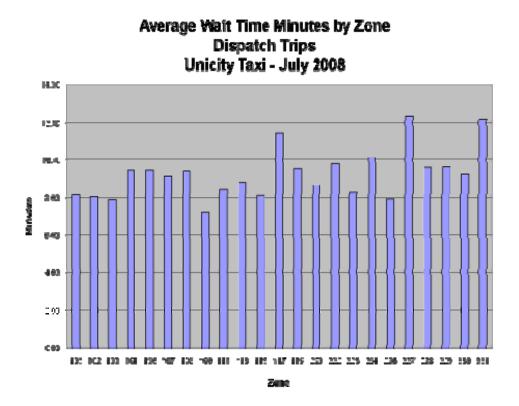
As mentioned, Unicity utilizes a zone system for dispatching its nearest taxi to customers who call for service. Pictured below is a copy of this zone system.



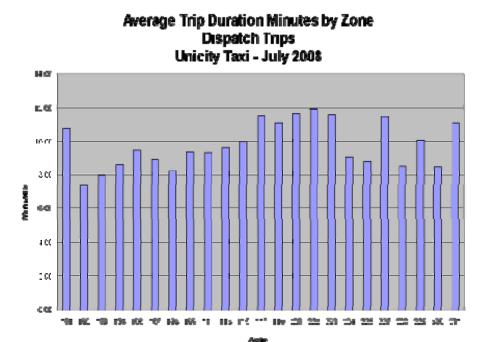
Utilizing Unicity's taxi dispatch records, a better picture of the service area and number of trips per service can be developed. This is presented below.



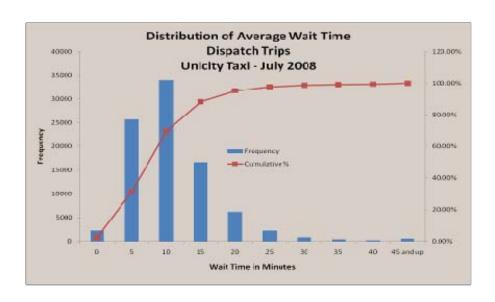
As shown by this pattern of calls and trips, Unicity is somewhat more concentrated in areas close to the airport and other high frequency zones. In order to determine what service levels these high and low call zones were receiving, the following chart was developed. As one can observe, although there may be significantly fewer calls for service from some zones in Unicity's service area, there is little difference in the average customer wait time for a cab. The "average" wait time appears to be 8 to 12 minutes, with the longer times being a further distance from the city center.



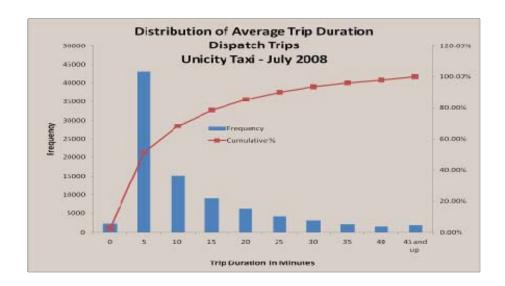
Given the trips duration times as follows, it would appear that Unicity also has a large number of relatively short trips within zones and across only a few zones. By having a large number of short trips within and among their service zones, like Duffy's Taxi, Unicity is able to provide an excellent level of promptness in their service.



Thus, the average wait time for a Unicity taxi, as shown below is relatively short. Seventy (70) percent of all callers receive a taxi within 10 minutes and ninety (90) percent receive a taxi within 15 minutes. These are very good results and are typically only possible when a taxi call center has a lot of vehicles geographically spread out over their service area.



Once again, trips durations are especially short – reinforcing the observation that Unicity taxis make a large number of relatively short trips. Seventy (70) percent of their dispatched trips are completed within 10 minutes or less. Over 50% of their dispatched trips are completed within 5 minutes or less.



## **Spring Taxi**



Spring Taxi is the newest and smallest of Winnipeg's centrally dispatched taxi companies. It is not a cooperative, but rather a taxi company that owns a substantial portion of its own vehicles (currently 16 taxis -- about 50%) and dispatches another sixteen (16) or so

owner-operated taxis that choose to affiliate with Spring Taxi. As shown from the above photos, Spring Taxi management chooses to own and maintain most of their vehicles offered for service in a small, but adequate for their current size facility which houses their dispatch, vehicle washing, and maintenance. Spring Taxi has been growing and has applied for a hundred additional taxi permits – fifty (50) standard and fifty (50) premium taxis.

## **Spring Taxi**







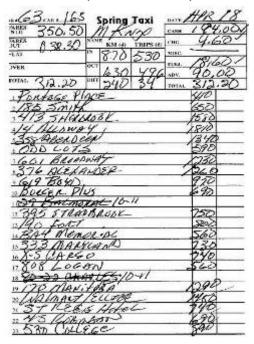


Spring Taxi utilizes a dispatch system that is non-computerized. It uses a method of assigning each taxicab a box, and as orders are received by telephone, a two-way communication radio system is used to announce the request to the driver. While such systems have been used in the taxi industry for nearly sixty years, they are effectively only useful for a small number of taxicabs. These dispatch systems required the dispatcher to be aware of the locations of all taxicabs at all times. Also, there are always concerns by drivers that some other driver is being given the better pickups.

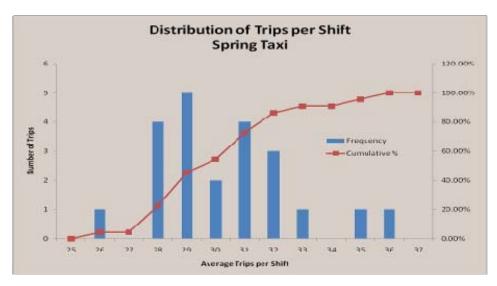
Spring Taxi however, does require all drivers to keep and maintain a completed daily trip sheet of all trips. Vehicles are utilized on a cost and revenue sharing basis, so all costs and revenues are kept for each trip. These completed logs provided an excellent source for reviewing

the daily number of trips, revenues, kilometers driven, and fuel amounts utilized. Following is this analysis.

Random Sample of Days – Jan – April 2008 (12 Hour Shifts)



Total Completed Trips Per 12-Hour Shift (Feb. 08)



As shown by the figures above, the average daily trips by Spring Taxicabs per 12 hour shifts are quite high, averaging approximately 30 trips per shift, with a range between 26 and 36

trips. It should be noted that the time period for these trips was during last winter's peak - a time when all Winnipeg taxis are extremely busy.

## **Detailed Data Analysis**

- No. of Drivers = 22
- Revenue per trip = \$ 8.75 plus tip
- Revenue per total km driven = \$ 1.08
- Average shift fuel cost = \$40.30
- Average fuel costs per total km driven = .16
- Average total km driven per trip = 8.08 km
- Average fuel costs per trip = \$ 1.30

The detailed data analysis involves several thousand trips over the peak season. These trip cards were selected at random by the author and therefore can be verified as an accurate portrayal of the trip volumes, revenues and costs experienced by Spring Taxi. As shown, these taxicabs are extremely busy during the winter months. Their average meter revenue per trip is \$8.75 CAD With a reasonable tip, this would easily be an average of \$10 per trip. If one is averaging 30 trips per shift, the total revenue per taxi per day would be \$600.

This level of revenue would not be sustained during the off peak season, but even so, at half this level, each vehicle would be generating \$300 per day. If one were to arbitrarily set the peak winter season as December, January, and February, or three months at \$600 per day and the remaining months at \$300 per day, the total gross revenue per vehicle would be approaching \$140,000 per year. It should be pointed out that while this appears to be a significant figure, fuel costs alone at \$40 per shift would decrease this by \$30,000. Decreasing this further would be the costs of vehicle maintenance and repair, insurance, and the overhead associated with a dispatch call center and central management. From this detailed data analysis, it can be concluded then, that during the peak periods, Spring Taxi is severely pressed to cover its calls. Indeed, many calls, as many as 25 - 40% go unanswered on some days. This is frustrating both to callers and to the management of Spring Taxi.

### No Shows - A Problem

- Random Day: Monday, April 7<sup>th</sup>, 2008
- Total Calls = 770
- Call Backs = 79
- No Shows = 234
- Canceled = 145
- Percentage of Completed trips to calls = 40%

# Winnipeg Airport









As shown above, the Winnipeg Airport ground transportation system is composed of both on-demand limousine and taxi operations. The taxi service is provided by a single concession taxi operator – Unicity Taxi. All limousine companies with a permit to serve the airport may enter the on-demand limousine line at the airport. Taxi trips from the airport appear to be on the rise with 229,527 trips recorded in 2007 or an average of slightly over 19,000 trips per month. In addition, airport walk-up taxi trips for the first six months of 2008 are averaging between 20,000 and 22,000 trips per month, or 689 trips per day. This is an 8% increase over 2007.

Wait times for Unicity Taxi, the airport taxi concessionaire, have also become more favorable; hence, the taxi co-op is more productive. Since 2004, average wait time has decreased from 44 minutes to 36 minutes, or a reduction of 18%.

On-demand limousine service at Winnipeg Airport has also seen a decrease in their average wait time from 83 to 61 minutes, a 25% decrease. Their trip numbers, however, have remained constant at around 21,000 trips per year, or less than 10% of the on demand taxi trips per year.

The Winnipeg Airport is currently undergoing construction of a larger, considerably more modern, terminal for their operations. They have recently also undergone a renewal of their taxi service through a competitive RFP. The long-held contract for walk up taxi service, Unicity Taxi was not the original clear winner in the RFP process, but after protracted negotiations, the cooperative taxi operation was selected to continue in this capacity. However, significant new standards were imposed through the new walkup taxi concession. These standards follow those set forth by the International Airport Ground Transportation Association, and required newer vehicles, driver uniforms, and around the clock coverage of the airport. This concession has several penalties and fines in place should the contractor not fulfill its obligations under the contract. Discussions with the airport landside managers indicate a desire to let a limousine concession for walkup limousine service at some time in the future.

Shown in the photos on the preceding page is a screen of the airport's automatic vehicle identification (AVI) screen, which shows the number of taxis and limousines in the airport's holding lot. Although their AVI system is somewhat dated, it still is a good tool by which airport landside management can develop summary statistics on taxi and limo operations and call additional taxi and limousine companies should there be danger of the airport demand exceeding the supply of taxis and limos in the airport holding area. This had been a continual problem under the old concession agreement, but appears to be working much better with the new concession agreement.

# **In-person Interviews With Other Taxi and Limousine Operators**

### Taxi Drivers and Small Owner / Operators

This group of individuals are generally opposed to the issuance of more licenses in Winnipeg, with the caveat that if more licenses were to be issued, these entities and operators would like to be considered through the use of a lottery or other approach which is more broadly inclusive than simple allocation of licenses to larger taxi conglomerates.

#### Level of Business Activity

The level of business activity and profitability was sharply disputed among operators. Some posit that there is room for expansion in the taxi field. Those holding this position contend that there is currently an oligopoly of three companies, and there may exist a need for a fourth company in order to stimulate competition.

Others contend that the taxi business in Winnipeg has experienced a steady decline in the past two decades. This alleged decline is attributable to a number of factors such as the constituency shifting to a different segment of the community, because the hotels and Safeway grocery have shuttles. Another reason proposed for the alleged decline involves the Handi-Transit system. It is suggested that taxi companies lost 25% of their business to Handi-Transit because the elderly began taking the Handi-Transit. The elderly, who typically have more flexible schedules, now call two days ahead to schedule a pickup by Handi-Transit.

When reviewed on a monthly basis, Welfare Day and Family Allowance Day are the two busiest days of any given month, and the days immediately following also have higher than normal levels of activity.

#### **Seasonal Cars**

The operators gave a clear and consistent description of the taxi business in Winnipeg. The taxi business is described as extremely busy in the winter but much less active in the summer. During the winter, each group of drivers can reasonably expect to make an additional \$20.00 to \$40.00 per day in excess of the net income from operations during other seasons. While there is the option for seasonal cars (aka, "Christmas cars") for three months each year, small operators consider it too expensive to bring on a car as a seasonal car. To mitigate the risk and cost associated with the addition of seasonal cars, the small operators suggested that these seasonal cars could be made permanent for a period longer than a year, with suggestions ranging from three (3) to five (5) years. This solution would have a future value beyond the immediate year of purchase as there are consistently higher levels of demand in the winter. Another proposed solution is to increase the seasonal car period from three (3) months to five (5) months. They believe either solution would enable operators to realize a greater return from the capital investment in seasonal cabs.

## Explaining the High Market Value of Taxi License

Small operators readily explain why a taxi license is at the current market levels -approximately \$150,000 for a Spring license, \$220,000 for a Unicity license, and \$250,000 for a
Duffy's license. The operators explained that the driver purchasing the license is an independent
operator, and is essentially buying a job. But this begs the question of why such amounts would
be paid to buy a job. Put differently, once the loan is amortized and expenses are taken into
account, there seems to be little benefit for purchasing a taxi license over just obtaining another
job in the labor market.

Small operators explain that Canadian immigration patterns and policy are the key factors which drive the current level of market rates for the resale of taxi licenses. Unable to find adequate compensation in the local Winnipeg job market, immigrants will pay higher than normal market rates to obtain a taxi license. The taxi driver is thus buying a job with a long 20-year horizon with no fear of short term layoff.

Compounding the immigration effect on taxi license values is the ability for self-employed operators to inflate their income and net worth for purposes of enabling immigration to Canada for relatives living in other countries. Since income status dictates the number of additional family members who may domicile in Canada, many seek self-employment which enables the self-reporting of income. These inflated income and net worth figures can be used to increase the number of family members eligible for immigration to Canada. Once the immigration of family members has been achieved the reported income will typically revert to considerably lower levels.

#### **Customer Complaints**

Independent operators contend that customer service in Winnipeg is quite good. They suggest that unanswered calls are to taxi companies not having sufficient answering and dispatch operations. They also contend that customers, accustomed to not having their calls answered, will call multiple companies, thereby inflating the actual demand. Independent operators contend that customer service is not enhanced through larger taxi companies.

#### Limo Owners

The limousine industry has a different perspective on the state of the car service business. The limousine owners and drivers also expressed concerns about different threats to the industry than those identified by taxi owners and drivers.

This group indicates there are four months of strong demand. The months of extremely strong demand are from December to February, with business slowing down through March, and then slowing substantially after March. Many of these operators indicated there are enough taxis for Winnipeg and that there are only a few days during the winter when there are an inadequate number of taxis.

The limousine operators disagreed on whether the business would be affected by the introduction of a large number of premium taxis. Some limousine operators indicated the sedan business would not be affected by premium taxis, but that stretch limos may be affected by premium taxis. Other operators indicated that the introduction of fifty (50) Mercedes taxis will make a small impact as people who take Towncar sedans shift to Mercedes for shorter trips.

The limousine operators were relatively consistent in expressing frustration with the allocation of limousine licenses. Many indicated that limo companies should have one (1) Towncar license made available for every stretch limousine in operation. The operators indicated that stretch limos get approximately a third of their business from the Winnipeg Airport. Further, the sedans at airports hurt stretch limos as business people are reluctant to be seen in a stretch limo or to submit a bill for reimbursement for service from a stretch limousine.

Limousine operators additionally indicated that the market for limousine services has expanded due to the introduction of specialty vehicles, primarily SUV stretch limousines. On the one hand, this new vehicle type has created an entirely new market niche that did not previously exist -- groups of twelve (12) or more people using a single vehicle. On the other hand, the lack of rate disparity between specialty vehicles (SUV limos) and stretch limos has cannibalized the stretch limo market. The rates for a SUV and a stretch limousine are \$96.00 and \$76.00 an hour respectively, and many stretch limousine operators want to see an increase in the SUV rates to approximately \$140.00 an hour -- enough to create a discernable pricing differential. Effective August 15, 2008 the Taxicab Board approved a tariff increase for SUV stretch limousines, with a capacity of 11 to 24 passengers to charge a maximum rate of \$170.00 per hour and a minimum

rate of \$76.00 per hour. The maximum for a standard limousine remained unchanged at \$76.80 per hour.

Many in the limousine industry indicate that an increased number of illegal vehicles are providing car service. Particularly, the limousine operators indicate the illegal private car services are active primarily at local city bars. In addition, some indicate the illegal cars provide service for weddings, concerts, festivals, and so forth. Limousine operators believe that private car activity is an increasing threat.

Many of the limousine operators believe the larger taxi companies have sufficient taxis, but have poor management, and as a result, they fail to provide quality service. These operators believe that Spring Taxi company is not concerned with providing better service, but in merely reselling the acquired licenses for market value.

#### <u>Inspectors</u>

The inspectors at the Manitoba Taxi Board provided a more objective perspective on the taxi industry in Winnipeg. They observed that Winnipeg is becoming more affluent, and less of the population uses taxis. However, a decrease in the proportion of the population using taxis is offset by a larger population. The also opined that gas prices are also driving the current taxi use.

The inspectors indicated that the taxi business is very seasonal and is busiest Fridays through Sundays. Drivers will typically average 25-30 trips per 12-hour shift. On Fridays, this level of activity increases to around 40 trips per shift. Even in the winter, when demand is the strongest, inspectors believe there are no more than 40-45 trips per day. These respondents believe that most customers can get a cab in 15-20 minutes except for during peak times. It was further indicated that they believe the Winnipeg taxi industry does not treat drivers well. Consequently, taxi companies are deterring customers when they do not fulfill demand.

The difficulty of obtaining a seasonal plate was detailed. If a driver applies to get a seasonal plate, the larger taxi companies expel the driver. They suggested that seasonal plates should be assigned to companies other than the largest companies. It was also suggested that Winnipeg needs more competition than just the two dominant companies.

#### Former Board Member

A member of the research team had the opportunity to interview a former member of the Taxi Board. Several opinions were provided.

First, it was suggested that the Taxicab Board Act has deficiencies, most specifically the composition of the Board. It was proffered that there should be taxi company representatives as part of the Board. A taxi company representative could address concerns from a different perspective and can provide first hand information when issues arise, given their knowledge and experience about some circumstances. It was suggested that both Duffy's and Spring each should have a representative with full authority.

A second opinion stated that, in the past the Board's police representatives have, at times, taken extreme positions and, therefore, the Board would be better served with no police representative on the board. It was opined that the police representatives tend to have a shakier confidence in the judiciary, superior knowledge of the law, and a higher sensitivity to meting out punishment. It was suggested that this perspective defeats the purpose of an independent board.

An additional suggestion was made for improving the approach for dealing with infractions. It was noted that in many cases where taxi driver was accused, the accusations were withdrawn when the matter proceeded to court. It was recommended that the Taxicab Board have a "show cause" hearing any time a case arises. The show cause would operate to ensure that the matter consisted of more than mere allegations. It was proffered that Taxicab Board inspectors should not be suspending driving privileges without Board approval. Currently, it takes approximately three to four weeks for a driver to get a hearing after a suspension. The Board would use a three-member subcommittee to provide a hearing within seven days. These hearings could operate as conference calls where appropriate. It was suggested this method would give greater due process protection and ensure that an unwarranted suspension did not inflict too much economic damage.

It was further recommended that all Taxicab Board employees should be given regular evaluations by both the taxi industry and the Board, requiring a solicited and structured feedback mechanism by the Taxi Board.

Another observation was that taxi employees should be encouraged to make suggestions for improvement, and that anonymous complaints should be allowed until the completion of the investigation. After the completion of the inspection there should be a one (1) to two (2) year

buffer period in which the complainant would be insulated from inspectors. The concern was that complainant would be intimidated by inspectors, and the intimidation, whether intentional or not, deters complaints.

A sixth recommendation was that any new licenses be auctioned off and the proceeds used for health and dental benefits, life insurance, and retirement funding of the drivers. Illustratively, one hundred (100) plates selling for \$150,000.00 each would raise \$15,000,000, and that sum then would be split among existing drivers to provide benefits and retirement. Such an auction would raise \$30,000.00 per existing driver.

The final suggestion was that SUV limousines have higher minimum rates to create a discernable rate disparity with traditional limousine services and that the Board be more lenient to provide an SUV license if limousine operators are previously licensed.

#### **Interviews with SEED Winnipeg**

SEED Winnipeg is a community action organization dedicated to the development of additional cooperatives within Winnipeg. They have assisted in the development of aforementioned Winnipeg Taxi Co-op – a group of current taxi driver employees which have submitted a proposal for a new 150 car taxi operation in Winnipeg. Based on the principles of a cooperative, SEED is supporting their proposal and is offering a number of criticisms of the current Winnipeg taxi operations that they feel would be solved with a new taxi cooperative. A listing of these criticisms is:

#### Labor Issues

- Drivers are not paid overtime and are overworked. Drivers currently do not have an option to work just 40 hours a week. Minimum full time is 5 days x 12 hours = 60 hours a week! There are some drivers who are working 7 days per week; that is, they are working 84 hours a week.
- No leave/holidays or vacation pay (mandated at 4%)
- Not remitting CPP (Canadian Pension Plan) or EI (Employment Insurance)
- No seniority
- No medical/dental insurance
- Unsafe vehicles. Brakes, tires, steering, alignment, etc. are often ignored. Driver can't report this due to the threat of suspension or getting fired.

- Drivers are not provided with a two week termination notice. Some drivers have been replaced as they waited at the door to go to work for the day, yet were never notified, not even verbally. "Oh, sorry my cousin just arrived from overseas" is the common excuse.
- Drivers always get ripped off on WCB (Workers Compensation Board) and MPI accident compensation cases. e.g. If a driver gets hurt on the job and tries to apply to WCB for income replacement, owners always refuse to provide letter showing decent income. This is in order to avoid any discrepancies with Canada Revenue at tax time.
- No down time compensation. If car is unavailable due to unexpected accidents, drivers
  are usually not notified, and never compensated. Apparently, owners always get "down
  time" payment from MPI (Manitoba Public Insurance).
- Loss of income resulting from frequent unpaid suspensions from the dispatch companies, usually unfairly and at the request of the owner.
- Drivers are often coerced into a "flat rate" deal. i.e. You must rent cab for \$100.00 per shift or more, plus you must pay gas. Doesn't matter slow night or busy night, or even how many times you get ripped off during the week.

#### **Business** expenses

- Drivers are not allowed to retain gas receipts to file with their tax return (as a business expense). Owner will do this for themselves, even though he made the driver pay for gas.
- Owners force drivers to pay for repairs, especially any vehicle damages caused by drunken customers, kids throwing rocks at night, or other general damages for which driver are not responsible. And there's always the threat of suspension from company. This is in order to avoid \$600.00 MPI deductible.

#### **User Surveys**

Sampling the public's opinion in terms of the price, service and vehicle appearance is helpful in gaining an understanding about how they feel about the current taxi service, the individual provider companies, and any concerns they may have for the future of taxicab services within their community.

In this study, mailed questionnaires were utilized to obtain user opinions. The questionnaires were distributed to restaurants, hotels within the City of Winnipeg. Cover letters regarding the survey were mailed out from the offices of the Manitoba Taxi Board. A copy of this survey and a summary of the responses are attached as Appendix B.

#### Sampling method

The convenient sampling method was used in this study. Surveys were mailed with a cover letter and instructions for returning the questionnaire by fax or mail. For example, a total of 100 hotel surveys were mailed and 40 were returned for a response rate of 40%. The response rate achieved was high in comparison with other communities. This is an indication that recipients of the mailed survey feel quite strongly about their taxi service. These responses provide a good sampling of the opinions regarding local taxi service in the Winnipeg area by individuals calling for taxicabs on a frequent basis.

#### Questionnaires

The questionnaires included several types of questions. The first part asked respondents which taxi companies they used most often. The second part included a series of close-ended questions with attitudinal (order) choice. These questions were used to seek their view of taxicab arrival time, driver professionalism, vehicle quality, and so on. The last part consisted of openended questions asking respondents for any comments they may have regarding their local taxicab service.

#### **Analysis of Winnipeg Taxi Service Questionnaire Results**

#### Whom Do You Call?

Winnipeg's two major co-op taxi companies, Duffy's and Unicity, are the most frequently called taxi firms in Winnipeg. Both are full service taxi companies which operate with owner/drivers. Both have marketing programs and management personnel to promote their firm to hotels within the area. They also have various voucher programs which they accept from various hotels and numerous contracts for service with local agencies. Together they represent 91% of all the taxis within Winnipeg. However, for its size, Spring Taxi's 28 vehicles, or only 7% of the taxis on the street, is a strong third, being listed as a taxi company that 11% of the responding hotel and restaurants typically called. Spring Taxi also is the only one of the three which operates a large significant number of wheelchair accessible vehicles as a part of their taxi fleet.

Blueline Taxi is represented in these responses but, with a much smaller fleet, seven vehicles, and a lack of marketing personnel, its penetration into the Winnipeg market appears low. The remaining taxi companies do not appear to be viably marketed or utilized by these commercial establishments.

# What is the AVERAGE/REASONABLE wait time for a taxicab to arrive at your establishment after being called?

Overall, sixty-one percent (61%) of the respondents felt the average time it took to get a taxi to their establishment was within 15 minutes or less. However, hotel survey responses indicated the perceived response times for taxi service at their respondent hotel was less. Only 52% of the respondents indicated they felt they could expect a taxi to arrive within 15 minutes after being called, but 93% of the hotels and 97% of the restaurants felt they should have a cab in 15 minutes or less. This is a very high standard. However, if the reader will recall the earlier section using actual dispatch data from the primary taxi firms called, the reality is that they currently receive close to this level of service, with more than 90% of the trips being picked up within 15 minutes of the dispatched call.

#### How would you rate the taxi service you presently receive?

As shown by the survey responses, there appears to be feeling among users that taxi service deserves ratings of "okay to good" on most attributes except handling complaints. Hotel respondents were once again less likely to view their taxi service as "good", ranking promptness, answering the phone, and handling complaints as only "okay".

## Do you find taxi service to be significantly different during peak (Dec.-April) versus off-peak (May-Nov.)?

From this question and opinions offered later in the survey, overwhelmingly both hotel and restaurant respondents felt there was a difference in taxi service during the winter peak season. They felt the service in the peak season was considerably slower and not as responsive.

#### Is it important for your guests/patrons to be able to use credit cards for taxi service?

As one may predict, eighty-six (86%) of the respondents felt credit card acceptance was important to their guests/patrons.

### Do you arrange shuttle, limousine, bus, or van service for your customers? If yes, which companies do you use and how is the service arranged?

One attribute of taxi service in a community is the extent to which alternatives are sought by those arranging ground transportation for their guests. As shown by replies to Question 5, fifty percent (50%) of the hotel respondents arrange for alternatives to Winnipeg taxis. Further investigation revealed that hotels close to the airport either provided their own alternative van service or they made arrangements with limousine companies to transport their guests to and from the airport. It is typical for taxi drivers at North American airports to attempt to avoid short trips from the airport to surrounding hotels; it is unusual that they would do so when there is a concession agreement with a single taxi company to provide on-demand taxi service at the airport.

It should be noted that overall 37% of the restaurant respondents also arrange alternative transportation for their guests. Taken together, these responses would indicate the management of these commercial establishments collectively feel they need to have a taxi alternative.

### Do you know whom to call if you have a problem with taxicab service? If yes, whom do you call?

When asked this question, respondents overwhelmingly (75%) indicated they did not know whom to call when they had a problem. Most stated they would call the manager of the cab company but beyond this, few knew that they could complain to the Manitoba Taxi Board.

#### Please list any comments you would like to make regarding Winnipeg taxicab services.

As previously mentioned, whenever there is a high rate of return on such mailed surveys, there are usually strong opinions regarding the service in question. Normally these opinions can be uncovered in a final open ended question asking for general comments regarding their service. More than 70% of the respondents included comments with their surveys and, for the first time in conducting these surveys, there were no clearly positive statements. They were either negative (71%) or not easily classifiable (29%). Hotel respondents were extremely vocal about the unwillingness of many taxi drivers to wait or look for their guests. The sentiment seemed to be that if the guest was not where they were supposed to be, then the driver doesn't feel any need to wait for them or come in to see where they are. Others complained about drivers not showing up at all and drivers not accepting their hotel vouchers, forcing guests to pay and then ask for reimbursement. Finally they complained about operator attitude and courtesy.

Restaurant responders also felt the timeliness of cabs was lacking. (Although as pointed out earlier, this would appear to be a perception problem rather than an actual problem.) Like hotel respondents, restaurant respondents felt they were often treated rudely by the taxi telephone operators. Finally, there was a general complaint about taxis not being available after 2:00 a.m.

Overall the respondents to this mailed survey, those who call taxis for others, appear to be "okay" with the existing Winnipeg taxi service when it comes to vehicle image and cleanliness but desire a faster response time and less hassle from both telephone operators and drivers. Some however, perceive the service level to be poor – very poor. Further investigation indicates these individuals are located in areas more difficult to get to or close to the airport. It is these individuals that are most likely to feel there is a need for additional taxis and more competition for their business in Winnipeg.

The next section of this Winnipeg taxi service review turns to the actual users of the taxi service and their experiences. For this analysis, secret shoppers were utilized.

#### **Secret Shopper Reports**

In order to augment data from mailed surveys, individual taxi company data analysis, and taxi dispatch information, mystery shoppers were employed to randomly call Winnipeg taxi companies to request a cab, determine the time required for the cab to arrive, take a trip, and report on the quality of their taxi experience. These mystery shoppers were engaged to take 30 trips during July and August of 2008. Reported in **Appendix C** are their experiences, average ratings, and trip write-ups.

Mystery shoppers are useful for gathering unbiased opinions as to what customers of local taxi services experience in a normal day when using these services. They are not typically generalizable to the entire population unless a clear and obvious pattern is evidenced by the majority of the mystery shopper reports. However, the written descriptions of services received are often quite revealing to taxi regulators and company owners. Thus, the reader is encouraged to spend a few minutes reading over the thirty complete taxi trip reports generated by the secret shoppers hired to shop Winnipeg taxis. Such reports help the reader to better understand the numerous good qualities of many of the trips taken but also some of the frustrations users of Winnipeg taxi services typically experience. Following are some brief generalizations garnered from these surveys.

In Winnipeg there was concern that taxis were not available during later hours of the evening. There was also concern that taxi drivers would not accept credit cards for short trips. Finally, there was concern that some taxis may be dirty, that they would take the long way to a destination, or that the driver dress or attitude may be substandard. For these reasons, secret shoppers were instructed to take short trips at both a.m. and p.m. peak times and to request to be able to pay with a credit card.

As shown by this data, mystery shoppers experienced considerable difficulty in using Winnipeg taxi telephone numbers to obtain taxi services when the service was not Duffy's, Unicity, or Spring Taxi. Many of their calls were not answered or if they were, the secret shoppers were often told to call another taxi company after telling the operator where they wanted to go. To be fair, when available, even the smallest cab operator in Winnipeg would accept the call, but very often these smaller operators simply left a busy message on their answering machine or, in the case of Yellow Taxi, flipped their calls over to Spring Taxi.

Also generalizing from the secret shopper reports, most of the companies had individual drivers who would not, or found it incredibly difficult to, accept credit cards. There are of course, taxi drivers all over North American cities that will refuse to take credit cards for short trips, but this pattern appeared to be present in the smaller taxi operators. Furthermore, these smaller taxi operators would request that the caller provide them with their location and destination before deciding whether a taxi was available. Thus, the driver, often operating off a personal cell phone, can decide if the requested trip is too far from his present location or too short a trip to bother with. This attribute is more like a personal car or limousine service than that of a general, community, taxi service.

It should be noted that large taxi operators also asked for a location and a destination, but this is to supply their computer with the information for locating the closest cab through GPS and providing turn-by-turn directions for the shortest route if needed by the inexperienced driver. The information is also useful for tracking trips by zone, service times, and making general managerial decisions within the taxi company.

Finally, it should be noted that some of the taxis were dirty outside and especially inside the vehicle. While the sample size is too small for generalization, these specific cases should be addressed by the taxi company in question and corrected.

#### Winnipeg Taxi Companies: Conclusions

Given the above secret shopper reports, mailed surveys, personal interviews, and data analysis of the three largest taxi companies in Winnipeg, it can be determined that the City of Winnipeg enjoys a good to great level of taxi service from an operational standpoint, but that there is the public perception that service is lousy – especially during peak winter months. The detailed operational taxi data analysis demonstrated exceptionally quick taxi service throughout all zones of the city. The secret shopper reports indicated, for the most part, that from larger taxi dispatch firms they could expect cordial telephone operators, quick response times, clean vehicles, and willingness to accept credit cards – even for short trips. Operational data from the taxi companies indicates very quick response times in the downtown and denser areas of Winnipeg and good response times in the less dense areas of the city.

The negative taxis comments, and there were many regarding taxi services within Winnipeg, are due primarily to the <u>perceived</u> slow service, driver attitudes and hurried telephone

operators during the winter peak season. There also were real labor and business issues offered by SEED based on comments from taxi driver employees who desire their own taxi co-op. It would appear that there is both a real problem of serving so many calls for service during the winter months and a perception problem of just how quick the taxi service really is.

The real problem is the lack of capacity during the winter peak season. Materials from peak season trips from the only taxi company that had records of total calls, indicates these taxis can provide thirty or more trips per 12-hour shift. As seen, these are short, 8 kilometer trips including deadheading, for fares less than \$10, but nevertheless, very frequent. By having larger fleets available, as Duffy's and Unicity, these companies are likely to have a taxi close by no matter where one is calling from and service is very quick. Spring Taxi, with a smaller fleet, is also able to offer reasonable service time levels but also as shown, have up to 40% of their calls which they are not able to service or are "no shows", presuming the caller may have called other taxi companies and taken the first one to arrive. Without a computerized dispatch system, it is difficult for Spring Taxi to effectively screen out those who repeatedly abuse the taxi system.

Other observations from the data and interviews would be that the current large taxi operators, Duffy's & Unicity, are co-op owned and their membership appear to have little or no marketing efforts to enlarge their business, either at non-peak or peak times. These members also appear to resist the addition of "Christmas Cars", citing that the period of use, three months, is too short or perhaps feeling the additional cars will only take revenue away from their other cars during the lucrative winter peak season.

Also, there appear to be a number of "independent taxi operators" which list themselves as taxi operations, but have so few cars that they cannot effectively serve the marketing area. As shown by the secret shoppers trying to use their listed telephone numbers, these remaining taxi companies and their drivers appear to work hotels and personal calls – acting more like prearranged sedan or limo service – preferring to work without the benefit or efficiency of dispatch – taking only calls which are convenient to serve or if they determine the trips would be worth the cost and effort.

There is also continuing pressure to issue more taxi permits from employee drivers and those wishing to expand operations. Employee drivers, through SEED and their application for a new additional taxi co-op are seeking a better, more financially stable and rewarding position for their efforts within the Winnipeg taxi system. Unable to purchase a Winnipeg taxi permit

directly from license owners due to high costs, they would like to be given additional taxi licenses from which to start an additional taxi company.

On the other hand, current Winnipeg owner/drivers who do own their taxi license have considerable fear of economic loss due to the addition of more taxis. This economic fear would be from a drop in the transfer sale value of their existing license and a daily decrease in revenue potential due to the additional competition. These fears are real. Taxi demand is a derived demand from the need to travel -- travel to the airport, doctor's office, restaurants, bars, or to just visit friends. Adding a greater supply of taxis, especially when the market is currently served very quickly most of the time, will not create additional demand. It will only spread the existing demand among the participating taxi drivers and vehicles. In an over-simplification, if a 10 % increase in the number of taxis available is introduced, existing taxis, in the short run, will experience a 10% drop in their demand.

This example is over- simplified because it does not take into consideration the different markets served by taxis. This would be true if the local taxi market were all hotel stands, street hails, and an open airport with all taxis participating. This is not the case in Winnipeg and it could be assumed that a 10% increase in taxi permits would not result in a 10% reduction in trips unless these additional taxis were added to the current taxi dispatch systems. As shown, at least a fourth of the Winnipeg taxi business is generated directly from telephone calls to a particular taxi company's call center. Adding additional taxis to the market in general would not affect this business in the short run due to customer loyalty and the need for an effective marketing campaign telling customers of the new call center telephone number. In the longer run, with effective marketing and no efforts by existing taxi operators to expand their business through new service offerings, there would be a general decrease of up to 10% of the trips now serviced by the existing 410 standard taxis.

From the surveys and data analysis however, there was considerable evidence that peak season taxi supply is insufficient to satisfy demand in as timely manner as that received during off-peak times. Spring Taxi in particular was demonstrating 60 or more trips per day per vehicle during some of this peak time and a large number of calls that they were not able to service. Some of these calls were, of course, duplicate calls by users who would call all three taxi call centers and then take the first taxi that showed up. But not all of these calls were of this nature, and with 60 or more trips per 12 hour shift means the driver is providing and "average" of 5 trips

per hour. With any reasonable time out for food and breaks, this average would be pushed to 6 trips per hour, or one every 10 minutes. This would explain the hotel and restaurant responses concerning the taxi driver's attitude about not waiting for a customer – they simply don't have time to if they are going to maximize their revenue opportunity. Besides, their dispatch or computer is telling them that another fare is just around the corner or only a short distance away.

This taxi capacity restraint, during the peak winter season, results in numerous small limousine operators that exist, in part, due to the lack of taxicab availability or dependability during this period. This is obvious at the Winnipeg Airport when the only on-demand alternative at some times is the limousine. To be sure, limousine service is, and of itself, a separate level of transportation service. Formal limousines and stretches are used for many functions such as wedding, proms, special occasions, high level executives, and for groups of individuals who want to share an upscale vehicle. These vehicles are typically more expensive to hire, and for short trips would be considerably more expensive than a typical taxi. Thus, there is a natural separation of taxi vs. limousine services. However, more recently, limousine services have crowded the traditional taxi market with cheaper sedan or towncar services. When there is a lack of available taxis or the price differential between these competitors for the ground transportation dollar, limousine/sedan services have grown at the expense of the traditional taxi.

Some of this can be expected for trips of longer duration in which the customer may want the luxury of a larger vehicle, a uniformed driver, a paper, or bottled water – often services which come with the higher-priced limousine alternative. If there is an oversupply of these types of services however, rate or price wars often break out and fares for limousine services at off-peak times of the year or day, may rival those of traditional taxi – even for shorter trips. This is so because the sedan operator may have little overhead in a dispatch center, marketing or other fixed costs associated with running a full service taxi company. There is also no community obligation for these limo/sedan services to be available at all times of the day – every day of the year. Finally, depending upon the area, insurance costs for the sedan/limo service per vehicle, may be considerably less than that of the traditional taxi since they will often run significantly few miles per year.

Thus, when one considers the appropriate number of taxis to serve a community, this decision cannot be made without an analysis of the current make-up and structure and ease of entry into the market of potentially competing limo/sedan services. The methodology for

determining total number of taxis required by the City of Winnipeg must take the number of limousines/sedans acting as car services. Care needs to be taken in adding capacity to this portion of the limousine industry without significant economic harm to existing taxi providers who are needed to serve the general public with quick and as low cost, reliable taxi service as possible. Therefore, there is the need to address legitimate claims of lack of service during peak winter months when reviewing proposals for additional taxi and limousine services. The Manitoba Taxi Board need not undertake these deliberations without the benefit of reviewing the decisions of other taxi boards when adding capacity to their respective taxi systems. Following is a brief review of these actions by other cities.

#### **Comparisons with Other Cities**

Contained in **Appendix D** is a brief review of the experiences of other cities in their attempts to regulate taxicabs with appropriate citing for readers who may want to probe deeper into these collective experiences with taxicab deregulation. (Note that this Appendix has been used in other reports to inform readers of the academic literature surrounding the operation of urban taxicabs.)

With such overwhelming evidence against significantly increasing the number of taxis through open-entry of taxi licenses, taxi medallions, or the addition of numerous taxi companies, it is hard for some to understand why communities which currently have managed taxi systems would even contemplate open-entry deregulation or significantly enlarging their existing taxi pool with 40 or 50% increases in their numbers. There are probably numerous reasons why this occurs, but there are two prominent ones. First is the political or emotional decision-making vs. an informed decision. The second is the unintentional deregulation approach.

The emotional decision is the result when city and/or decision makers fail to fully realize the consequences and impacts of their taxicab system. What harm can there be in letting an entrepreneurial individual - probably an existing taxi driver or group of employees - buy their own cab instead of driving for someone else or cost-sharing someone else's cab? Also, what harm can there be in letting one more small (1-5 vehicles) cab company into the market? Isn't additional competition always good?

"Let the marketplace decide who shall offer service" is often the overly simplistic and uninformed view given. Public sentiment goes out for the little guy who "just wants to make a

living," or the small firm that "just wants to expand." No matter that study after study concludes that driver wages suffer, fares increase and poorer service results, especially in economically disadvantaged urban areas, from a greatly enlarged number of cabs or unlimited entry of taxicabs. The unintentional open entry approach is depicted by the small steps taken down the taxicab regulatory slope (see Figure 1). First the city regulatory board or city attorney permits owner-operator independent contractor drivers to be used within the system. Then some contractors are permitted to form separate taxicab companies of independent drivers, which then entitles them to the same status as full-service taxi firms, those which have multiple vehicles, insurance, radio-dispatch service, business support, and a commitment to serve the entire community.

In some cases this can happen without ever changing the regulatory format. A Category 2 taxi firm - faced with declining demand - may begin to "sell off" taxi permits (if there is a market for them and the practice is permitted by local regulatory authorities). Or, as in the case of Winnipeg, a Board may determine that taxi driver medallions are a way to reward individual drivers. Alternatively, some other cities have sold individual taxi permits at auction, as a methodology for financing their taxi regulatory board.

This is especially possible when there is an open airport policy in the general community; a driver can take his/her newly acquired taxi permit, leave the radio dispatch system, and join the other "independents" at the airport. Thus, without any overt policy change, city officials may find the organizational structure for taxicab services within their community completely changed in a few short years. The net result is the evolution of the city as the day-to-day manager of their community taxi operation. City residents are ultimately faced with declining availability and increased fares.

It is therefore incumbent upon the community to design a taxi system that, while utilizing medallion, commissioned or independent contractor drivers, offers a fair income opportunity to drivers, maximum utilization from their vehicles, and still enables them to offer and maintain a high level service at reasonable rates to both residents and visitors.

#### **Probable Future for the Winnipeg Taxi Industry**

Unless significant changes are enacted, one can expect the situation to deteriorate as pressure for more taxis is generated by individuals desiring to start new co-ops or expand their license numbers, hoping to later sell them at a significant profit. This would cause considerable frustration to the existing long-term owner/drivers who view their investment in their taxi license as their long term good job, retirement, or both. If significantly more taxis or limousines are permitted into the Winnipeg market, the result will be for a greater tendency for current drivers to take the longer route, refuse to take credit cards, overcharge the passenger with phony bag fees, insist on a minimum fare, or all of the above.

This will also put pressure by owner/drivers and newcomers on the Manitoba Taxi Board to raise taxi rates once again to make up for lost revenues now shared with others. Instead of focusing on ways to become more efficient and even lower rates to attract more business, more efforts will be directed at higher rates to compensate for the longer hours and additional deadhead miles these taxis will be driven because their density of trips is diluted.

This increase in rates will, in turn, make it even easier for competitors in the sedan and limo market to attract more of the traditional taxi market from existing providers. It can be anticipated that even a full service taxi company would be tempted to cut back, or even discontinue, much of their dispatch service in order to lower their costs and simply collect "rents" from the independent taxi owners who operate under their colors. Also, it can be expected that independent owner/operator taxi drivers will want to form their own taxi companies, thereby avoiding payments to someone else.

Such devolution of the local taxi industry is relatively easy to predict, given the experiences of other communities cited in **Appendix D**. Thus, unless public officials of Winnipeg desire the same outcomes for their taxi industry, significant structural apparatus needs to be maintained and enhanced. As previously stated, Winnipeg, through oversight by the Manitoba Taxicab Board, has maintained a system of "regulated competition" among three taxi call centers – two co-ops and a company-owned full service taxi operation. They have not permitted a fractionalization of their taxi industry and have attempted to maintain control over the competition from limousine operators in order to protect the best long-term interests of the general Winnipeg public. Following is a listing of what the Manitoba Taxicab Board should

consider as a result of the information contained in this report and a discussion of why it is important to do so.

#### **Acquiring the Right to Regulate Taxi Call Centers**

Currently the activities of the Winnipeg taxi call centers are out of the regulatory scope of the Manitoba Taxicab Board. The Board does regulate the individual taxi licenses, and the drivers, but the call centers are beyond their jurisdiction. As will be shown later in recommendations, determining the correct number of taxicabs to serve the community is highly dependent upon a regulatory board having good information about the quality and level of service currently being offered in the community. Without the data from these taxi call centers, the Board is flying somewhat blind as to what the level of service currently is in Winnipeg. They only have anecdotal information for individuals interested in the industry or unhappy users of the taxi services. Few people take the opportunity to comment positively when the service they receive is what they expect – prompt, clean vehicles, with pleasant and helpful drivers.

#### Significantly Changing the Christmas Cars System

All the data, surveys, and interviewer comments, point to the need for additional taxi services in Winnipeg during the winter peak time. The Manitoba Taxicab Board has previously attempted to address this by issuing "Christmas Cars", allocating them to the two co-op taxi companies, Duffy's and Unicity. However, all of these cars have not been put on the streets due to the perceived lack of time (three months) that one would have to recoup their investment in equipping a new vehicle, purchasing insurance, and obtaining additional full and part-time drivers. There is also the fear of economic loss as additional cars are added to the most lucrative season for taxicab services. Changing the methodology for allotting Christmas Cars so these cars would be available for service during the peak winter season would greatly improve the availability and perception of taxi service within Winnipeg.

#### Requiring Any New Taxi/Limo Licenses to be Non-Transferable

The creation of medallion taxi licenses in Winnipeg has created a significant value to each taxicab in Winnipeg. Anyone wanting to get into the Winnipeg taxi market can certainly do so by purchasing a transferable medallion at the going rate. Unfortunately the "going rate" of up

to \$280,000 must be factored into the cost of providing taxi service in Winnipeg. Each taxicab owner buying into the industry must carry the weight of a substantial payment monthly as a part of their taxi fixed costs. This cost may be as much as \$500 per week – more than the purchase price of the taxicab. Fortunately, Winnipeg taxis have many trips per week through which they can amortize this medallion payment, but this cost has to be reflected in the taxicab rates. Requiring new taxi/limo licenses to be non-transferable will assist the community in keeping taxi rates as low as possible and permit individuals without significant financial wealth or borrowing ability to enter the market.

### Requiring all taxi owner/drivers to subscribe to and respond to a taxi call center taking a minimum number of trips per shift

As previously noted, there is the danger of fragmentation of the Winnipeg taxi market through the addition of numerous taxi firms, each with an insufficient number of vehicles and managerial ability and experience to adequately service the Winnipeg market to the level that currently exists. Board members, therefore, should consider that current and any future additions to the Winnipeg taxi market belong to a full service taxi call center that can provide them with a reasonable number of calls they must serve if they are the closest taxi to that call. When one agrees to own a taxi license or drive a taxi, they are holding themselves out to serve the public – whether that public is from a hotel stand, a hail, or a computerized call. Thus, owners and drivers should be required to serve all zones of the city unless they fear for their personal safety. They should not be permitted to operate as independent car services masquerading as taxi companies.

#### Do not fractionalize Winnipeg's taxi operations

As noted elsewhere in this report, the greatest mistake North American taxi boards have made is to fractionalize their taxi service by an excessive number of companies and vehicles. As shown in the data portions of this report, Winnipeg enjoys a very high level of taxi response time primarily due to only three taxi call centers. Requiring all taxis to belong to legitimate taxi call centers will help eliminate confusion and improve the image of taxi services within Winnipeg. Additional taxi centers should be well capitalized, be willing to invest in the technology recommended in this report, and conform to the existing level of taxi referral service the community currently enjoys.

There should be competition among the call centers for taxi owner/drivers, independents, and drivers of Christmas Cars. Call centers should also be expected to provide information on each of their participating taxicabs as to the daily number of total trips, response times, and revenues. The only way to do this is through modern taxicab dispatch technologies and significant hardware and software investment. This is very difficult for smaller operators that have few vehicles to share these costs. Thus, any fragmentation of the current Winnipeg taxi call centers would not be in the public's best interest, resulting in additional frustration, poor public perception, and also make the job of properly regulating the Winnipeg taxi/limo industry much more difficult.

#### Do not involve yourself in labor issues

Members of SEED, along with representatives from the application of the Winnipeg Taxi Co-op, make compelling arguments that there are numerous labor irregularities within the Winnipeg taxi system. However, these should be turned over to provincial labor authorities to determine if any laws are being broken. The Manitoba Taxicab Board is a regulatory board, not a labor enforcement board. Their position can and should be that if a licensed taxi or limo operator is found to be in violation of a local, provincial or federal labor law, then they are not in compliance with their license which requires them to comply with all such laws; hence, the license holder should be required to undergo a show cause hearing as to why his/her license should not be terminated. It is not the job or duty of the Board to investigate such labor claims, and they do not have the manpower or expertise in such matters. Nor should such claims determine whether an applicant is fit and worthy.

#### Do not select members of the industry to serve on the Board

Taxi boards have a very difficult task of balancing the need to support an often small number of taxi call centers, in many cases as small as one or two, in their communities in the face of public's perception that more competitors are better. While the public and local officials can easily argue that a single public transit system is best due to economies of scale and need for connectivity, they fail to see the issues of economies of scale in the taxi industry and need for modern technology to take natural advantage of density of coverage within the taxi industry. Having industry officials such as owners or driver representatives sit on the regulatory board

only makes this challenge more difficult. Often there is the public perception of favoritism or that of an industry that would permit no competition of any kind in order to preserve the status quo.

#### RECOMMENDATIONS

Maintaining the Winnipeg taxi industry to support full service taxi companies, the current level of service to their customers, yet adding judicious capacity when it is needed, depends somewhat upon how resolute members of the Manitoba Taxi Board can be in the face of anecdotal evidence of poor taxi service and the public's perception that more taxi companies and vehicles will be good for the community. There is great public sentiment that the marketplace will take care of taxi service needs in the long run – just like any other industry, that owners of taxi licenses should be able to pick and choose whatever markets they desire. By opening up the market to others, these firms will be available to serve the rest of the community.

Existing taxi company owners and co-ops will argue they have a right to run their existing business as they see fit and that local government has no right to change this structure – especially if it means greater investment on their part or changing the way they do business. Restructuring the requirements for taxi services in Winnipeg will also depend upon the actions of the existing or potential full service taxi companies. Given the opportunity to expand their operations, will they improve their fleets, install cost reduction technology in some cases, and increase their marketing of services to new areas?

The status quo or do nothing alternative is really not a viable alternative for the Manitoba Taxi Board. They are faced with multiple applications for new or additional taxi or limo licenses of smaller and smaller operators, the smallest being just two vehicles. Things could deteriorate quickly if the Board decides to admit these applications for new services. Pressure will mount for yet higher taxi rates, more individual driver-oriented medallions, lower regulatory fees, and greater relaxation of existing regulatory rules. Poor service providers will drive good service providers from the market as they seek income by increasing payments to doormen and discouraging other drivers from the marketplace. Hours of service violations could be rampant as drivers work in a severely diluted taxi market. Service will deteriorate while problems increase.

Steps that Winnipeg could take to immediately strengthen the existing regulations would include the following:

### • Require all owner/operator taxi license holders to be affiliated with a legitimate call center and provide service as directed by their taxi call center.

The addition of independent taxi licenses actually harms the Winnipeg taxi system. Taxi licenses should be added only when there is a demand for them and should require that they be affiliated with a call center or full service taxi company. Within a city the size of Winnipeg, Manitoba, it is difficult to service the entire geographic area without a minimum number of taxicabs. This provides for the geographic positioning and density of coverage so callers will continue to experience a minimum of wait time and taxi drivers will experience few deadhead miles. Unless the density and frequency of taxi trips is sufficient for drivers, they will not go out of their way, driving six or seven kilometers to pick up a short trip. Thus, it is important for the economic health of the Winnipeg taxi service, and in the public's interest, to maintain what taxi demand there is among as few as possible responsible taxi call centers and drivers. Only in this way will taxi fares be contained and levels of service maintained.

# • Require the minimum number of dispatched taxi service trips per day per vehicle to be (15) and the threshold for additional licenses to be 40 total trips per vehicle per day.

Full service taxi companies achieve significantly more trips per day per vehicle due to their efficient dispatching of the nearest taxi and minimizing deadhead or empty miles. However, these operations need to cover the overhead costs associated with these newer taxi dispatching technologies. Better marketing, GPS technology, electronic credit card processing, management, etc., provide greater taxi density resulting in more trips per vehicle, less deadhead mileage and greater revenue per car per day but they depend upon economies of scale in order to operate. Thus, in order to encourage the further development of efficient taxicab operations within the Winnipeg area, licenses should only be maintained for those which achieve a minimum number of 15 dispatched trips per day per vehicle.

As more trips per day are generated through dispatch and other marketing efforts to hotels, group services, etc., more licenses should be permitted for this taxi company or call center. Once a company is achieving forty-five (45) or more trips per day, they should be able to apply for additional licenses due to the demand they are covering. This would provide the Board with actual demand for a call center's taxis instead of having to use outdated rules of thumb such as the population or even sophisticated models that use linear regression that

consider not only population but airline deplanements, housing/rental rates, and a host of other surrogates for the actual demand. Such a policy would also the assist the Board with reducing the number of vehicles a call center or taxi company may have on the streets if the total number of trips were to fall below a prescribed number, such as 30 trips per vehicle per day. This would maintain the market viability for good drivers and call centers.

For those independent taxis unable to generate 15 dispatched trips per day per vehicle, or a total of 30 trips per day from all markets, there is always the alternative of being a prearranged sedan service with a limo license. The Board should make this license relatively easy to obtain for current taxi license holders that are unable to achieve this minimum level of service. They can apply to serve their client base as a car service – not as a taxi operator.

#### • Enforce daily taxi logs through mandating the use of newer taxi technologies.

Current Manitoba Taxicab Board regulations require that taxi drivers maintain daily logs of taxi trips which include origin, destination, times, and fares collected. Study interviews of taxicab co-ops and managers at their offices revealed that none of the operators are using this feature on the current generation of computerized dispatching and trip database records they have. Spring Taxi management indicated they hoped to add these technologies in the near future as financial conditions permit.

Without this connectivity of radio/electronic dispatch, a percentage of Winnipeg taxi operations take place without the benefit of these standard technologies utilized in the taxi industry to improve efficiency and productivity and, if drivers do not keep individual logs, this information is lost forever. These are technologies that have helped other taxi operations to maintain and even regain passenger traffic market share once lost to other competitors.

Foregone is the ability to use GPS technology for closest cab dispatching, electronic processing of credit cards, shortest route directions, immediate dispatch of police to the exact location in the event of an incident, dispatching of accessible vehicles when required, electronic payment of corporate or voucher business, elimination of manual record keeping, and any hope of lowering costs and fares through more efficient operations. Without these new taxi technologies, common in other cities, Winnipeg taxi operational information will forever be hidden from the Board. Without the specific total trip and dispatched trip data available from

these systems, the Board will not be able to effectively manage the appropriate supply of taxi and limousine licenses for the community.

For Spring Taxi this would require investment in newer available technologies, but not an unreasonable investment considering the benefits derived. Additionally, the costs of these new technologies have dropped dramatically within the past few years, while the operational features and reporting capacities have greatly expanded.

For an investment estimated to be between \$1000 and \$1500 per vehicle, taxis could have electronic meters, GPS tracking and verbal directional driving information, computer dispatching, instant credit card swipe, electronic fare deposits and toll road/airport/seaport fee payments. Taxi drivers and users could have GPS shortest route to destination service, improved personal safety, greater payment flexibility, and accurate productivity per taxi information.

Spring Taxi and any other new taxi companies in Winnipeg could choose to adopt a "pay as you go" method to acquire modern taxi technology; some of these firms offer total packages costing between \$40 and \$50 a month per vehicle. While this approach may be more expensive over a five-year period, the advantage is the little upfront capital required since the equipment is leased from the technology firm. Another advantage is that the equipment and software to support such an integrated taxi management system is maintained and upgraded by the technology firm.

An added benefit of such technology would be to make the task of taxi regulation much more informed and relatively easier. These newer technologies provide for electronic capturing of all activity so that actual trips dispatched per hour per vehicle, trips per day per vehicle (including personals) as well as geographic area served. Service times and availability of services information would also be available.

There are several firms that offer these types of taxi technologies. A representative sample can be found at the following sites:

www.AmericanTransData.com www.digital-dispatch.com www.mobile-knowledge.com www.TranWare.com

This list is not exhaustive and there are others that could meet all the reporting and dispatch requirements set forth in these recommendations. Since Duffy's and Unicity Taxi

currently utilize DDS or Digital Dispatch Systems, it would be a matter of adding this software module and adding software to their existing systems.

#### • Immediately add 80 Christmas Cars to the Winnipeg Taxi System

The addition of 80 Christmas Cars to the Winnipeg taxi market would have the effect of adding 20% additional taxi capacity to the peak winter months. This should have a dramatic effect on the taxi availability during this period. This will have a negative effect on current owner/operators, but the Board must weigh the public's interest in being adequately served during the peak season vs. the economic interests of the current taxi license holders.

The methodology by which these taxis are added to the existing taxi fleets should be dramatically changed. Instead of offering these additional temporary non-transferable licenses to existing owner/drivers, they should be offered to existing employee drivers that may wish to drive their own vehicle during this period. This offering should be through a lottery system open to all existing permitted drivers currently employed in the taxi industry for 20 or more hours per week. These drivers may still face an issue of not being able to return to their previous employer at the end of the season, but as long as owner/drivers do not discriminate, this is simply a reality of the Winnipeg marketplace.

As an inducement to employee drivers participating in this peak season with their own vehicles, the time for Christmas Cars should be extended for five months rather than the current three. In addition, the period for which the temporary Christmas Car license should be able to be extended for a five-year period. That is, the original awardees from the employee driver lottery should be given to roll over their one Christmas Car season into four more seasons, one season at a time. They only need to apply for a renewal for up to a total of five years. This would require that they have complied with all Board regulations and that the Board continues to find the need for these taxis each year that renewals are sought.

Should the additional 80 Christmas Taxicabs be absorbed in the Winnipeg Taxi market and average 25 to 30 trips per shift during the peak winter season, then another 40 Christmas cars should be considered for the following year. This will create a number of part time taxi jobs in the Winnipeg market for current employee drivers that wish to own and operate their own taxicabs. These will not be transferable permits and will have no economic value other than guarantee of a part time job for up to five years at a time.

#### • Assist the taxi industry to become more efficient

The Manitoba Taxi Board should assist the Winnipeg taxi industry to become more efficient by taking the lead in involving hotel/motel, public officials, and others in opening up left turning lanes, high occupancy vehicle and diamond lanes, and providing more areas where taxis can pick up and discharge passengers. The Winnipeg taxi operation is a publicly provided, private transportation network providing vital services to citizens and visitors alike. They discourage the use of personal automobiles, and with the largest fleet of Toyota Prius of any city taxi fleet in North America. These vehicles have extremely clean burning engines and are highly efficient. They should be given every opportunity that public buses have in negotiating the streets of Winnipeg. The Board should be viewed by both the industry and the public as trying to make their operations as efficient and available as possible.