



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	August 13, 2020
<b>SUBJECT/REPORT NO:</b>	Options for Relief from Municipal Fees and Charges for the Taxi Industry (FCS20067) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
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<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

Council, at its meeting of May 27 and 28, 2020 (Council Minutes 20-012, Item 4.8) in response to correspondence received from the City of Hamilton's Taxi Brokers, directed staff to report back on the options to address requests for relief from municipal fees and charges.

## INFORMATION

Correspondence received from the City of Hamilton's Taxi Brokers on behalf of the taxi industry requested relief from some municipal taxi related fees such as plate renewal, lease renewals / registration and taxi cab licence fees as the industry is facing financial challenges as a result of the COVID-19 pandemic.

Council of the City of Hamilton authorizes user fees and charges for services, activities or the use of property through an annual report and by-law. Taxi licence fees were approved in the 2020 User Fee Report (Report FCS19092) by Council at its meeting on December 11, 2019 through approval of GIC Report 19-027. Staff does not have authority to waive, reduce or defer fees included in the user fee by-law and, therefore, any changes to previously approved fees and charges require further approval by Council.

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The City of Hamilton's taxi related fee revenues for 2019 approximated \$439,000. Staff from Corporate Services and Planning and Economic Development Departments collaborated in researching and writing Report FCS20067 which presents four options to address the concerns of the City of Hamilton's Taxi Brokers, including the financial implications to the City. Staff conducted a municipal survey on the type of relief that has been provided by other municipalities to licenced businesses as a result of the COVID-19 pandemic. A summary of the responses received is included in Appendix "A" to Report FCS20067.

#### Fee Waiver Option

The first option is to waive the taxi licence fee for all drivers, owners and brokers. This option would result in a revenue loss to the City in the approximate annualized amount of \$435,367 as shown in Table 1.

Table 1: Potential Revenue Loss from Taxi Licences Fees – Full Waiver Option

Licence Type	2020		
	Fee	#	Revenue
Drivers	\$ 107.00	1138	\$ 121,766
Owners (Plates)	\$ 661.00	471	\$ 311,331
Brokers	\$ 1,135.00	2	\$ 2,270
<b>Potential Revenue Loss</b>			<b>\$ 435,367</b>

This option is not consistent with other financial support that the City has provided including the Property Tax Assistance Program in which property tax instalments were deferred and penalties were temporarily waived. Further details of this assistance are available in Report FCS20038 which was approved by Council at its meeting on April 8, 2020. Also, fee waivers of taxi licence fees are not offered by any of the municipalities that responded to our survey.

In addition, this option fails to recognize that taxi operators were deemed to be an essential service throughout the pandemic period and, as such, were able to continue to operate unlike many other businesses. A full fee waiver for the entire year in these circumstances would not be appropriate and should only apply to licence renewals that came due after the declaration of emergency in March 2020, as some taxi licence fees prior to March still remain unpaid.

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This option also presents the risk that if this fee is waived, other businesses may also request for their fees to be waived. The City's general licencing revenue is approximately \$3 M for 2020. Similarly, businesses and commercial enterprises may request waiving of any and all City of Hamilton user fees and charges due to challenges with operating during the COVID-19 pandemic. The revenue loss of this option and the potential ramifications would further expand the year-end deficit projections included in Report FCS20040(a).

#### Fee Reduction Option

The second option is to reduce the taxi licence fees for all drivers, owners and brokers. The City of Waterloo is the only municipality, to our knowledge, that is reducing all their licence fees by the equivalent of three months. Following a similar approach only for taxi licences, the lost revenue to the City would be approximately \$108,842 (annualized) as shown in Table 2. However, the reduction would only apply for licence renewals that came due after the declaration of emergency in March.

Table 2: Potential Revenue Loss from Taxi Licences Fees – Reduced Fee Option

Licence Type	2020		
	Fee	#	Revenues
Drivers	\$ 80.25	1138	\$ 91,325
Owners (Plates)	\$ 495.75	471	\$ 233,498
Brokers	\$ 851.25	2	\$ 1,703
Revenue with Reduced Fees			\$ 326,525
Revenue with Full Fees (from Table 1)			\$ 435,367
<b>Potential Revenue Loss</b>			<b>\$ 108,842</b>

Similar to the waiver option, this would not be consistent with the type of financial support that has been approved due to COVID-19 such as the Property Tax Assistance Program and has the risk of other businesses asking for a similar reduction.

Additional challenges include determining an appropriate basis to calculate the level of reduction that should be granted and linking the reduction to some identified COVID-19 related impact. The revenue loss would further expand the year-end deficit projections included in Report FCS20040(a).

### Payment Deferral Option

The third option is to defer payment of taxi licence fees until September 30, 2020. The only financial impact to the City would be the potential revenue loss due to late penalty fees, which have already been waived until June 1, 2020. This option is consistent with the type of financial support that has been approved due to COVID-19 such as the Property Tax Assistance Program and is also consistent with the type of relief that other municipalities have provided to the taxi industry. Under this option, the deferral would apply only to licence renewals that came due after the declaration of emergency in March 2020.

This option best recognizes that taxi operators have continued to be treated as an essential service throughout the pandemic period. A payment deferral maintains an expectation that fees will eventually be received by the City.

### Status Quo Option

The fourth option is to maintain the status quo with approved 2020 taxi licence fees due at annual renewal dates. During the pandemic, the taxi industry was able to operate as an essential service and therefore was able to generate some revenue. In addition, taking any action on one area of licencing will likely result in other requests for relief that may have a stronger case than the taxi industry (i.e. they were not permitted to operate under Provincial rules). This option has no financial impact to the City.

The Governments of Canada and Ontario are providing support for individuals, businesses and organizations helping Canadians during the COVID-19 pandemic. The businesses and individuals in the taxi industry need to continue to pursue these and other sources of relief to have their concerns addressed.

### Other Considerations

Although Report FCS20067 refers specifically to the potential relief to the taxi industry in the form of waiving, eliminating or reducing fees and delaying payment of fees due to the financial challenges of the COVID-19 pandemic, the City has received similar requests from other businesses / organizations. Therefore, it would be beneficial that staff develops a policy outlining the conditions under which staff may defer fee payments under the User Fee By-law. Such policy could apply during the pandemic period as well as periods of regular operations creating a consistent approach.

Staff conducted a municipal survey on what type of relief has been provided by other municipalities to licenced businesses as a result of the COVID-19 pandemic. Table 3 summarizes the results of this survey. Most are deferring payments of their taxi licence fees with no penalty for varying periods of time. More detailed comments are included in Appendix “A” to Report FCS20067.

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Table 3: Municipal Survey on Financial Relief for the Taxi Industry

City/Town	Deferral	Length of Deferral	Reduction	Waive
Guelph	No	N/A	No	No
London	Yes	3 months from the date of the expiry	No	No
Oakville	Yes	30 days after the emergency has ended	No	No
Oshawa	Yes	Until the end of July (could be extended further)	No	No
Ottawa	Yes	Until June 30, 2020	No	No
Toronto	Yes	Until June 30, 2020	No	No
Vaughan	Yes	Until Sept 30, 2020	No	No
Waterloo	Yes	Until June 30, 2020	Yes - 3 mths free	No

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS20067 – Municipal Survey on Financial Relief for Licenced Businesses

Appendix “B” to Report FCS20067 – Correspondence from Taxi Brokers

GR/TT/DR/KW/dt