



TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON MARCH 30, 2016
FROM:	G. KOTSIFAS, P. ENG. MANAGING DIRECTOR, DEVELOPMENT & COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL
SUBJECT:	TRANSPORTATION NETWORK COMPANIES / PRIVATE VEHICLES FOR HIRE - OPTIONS REPORT

RECOMMENDATION

That on the Recommendation of the Managing Director, Development and Compliance Services and Chief Building Official:

- (a) That the report of the Managing Director, Development and Compliance Services and Chief Building Official addressing licensing options for Transportation Network Companies / Private Vehicles for Hire **BE RECEIVED**;
- (b) That Civic Administration **BE DIRECTED** to organize public consultation sessions to allow for public feedback on the form and regulation of the vehicle for hire industry;
- (c) That for the purposes of uncertainty of compliance with public safety regulations including commercial insurance, driver capabilities of performing commercial transportation services and vehicle safety, Civic Administration **BE DIRECTED** to request that any electronic vehicle sourcing platforms used to match passengers with unlicensed vehicles for hire (as they are currently not permitted) immediately stop operating in London until any future by-law amendments addressing vehicles for hire and brokers are in full force and effect.

PREVIOUS REPORTS

September 22, 2015, CPSC, Vehicles for Hire – New Technologies

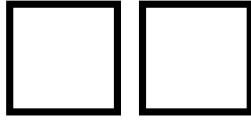
BACKGROUND

Municipal Council, at its meeting held on September 29, 2015 resolved:

That the following actions be taken with respect to Vehicles for Hire - New Technologies:

- a) on the recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, the Civic Administration **BE REQUESTED** to report back to the Community and Protective Services Committee in January/February 2016 on licensing regulations including, but not limited to:
 - i) minimum and maximum fares;
 - ii) e-hail technologies;
 - iii) licensing fee structures; and,
 - iv) recent jurisprudence related to vehicle-for-hire technology apps;

it being noted that any amendments to the Taxicab and Licensing By-law



adhere to the municipal purposes of health and safety, consumer protection and service quality to ensure an efficient vehicle-for-hire service is available to all persons including the travelling public and that such service is provided in a manner that provides a safe environment for both passengers and drivers; and,

b) the Civic Administration BE DIRECTED to seek confirmation from the Financial Services Commission of Ontario of the approval and availability of insurance products for "Transportation Network Companies" and their drivers that could adequately protect passengers, drivers, and members of the public from risks associated with the operation of "Private Vehicles for Hire".

c) subject to the confirmation of the information noted in b) above, the Civic Administration BE DIRECTED to report back, as soon as possible, to the Community and Protective Services Committee providing licensing options with respect to new ground transportation providers (TNCs) and provisions for "private vehicle-for-hire" options that would include, but not be limited to, the following:

i) prior to the issuance of a licence, the licensee shall provide to the satisfaction of the City of London:

A) proof of appropriate insurance;

B) proof of the adequacy of the TNC's processes with respect to criminal background screening, driving record screening, motor vehicle inspections, electronic record keeping;

C) entering into an Agreement with the City of London to indemnify the City against any loss related to the use of TNC's private vehicles for hire;

ii) TNCs to obtain insurance coverage at a similar level to taxicabs and limousines that sufficiently protects the drivers and customers of private vehicles for hire;

iii) TNCs to conduct criminal background and driving record checks of their drivers;

iv) TNCs to ensure that vehicles used by drivers are mechanically inspected by a licensed mechanic in a manner similar to taxicabs and limousines;

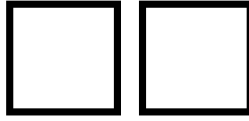
v) TNCs to maintain and submit records as part of a mandatory audit process to ensure compliance with regulations;

vi) TNCs to pay a licence fee on a flat-rate or per-ride basis, or combination thereof, that ensures full recovery by the City of the costs of creating, administering and enforcing a TNC licence category;

vii) TNCs to ensure that they meet requirements under the Accessibility for Ontarians with Disabilities Act;

viii) TNCs licence may be subject to revocation for non-compliance with related regulations; and,

d) the Civic Administration BE DIRECTED to apply to the Province with respect to fine amendments included in the Taxicab and Limousine Licensing By-law L.129-51. (AS AMENDED) (9/10/CPSC)



This report addresses parts b), c) and d) of the above resolution. Part a) is addressed in a separate report.

Vehicle for Hire Guiding Principles

The taxi / limousine industry is a vital element of London's public transportation service. For several reasons, their role adds value to the public transportation system. Typically, vehicles for hire are the only form of transportation available 24/7. The demand for vehicles for hire either by hail or dispatch service provides a customized 'departure to arrival' transportation service not provided by other forms of public transportation. Vehicles for hire are required to serve all the public at reasonable rates and without unjust discrimination. The service is available to the elderly and persons with a disability who often cannot easily access alternate forms of transportation. For tourists and out-of-town business clients, the use of taxis and limousines often form the initial impressions of the city. The presence of two large educational institutions for higher learning also creates additional demand for this form of transportation from the large number of students who reside in the city. Courteous and qualified drivers, safe vehicles and efficient and involved brokers are laudable goals for all public transportation services. The public interest is the determining factor in making local government decisions involving public transportation services.

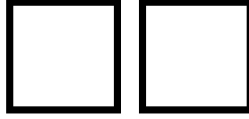
The taxi / limousine industry is a vital part of London's transportation sector and, consistent with other Ontario municipalities, is highly regulated. To be relevant and effective, the regulation of the industry is for health, safety and consumer protection which are all well-established municipal purposes. All of the following matters relate to these municipal purposes which have been upheld by the courts as being valid municipal purposes.

- Safety and consumer protection – to provide adequate regulations to ensure safe and secure transportation services to the traveling public and to promote accountability in transportation fares;
- Quality service – to provide sufficient regulations to ensure quality services provided by knowledgeable experienced drivers and to provide for efficient administration and enforcement procedures; and
- Availability of service – to ensure the availability of adequate transportation services to meet customer demands including the needs of students, the elderly and accessible customers alike.

Although not a key guiding principle, underlying the above principles is the overarching principle of fairness and equal playing field for all vehicles for hire irrespective of their licence category.

From a public policy perspective, City Administration believes that the term “ridesharing” may be somewhat confusing to the public. Sharing is a form of social exchange that normally takes place among people known to each other without the exchange of any funds for the purpose of making a profit. For example, there are apps which connect potential passengers to share a ride with a driver who is going to a predetermined location. There may be an exchange of funds to help pay for the fuel, but the driver is going to that location anyhow and is hoping to share a ride with a passenger and possibly defray some transportation costs. There are also apps which connect drivers with passengers (who have never met, other than through an electronic exchange of information) and who are not going to a common destination except that the driver is willing to offer a ride for a fee. In the true sense of the term, there really is no sharing occurring. When a company is an intermediary between consumers who are paying to access a service, then the economic rent for the use of this asset is actually a form of capitalism.

There are a number of transportation apps which connect people to transportation services. Calling a vehicle-for-hire service “ridesharing” is nothing more than a marketing campaign or “buzzword” which may deceive the public that they are somehow involved in a car pooling activity.



Enforcement

Enforcement of the by-law is undertaken by City Municipal Law Enforcement Officers and London Police Services. At the request of an officer, every licensee must produce the following: relevant licences, trip sheets (if applicable), maintenance logs or any like documents. An officer may require a driver to submit their vehicle for a random inspection by a designated mechanic to ensure provisions of the by-law are complied with. Further, the officer may request the fare meter be verified by a designated technician. Periodically, the City, in partnership with London Police Services, undertake a vehicle inspection blitz titled “Project Trips” - Transportation Random Inspections for Public Safety. Vehicles are checked for mechanical safety issues. The purpose of these scheduled and random inspections is to ensure that through an unbiased assessment, the regulations based on valid municipal purposes are adhered to.

The Licence Manager has the powers to refuse to issue or renew a licence, to cancel, revoke or suspend a licence, and to impose terms and conditions on a license. Thresholds are listed in the by-law for which the Licence Manager has regard to when making these decisions. Grounds for making these decisions include Criminal Code convictions, Controlled Drug and Substances Act convictions and MTO demerit points. In 2016, as a result of a joint agency project (LPS – Project U Turn) targeting aggressive driving and public safety in the entertainment districts, a taxi driver had his city licence suspended for 6 months for repeated violations of driving with a suspended MTO licence. Also recently, a driver was suspended by the Licence Manager for failing to abide by a random drug test directive. The powers of the Licence Manager are applied to all drivers, owners and brokers alike. If a new form of broker or driver is included in any by-law amendment, the same powers should be applied.

Despite many warnings, illegal vehicles for hire continue to operate in London using several different platforms (Uber, Facebook, Kijiji, etc.). Although enforcement efforts have been time consuming and challenging, at the time of writing this report, staff continue to enforce Council’s by-law. To date, 36 charges have been laid against 22 drivers. Additional charges are pending. Numerous charges are presently before the courts. Fines for operating and driving unlicensed vehicles for hire increased from \$400 to \$1000 in October 2015.

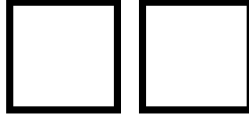
Proposed Provincial Regulations

There are several private members Bills currently under review.

Bill 53, the *Protecting Passenger Safety Act*, 2014 was introduced and given Second Reading in April 2015. The Bill amends the *Highway Traffic Act* with respect to the offences related to picking up a passenger for the purpose of transporting him or her for compensation without a required licence, permit or authorization. A person who picks up a passenger for the purpose of transporting him or her for compensation without a required licence, permit or authorization also receives three demerit points. If an officer believes on reasonable and probable grounds that a person has committed this offence after having been convicted of the same offence within the preceding five years, the officer shall suspend the driver’s licence and impound his or her motor vehicle for 30 days.

Bill 55, the *Bandit Taxi Cab Safety and Enforcement Act*, 2014 was introduced and given first reading in December 2014. The Bill amends the *Highway Traffic Act* with respect to offences related to picking up a passenger for the purpose of transporting him or her for compensation without a licence, permit or authorization. The Bill gives municipal law enforcement officers the power to stop motor vehicles, request the surrender of a licence, permit or authorization and request identification to enforce these offences. The fines for the offences are increased. In addition, the Bill provides for administrative impoundments of motor vehicles if an officer believes that a person has picked up a passenger for the purpose of transporting him or her for compensation without a licence, permit or authorization.

Bill 131 – *Opportunity in the Shared Economy Act* received its first reading in October 2015. Bill 131 prevents municipalities from licensing drivers of private network vehicles, regulating fares or limiting the number of vehicles.



Report from Competition Bureau of Canada

On November 26, 2015 the Competition Bureau of Canada released a “white paper” on Modernizing Regulations in the Canadian Taxi Industry. The document recommends that regulations governing the taxi industry be modernized to allow taxis and ride sharing services to compete on an even playing field.

Guiding principles for regulating the taxi and ride sharing industry:

- Provincial and municipal governments should limit regulations to those required to achieve legitimate policy goals, such as protecting passenger safety.
- Care should be taken to ensure that regulations do not restrict competition and innovation any more than is necessary to achieve legitimate policy goals.
- Regulations should be applied equally to taxis and ride sharing services to ensure that one does not gain a competitive advantage over the other.
- Where possible, restrictions on traditional taxis should be relaxed, rather than imposing additional regulations on ride-sharing services.

Key Competition Bureau recommendations:

- Ease price controls, such as regulated taxi fares, to allow fares to be adjusted during periods of varying demand, such as weekends, evenings and bad weather.
- Eliminate restrictions on the number of taxi plates issued and move to a system where additional qualified drivers may operate as vehicles for hire.
- Allow all drivers to respond to street hails, regardless of whether they work for a taxi company or ride sharing service, unless there is a compelling policy reason not to do so.
- Provide incentives to drivers to operate accessible vehicles in areas where consumers are under-served.

Update on Key Canadian Municipalities

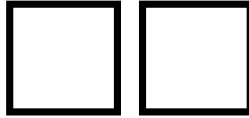
Numerous Canadian municipalities are reviewing their vehicle for hire by-laws and addressing new forms of private vehicles for hire.

Mississauga: In March, 2016, Council voted unanimously to ask Uber to halt operations until a new by law to deal with transportation network companies is in place. There is no information confirming that Uber did cease operations.

Toronto: A report on the regulation of TNCs was considered by Toronto City Council in September 2015. At that time, Council asked staff to report in 2016 on a way to equitably regulate all providers of ground transportation, including taxis, limousines and TNC vehicles, and to begin consulting on regulations that will ensure a “level playing field” for all providers and take into account the City’s accessibility objectives. In addition, Toronto City Council also voted to reduce the drop fee for licensed taxis from \$4.25 to \$3.25 and to update the by-law definitions to provide for technology based brokerages within the existing regulatory regime. Council also specifically requested Uber to stop operating until Administration reports back to Committee. There is no information confirming that Uber did cease operations in Toronto. In January, 2016 Uber received a broker licence to operate Uber taxi and Uber Black in Toronto. Uber X remains an illegal operation.

Ottawa: In May 2015, Ottawa City Council approved a comprehensive review of the City’s taxicab and limousine regulations. This includes potential regulations to recognize the emergence of new hailing technologies and transportation-for-a-fee service models. In July 2015, Council approved funding for the Taxi and Limousine Regulation and Service Review as part of the city’s strategic initiatives. After a research phase, including producing several discussion papers, a policy options paper was released in November, 2015. After public consultations were completed, development of the consultant’s final report began. A further report is expected in early 2016.

Calgary: In February 2016, Calgary City Council approved an amendment to the Livery Transportation by-law requiring Transportation Network Drivers to provide the following: Valid Commercial Insurance; Drivers Licence Class 1, 2, 4 ; Driver Licence Abstract (9 demerits max); Calgary Police Services (CPS) criminal history check (annual); Proof of eligibility to work in



Canada; Mechanical Inspection; Vehicle Registration; 134-point provincially-approved mechanical inspection, which is consistent with requirements for taxis and limousines and a fee of \$220 per year. The drivers are required to submit trip data and there is no limit or cap on the number of permitted private vehicles for hire. Rides requested via an app are unregulated.

Edmonton: In January 2016, Edmonton City Council approved a TNC by-law requiring drivers to obtain valid commercial insurance and submit third party criminal history check. Drivers are also required to submit a 26 point PVH inspection form. The drivers pay a licensing fee of \$0.06 per ride. The fee for the TNC broker is \$70,000 including an accessibility subsidy. A minimum fare of \$3.25 was also approved. There is no limit on the number of private vehicles for hire. On March 1, 2016, the Alberta Government announced that insurance requirements for private vehicles for hire will be the same as for taxis (commercial - class 4). This insurance category requires training and knowledge in areas such as defensive driving, driver fatigue and dealing with disabled passengers.

Waterloo: In March 2016, the Region of Waterloo initiated a public consultation session to review options for ride hailing at public input meetings.

Update on American Municipal Ordinances

In 2015, the Portland Bureau of Transportation undertook a review of regulations governing the private for hire transportation industry. The review examined policies and regulations at various levels of government, including city, county, and state agencies. Information was sought concerning these topics: Legal status of TNCs; Fare rates; Applicable caps; Permit & licensing fees; Background checks; Vehicle inspections; Insurance requirements and Accessibility.

Responses were received from the following jurisdictions: Baton Rouge, Louisiana; California; Chicago, Illinois; Columbus, Ohio; Houston, Texas; King County, Washington; Los Angeles, California; Minneapolis, Minnesota; New York City, New York; San Antonio, Texas; Seattle, Washington; Tulsa, Oklahoma; Virginia and Washington, D.C. The executive summary of the report is included in Appendix A of this report. Given that the legislation and jurisprudence on this topic is fluid and involves many different levels of government oversight, some of the answers to the questions may have changed from the original responses. Nevertheless, it is useful to review how different jurisdictions are addressing this vehicle for hire issue.

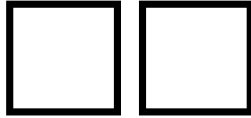
Review of Public Opinion

There have been several market research surveys undertaken on new forms of transportation services. The surveys specifically reference Uber, as at the time of the surveys, they were the only app offering ride sourcing services with unlicensed private vehicles. The following is a summary of Canadian survey results.

In March 2016, survey results of a GTA poll were released. Environics Research’s recent Focus GTA survey of 1,005 Toronto-area adults provides a detailed analysis of citizens’ attitudes towards Uber. It finds that a majority of adults living in the GTA (56%) support allowing Uber to operate in their community, with support for the app significantly higher among younger adults. Six in ten adults in the GTA (61%) are very or somewhat concerned that Uber drivers are not licensed by their municipalities, with a similar proportion (60%) indicating they are concerned about their personal safety in an Uber car because the drivers are not municipally licensed. A majority of Toronto adults also disagree with the notion that it is safer to ride in someone’s private vehicle than it is to ride in a taxi.

The most recent national survey was reported by Angus Reid in February 2016. Key findings indicate that two in five Canadians (40%) say Uber should be allowed to operate in their cities under the right circumstances. The majority (63%) of Canadians say Uber should be regulated in the same format as the taxi industry.

In August 2015, Mainstreet Research released survey results on private vehicles for hire. In Toronto, almost half (45%) of respondents are in support of Uber, while a little over one-third (37%) are in support of banning Uber. Approximately two-thirds (63%) of respondents believe Uber should be regulated like taxis. About half (48%) of respondents consider Uber to be safe whereas 85% consider taxis to be safe.



In Ottawa, more than half (58%) of respondents feel that Uber should be regulated similar to taxis. Half (50%) of respondents consider Uber to be safe while the majority (88%) consider taxis to be safe.

In London, two-thirds (64%) believe Uber should be operating with the same regulations as taxis. Slightly more than one quarter (29%) consider Uber to be safe while the majority (85%) consider taxis to be safe.

Based on the above responses, there is general support for new operators of vehicle for hire services. There is strong support for similar safety regulations in line with the taxi industry.

Private Vehicle for Hire Insurance

Civic Administration was directed to seek confirmation from the Financial Services Commission of Ontario (FSCO) with respect to insurance that would adequately protect passengers, drivers, and members of the public from risks associated with the operation of private vehicles for hire. On October 5, 2015, correspondence was sent to FSCO with respect to the insurance matter.

On October 21, 2015, FSCO advised that no insurance was currently available, however discussions are ongoing with various insurance companies.

On February 1, 2016, FSCO advised that an insurance policy for private vehicles for hire, with specific conditions, was approved. A summary of the Aviva ridesharing insurance product is found in Appendix B of this report.

What is the current vehicle for hire landscape in London?

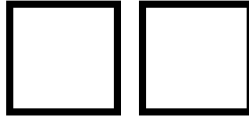
A vehicle for hire is a vehicle used for the provision of transportation services to the general public in exchange for compensation. Generally, vehicles for hire offer “on demand” transportation services by being dispatched or prearranged, at a taxi/limousine stand or by street hail.

The most recent by-law review was initiated in April, 2010. Between that time and the passing of the by-law in June 2012, there were a total of 15 meetings held including: committee meetings, workshops, consultation meetings and public meetings. There were two court challenges to the by-law in which the City was successful on both counts.

The City regulates the number of cab owner licences issued. The By-law includes a cab owners’ licence ratio of 1:1,100 to resident population. In 2015, three new cab owner licenses were issued. These licenses are not transferable. Cab owner licenses issued under the previous by-law were grandfathered to continue to be transferable.

In the 1980s, several US cities deregulated and removed taxicab caps. In many of the cities which deregulated, the supply of cabs increased, fares increased, service quality declined and there were more trip refusals, lower vehicle quality and aggressive solicitation of customers resulting from a higher supply of cabs. Given the failure of deregulation to produce consumer pricing and service benefits, most communities which experimented with deregulation re-regulated in whole or in part.

There is no cap on the number of executive limousines. Although most executive limousines are associated with a broker, there are some executive limousines operating as individual vehicles not in association with a licensed broker. The executive limousines have higher standards in terms of vehicle types and driver requirements. The executive limousine category is somewhat unique to London where as there is no market entry limitation set by the regulator. It is the sole responsibility of the broker to determine fleet size based on business goals and service delivery.



Transportation Network Companies (TNC) and Private Vehicles for Hire (PVH) Regulation Options

The following are regulatory options for consideration based on reviews of other jurisdictions and London's current regulations. The options present pros and cons for each option. There is a possibility that subject to public consultation, a recommended option might not be any one of the following options but a hybrid which includes a variety of regulations based on the City's vehicle for hire guiding principles. It is also important to note that although most of the media regarding TNCs / PVHs has focused on one company (Uber) for a variety of reasons, there are many other existing TNC's and start-ups to whom the approved regulations would apply to.

OPTION #1 Status Quo

This option involves no changes to the current administration and enforcement of the Taxi and Limousine Licensing By-law

Pros:

- Provides for standard regulatory framework addressing insurance, driver background checks, vehicle inspections and training.
- Regulates and provides for standard fares for all citizens.
- Provides for 24/7 service delivery of vehicle-for-hire public service.

Cons:

- Does not allow for TNCs and PVHs to offer new form of competitive transportation services.
- Costly enforcement due to continued operation of unlicensed PVHs.
- Public acceptance of TNCs and PVHs not realized.

OPTION #2 Permit TNCs to Operate As Brokers & and PVHs to Operate as Taxis

This option involves amending the Taxi and Limousine Licensing By-law to incorporate TNCs as brokers and PVHs as taxis.

Pros:

- Provides for standard regulatory framework addressing insurance, driver background checks, vehicle inspections and training.
- Regulates and provides for standard fares for all citizens.
- Provides for 24/7 service delivery of vehicle for hire public utility.
- All vehicles would contain standard colour scheme, security cameras, meters and standard signage.

Cons:

- Does not allow for TNCs and PVHs to offer new form of competitive transportation.
- Public acceptance of TNCs and PVHs not realized.
- Due to existing cap on the issuance of cab owner licences, it would be difficult for PVHs to enter the taxi market.
- TNCs would be required to maintain a physical presence in the City and offer 24/7 service.
- TNCs would be required to offer a broad range of dispatch services.
- There would be no material change in enforcement costs.



OPTION #3
Permit TNCs to Operate as Brokers & and PVHs to Operate as Limousines

This option is very similar to Option #2 except that PVHs would be considered in the Executive Limousine vehicle category.

Pros:

- Provides for standard regulatory framework addressing insurance, driver background checks, vehicle inspections and training.
- Regulates and provides for standard fares for all citizens.
- Provides for 24/7 service delivery of vehicle-for-hire public utility.
- As there is no cap on the number of permitted executive limousines, PVHs would have a greater opportunity for market entry.
- All vehicles would contain standard fare calculations, security cameras and signage.

Cons:

- Due to higher standards for executive limousines, the market entry for PVHs would be limited.
- TNCs would be required to maintain a physical presence in the City and offer 24/7 service.
- TNCs would be required to offer a broad range of dispatch services.
- There would be no material change in enforcement costs.

OPTION #4
Permit TNCs and PVHs Under New Categories
City Retains Responsibility for Safety & Consumer Protection Regulations

This option involves amending the Taxi and Limousine Licensing By-law by creating new categories for TNCs and PVHs. All existing safety and consumer protection regulations would remain. There would be no cap on the number of PVHs and no regulations on fares when rides ordered via an app.

Pros:

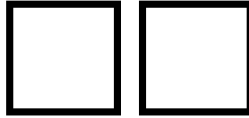
- With no cap on the number of PVHs, consumer choice is expanded due to the increase in the number of vehicles and the possible reduction in wait times.
- All vehicles would contain standard fare calculations, security cameras and signage.
- Provides for standard regulatory framework for all vehicles (taxi, limousine, PVH) addressing, insurance, driver background checks, vehicle inspections and training.

Cons:

- Due to no caps on the number of PVH vehicles, the vehicle for hire market may risk oversaturation especially at peak demand times.
- Some PVH owners may not choose to participate due to existing City regulations.
- Enforcement costs increase due to greater number of vehicles.

OPTION #5
Permit TNCs and PVHs Under New Categories
TNC Responsible for Safety and Consumer Protection Guidelines

This option involves amending the Taxi and Limousine Licensing By-law by creating new categories for TNCs and PVHs. All regulations involving safety and consumer protection would be addressed by the TNC and reported to the City. There would be no cap on the number of PVHs and no regulations on fares when rides ordered via an app.



Pros:

- Self-regulation by TNCs reallocates the safety and consumer protection responsibilities from a municipal oversight to a third party.
- Potential for reduction in municipal costs due to third party regulatory compliance duties.

Cons:

- Self-regulation may pose new public safety risks and remove the neutral approvals approach and associated appeal process involving hearings officers.
- New municipal costs due to regulation audits.
- PVHs may saturate market during peak times.
- Consumer protection may be negatively impacted by little or no service during non-peak times and surge pricing.

Review of Regulations

Insurance

The Taxi and Limousine By-law requires owners to submit, at the time of annual licence renewal, proof of insurance in respect of the vehicle to be plated indemnifying and protecting the owner and the public, including passengers, in the amount of \$2,000,000, which insurance shall be satisfactory to the Licence Manager who shall be notified in writing at least 60 days prior to the date of its cancellation or expiry. This insurance is standard for all vehicles for hire.

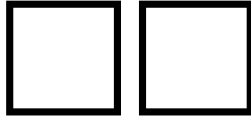
A review of the Aviva proposal for TNCs provides for commercial coverage allowing drivers to carry paying passengers. However, the insurance product does have conditions which differentiates itself from full commercial insurance which is required for all current vehicle for hire licenses. The main difference is the time limit of which the vehicles can be used for commercial transportation. The Aviva insurance product provides two categories of time limits: up to 10 hours and up to 20 hours per week. The insurance covers the drivers during three periods of vehicle for hire activity: driver is logged on to an app and available to offer transportation services; the driver has accepted a request for service and is on route to pick up the passenger(s); and the driver is driving the passenger(s) to the requested destination. All three time periods are included in the maximum hours worked per week. If a driver discloses that they worked more than the maximum hours per week, the policy is terminated.

This insurance model is not much different than the models available in many American jurisdictions. The challenge from a compliance perspective is to ensure that the public is protected during all times a driver is offering a transportation service. Enforcement officers will require data from the broker on the maximums each driver is insured for as well as time sheets to ensure the drivers are not driving “un-insured”. The insurance product becomes more complex as drivers utilize multiple TNC apps. It is preferable if commercial insurance was applied to personal vehicles for hire on a full time basis rather than during three distinct periods of activity. There will remain a public risk associated with part time insurance coverage.

City Administration is aware that although the initial part time insurance product does have some limitations and challenges from a compliance perspective, there are further discussions with other insurance brokers and FSCO on this matter.

Vehicle Inspections

The Taxi and Limousine By-law requires owners to submit at the time of annual licence renewal a Safety Standards Certificate issued within the previous 60 days of the renewal application. The Safety Certificate must be obtained at a certified auto repair garage. In addition to the annual inspection requirement, the Licence Manager may order a subsequent Safety Standards Certificate if the Licence Manager believes that on reasonable grounds that a vehicle is being operated such that it is a danger to the health or safety of the public. An Enforcement Officer may order an immediate inspection within 24 hours at an auto repair garage designated by the municipality.



Licensing Enforcement Officers partner on an annual basis (or as priorities permit) to undertake a vehicle safety blitz titled Project Trips – Transportation Random Inspections for Public Safety. This blitz involves random inspections by Class A mechanics; where vehicles are deemed not to be road worthy, provincial and city licences are immediately removed. Project TRIPS is tentatively scheduled for 2016.

With the requirement for an annual safety check and the possibility of additional inspections, the vehicle for hire industry has greatly improved in terms of vehicle maintenance and safety. Should additional forms of vehicle for hire services emerge, the private vehicles should be subject to similar mandatory and random inspections.

Safety Dash Cameras

The issue of cameras in vehicles for hire was raised in the late 2000s as options for driver and passenger safety. Originally, the By-law required that all vehicles contain “in-car” facing cameras. A subsequent amendment added “forward facing” cameras. Downloads of the images are restricted to enforcement personnel. Downloads have been performed for alleged passenger assaults, alleged driver assaults and traffic related investigations.

Taxicab drivers work in one of the most dangerous occupations. In the United States, in 2010, the homicide rate for taxicab drivers was 7.4 per 100,000 workers; the overall work-related homicide rate was 0.37 per 100,000 workers. A review of taxicab homicide rates from 20 of the largest cities in the United States concluded that cameras installed in taxicabs are highly effective in reducing homicides among taxicab drivers. Due to legislation related to privacy, most jurisdictions require a form of notice to passengers that “in-car” vehicle surveillance is operational. In London, every vehicle is required to post a decal indicating that photographic images of the passengers are being recorded.

TNCs are generally not supportive of camera regulations. Their position is that as part of the digital platform, the driver and passenger are identified making the camera requirement redundant and unnecessary. However, there have been numerous reported occurrences globally of TNC drivers allegedly sexually assaulting passengers as well as TNC drivers being allegedly assaulted. The Taxicab, Limousine and Paratransit Association (TLPA) maintains a website www.whosdrivingyou.org listing reported incidents involving occurrences involving unlicensed drivers. Although TLPA is taxi-related association, the list of incidents reported in the media does highlight the necessary debate on both driver/passenger safety and the role safety dash cameras play in the collection of evidence and crime deterrence.

Medical Certificate

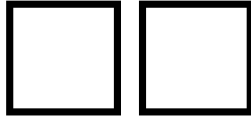
From a public safety perspective, it is important to verify the requirement for a medical certificate for a driver’s licence. This certificate is only required upon the initial application unless the Licence Manager believes that it would be in the public interest to require such certificate. In response to public complaints, there have been occurrences where licensed drivers were directed to obtain medical certificates upon review of the dash camera downloads and associated evidence that the driver appeared not fit to operate a vehicle carrying passengers.

A medical certificate is a key step in the application process as it identifies any physical or mental issues which may pose challenges to adequately performing duties in the vehicle for hire industry. Medical certificates are common in the trucking industry as they assist in identifying any medical risks which may potentially impact public safety. This application requirement should be standard for any vehicle for hire driver.

Broker Record Requirements

The Taxi and Limousine Licensing By-law requires that every broker keep information of all vehicle owners associated with their brokerage including the make, model and VIN for each vehicle, owner’s name and contact information and a copy of the owner’s licence.

For a period of 12 months, every broker must maintain an accurate record of the following information: owner’s licence number; driver’s name and licence number; date and time of dispatch; address to which vehicle is dispatched; time of arrival at pick-up location; time of arrival



at destination; fare charged; and geographic routing of all trips taken for a period of at least 30 days. The Licence Manager or Enforcement Officer may request at any time relevant documents from the broker for enforcement purposes. The information collected is useful for investigation purposes as well as confirming the maximum hours driving regulation.

Fees

The Taxi and Limousine Licensing By-law contains a variety of fees for licences, examinations and other fees. The monthly fee for a drivers licence is \$10 (renewed every two years). The yearly fee for an owners licence is \$750. An annual licence for a broker is \$400. There are associated fees for testing, tariff cards and re-inspections.

Based on the number of drivers, vehicles and brokers, \$485,000 in fees were collected in 2015. These fees offset costs of enforcement, administration and prosecution of charges.

On an annual basis, vehicles for hire perform approximately 3M rides in London. The average cost of licensing per vehicle-for-hire ride is \$0.16 per ride. There has been some discussion on charging fees based on rides in place of application fees. This model of fee collection is used in some American jurisdictions and is proposed in Edmonton. This model has significant challenges in the areas of collections, audit and enforcement. This option would need to be further reviewed based on these operational challenges including legislative authority.

Vehicle Identification

The Taxi and Limousine Licensing By-law requires vehicles for hire to maintain broker identification markings, vehicle number markings, roof lights (taxis), and compliance with the Accessibility for Ontarians with Disabilities Act (AODA). Some TNCs argue that no markings or logos are required as the client requesting the vehicle knows the make and model of the vehicle via the app. There have been several media reports (including London) of drivers allegedly posing as TNC drivers and allegedly committing criminal acts including sexual assaults and robberies. Complaints have been reported to the City about imposter PVHs operating in the entertainment districts during busy evenings.

It must be recognized that according to some TNCs, the drivers are part time and do not wish to permanently identify their vehicle as a PVH. An available option is to require non-permanent identifiers using peel-off / magnetic signage or other forms of temporary roof signage. This would also address compliance with AODA which requires signage on the rear bumper of the vehicle.

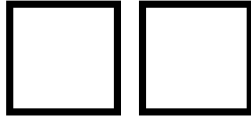
Vehicle identification is a key issue which will benefit from public engagement. Some vehicle signage is necessary to prevent clients from entering into wrong vehicles as well as to deter PVH imposters. Vehicle identification is also required to assist with field enforcement.

Criminal Record Checks

The Taxi Limousine Licensing By-law confers the duties of licence issuance to the Licence Manager. There are a number of criteria on which the Licence Manager may refuse to issue, refuse to renew or revoke a suspended licence or impose a term or condition on a licence. Several of the factors pertain to convictions or offences of the Criminal Code of Canada, the Narcotic Control Act, the Food and Drug Act and the Controlled Drug and Substances Act. The Licence Manager may also refuse a licence for any other conviction if it is in the best interest of public safety. Any decision of the Licence Manager may be appealed to a Hearings Officer.

As part of the application process, an applicant must submit a Criminal Information Report (CIR) dated no later than 60 days prior to the licence application. If the CIR identifies the applicant as requiring finger printing, the applicant must also submit this information to the City as part of the applicant process.

As noted above, all decisions of the Licence Manager are appealable to a Hearings Officer who may make any decision the Licence Manager may make in the first instance. There have been several hearings where the decision of the Hearings Officer resulted in licences with conditions such as random drug testing and anger management training.



There have been some positions put forth by TNCs that criminal record checks could be more efficiently and effectively undertaken by third party agencies and reported back to the municipality as either a pass or a fail based on municipal criteria. There have been concerns raised in other jurisdictions on the effectiveness of third party driver screening despite the safety claims made by electronic brokers about their safety protocol. In February 2016, Uber agreed to pay \$28.5 million to settle a class-action case surrounding its safety practice advertisements. As part of the settlement, Uber must refrain from using certain phrases like "industry-leading" or "best in class" when describing its background checks.

From a principle of fairness and "level playing field", all background checks should be similar for all vehicle for hire drivers irrespective of them being full time or part time or the method by which they receive requests for transportation services. There is no public policy rationale that justifies having different processes for criminal background checks based on the form of vehicle for hire brokerage. Permitting third party criminal records analysis may appear to be cost effective on face value, however, the long-term risks to public safety far outweigh any short-term cost savings. This is a key topic for public consultation.

Driver Training

The Taxi and Limousine By-law requires applicants to complete an English assessment exam and vehicle for hire training exam administered by the City. The training exam tests on the following: by-law knowledge; vehicle safety requirements; rules of the road; knowledge of local public and tourist destinations and attractions; knowledge of the local road network; and knowledge of customer service standards. Many brokers offer training courses and field training in preparation for the City administered exams.

There is no rationale from a public policy perspective to create two classes of driver training and testing modules based on the method the driver generally accepts trip requests.

Driver Record Screening

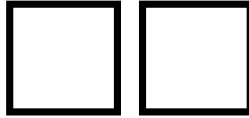
As part of the application process, the applicant must submit a Ministry of Transportation drivers abstract dated no later than 60 days prior to the application for a licence. The Licence Manager may refuse to issue, refuse to renew or revoke or suspend a licence or impose a term or condition on a licence if the applicant has accumulated 9 or more demerit points within a three-year period. The Licence Manager has placed conditions on licences for driver training refresher courses due to driving records which presented risk from a public safety perspective.

As with criminal records screening, there have been some positions taken by TNCs that it is most effective and efficient if third party screening was undertaken. There is no public policy rationale to support third party screening. Reviewing driver records goes beyond tabulating the total number of demerit points. The records are reviewed to determine the type of Highway Traffic Act charges which led to an accumulation of demerit points. It is common for the Licence Manager to interview prospective applicants to determine if the occurrences happened while the applicant was driving a vehicle for hire or his/her personal vehicle. The Licence Manager also assesses the level of public risk associated with the demerit points. Based on fairness and "fair playing field" principles, driver record screening should remain with the regulating agency and not the broker or third party reviewer.

CONCLUSION

While there have been some discussions at the September 2015 CPSC meeting on the issue of TNCs / PVHs and different licensing options, there have not been any formal public consultations on the following:

- Should TNCs / PVHs be permitted?
- If yes, what type of safety regulations should apply?
- Should the regulations be different than for current licensed vehicles for hire?
- Should fares be regulated?
- Should the number of PVHs be capped?



The answers to these and other important questions will form the foundation of public engagement sessions proposed in April/May/June 2016. The engagement sessions will include community meetings, surveys and online consultation. The Annual London Community Survey is conducted by Ipsos Reid, a firm that has extensive experience working with local governments. The survey is conducted by telephone using random digit dialing, and includes a sample of 500 residents of London. The survey uses standardized questions, with an opportunity to add several top-of-mind questions each year. This year the survey will include several questions about private vehicles for hire. This will allow staff to canvas a representative sample of Londoners on their perceptions of this form of transportation. Following the public engagement sessions, Civic Administration will report back to CPSC on the outcomes.

Enforcement of illegal vehicles for hire will continue; drivers of unlicensed private vehicles for hire operating in London are in contravention of the current regulations. To date, 36 charges have been laid against 22 drivers. Additional charges are pending. Civic Administration deals with a number of different business and firms in the municipal regulatory environment. The vast majority of requested exemptions to Council's by-laws are undertaken through legislated public processes before beginning business ventures ranging from operating hot dog carts to land development. Drivers of unlicensed private vehicles for hire continue to use apps and other forms of social media to advertise their services. This is not a City of London phenomenon.

Therefore, for the purposes of uncertainty of compliance with public safety regulations including commercial insurance, driver capabilities of performing commercial transportation services and vehicle safety compliance, it is recommended that Civic Administration request that any electronic vehicle sourcing platforms which match passengers with unlicensed vehicles for hire (as they are currently not permitted), immediately stop operating in London until any future by-law amendments are in full force and effect.

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