

<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE</b>
<b>FROM:</b>	<b>G. KOTSIFAS, P. ENG. MANAGING DIRECTOR - DEVELOPMENT &amp; COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL</b>
<b>SUBJECT:</b>	<b>EXISTING VEHICLE-FOR-HIRE INDUSTRY JUNE 21, 2016</b>

<b>RECOMMENDATION</b>
-----------------------

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 summarizing public feedback on the form and regulation of the vehicle for hire industry **BE RECEIVED**;
- (b) That Civic Administration **BE DIRECTED** to hold a Public Participation Meeting to allow for public feedback on amendments to the Taxi and Limousine By-law recognizing recent trends in the vehicle for hire industry with a focus on the municipal purposes of safety and consumer protection, quality of service and availability of service with an overarching principle of fairness and equal playing field for all vehicles for hire;
- (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.

<b>PREVIOUS REPORTS</b>
-------------------------

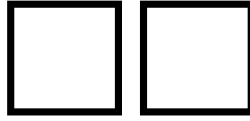
September 22, 2015, CPSC, Vehicles for Hire – New Technologies  
 March 30, 2016, CPSC, Vehicles for Hire – Options Report

<b>BACKGROUND</b>
-------------------

Municipal Council, at its meeting held on April 5, 2016 resolved:

That, on the recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, the following actions be taken with respect to licensing options for Transportation Network Companies/Private Vehicles for Hire:

- a) the report dated March 30, 2016 and the attached Appendix A and B, with respect to this matter, **BE RECEIVED**;
- b) the 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, with a report back at a future meeting of the Community and Protective Services Committee; and,
- c) for the purposes of uncertainty of compliance with public safety regulations including commercial insurance, driver capabilities of performing commercial transportation services and vehicle safety, the 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.



This report provides a summary of discussions/survey results with a variety of groups to receive comments on vehicle-for-hire issues. Four distinct groups were involved in various discussions:

1. Existing Vehicle-for-Hire Industry
2. Drivers Operating in London Using the UberX App
3. Members of Various Tourism, Business and Age-Based Associations
4. Results of City-wide Annual Survey.

## 1. Existing Licensed Vehicle for Hiring Industry

Meetings were held with current taxi/limousine drivers/owners/brokers to receive opinions and suggested changes to current regulations and proposed options should Council wish to regulate private vehicles for hire.

The following is a summary of key issues from discussions with the vehicle-for-hire industry.

### a) Number of Permitted Vehicles Including Accessible Taxis

**The current regulations place a limit on the number of taxi licences (including accessible taxis). The limit is based on a population ratio. There is no limit on the number of permitted executive limousine licences.**

- There is concern the plate/population ratio should remain as is.
- There are mixed comments with respect to accessible taxis. Some are of the opinion the current ratio is satisfactory, while others suggest no cap for accessible taxis.
- Consider the introduction of substitute vehicles issued to brokers (maximum of two) for situations when a vehicle is out of service due to accident or when a passenger soils the interior of the vehicle (i.e. vomit).

### b) Fares

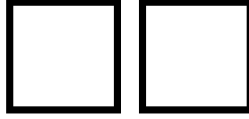
**The current regulations are prescriptive with respect to fares for both taxis and limousines. Taxi fares are based on an initial fare plus a distance/time calculation. Limousine fares are based on zones travelled.**

- Many compared vehicle-for-hire fares to transit fares – consistent, everyone knows the fee, no chaos, no haggling.
- Fares regulated to protect most vulnerable – vehicle for hire is a public service.
- Some suggested that drivers should have the option to charge flat rates or offer discounts at their discretion (not directed by broker).
- Some suggested elimination of taxi meter to be replaced by smart phone application.
- There was unanimous opposition to surge pricing – vehicle for hire is a public service just like buses.

### c) Driver Background Checks

**The By-law regulations require several background checks administered by the City as the regulator. These include: police record checks, driver's abstract; vehicle safety; and medical (first-time applicants only).**

- There was unanimous support for the City as the regulator to continue to require background checks as the City is independent and neutral in its review.
- Some questioned the requirement of a medical assessment.
- Several comments were made on the continuous requirement for finger printing for some drivers. Price and processing time were key concerns.



**d) Cameras**

**The By-law requires vehicle interior and forward-facing cameras for all vehicles for hire.**

- There was unanimous support for requiring cameras for all vehicles for hire – you are in a public environment just like transit.
- Cameras protect both passengers and drivers against allegation of illegal activity – without cameras, investigations retreat to “he said/she said” evidence.
- Cameras are a deterrent to criminal activity (carjacking, robbery).
- Cameras assist in accident investigations, especially when the vehicle-for-hire driver is “not at fault”.

**e) Emergency Lights**

**The By-law requires an emergency light located on the front and rear of the vehicle for hire, including a rear sticker indicating that when the light is flashing – call 911.**

- Some suggested the lights are necessary as the broker is immediately notified of a possible issue.
- Others suggested the lights are not necessary and seldom deployed.
- All vehicles have GPS and the broker is aware of the location of all vehicles.

**f) Vehicle Age**

**The By-law regulates vehicle age both as a new vehicle (first-time applicant) and vehicle length of service.**

Some suggested:

- adding one year (from 3 to 4) for first-time entry;
- adding one year to length of service (7 to 8 years);
- semi-annual vehicle safety checks be required for older model year vehicles.

**g) Vehicle Marking**

**The By-law requires vehicle markings including top lights for taxis. Additional vehicle markings are required by Provincial AODA regulations.**

- There was concern that some form of vehicle markings are required if private vehicles for hire are permitted to differentiate licensed vehicles from “bandit” vehicles.
- Private vehicles for hire should not have roof top lights as the public will be confused that these vehicles permit street hails.
- Markings must recognize that drivers will be working for multiple platform apps.

**h) Training Exams**

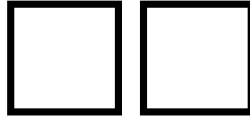
**The By-law currently requires that each licensee pass an English assessment exam plus a by-law/local geography exam administered by the City.**

There were a variety of comments on this topic. Some suggested:

- no change – the City continue to administer the exams;
- English exam is discriminatory against recent immigrants;
- City administer only a “knowledge of City locations” exam;
- City produce a training video.

**i) Broker Duties**

**The By-law requires a number of broker requirements generally related to dispatch matters (routing of vehicles, GPS).**



Some brokers:

- suggested they be permitted to download only forward-facing video for insurance purposes;
- discounted the idea of charging a fee for ride surcharge as it would be difficult to collect the fee from independent contractors as drivers;
- suggested greater flexibility in limousine-type vehicles.

## **2. Drivers Operating in London Using UberX App**

On June 7, 2016, staff met with four drivers who use the UberX platform to provide transportation services in London to garner their feedback on particular issues to be addressed in a potential by-law and licensing system for TNCs by the City of London.

All four drivers had different motivations for driving with some electing to drive full time to supplement household income, others working part time to help pay educational expenses, or to keep busy and supplement their pension incomes.

None of the Uber drivers had met each other before this meeting. The length of time the drivers worked for Uber also varied with some beginning when Uber launched in the summer of 2015 and others joining as recently as February 2016.

Below are some of the responses by Uber drivers on a series of pre-selected topics.

### **1) Potential Cap On The Number of Uber Drivers At Any One Time**

The consensus was that such a cap defeats the entire premise of Uber's business model which fluctuates constantly based on the supply and demand for drivers. One of the drivers mentioned that a cap on drivers could potentially lead to higher costs paid by consumers because there are fewer drivers at one time which would lead to surge pricing. The drivers indicated they do not know how many total drivers are on the road at any one time. However, one of the drivers who had spoken recently with an Uber representative, said the number of drivers in London was under 300.

### **2) Driver Background Checks**

All four drivers were in support of background checks, although one driver did object to the collection of fingerprints citing violations of civil liberties. It was mentioned that all Uber drivers must undergo a background check conducted by Uber via the private company "First Advantage".

### **3) Fares**

The Uber drivers had mixed reactions to proposed minimum and maximum fees. Although sympathetic to the goal of consumer protection, drivers mentioned that the surge pricing model, which makes Uber so successful, is what encourages people to use and/or drive for Uber. The Uber drivers said that if there were consumer complaints about the amount of the fare, a complaint to Uber would usually result in a reduction, sometimes by up to 50%, off the fare. All of the drivers said consumers are shown the surge rate and asked repeatedly if they wish to continue with ordering a car before the car itself is ordered. On a side note, drivers mentioned that Uber has unilaterally and without consultation of the drivers cut prices in London by 25-30% in order to stimulate more demand. The four drivers did not seem troubled by this as this tactic resulted in them acquiring more fares/business and making more money.

### **4) Driver and Vehicle Safety**

There was consensus that driver and customer safety was important, however, the drivers did express concerns about costs and the permanence of security features such as cameras, emergency lights and vehicle markings. Since the vehicles used are the private property of the drivers themselves, drivers are responsible for all maintenance costs and are concerned that having these systems placed in their vehicles will make driving for Uber no longer profitable for them. The drivers also expressed concerns about the permanence of these cameras, emergency lights and signage especially when not on duty and could confuse consumers.

--	--

When the discussion moved to the emergency light for driver safety, the Uber drivers viewed this as unnecessary due to the existing screening mechanisms available to them via the Uber app. One of the drivers, who was female, outlined how the fact that proof of payment is validated and a profile of the customer is provided in advance so she can screen potential customers so that she feels safe. This rating system the Uber drivers mentioned creates a mutually reinforcing system of good behaviour as any inappropriate behaviour by the driver or the customer can result in poor ratings for both parties, which can lead to the driver being terminated and the customer banned from the service.

The drivers also mentioned that the permanence of the Uber markings on their vehicle would make them a target for taxi and limo drivers. The female driver said the only time she ever felt unsafe while driving for Uber in London was when she was verbally harassed by a taxi driver.

However, the Uber drivers did express support for a detachable mousepad-like decal that could be placed on the windshield of the vehicle when on duty and could be removed when not.



## 5) Vehicle Age Requirements

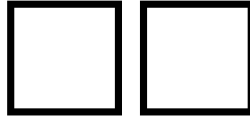
This had mixed views by the drivers. While all drivers felt that a three-year maximum age was way too restrictive, most thought that between 5-7 years was appropriate. One driver felt there ought to be no vehicle age restrictions because any such restriction could force an Uber driver to quit working if they are unable to buy or finance a newer vehicle by themselves. This particular driver mentioned that all Uber vehicles are required to undergo annual inspections by certified auto-mechanics and that between this inspection and the rating system allowing clients to comment on the cleanliness of the car, this ought to be sufficient to allow cars to operate.

## 6) Training Exams

The Uber drivers were unanimous in their support for English proficiency tests but felt geography tests were unnecessary because of GPS applications that take into account construction. They viewed examination fees as another potential cost to their bottom line as they would most likely have to pay for these exams themselves.

## 7) Insurance

All four were aware of the existing insurance package from Aviva which provides insurance for up to 20 hours a week. However, none of the four drivers participate in the plan because they want to drive more than 20 hours. They feel as though Uber's existing and internal insurance is sufficient and are looking forward to the upcoming Intact insurance deal. One driver said he intentionally does not tell his personal insurance he is an Uber driver otherwise they would force him to purchase commercial insurance.



Staff appreciate the open discussions with the Uber drivers as the information will lead to a greater appreciation of the existing vehicle for hire industry operating in London.

Discussions continue with Uber representatives. Uber's position on regulations has not changed. Uber has previously sent correspondence to Council on its position (early 2016). In summary, Uber is prepared to undertake its own background checks on drivers and vehicles and share this information with the City for audit purposes. Uber supports no cap on the number of vehicles, supports surge pricing, and limits the age of the vehicles to 10 years. Uber does not support the requirement of cameras since the passenger and driver are known to each other via the app.

In response to the request for Uber to stop operating while the public process of considering by-law amendments occurs (refer to c above) on May 18, the City received the following email from Ian Black, General Manager, Uber Canada:

*"Thank you for your correspondence.*

*There are thousands of riders and drivers in London that rely on Uber and ridesharing each and every day - we remain committed to serving them while continuing our work with the City of London. We are hopeful that London will follow the lead of Toronto, Edmonton and Ottawa City Councils by passing smart regulations that embrace ridesharing."*

### **3. Members of Various Tourism, Business and Age-Based Associations**

Meetings were held with a number of agencies representing various tourism and age-based business associations and users of vehicles for hire. These included:

- Better Business Bureau of Western Ontario
- London Executive Association
- London Chamber of Commerce ( position document attached)
- SKAL International – Travel and Tourism Professionals
- Tech Alliance
- Downtown London
- London Youth Advisory Council
- Age-friendly London

The discussions focused on the following health and safety and consumer protection related regulations:

#### **Driver Background Checks:**

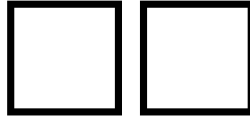
- all vehicle-for-hire checks should be the same irrespective of type of service;
- no concerns if the broker collects application information as long as the information is transparent and the City has access to it – all brokers should be able to collect the information on equal grounds;
- big unknown is insurance – who is covered for what/when/how?
- Public should know what constitutes not permitting someone to be a driver.

#### **Fares:**

- some support for surge pricing as supply/demand pricing – common practice in tourism and fuel industry – must be transparent – customer must agree to price prior to service being provided;
- some concerns with surge pricing as some decisions are made when customer is alcohol impaired;
- fares should be consistent and good service recognized by tipping;
- allow for special event pricing;
- if someone can deliver same service/experience for lower dollar amount, let them;
- how are drivers paid/treated – do higher fares mean higher wages?

#### **Cameras**

- support for cameras in a vehicles for hire;
- some questioned why cameras are not required in other jurisdictions where PVHs are permitted;



- questions on who does the downloading;
- PVH allows users to see route have driver info, send trip routing to friend, integrated safety features;
- some suggested PVH should also have a panic button for emergencies;
- app security features make cameras unnecessary;
- how are current assaults occurring if the app has security features?

**Vehicle Age:**

- consistent vehicle age regulation for all types of vehicle-for-hire services;
- PVH vehicles are part time and ages could be older as long as vehicles pass safety test;
- mileage more important than age of vehicle;
- increase vehicle inspections as vehicles get older.

**Training Exams:**

- from a hospitality perspective, basic command of the English language and knowledge of the City is key to good customer service;
- training/exams should be consistent;
- driver interaction minimized in PVH due to app and GPS;
- knowledge of City important for first impressions;
- some questioned the PVH “star rating” system – can the information be trusted?
- knowledge of both official languages.

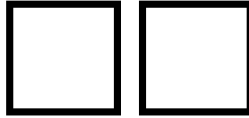
The Chamber of Commerce shared the following recommendation supported unanimously by Chambers across the Province attending the AGM of the Ontario Chamber of Commerce in Oakville in May 2016.

The Ontario Chamber of Commerce urges the Government of Ontario to:

- 1) Produce regulatory criteria for sharing economy entities in the business of transportation so the public is protected while not being too burdensome that the provisions limit the provider and the consumer from creating adequate value. It being noted that criteria in other jurisdictions should be considered so as not to create an uncompetitive environment with other markets.
- 2) Modernize legislation to address the unique nature of the sharing economy. This new legislation should focus on specific areas in which the sharing economy is already thriving such as lodging and transportation while remaining flexible to address the sharing of other personal property or services as new platforms arise.
- 3) Make provisions to ensure existing businesses are not unduly harmed by the sharing economy. Opening a closed market penalizes entrepreneurs who sought to build a business within the confines of the legislation at a given time.
- 4) Implement a fair tax system within the sharing economy. The creation of internet-based solutions that coordinate services locally without a physical local presence reduces municipal tax revenues as a result of both reporting deficiencies and the absence of a local tax base for the coordinating entity. A system must therefore be devised by which fair portion of local taxes to be collected from platform administrators.

**4. Summary of Ipsos-Reid Survey on TNCs in London**

The polling firm Ipsos-Reid conducted surveys on behalf of the City of London in an effort to gauge the familiarity of Londoners with Uber X and other transportation services; the frequency of usage of Uber X and other transportation services; the satisfaction with Uber X and other transportation services; and the support for regulation of vehicle-for-hire services. This polling research was conducted from May 11 to 21, 2016. The survey was conducted via telephone interviews with 500 individuals among residents 18 years and older. The results of these surveys were statistically weighed by age and gender of the participants to best reflect the City of London’s actual demographic composition. Ipsos-Reid maintains the results of the research can be considered accurate within + 4.4 percentage points, 19 times out of 20.



The results of the survey indicate that fewer Londoners use UberX than traditional taxis; 7% of respondents have used UberX in the last 12 months vs. 42% of respondents have used a taxi in the last 12 months. However, the research indicates those who use services such as UberX use the service more frequently per week (17%) compared to the use of taxis by taxi users (10%). Another interesting note is that UberX users are marginally more satisfied than the users of taxi drivers (21% for UberX vs. 16% for taxis).

From the research, a clear majority (64%) of respondents believe UberX ought to be regulated by the same regulations used for taxi and limousine services. Only 18% think UberX ought to have its own separate category of licensing, and a mere 12% think UberX be prohibited from operating at all. The research also indicates respondents were widely supportive of proposed measures to protect passenger safety, including criminal record checks, vehicle safety checks, safety emergency flashing lights, cameras in vehicle for driver and passenger safety and commercial insurance.

The full survey summary is appended to this report.

**CONCLUSION**

This report summarized discussions/survey results with several groups to receive comments on vehicle-for-hire issues. Four distinct groups were involved in various discussions:

1. Existing Licensed Vehicle-for-Hire Industry
2. Drivers Operating in London Using the UberX App
3. Members of Various Tourism, Business and Age-Based Associations
4. Results of City-wide Annual Survey.

The discussions with the existing industry focused on existing regulations as well as proposed regulations addressing private vehicles for hire such as the UberX model. Although there was no consensus on all of the issues discussed, one issue which was highlighted by all the groups was common regulations for all vehicles for hire surrounding health and safety and consumer protection. For example, if a private vehicle for hire is permitted to offer a discounted ride then the same rule should apply to the taxi driver in his / her discretion. Competing in on a level playing field in providing this public transportation service was a common theme.

Drivers providing transportation services under the UberX platform support the model of surge pricing and the driver/customer rating capabilities of the app as this allows drivers to block passengers when they perceive a threat to their safety.

Likewise, there was no consensus on all the matters discussed with various tourism, business and age based associations, one common premise in the discussions was the model of using private vehicles for hire is here to stay. Existing regulations should be reconsidered and private vehicle for hire participants should be regulated but in a way to allow for competition yet not sacrificing safety and consumer protection. Clarity on insurance was mentioned by several participants.

The City wide survey of 500 Londoners clearly supports regulating UberX in the same fashion as taxi and limousine drivers.



--	--

Taking all of the comments received under consideration, Civic Administration will prepare a by-law amendment and hold a public participation meeting recognizing private vehicles for hire as a form of public transportation conveyance. The by-law amendment will uphold the municipal purposes of vehicle for hire regulations namely: safety and consumer protection, quality of service and availability of service with an overarching principle of fairness and equal playing field for all vehicles for hire.

<b>PREPARED BY:</b>	<b>SUBMITTED BY:</b>
<b>O. KATOLYK, MLEO ( c ) CHIEF MUNICIPAL LAW ENFORCEMENT OFFICER</b>	<b>G. KOTSIFAS, P.ENG. MANAGING DIRECTOR DEVELOPMENT &amp; COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL</b>

Appendix

Y:\Shared\building\Rep&Recs\2016\2016-06 - CPSC - Existing Vehicle-For-Hire Industry.doc