



TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON OCTOBER 26, 2016
FROM:	G. KOTSIFAS, P. ENG. MANAGING DIRECTOR, DEVELOPMENT & COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL
SUBJECT:	VEHICLE FOR HIRE BY LAW – PUBLIC PARTICIPATION MEETING

RECOMMENDATION

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

- (a) That Vehicle for Hire By-law (attached hereto) **BE INTRODUCED** at the Municipal Council Meeting on November 8, 2016; it being noted that the regulations implement the intent of Municipal Council in its direction dated July 26, 2016;

PREVIOUS REPORTS

September 22, 2015, CPSC, Vehicles for Hire – New Technologies
March 30, 2016, CPSC, Options Report
June 21, 2016, CPSC, Results of Community Consultation
July 19, 2016, CPSC, Proposed Regulations

BACKGROUND

Municipal Council, at its meeting held on July 26, 2016 resolved that the Civic Administration BE DIRECTED to prepare a draft by-law for consideration at a public participation meeting before the Community and Protective Services Committee, in October of this year, to amend the Vehicle for Hire By-law. A number of specific Council directives were given with respect to regulations. This report addresses each of the Council directives and provides commentary for consideration at the public participation meeting. There have been a number of previous reports on this matter. The content of those reports is not repeated in this report.

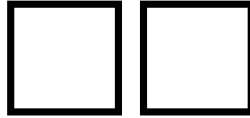
PROPOSED REGULATIONS

Transportation Network Companies

The proposed by-law recognizes transportation network companies as a form of a licenced vehicle for hire brokerage. This form of brokerage will permit prospective passengers and drivers to be linked via smartphone apps as the only form of ordering a vehicle for hire service.

Driver Licences

The proposed by-law will consolidate the various categories of driver licences into one type of driver vehicle for hire licence including drivers who operate private vehicles for hire such as vehicles operating on the UberX platform. Private vehicles for hire drivers will be limited to provide a conveyance transportation service only through prearranged orders via smartphone apps. All other drivers will have the option to pick up passengers via standard broker dispatch methods, street hails, at taxi/limousine stands and apps. Driver licences will be available for three month periods to a maximum of two years.



Vehicle Owner Licences

The proposed by-law consolidates the various categories of vehicle owner licences into one type including owners of private vehicles for hire. Vehicle owner licences for private vehicles for hire will be available for three month periods to a maximum of two years. Licensees have the option to enter into contractual arrangements with brokers to collect licence fees on a per ride basis for transportation services provided via an app. Vehicle owner licence fees will be due at the outset of the licence period.

Criminal Record Checks

The proposed by-law requires that all drivers submit a police vulnerable sector check. This document must be submitted to the Licence Manager in its original form by either the applicant or the broker for review. During the licence renewal period, drivers may be given the option to sign an affidavit provided by the Licence Manager that their previously submitted criminal records check has not changed.

Driver Record Abstract

The proposed by-law will apply the same process for Ministry of Transportation (MTO) driver record abstracts as with criminal record checks.

Driver Training

The proposed by-law eliminates the currently required English exam and final exam. Previously, Civic Administration suggested that an online course be introduced as an option. Upon further consultation with other municipalities, this option is no longer being pursued. As an alternative, each brokerage will be required to provide to the Licence Manager an outline of a course for all prospective drivers including drivers of accessible vehicles. The Licence Manager may suggest additional course materials which should be covered to ensure a high level of service quality.

Medical Certificate

The proposed by-law eliminates the requirement for a medical certificate at the application stage. The Licence Manager will have the discretion to require a medical certificate if concerns are raised by the public or identified by an enforcement officer.

Vehicle Ages

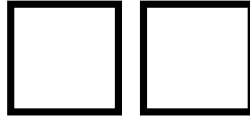
The proposed by-law consolidates the variety of vehicle age regulations to require that all vehicles for hire have standard age regulations of five years maximum for first time licence application and a maximum in service age of eight years.

Safety Checks

The proposed by-law will require MTO vehicle safety checks for all vehicles for hire at the time of initial application and for all renewals. The Licence Manager will have the discretion to require additional vehicle safety checks for older vehicle models and/or when vehicle safety issues are identified.

Cameras

The proposed by-law only requires interior and forward-facing cameras in vehicles that are allowed to accept street hails. Private vehicles for hire will not be required to contain cameras as their mode of accepting passengers is only via an app (i.e. no street hails). This regulation is based on several submissions by Uber that prospective passengers and drivers are known to each other via an app and further that the app contains safety features should any illegal activity occur in the vehicle. Should a private vehicle for hire owner wish to install a camera for security purposes, the owner or driver may not have access to the video recording of the passengers for privacy reasons. This footage is only accessible to the Police and Municipal Law Enforcement Officers for the purposes of investigations.



Vehicle Identification

The proposed by-law will require private vehicles for hire to post vehicle identification in a format that can be removed for private use of the vehicle. Specifications of the identification will be defined by regulation of the Licence Manager. This requirement will address the issue of imposter private vehicles for hire involved in a number of alleged assaults against passengers. Similar incidents were reported in London (February 2015).

Accessible Vehicles

The proposed by-law does not contain a cap on the number of accessible vehicles. As noted in previous reports, in discussions with the vehicle for hire industry, there was a general consensus that the plate/population ratio should remain as is. However, there were mixed comments with respect to accessible taxis. This was reported to CPSC on June 21, 2016. Some are of the opinion the current ratio is adequate while others felt that there should be no limit on the number of accessible vehicles. It would be a public benefit to increase the availability of accessible vehicles and assist the operators of the vehicles financially due to the high costs of converting vehicles and operating accessible vehicles.

Broker Dispatching

The proposed by-law will allow brokers to dispatch vehicles by a number of methods including via apps, various forms of dispatch (phone, text, and email), and street hail and at taxi/limousine stands. Where a broker only dispatches through an app (transportation network company) no other form of passenger pick up will be permitted except via an app.

Camera Downloads

The proposed by-law will allow for brokers, whose vehicles are required to have cameras, to undertake forward-facing camera downloads for insurance related purposes. This matter has been raised on several occasions and Civic Administration believes that it is a reasonable balance between utilizing the footage for legitimate reasons and protection of privacy. This permission will only pertain to forward facing images.

Licence Time Periods

The proposed by-law will allow for greater flexibility of licence issuance options. A vehicle owner (private vehicle for hire only) and driver licence (all) will be available to be issued for periods ranging from three months to two years. Licence fees will be prorated accordingly. This will allow for greater flexibility for the drivers, especially for those wishing to drive for a short period of time.

Tariffs

The proposed by-law allows for surge pricing only when rides are booked in advance via an app. The broker will demonstrate to the satisfaction of the Licence Manager the acceptance features of the app with respect to surge pricing. All other forms of passenger pickups will be required to adhere to the approved tariffs. Brokers will be permitted to negotiate discounted fare agreements with employers, institutions, associations etc., as long as the maximum approved tariffs are not exceeded. These agreements must be submitted to the Licence Manager.

Insurance

The proposed by-law will require proof in a form satisfactory to the Licence Manager that the vehicle for which the vehicle licence will be issued and all persons who may drive that vehicle are covered under a valid commercial insurance policy indemnifying and protecting the public and passengers in the amount of \$2M. The Licence Manager will consider individual or fleet insurance policies approved by the Financial Services Commission of Ontario for driving a vehicle for hire in Ontario.



Fees

For all driver licences, the fee will be \$10 per month paid in 3 month to two year instalments.

The broker’s fee will not change from the current \$400 annual fee. This fee will apply to all broker categories including transportation network companies.

Vehicle owner licence fees will remain at \$750 per vehicle. As noted above, vehicle owners will have the option to enter into contracts with brokers to charge a per ride licence fee to offset or pay for the City licence.

Delegated Authority

Section 23.2 of the Municipal Act, authorizes the delegation of legislative powers, provided that, in the opinion of the Council of the municipality, the power being delegated is of a minor nature. In determining whether or not a power is of a minor nature, the Council, in addition to any other factors it wishes to consider, shall have regard to the number of people, the size of geographic area and the time period affected by an exercise of the power. A number of regulations in the proposed by-law make reference to “the satisfaction of the Licence Manager”. Part 13 of the by-law references the powers of the Licence Manager to make regulations.

The regulations in Part 13 pertain to the following matters: classes of vehicles that may be used as Executive Limousines; standards related to the condition of Vehicles for Hire; colours and or markings for Vehicles for Hire, including without limitation to roof or top lights; standards related to advertising on the exterior or interior of Vehicles for Hire; standards for cab meters; standards for camera systems required under this By-law; standards for the display of Fares and Licences; ii) customer service standards; driver training standards; and standards for the form and content of records required to be kept by Brokers.

These matters are considered administrative and minor in nature in accordance with the Municipal Act. For example, the number of licence applicants for all related licences (driver, owner, and broker) is not expected to exceed 3,000. The maximum time period for a licence is two years. The applicability of the licence covers the entire geographic area of London. The types of regulations are minor in nature: how a licence should be displayed (location on vehicle); where vehicle advertising can be applied (side door panels and roof top); and camera specifications (number of pictures per second, size of memory card). These matters are operational in nature and should not need to receive Council approval upon initial application or for any future amendments. The Licence Manager will have a written policy on regulation development including industry consultation and posting of the regulations on the City’s web site.

Illegally Operating Drivers

On two occasions, Council has requested Uber to stop operating while Civic Administration is in the process of developing revised by-law regulations to address this new form of dispatching private vehicles for hire. Uber responded that they look forward to working with the City in developing modern regulations. Uber continued to operate and additional charges were laid by the City. Council requested Civic Administration to report back on additional restrictions that may be imposed specific to those individuals who may have been convicted of operating private vehicles for hire illegally.

Civic Administration has a rather unique relationship with Uber. On one hand, charges are being laid against drivers who are operating illegally with unknown vehicle safeties, police record checks, commercial insurance etc.; on the other hand, staff are working with Uber to implement Council’s direction on regulations for private vehicles for hire. The Licence Manager will maintain the authority to refuse to issue a licence or impose a condition where the Licence Manager believes that the applicant will not carry on their business with honesty or integrity. In that regard, the Licence Manager may refuse to issue a licence or place conditions on a licence of driver / owner applicants who have in the past operated a vehicle for hire without the benefit of a City issued licence. This authority is held by the Licence Manager and the by-law allows for the appeal of any decision made by the Licence Manager to a Hearings Officer.

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2017 Licence Renewal

Traditionally, vehicle owner renewals occur in October annually. This year, due to the uncertainty of the final regulations in the proposed by-law and the timing of the public participation meeting, the Licence Manager advised all brokers that conditional licences would be considered for the 2017 licence period. Ninety day conditional licences were proposed in situations, for example, where the vehicle age did not comply with the current by-law but may comply with the proposed regulations. It is understandable from the industry that additional timing concessions are necessary due to the uncertainty of the new regulations and the timing of the 2017 renewal period. The Licence Manager will continue to give consideration to conditional licences to allow for vehicle owners to make financial decisions based on the new regulations.

CONCLUSION

In keeping with the municipal purposes of safety and consumer protection, quality service, availability of service and the underlying principle of fairness and equal playing field, the above regulations provide for a streamlined set of regulations to address vehicle for hire owners, drivers and brokers. Minor regulations are proposed to be undertaken by way of delegated authority.

The proposed by-law regulations recognize that the vehicle for hire industry is changing on a global perspective. Consumers are demanding convenient levels of transportation services and municipalities as regulators are amending their by-laws to regulate those matters that pertain only to the underlying principles. This on-demand transportation service is a public service and as such there is a public expectation that the municipality will fairly enforce regulations with a focus on public safety and consumer protection. Civic Administration will adhere to this public expectation.

Summary of key by-law regulations:

- Transportation network companies recognized as brokers
- All drivers must submit criminal records check and MTO drivers abstract for City review
- All drivers pay monthly licence fee of \$10
- All vehicle owners must submit MTO vehicle safety
- All vehicles have maximum age limit of eight years
- All vehicles must have \$2M insurance
- Cameras only required in taxis and limousines
- Surge pricing permitted for app ordered rides only

PREPARED BY:	RECOMMENDED BY:
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