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| TO: | COMMUNITY AND PROTECTIVE SERVICES JANUARY 24, 2017 |
| FROM: | G. KOTSIFAS, P. ENG. MANAGING DIRECTOR OF DEVELOPMENT AND COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL |
| SUBJECT: | VEHICLE FOR HIRE BY-LAW |

RECOMMENDATION

That on the Recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, the Vehicle for Hire By-law (attached hereto) **BE INTRODUCED** at the Municipal Council Meeting on January 31, 2017.

PREVIOUS REPORTS

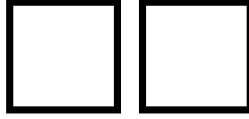
- September 22, 2015, CPSC, Vehicles for Hire – New Technologies
- March 30, 2016, CPSC, Options Report
- June 21, 2016, CPSC, Results of Community Consultation
- July 19, 2016, CPSC, Proposed Regulations
- October 26, 2016, CPSC, Public Participation Meeting
- November 7, 2016, CPSC, Action Items from PPM

BACKGROUND

On November 22, 2016, Municipal Council directed that several actions be taken with respect to the proposed Vehicle for Hire By-law. This report outlines the actions taken referencing the amended sections of the proposed by-law. This report also addresses the issue of uniform “cloud-based” camera system options for all vehicles for hire.

Municipal Council Directions

1. To amend the minimum fare (lowest zone rate) for Executive Limousines to \$10.25 and \$9.50 (senior/student rate). This amendment was made in section 4.4 of Schedule 4 - Fares.
2. To allow that debit machine charges may be borne by the passenger. This amendment was made in Schedule 4 - Fares.
3. To delete the vehicle entry age for all vehicles for hire. This amendment was made in section 2 of Schedule 2 - Vehicle for Hire Owners.
4. To permit an additional year of service for low-emission and/or environmentally-friendly vehicles. This amendment was made in section 2 of Schedule 2 – Vehicle for Hire Owners.
5. To allow for brokers to make driver and/or owner application submissions online, as well as maintain the current system of applicants attending City Hall to submit application documents. This amendment was made in section 1 of Schedule 1 - Vehicle for Hire Drivers and Schedule 2 Vehicle for Hire Owners.
6. To allow for third party Police record checks with a grading of: Pass, Fail or Concern, along with regulations for licensing where a Pass is not achieved. This amendment was made in the definitions section.



7. To require private vehicles for hire to maintain broker specific removable signage. This will be implemented by regulation as per section 13.10 - Powers of Licence Manager.
8. To prohibit cash payments in private vehicles for hire. This amendment was made in section 3.3 of Schedule 1 - Vehicle for Hire Drivers.
9. To delete the requirement for HST registration as part of the application process; it being noted that this is a Federal responsibility. This amendment was made in Part 5 – Application for Licences and Renewals.
10. To continue the current license cap of one accessible plate for every 18 cab plates. This amendment was made in Part 8 Number of Cab and Accessible Cab Owner Licences.
11. To incorporate the errata sheet amendments, as circulated on October 26, 2016, to address minor typos and deletions in the draft By-law. These minor changes were made throughout the by-law.

Fees for Private Vehicle for Hire Categories

Section 391 of the Municipal Act authorizes a municipality to impose fees on persons for service or activities provided or done by the municipality. Subsection 394(1) restricts a municipality from imposing a fee based on the use, consumption or purchase by a person of a service.

In a business licensing context, fees are based on an analysis of the nexus of costs related to the administration and enforcement of the regulatory regime. Typically, municipalities recover their administration and enforcement costs through licensing fees that is collected at the initial application stage and upon their annual renewal. Fees are assessed based upon volumes of licence categories of businesses. Recently, many municipalities in Ontario have imposed a per ride fee for private vehicles for hire.

It is essential that an analysis be undertaken to provide justification to impose a per ride fee based on the projected administration and enforcement costs under the proposed VFH by-law. Failure to do so, may place the municipality in a weak position should a legal challenge be launched purporting that the per ride fee is actually an indirect tax.

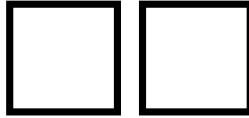
Civic administration undertook a detailed assessment to project the costs resulting from the new proposed PVH category including administrative and enforcement staffing costs. It was projected that the additional costs amount to \$290K per year. A number of different scenarios and assumptions on the number of PVH drivers and annual rides provided were modeled. Civic administration proposes a specific PVH fee approach for the collection of licensing fees. This includes broker fees based on the number of vehicles, driver fees recognizing the cost of administration irrespective of how many rides are projected, and a per ride fee.

The recommended annual broker fee is based on the number of licensed vehicles: 1-100 vehicles - \$5K ; 101-500 vehicles: \$10K; 501-1,000 vehicles: \$15K and 1000+ vehicles: \$20K. The brokerage fees are based on the rationale that PVH drivers predominately work limited hours and are not involved in the vehicle for hire industry for an extended period. Many drivers are only on the PVH app platform for a few months in between full time employment. The recommended driver fee is consistent for all forms of drivers at \$10 per month. It would not be ethical to charge one VFH driver and not another based on the type of vehicle they are driving as there are administration costs for all applications. The recommended per ride fee for PVH is 26 cents. This is based on a scenario of 350 drivers and 900K rides per year. The municipality has no control on any additional per ride fees charged to passengers by a TNC. For example, Uber currently charges a “booking fee” of \$ 2.30.

Civic administration is confident that the proposed fees are fair and could be justified should a legal challenge be launched.

Uniform Camera System

Municipal Council has taken the position that cameras are not required in PVH as the driver is knowledgeable about the particulars of the passenger requesting the ride (name, address, credit card information) and vice versa via the ride sourcing app. Council has also asked that



Civic Administration report back in January 2017 on the issue uniform “cloud-based” camera system options for all vehicles for hire.

The camera systems which are currently installed in all licensed taxis and limousines were installed based on approved specifications including forward facing and passenger facing capabilities, tamperproof hardware, memory, digital image resolution, image triggers, image retention and inspector viewing software. Access to the camera images is limited to London Police Services and MLEOs. On an annual basis, MLEOs undertake camera downloads on a monthly basis for evidentiary purposes. This involves attending the subject vehicle and physically undertaking an image download.

As with all surveillance technology, hardware and software enhancements are improving image quality and retrieval options. One of the recent industry trends involves “cloud based” image storage/retrieval which negates the need for physical image downloads and removal of specific vehicles from the road to undertake the download process. There are generally two main trends in fleet video surveillance systems: real time downloads and access point downloads. Real time downloads are the most expensive due to the need for Wifi or cellular network access for each vehicle. It allows the authorized users to access the camera footage in real time while the vehicle is in operation. The access point system is less costly as the downloads occur at specific access points as the vehicles passes through the area. This system is commonly used by school bus / transit fleets. The commands for downloads are undertaken remotely. Under both the real time and access point download systems, the authorized users have the options to undertake remote searches and downloads which are displayed on their desktop, tablet or mobile phone.

A number of initial IT issues were raised:

- Security of the data (camera device; storage provided by vendor; any device used to obtain information from storage including PCs, tablets, smartphones, etc.)
- Compatibility with different service providers potentially using different applications
- Security of the data in transit (uploading or downloading)
- Vendor compliance with security industry best practices (i.e. Cloud Security Alliance, SOC – Security Organization Controls for data centres)
- Cellular connectivity and its relationship to the home locations of the service providers
- Costs of ensuring security and providing connectivity for each authorized user
- Potential costs to the Corporation to ensure compatibility

Should Council wish to implement a uniform camera system for all vehicles for hire, further costing/leasing options and industry discussions would be required as brokers would be responsible for owning/leasing, storing and maintaining the video databases. All currently licensed taxis and limousines have purchased camera systems. For purposes of fairness, some form of transitioning to a uniform system would need to be negotiated with current licensed vehicle owners and brokers who have recently purchased and installed required cameras.

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