

<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON May 1, 2018</b>
<b>FROM:</b>	<b>G. KOTSIFAS, P. ENG. MANAGING DIRECTOR, DEVELOPMENT &amp; COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL</b>
<b>SUBJECT:</b>	<b>VEHICLE FOR HIRE BY-LAW - ONE YEAR REVIEW</b>

**RECOMMENDATION**

That, on the recommendation of the Managing Director, Development & Compliance Services and Chief Building Official, the following actions be taken with respect to a one year review of the Vehicle for Hire By-law:

- (a) That the report on ridership statistics for the initial full year of the Vehicle For Hire By-law being in force and effect ( April 2017 – March 2018) **BE RECEIVED**, it being noted that the total ridership has increased with the introduction of private vehicles for hire as a transportation option; and
- (b) That Civic Administration **BE DIRECTED** to consult with the vehicle for hire industry in an effort to draft amendments to the Vehicle for Hire By-law with a goal of meeting consumer demands and streamlined by-law administration with an underlying focus on health and safety and consumer protection; and
- (c) That Civic Administration **BE DIRECTED** to hold a public participation meeting to receive public comments on any draft By-law amendments.

**PREVIOUS REPORTS**

Vehicle for Hire By-law - Six Month Statistics – CPSC January 23, 2018

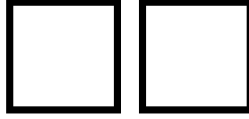
**BACKGROUND**

On January 30, 2018, Municipal Council resolved that Civic Administration report back to the Community and Protective Services Committee on ridership and licensing statistics after a full year of implementation of the Vehicle for Hire By-law (April 2018). This report also addresses industry requested amendments and a review of caps on the number of cabs (including accessible cabs).

The Vehicle for Hire By-law was passed on February 14, 2017 and came into force and effect on April 4, 2017. The By-law includes schedules for Drivers, Owners, Brokers, Fares and Fees.

For flexibility purposes, all Driver licence fees are collected on variable renewal periods ranging from three months to two years.

Cab and Limousine Owner Licences are renewed annually in October. Broker (including Transportation Network Companies (TNC)) licences are also renewed annually in October. In addition to a Broker fee, TNCs pay an additional fee of 11 cents per Trip.



### **One Year Statistics**

The following presents licensing statistics (April 16, 2018):

- # of licensed taxi/limousine drivers - 1,123
- # of licensed private vehicle for hire drivers - 3,150
- # of licensed taxi/limousine owners - 457
- # of licensed brokers - 5
- # of licensed Transportation Network Companies (TNC) - 1

The following presents ridership data for the initial full year of the by-law (April 2017-March 2018):

- Total number of rides provided - 4.2 M
- Total number of taxi/limousine rides provided - 2.3 M
- Total number of private vehicle for hire (Uber) rides provided - 1.9 M
- Total number of accessible rides provided – 33 K

Prior to the 2017 Vehicle for Hire By-law, cabs and executive limousines provided 3 M rides annually. As the above statistics indicate, the number of rides provided by the cab/limousine industry has declined by 700K rides, however the total number of rides provided by the industry as a whole has increased by over 1M. With the recent changes to the by-law, the consumer has more choices and payment options for transportation services.

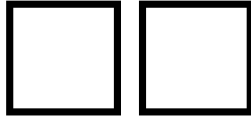
### **Number of Cab Owner Licences**

Prior to the arrival of private vehicles for hire offering transportation services ordered via a smartphone app, taxi regulations remained essentially unchanged for decades in most larger North American municipalities. Most cities regulated the number of licenced taxis which created a system where licences were considered a form of commodity transferred between willing buyers and sellers. Vehicle owner licensees were the principal beneficiaries of the restricted entry licensing system as licences were leased and sold in the open market. Many municipalities (including London) created priority or waiting lists where applicants were issued new licences based on population increases. Many existing licensed drivers maintained positions on the priority lists for many years without ever obtaining an owners licence.

The introduction and eventual regulation of TNCs and private vehicles for hire has revolutionized the on-demand transportation industry by introducing new technologies and consumer business models. The challenge facing government regulators is to adapt regulations with a focus on the municipal purposes of consumer protection and public health / safety while embracing innovative emerging technologies and business models.

There are a number of different options available to address the number of licenced taxis:

- Maintain existing population based ratio: The current number of permitted taxis is based on a ratio of one licence for each 1,100 residents. As annual population statistics are released, new licences are released to persons on the priority list. The new licences are non-transferable.
- Amend population based ratio: a review can be undertaken to amend the current ratio. Previous municipal scans were undertaken when a consultant prepared a background study as rationale for a revised taxi by-law. (London BMA Report 2004). This report was undertaken well before the introduction of TNCs and private vehicles for hire.
- Release additional owner licenses to those on priority list: the current priority list contains 65 names which are listed in priority sequence to potentially obtain a cab owners licence. Based on the anticipated population growth and release of licences over the past few years, the current priority list will be maintained for many years. A rationale will need to be determined to suspend any new priority list applicants.
- Release a specified number of one time cab owner licenses: municipalities in the past have released a specified number of licences based on an analysis of supply and demand.



- Release a specified number of cab owner licences to currently licensed drivers: some municipalities have considered releasing new cab owner licenses to drivers who have been licensed for a specified period (i.e. 5 yrs).
- Remove the cap in its entirety: this matter has been discussed previously with the industry over the years and Civic Administration has advised Council that if this option was being considered, a consultant should be retained to undertake an independent analysis of the cap issue. Further, if this option is considered, the City Solicitor should report on the legal implications of removing the cap on the number of issued owner licences.

### **Number of Accessible Cabs**

The current regulations place a limit on the number of accessible taxi licences based on the number of licensed taxis (one licence for every 18 taxi licences). There are 19 existing accessible cab licences issued.

Out of the 4.2 M total rides provided, there were 33 K rides provided by accessible cabs. As Civic Administration reported in July 2016 to CPSC, there is some interest in the industry to remove or amend the cap for accessible taxis. In order to assess the service level for accessible vehicles, Civic Administration previously reported on an audit undertaken using “secret shoppers” booking accessible rides. The responses were diverse. One broker indicated that accessible vehicles only begin to schedule rides in the morning and that an hours’ notice is required. Another broker required 30 minutes’ notice or preferable advance bookings. Another broker could not provide accessible services. As the need for accessible vehicles is expected to increase with an aging population, there is a customer service gap in the timeliness of ordering these on-demand transportation services. In 2018, numerous complaints were received about “no shows” when accessible rides were ordered. The industry recognizes this fact and has expressed concerns about drivers going “off-shift” when they receive accessible calls as standard fares are more profitable. This does not meet the intent of the by-law. Civic Administration has consulted with the Accessible Advisory Committee on this matter. Civic Administration previously recommended to remove the cap and implement a program of assisting the operators of the vehicles financially due to the high costs of converting vehicles and operating accessible vehicles. City Council at the time did not support any changes to the cap on accessible taxis.

### **On-going Industry Consultation**

Civic Administration continuously consults with all industry licensees and the following topics have emerged, which if supported, would involve amendments to the by-law in most instances (in no particular order of importance):

- Remove the Vehicle-Broker Affiliation Change fee – this administrative fee of \$210 is charged when a licensee changes the broker with which they are associated with for dispatching purposes;
- Remove the Vehicle Substitution / Replacement fee: this administrative fee of \$210 is charged when a licensee substitutes vehicles;
- Add a new fee category for TNCs: Civic Administration has received several calls from prospective TNCs with an intended fleet size of far less than 100 vehicles. They find the existing fee structure a barrier to market entry for small business;
- Private vehicle for hire licence fee: all driver licence fees are \$15 per quarter. For private vehicles for hire, the fee creates additional administrative duties as the volume of drivers and the length of the licence period is very fluid. The same revenues can be collected by increasing the per trip fee;
- Administration of the private vehicle for hire approvals process: shift the process of licence approvals from individual City approvals to a common self-certification process and City audit model. This would involve a number of administrative changes (presentation of licence, rolling annual vehicle checks, elimination of owner licence) which could further streamline the approvals process yet meet the municipal purpose of the by-law;
- Vehicle age: amend the vehicle age maximum from 8 years to 10 years;
- Central dispatch for all cab brokers: there has been some discussions on having a central

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dispatch system for all brokers. The system would dispatch the closest available vehicle or a vehicle from a specific broker if requested by the customer;

- Cameras: given that not all vehicles for hire are required to have cameras, there has been a request to make the cameras voluntary rather than prescribed;
- Fares: to create greater competition amongst brokers, some have requested a review of the fares suggesting that they be eliminated and determined by the market place.

The above list is not exhaustive as continuous discussions with the industry occur resulting in new ideas and related by-law amendments. The requests of the taxi and executive limousine industry are based on having a level playing field in terms of by-law administration and enforcement. The requests from the private vehicle for hire industry generally focus on streamlined administration.

<b>RECOMMENDATION</b>
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A one year review of the ridership statistics indicates that overall ridership has increased by 1.2 M rides. The taxi and executive limousine industry has seen a reduction of market share by 700K rides with the entry of one TNC (Uber) providing 1.9 M rides. The Vehicle for Hire By-law is a fluid document open to amendments which maintain the municipal purposes of health and safety and consumer protection yet recognizing technology and modernization of the on-demand transportation marketplace. Civic Administration will continue to consult with the industry and report back on any necessary amendments which continue to meet these municipal principles.

<b>PREPARED BY:</b>	<b>RECOMMENDED BY:</b>
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