

City of Ottawa

Taxi and Limousine Regulation and Service Review

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Disclaimer

This document has been prepared by KPMG LLP (“KPMG”) for the City of Ottawa (“City”) pursuant to the terms of our engagement agreement with the City dated August 25, 2015 (the “Engagement Agreement”) for the purpose of informing the City of Ottawa’s discussion and review of Ottawa’s Taxicab and Limousine Regulations and Services.

KPMG neither warrants nor represents that the information contained in this document is accurate, complete, sufficient or appropriate for use by any person or entity other than the City or for any purpose other than set out in the Engagement Agreement. This document may not be relied upon by any person or entity other than the City, and KPMG hereby expressly disclaims any and all responsibility or liability to any such person or entity in connection with their use of this document is hereby disclaimed.

Our procedures consisted solely of inquiry, facilitation, observation, comparison and analysis of project participant-provided information. It was augmented by limited research of publicly-available information. We relied on the completeness and accuracy of the information provided or research. Such work does not constitute an audit.

Through normal City processes, the City will be responsible for:

- The assessment of our observations
- The decisions to implement any findings and/or recommendations, and
- Considering their impact.

Implementation will require the City to plan and test any changes to ensure that the City will realize satisfactory results in line with the services that the City desires for its residents and visitors.

This document was prepared in English and will be published in French as well. In the event there are any differences between the two versions, the English version shall prevail.

1 Executive Summary

Terms of Engagement

KPMG was engaged by the City of Ottawa to perform a comprehensive review of the City's taxicab and limousine industries in respect of service delivery to promote sustainable and efficient services that meet the evolving needs of residents and visitors. The City specified that this review must focus on the City's three guiding principles: public safety, accessibility and consumer protection.

The review was conducted in three phases. The initial phase included research on current conditions in Ottawa and other cities and produced six discussion papers. These discussion papers were published on the City of Ottawa website and were a focus for discussion in the second phase, which included consultation with key industry stakeholders including taxi brokers, limousine operators, the taxi drivers union and Uber, a company providing app-based transportation services in Ottawa. The second phase also involved conducting seven workshops with taxi drivers, Uber drivers and members of the public to discuss the issues, as well as considering nearly 3,000 comments received by telephone or email. At the conclusion of the second phase, a Policy Options discussion paper was published for comment, and two webinars were conducted to accept further comments. The third phase involved analyzing comments and information received, and preparing this final report for use by the City as an input to its decision-making process.

Taxis and Transportation Network Companies

The taxi industry provides important transportation services, filling a gap between public transit and use of private automobiles, providing demand responsive services that are particularly important at the major transportation hubs, in the downtown core where parking seems to be limited and expensive, for those without cars, and those potentially under the influence.

Uber and its drivers have been providing vehicle-for-hire services (specifically the widely used UberX service and the UberXL service which uses larger vehicles) in Ottawa for over a year. Certain Uber drivers have been charged and convicted of violating the Taxi By-law. However, Uber continues to offer these services to willing customers.

The taxi industry believes that the Uber driver screening process is inadequate and also believes that the UberX and UberXL business model has benefited from certain economic advantages (including no license fees, no commercial insurance, different requirements to remit HST on fares received, no requirement to purchase an in-car camera, and no requirement to lease taxi plates from plate owners or to purchase a plate, usually with some associated financing costs). However, the UberX and UberXL drivers do pay a significant fee for the use the Uber technology based on their rides and

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revenue generated. Uber has indicated that it has some level of insurance, but evidence of this has not been provided to the City.

The Uber app (UberX and UberXL) allows customers to rate drivers and see the ratings of previous customers. The transparency and near real-time feedback was noted by many individuals in the consultation process as contributing to what they described as excellent customer service. Uber dispatches the closest available car and uses “surge” pricing to bring out more drivers when demand is highest, which generally results in quicker response to customer calls than taxis provide, and the app shows the vehicle as it approaches, giving customers a much better idea of when their ride will arrive and provides information about the identity of the driver. The app takes payment directly from the customer’s credit card or PayPal account when the ride is over and issues a detailed receipt electronically.

The taxi industry indicated it has felt the effects of the increased competition with the arrival of UberX and UberXL, with drivers and brokers reporting lower income and plate owners expressing concern for plate value. Although the City issues taxi plates for a nominal fee, it does not regulate values associated with the subsequent private sales of those plates, which have occurred in return for substantial consideration.

The taxi industry in Ottawa has recognized the emerging business models and has already implemented some changes, introducing its own apps and improving dispatch algorithms. Some sectors of the taxi industry have stated that they desire amendments to the regulatory environment to facilitate some further changes, such as competitive fare rates, and recognize it will take time to change the business model and the industry culture.

Potential Path Forward for Vehicle-for-Hire Industry

In designing a way forward for the vehicle-for-hire industry, the review has been guided by the City’s principles of public safety, accessibility and consumer protection. Based on direction from the City, and in consideration of the broad-based feedback received from stakeholder groups and the research outcomes, design guidelines were also developed. These design guidelines facilitated the drafting of considerations for the City in any future regulatory framework for the vehicle-for-hire industry in Ottawa. These design guidelines are outlined below.

- **Level Playing Field:** having consistent City regulation for various service types, with differences existing only when necessary (i.e., in areas where there is a significant difference in service delivery models that impacts public safety, accessibility, consumer protection or customer service). This concept was promoted consistently by representatives of the taxi industry during the consultation process and was generally supported by other stakeholders as well.
- **Fostering Innovation:** considering future changes that cannot be foreseen. Customers in particular expressed appreciation of the innovations introduced into the vehicle-for-hire industry and the improvements in service they have produced. They

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expressed concern about any loss of the recent innovations and openness to further positive innovations.

- **Modernizing and Simplifying Regulation:** re-examining regulations governing the taxi and limousine industries and limiting regulation to only what is necessary in order to achieve the guiding principles. A reduction in regulatory burden will support innovation now and in the future by removing certain regulatory barriers, in that excessive regulations can constrain new ideas, approaches and business models.

Based on the guiding principles and the design guidelines, and informed by the broad based feedback from consultations and by the various research documents prepared as part of this engagement, it is clear that the status quo regulatory environment must be changed. This document recommends that the City should consider adopting reforms to the taxi and limousine industry as follows:

- That a new licensing category of Transportation Network Company (TNC) be created, and
- That the existing taxi and limousine regulatory framework be reformed to reflect emerging issues, new technologies and non-traditional service models.

The suggested TNC licensing category could regulate the services of Uber in Ottawa (its existing UberX and UberXL services) and allow other TNCs to establish themselves, permitting customers to continue receiving the services they have come to enjoy, while fostering continued innovation in a competitive environment. TNC's would be responsible for establishing their service model, and managing their service delivery, including the drivers who provide services and the vehicles they use – all in accordance with regulations set down by the City.

An important consideration for the City concerns TNCs and the provision of wheelchair accessible service, a service provided by the taxi industry, and required by provincial legislation. This document suggests that the City consider that each TNC could either provide at least 15%ⁱ of its services in accessible vehicles, as the taxi industry does, or provide a financial contribution to support accessible services in the taxi industry.

While some differences in regulations are appropriate given the different scope of services (taxis use stands and street hails, TNCs only take calls through the app), this document outlines a number of considerations for the City concerning potential new requirements for TNCs and potential reduced requirements for taxis that will “level the playing field”. The major suggested considerations for the City are outlined below.

TNC Requirements for Consideration:

- Requirement for \$2 million in commercial liability insurance. This policy should meet Financial Services Commission of Ontario (FSCO) standards as being appropriate for vehicle-for-hire services

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- Drivers produce a Vulnerable Sector Checkⁱⁱ, conducted in a manner consistent with the Police Record Checks Reform Act, 2015, the same driver screening process as is required in the taxi industry
- Licensing fees will be comparable to the total licensing fees charged in the taxi industry, for the taxi broker, for the plate holder and for the driver license fees. Both TNC and taxi licensing fees will have an option to reduce fees for part-time participation in the industry, generally by charging a fee per ride to an annual maximum.
- A requirement to provide 15% of the service hours using accessible vehicles, or, to provide \$0.30ⁱⁱⁱ per TNC ride to support accessible taxi service
- TNC vehicles will have the same inspection requirements as taxis, a provincially certified Safety Standards Certificates annually, and twice a year for vehicles more than five model years old and used more than 30,000 km^{iv} per year.

Reduced Taxi Requirements for Consideration:

- Eliminate the 5 week training course now required by taxi drivers in favour of taxi broker-provided training (specific training for accessible taxi operation would remain)
- Taxis to have the same flexibility as TNCs to reduce prices to be competitive, or to increase prices when required to increase supply (except at taxi stands or for street hails, where the regulated taxi fare level established by the City would remain the maximum rate)
- Taxi brokers would gain the same authority as TNCs to set vehicle requirements (size, age), subject to the same limitation of a maximum of ten years old
- Further improve dispatching by tying the meters to the dispatch systems so the first available vehicle (close and not occupied) can be dispatched to reduce response times
- Expand the taxi service boundary to the entire City, with the taxi: population ratio adjusted so no further plates are issued at this time

Limitations

This document does not address the subject of plate values which is a secondary market, neither established by nor under the control of the City. The taxi industry indicated frequently through the review process that the value of taxi plates has been impacted by Uber's operation and may be impacted further if TNCs are allowed to continue operations. Taxi industry leaders, representatives and members also spoke to the broader economic impact of the Uber entry into the Ottawa market. The consideration of such issues was outside the scope of this engagement.

There was also considerable concern expressed through the consultations that HST is not remitted on Uber rides, contributing to the price advantage for Uber. The issue of regulations around HST (a federal responsibility) and its applicability to the vehicle-for-hire industry is outside of the scope of this engagement.

2 Introduction

2.1 Mandate

KPMG was engaged by the City to perform a comprehensive review of the City's taxicab and limousine industries in respect of service delivery to residents and visitors, together with a review of the City's current regulatory framework for these sectors.

The City wants to achieve sustainable and efficient services that meet the needs of residents and visitors - meeting their transportation needs, and providing good customer service. The City specified that this review must be based upon the following guiding principles:

- Public Safety – including vehicle condition, insurance coverage, driver and other screening processes and vehicle age, identification and equipment requirements
- Accessibility - service delivery model that considers aging population and meets the needs of the accessible community
- Consumer Protection - including measures to protect both the passenger and the driver; means by which to establish reasonable fares for service; and a thorough complaint resolution process.

2.2 Methodology

The review was conducted in three phases. The first phase involved conducting research on the industry and led to the publication of six discussion papers. The discussion papers were titled:

- Current Regulatory Regime
- Case Studies
- Emerging Issues
- Accessibility
- Taxi Economics
- Customer Experience

The second phase involved consultation concerning the discussion papers produced in phase one, with members of the industry, consumers and the public. This phase concluded with the development of the Policy Options paper. All documents were published on the City's website.

The third phase involved reviewing and analyzing all comments and submissions received from the public and various stakeholder groups. This information was considered in drafting this final report.

Consultation:

As part of this process, KPMG met with certain key stakeholders several times throughout the three phases. These key stakeholders included the City, taxi brokers, the taxi drivers' union local, limousine operators and representatives of Uber (Uber being the only Transportation Network Company (TNC) currently operating in Ottawa). During the consultation process, KPMG also met with the public, including vehicle-for-hire users; taxi and Uber drivers; with Para Transpo representatives; the City of Ottawa Accessibility Advisory Committee; and representatives of the Conference Board of Canada.

Several methods were used to inform the public and all interested parties about the review and to seek input. The City set up a page on the City's website that was dedicated to information relating to the taxi review. The website provided an overview of the review process, details regarding the review mandate, a timeline and links to all documents as they were released. Information regarding how to get involved was also included on the website, including the taxi telephone hotline and dedicated email where comments could be submitted, a link to subscribe to receive email updates regarding the review, and links to register for KPMG-facilitated workshops and webinars. The City also used the Twitter handle #otttaxi and Facebook to inform the public of the review, the release of documents and to solicit feedback. Pamphlets advertising the review and how to get involved were mailed by the City to all licensed taxi drivers, along with the notice for fall vehicle inspections, and posters were displayed at the By-law & Regulatory Services' Office, Coventry Connections and at the airport. The review was also announced and frequently referenced in the media. Nearly 3,000 comments were collected through the City's taxi hotline and dedicated email address, and were subsequently considered.

KPMG facilitated seven workshops, open to anyone who indicated a desire to participate and submitted a request form through the City's website. In total, 156 persons expressed an interest in participating and were sent invitations to a workshop. 66 people actually attended the workshop sessions. The participants included 26 members of the traditional taxi industry (drivers, former drivers, plate owners, and an instructor), 7 Uber drivers and 33 members of the public (including customers of vehicle-for-hire services, interested citizens, and members of the accessible community). Workshop participants provided some excellent and constructive discussion of the issues.

The Policy Options paper released in November 2015 outlined certain key findings based, in part, on the results of the consultations, and proposed three strategic options that could be considered by the City in its approach to regulation. The Policy Options paper also addressed a number of key concerns (such as insurance, driver screening, and dispatching options, to name a few) that were considered through this process. Two webinars, one in English and one in French, were held to solicit feedback on the Policy Options paper. Anyone could register to attend the webinars through the City's website. There were 64 people who registered, of whom 44 participated in the webinars.

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The comments received in the consultation process are reflected in the sections that follow.

The Strategic Policy Options outlined were evaluated to determine which could provide sustainable and efficient services that may meet the needs of residents and visitors, and provide good customer service, while still considering the three guiding principles (public safety, accessibility, consumer protection). This analysis took into account the research that was conducted and the results of the consultation process.

Based on broad-based feedback received from stakeholder groups and the research outcomes, a number of design guidelines were developed for City consideration, to guide the drafting of the detailed recommendations to implement the chosen strategic options. These are as follows:

- **Alignment with the Guiding Principles:** achieving public safety, accessibility and consumer protection.
- **Level Playing Field:** having consistent City regulation for various types of service models, with differences existing only when necessary (i.e., in areas where there is a significant difference in service delivery models that impacts public safety, accessibility, consumer protection or customer service). This concept was promoted consistently by representatives of the taxi industry in the consultation process and was generally supported by other stakeholders as well.
- **Fostering Innovation:** considering future changes that cannot be foreseen. Customers in particular expressed appreciation of the innovations introduced into the vehicle-for-hire industry and the improvements in service they have produced. They expressed concern about any loss of the recent innovations and openness to further positive innovations.
- **Modernizing and Simplifying Regulation:** Re-examining regulations governing the taxi and limousine industries and limiting regulation to only what is necessary in order to achieve the guiding principles. A reduction in regulatory burden will support innovation now and in the future by removing certain regulatory barriers, in that excessive regulations can constrain new ideas, approaches and business models.

3 Strategic Directions

Recommendations for the City's consideration:

The City should consider adopting reforms to the taxi and limousine industry as follows:

- That a new licensing category of Transportation Network Company (TNC) be created;
- That the existing taxi and limousine regulatory framework be reformed to reflect emerging issues, new technologies and non-traditional service models; and,
- That the existing taxi and limousine regulatory framework be simplified

Specific considerations relating to key aspects of proposed regulation are discussed in detail in the sections that follow.

Rationale:

Currently, the vehicle-for-hire regulation in Ottawa has established two different regimes – one for taxis and another for limousines. Regulations keep the two services separate, based on the markets they serve.

Taxis are subject to stricter requirements for fares, vehicle inspection and equipment, record-keeping, and driver selection and training. Limousines require certain vehicle characteristics, pre-arrangement and have a minimum price, but are subject to fewer regulations overall. Taxis are limited in number, while there is no limit on the number of limousines. Taxi brokers, vehicles and drivers are all licensed by the City, while only limousine operators are licensed (not drivers or vehicles).

With distinct products, the taxi and limousine markets co-exist. The recommendation above suggests that a third category of vehicle-for-hire be created to recognize TNCs, which provide a service that is similar to taxis in some ways and similar to limousines in other ways, but that has some significant distinctions, which need to be addressed differently in the regulations.

While the TNC is identified as a single category, there may be a range of different service offerings provided by one or more TNCs. Ottawa is most familiar with the UberX service, but UberXL is also offered with larger vehicles and a range of other variations are provided in other cities, by Uber, Lyft or other TNCs. The TNC license would not be limited to an UberX-like service. A wide range of service types would be permitted, driven by the ability of TNCs to conceive of them and of the market to support them.

The rationale for proposing this third category is to respond to the need for improved customer service. Customer Experience research^V, the public consultation and other

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research indicated that Uber provides faster service, at lower cost (most of the time), with better customer service, both in terms of the relationship with the driver and with the TNC, than the taxi industry. The Uber app provides reliable information on when a vehicle will arrive, who the driver is, and how the driver has served previous customers. It advises what the price will be and allows convenient payment. It has applied mobile technologies in innovative ways to respond to customer needs. The reported growth in Uber's volumes over the last year is a clear indication that customers have valued this product.

Representatives of the taxi industry suggest customer and public views of the taxi industry may be unfairly influenced given the recent labour unrest associated with the taxi industry. However these findings are consistent with those in other cities without recent disruptions. A significant sector of vehicle-for-hire customers prefer the TNC business model and differences in service that it provides.

Uber, or other TNC operations, cannot meet the needs of all vehicle-for-hire customers, which is the rationale for maintaining the existing two categories while adding a new TNC category. Consultations conducted indicated that some people prefer to use telephone dispatch, to use taxi stands or hail taxis on the street, or want to pay in cash or with employer-provided taxi chits and thus would be less likely to use a TNC service. Further, Uber does not provide accessible service whereas the taxi industry does.

It is important as well to reform the existing regulatory regime applicable to the taxi industry. Feedback received throughout the review from users of taxi and other vehicle-for-hire services, as well as other members of the public, indicated that the current taxi regime is not keeping pace with public expectations. Recognizing this, the taxi industry has already responded with taxi companies improving their services by introducing their own apps, and through other initiatives such as dispatch through texting. However the industry may be limited both by its long history and traditions, the institutions it has built, and by the existing regulatory environment that the Taxi By-Law currently provides.

The By-Law has been expanded to deal with each new issue that has arisen over the years. Innovations in the taxi industry should be supported with appropriate changes to simplify the regulations, and introducing the TNC licensing category should maintain this impetus through continued evolution and competition.

The existing Uber model, operating outside the existing regulatory regime, may not provide adequately for public safety or accessibility. The insurance and driver screening provisions received the most attention in the consultations. These issues may be resolved with appropriate regulation, and the detailed proposals to meet these requirements are contained in the sections that follow.

The taxi industry was very consistent in the consultations in pointing out that in the industry's opinion, Uber had some unfair advantages operating with no license fees, no commercial insurance, no requirement to purchase an in car camera, and no requirement to lease taxi plates from plate owners. However, the UberX and UberXL drivers do pay a significant fee for the use the Uber technology based on their rides and

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revenue. Uber has indicated that it has some level of insurance, but evidence of this has not been provided to the City. The proposed level playing field for all parts of the industry serving the same type of customer addresses these concerns and promotes competition.

4 Public Safety

This section deals with the public safety aspects of vehicle-for-hire regulations and identifies areas where changes should be considered in order to implement the recommended Strategic Directions.

Ensuring public safety is a key regulatory goal. Although it must be recognized that no regulatory approach can eliminate all risk of adverse events occurring, regulations can significantly reduce the risks. Increased regulatory requirements generally result in increased costs, so the City must weigh the costs of increased regulations over the level of increased safety that will result. The approach to public safety can be tailored to the circumstances. For instance:

- Taxis accept both pre-arranged customers and street hails/cab stand customers. Thus, the driver and the passenger will not be known to each other, or to anyone else after the fact if an event occurs. Further, taxi drivers accept payment by cash and may therefore carry significant cash amounts.
- In the TNC context, both the driver and the passenger – and a third party (the TNC) know the identity of the driver and the passenger, and the rating systems provide some information about the other party before they meet. TNC drivers do not accept payment by cash.
- Limousines are also generally hired by pre-arrangement, with the Limousine Service, not with the driver, although limousines can be hailed anonymously at the airport.

Thus, the risks are different, and the appropriate measures to achieve public and driver safety can and should be different.

4.1 Insurance

The City should consider requiring a minimum of \$2 million of liability coverage for all providers of vehicle-for-hire transportation, including taxis, limousines, and TNCs. Further;

- The insurance policy must be one approved by the Financial Services Commission of Ontario (FSCO) as being appropriate for the provision of vehicle-for-hire services.
- All vehicle-for-hire providers including limousine operators, TNC licensees, and taxis brokers will be required to ensure all vehicles and drivers operating under or affiliated with their licenses have qualifying coverage, and will be subject to penalty where this is not the case.
- Proof of insurance must be provided before licenses are issued and also immediately upon request by City officials.

Rationale

This approach introduces a consistent approach to insurance across the three licensing categories, in line with the design guideline of a “level playing field”.

In order to protect the public, taxicabs are currently required to carry commercial insurance with a minimum \$2 million liability coverage. The requirement provides liability insurance for drivers, but drivers are not required to obtain collision insurance for their vehicles. Limousine operators are also required to carry commercial insurance, however the minimum is \$1 million liability coverage.

The suggested minimum level of \$2 million liability coverage is commensurate with other jurisdictions in Canada, including Toronto and Waterloo, cities that were reviewed as part of the Case Studies paper.

Uber has declined to provide KPMG or the City evidence of insurance coverage, however the company reports that it carries a \$5 million insurance policy with AIG that applies when the drivers’ insurance company declines coverage. Uber indicates this policy is not primary coverage - it only protects third parties (passengers, pedestrians, other cars and their occupants) and does not provide any protection for the Uber driver or his/her car.

However, public safety and a level playing field make it essential that a TNC service cannot be licensed without clear proof that suitable insurance, (approved by FSCO as being appropriate for the provision of vehicle-for-hire services) is in place.

4.2 Driver screening

The City should consider setting the following requirements for driver screening:

- Any driver of a taxi, TNC or limousine would require:
 - A Vulnerable Sector Check^{vi}, conducted in a manner consistent with the Police Record Checks Reform Act, 2015, that does not show unacceptable results
 - A Statement of Driving Record before commencing service and annually thereafter, that does not show unacceptable results
- All vehicle-for-hire providers, including taxi brokers, TNCs and limousine operators would be responsible for verifying that the above mentioned conditions are met, retaining records to demonstrate during audit that the conditions are met, and will be subject to penalty where this is not the case.
- The Chief Licensing Inspector would establish criteria for unacceptable results of the Vulnerable Sector Check and for the Statement of Driving Record. Vehicle-for-hire providers must apply those standards or choose to apply more restrictive standards.

Rationale

All vehicle-for-hire operators are potentially alone with vulnerable members of the population in their cars. Even those that are part of a driver rating system (for example current Uber operations) take initial trips without any previous history. The same

standards should apply to all, and they should exclude any individuals with a record of sexual or violent offences in order to protect public safety. There have been differences between cities in how the record check is conducted, and differences in approach between Uber and the taxi industry. The adoption of the Police Record Checks Reform Act, 2015 in December of 2015 has provided a consistent standard which should be applied to all record checks, for TNCs and for the taxi industry.

However the process should not prevent anyone with any criminal record from becoming a vehicle-for-hire driver. The Chief License Inspector should develop guidelines that take into account at least the nature of the offense and the elapsed time since it occurred. This type of judgement has been used in the past with taxi driver licensing, but no formal, written guidelines seem to exist currently.

It is also important to recognize that no police record check can identify all previous offenders – only those who have been caught.

It should be noted that the LEARN standard may be replaced with the provisions of Bill 113 under consideration by the Province of Ontario, which are intended to standardize the process for record checks. Should that occur, the requirements for vehicle-for-hire drivers should be aligned with the legislation, as adopted.

This approach addresses the guiding principle of “public safety” by establishing standard requirements for driver screening, and is consistent with the design guideline of a “level playing field” as driver screening is a basic element of public safety for which regulation for all vehicle-for-hire providers should be consistent.

4.3 Vehicle age and inspection

The City should consider amending the vehicle age and inspection requirements as follows:

- Taxi brokers, TNCs and limousine operators may establish their own standards for the size, age, features and cleanliness of vehicles, provided that in no case may vehicles be 10 or more model years old (with exceptions for the classic or vintage category of limousines), or have an odometer reading of greater than 300,000 kilometers, and provided that only wheelchair accessible vehicles may be used with accessible taxi plates. Such standards may vary between different service brands offered by the taxi broker, TNC or limousine operator.
- Taxis not affiliated with a taxi broker must also be less than 10 model years old and have an odometer reading of no greater than 300,000 kilometers and must meet current by-law requirements concerning acceptable sizes and features of vehicles.
- Annual Safety Standards Certificates from a Ministry of Transportation licensed garage will be required for all vehicles operating as a vehicle-for-hire (taxi, TNC and limousine).
- Biannual Safety Standards Certificates will be required for vehicles over 5 model years old which log more than 30,000^{vii} kilometers in a year (i.e. more than 15,000 kilometers in the six months after the annual inspection).

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- TNCs, limousine operators and taxi brokers will be required to ensure any vehicles affiliated with their service receives the required safety inspections and to maintain records of the safety inspections.
- TNCs and taxi brokers shall be required to demonstrate to the satisfaction of the Chief License Inspector that the meters, or other approaches used to determine the fare applicable to a particular trip, are accurate and consistent with published fare information. New styles of meters will require approval by the Chief License Inspector before installation.
- Taxis not affiliated with a taxi broker will be required to attend an annual meter inspection consistent with current practices.

Rationale

The regulations serve to protect public safety by ensuring that only vehicles deemed fit by a licensed inspection station are permitted to serve customers. Taxis currently must be less than 8 model years old, while Uber uses a 10 year limit.

Both TNCs and taxis would be obligated to use an app which includes driver rating and an opportunity to comment. Through the driver rating function (discussed in detail in section 7.1 under Customer Service), customers will drive demand for the vehicle requirements they seek by either giving drivers with unsatisfactory vehicles a lower rating, or by declining a ride from those drivers altogether. The TNCs and taxi brokers will also have concern for their image with customers when setting standards. It is also likely that providers may have more than one standard, e.g. offering different types of vehicles at different prices.

In that context it is reasonable to extend the limit to 10 years for both types of vehicles, and this will respond to taxi driver's requests to be able to purchase low mileage used vehicles for taxi service. However use as vehicles-for-hire does add considerable mileage to vehicles and does cause accelerated wear. The 300,000 km limit is designed to prevent vehicles being used as full-time vehicles-for-hire throughout a ten year lifespan. The twice per year inspections will help protect the safety of older vehicles that are used full-time as vehicles-for-hire.

These suggestions help achieve the guiding principle of public safety, and are aligned with the design guidelines of "level playing field", "fostering innovation", and "modernizing and simplifying regulation". The innovation of driver ratings allows customers to drive demand for the types of vehicles they expect of a taxi or TNC and as a result regulation can be relaxed and minimized while still addressing the maintaining a level of public safety.

Taxi brokers generally provide two "brands" today, accessible taxis and standard taxis. Uber also provides two brands in Ottawa, UberX and UberXL (which provides larger vehicles) and provides other services in other cities. Limousines also tend to have at least sedan and "stretch" categories. The proposal will allow each of these categories to set vehicle requirements that meet their brand requirements, and to set different regulations for each of their brands, encouraging further innovation in the range of services provided.

Note that any introduction of “Uber Taxi” in Ottawa, using market taxi vehicles, would require a taxi broker licence and would not fit within the TNC license category.

4.4 Vehicle identification

The City should consider amending the vehicle identification regulations as follows:

- Taxis (which accept street hails and use taxi stands) will be required to be marked and have a roof light.
- Vehicles operating through a TNC, and limousines (which do not accept street hails or use taxi stands) will not be permitted to have vehicle identification.
- TNCs will be required to have an app that can be used by by-law enforcement officials so that TNC vehicles can be readily identified for enforcement purposes.

Rationale

Vehicle identifications allow customers to identify a vehicle as a vehicle-for hire, such as a taxicab when hailing or using a taxi stand. TNCs and limousines will not be permitted to have vehicle identification, as these business models do not involve the use of taxi stands or street hails, and the public safety model does not allow for hails outside the apps. This will benefit taxis by reducing the potential for drivers operating through a TNC or limousine to accept street hails, as the vehicles will not be distinguishable from regular private-passenger vehicles.

Drivers operating through a TNC, such as Uber, use their unmarked, private vehicles when providing vehicle-for-hire service (Uber Taxi as operated in some cities using marked taxi vehicles would not be a TNC service – it would have to meet the requirements for a taxi service). Instead of having markings, customers receive a description of the vehicle and plate number upon booking a ride through the TNC app which helps to identify the vehicle. Similarly, when a limousine is booked, the customer is given a description of the vehicle at that time or the driver calls upon arrival.

This suggestion addresses the guiding principle of public safety and is consistent with the design guideline of “fostering innovation” as it recognizes an alternative service model that provides efficient and sustainable service to residents and visitors to the City. The TNC and limousine models do not involve street hails or the use of taxi stands, whereas the taxi industry does; as a result of this difference the issue of vehicle identification needs to be addressed differently. Public safety will be enhanced by ensuring customers only street hail vehicles regulated for this purpose (i.e. taxis).

4.5 Cameras in Vehicles

The City should consider amending the in-vehicle camera regulations as follows:

- Cameras are optional for any vehicle operating through a TNC or a limousine operator.
- Cameras continue to be a requirement for taxis, which are able to accept street hails or use taxi stands.

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- The Chief License inspector should update the specifications of in-vehicle cameras to incorporate current technologies

Rationale

Vehicles operating under a TNC, which only accepts pre-arranged rides arranged through an app (with driver and vehicle information and ratings provided to the customer, and customer identification provided to the driver, with computerized records of the information) and that does not accept payment by cash, would not require a camera. Pre-arranged rides where information of both parties is shared between parties adds a level of security that does not exist otherwise. Should an event occur the identity of both individuals is documented. There is also a reduced risk of theft as payment by cash is not accepted.

Similarly, limousines primarily operate on a basis of pre-arranged rides, although some do accept rides at the airport taxi stands. While this business model involves a greater degree of risk than that of TNCs, the risk is limited by the stand picks-ups being limited to the airport.

Cameras continue to be a requirement for taxis, for protection of both drivers and passengers. Taxis pick-up unknown persons on the street by accepting street hails and at taxi stands. Cameras add a measure of protection where other such protections do not exist. Minimum camera specifications as opposed to a camera make and model should be regulated to provide the purchaser choice when purchasing the camera, which may reduce cost, or may allow for a better camera to be purchased. Minimum standards establish a standard of quality to be achieved to provide for public protection.

Although Uber vehicles do not have the cameras found in taxis, customer experience^{viii} and stakeholder input suggested that customers who used Uber reported feeling safer, largely because of app functionality such as the driver rating system, receiving driver information including the name, a photo of the driver, vehicle description and plate number and their level of comfort with rides they had taken.

The cameras in taxis are required to achieve the guiding principle of “public safety”. It is consistent with the design guideline of “fostering innovation” as it recognizes an alternate measure of public safety that was created as a result of a technological innovation, sharing of information through an app.

Innovation is also factored in to the suggestion to regulate minimum camera specifications to accommodate changes in technology.

Requiring minimum camera specifications as opposed to a specific camera make and model came as a suggestion from members of the existing taxi industry. They would like to have options when purchasing a camera. This concept should be supported provided the specifications are met.

5 Accessibility

Accessibility is the second of three guiding principles set out by the City for consideration in this review. The City of Ottawa has enjoyed a strong accessible component of its taxi industry which has provided direct, on-demand services to customers in Ottawa who require a wheelchair accessible vehicle, or a vehicle that can easily accommodate large storage space requirements (e.g. for luggage, stroller access, etc.) The taxi industry has been able to provide contract services to support Para Transpo services at a cost Para Transpo indicates is below the cost of in-house services.

Under the Accessibility for Ontarians with Disabilities Act, the Ontario government has adopted Ontario Regulation 191/11, the Integrated Accessibility Standards. These require that every provider of goods and services “shall use reasonable efforts to ensure that its policies, practices and procedures are consistent with the following principles:

1. The goods or services must be provided in a manner that respects the dignity and independence of persons with disabilities.
2. The provision of goods or services to persons with disabilities and others must be integrated unless an alternate measure is necessary, whether temporarily or on a permanent basis, to enable a person with a disability to obtain, use or benefit from the goods or services.
3. Persons with disabilities must be given an opportunity equal to that given to others to obtain, use and benefit from the goods or services.”^{ix}

The City should consider adopting the following provisions with respect to vehicle-for-hire accessibility:

- That all taxi brokers, limousines and TNCs with more than 25 affiliated vehicles be required to provide 15% or more of the hours of service provided by affiliated vehicles in accessible vehicles as defined in the by-law^x.
- That taxi brokers, limousines or TNCs have the option to contribute \$.30 per trip provided by affiliated vehicles to a City operated Accessible Services Support Fund should they choose not to provide 15% of their service hours in accessible vehicles.
- That funds in the Accessible Services Support Fund be used to fund contributions to operators of accessible vehicles-for-hire to contribute towards the costs of purchasing and operating accessible vehicles and make the operation of accessible vehicles-for-hire more economically viable and competitive.
- That all TNCs and taxi brokers include features in their apps that will improve accessibility for blind, low vision, deaf or hard of hearing persons to the extent possible, as reviewed and approved by the Chief Licensing Inspector.
- That taxis improve accessibility for blind and low vision persons by making any new meters talking meters. At the conclusion of the trip the meter will read out the total fare owing.

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- That a minimum of 15% of any new taxi plate licenses issued be accessible plate licenses (subject to findings from the work described in section 8.3).
- That Para Transpo expand its service delivery using contracted accessible taxis and through expansion of its taxi coupon program as additional capacity is required.

Rationale

The Taxi By-law currently mandates that just over 15% of all taxicabs must be accessible and that 15% of the cabs operated by any taxi broker with over 25 taxis must be accessible. The accessible taxis are an “integrated” approach as discussed in the regulation noted above. This approach is the preferred approach to providing persons with disabilities “an opportunity equal to that given to others”. However the regulation does provide that alternative measures can be used where required.

Uber’s current operation is based on the concept of people using their own personal vehicles to provide vehicle-for-hire services. Very few people own accessible vehicles, and as a consequence, Uber is not currently offering accessible services in Ottawa. Uber has indicated that In Toronto, it has made an arrangement to refer calls for accessible service to a taxi company that has accessible vehicles. That kind of arrangement could work in Ottawa, provided Uber could reach an agreement with a taxi company, but it would only work to the extent that there is a viable accessible taxi industry.

Accessible vehicles cost more to purchase, retro-fit and operate than sedan taxis. As the table in Appendix A shows, the difference in costs can be as much as \$24,633 per cab, or \$4.6 million per year for the 187 accessible taxis.

Thus, some incentive would be required to assist owners to carry on operating accessible taxicabs. Currently, the incentive is the availability of a highly sought after taxi license that can only be used on an accessible vehicle. The economics of the taxi industry have been changing with the introduction of new competition. In New York City there are reports of many taxis being parked because there is insufficient demand. Should that occur in Ottawa, the incentive could be to park the accessible vehicles first, as they are the most expensive to operate. There has already been concern expressed that accessible taxis may not be on the road as often as other taxis.

Uber indicated in the consultations that it is exploring the potential to launch a door-to-door service to support mobility impaired (but not wheelchair bound) passengers, but has not yet done so. The proposed regulations allow TNCs to operate a variety of services for different markets. However, this is not a solution for persons with wheelchairs or scooters.

Similarly, limousines tend to have small fleets of standard vehicles, with few, if any, providing wheelchair accessible service.

Consistent with the design guideline of level playing field, all vehicle-for-hire categories should be required to provide accessible service. However, consistent with the design

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guideline of fostering innovation, it is suggested that TNCs and limousine operators be given a choice in how they approach wheelchair accessibility. They could adapt their model and approach in such a manner that they could provide service in accessible vehicles equivalent to what they provide in other vehicles (e.g. 15% of the service using accessible vehicles), or, they could make a financial contribution on each ride that would be used to financially support the accessible vehicle-for-hire services that are available, generally from accessible taxis. The same approach could be applied to any taxi brokers who cannot provide accessible service themselves.

There have been approximately 12 million taxi rides per year in Ottawa. A levy of \$0.38 would be required to raise the \$4.6 million from those rides. To the extent TNCs expand the vehicle-for-hire market, the extra trips could reduce the amount required. Uber has indicated that Chicago charges a levy of \$0.10 per non-wheelchair ride as an accessible fee. New York City charges non-accessible taxis \$0.30 per ride to support accessible service. The proposed \$0.30 charge was selected as a rate in use elsewhere, and one sufficient to support most incremental costs of wheelchair service if all non-wheelchair service contributed. It would only apply to rides provided by TNCs, limousines or taxi brokers who do not provide the required accessible service. However, taxi brokers providing both accessible and sedan service would be able to adjust their internal prices as required to attract sufficient accessible service providers, in effect providing internal subsidies to the extent required to support the provision of accessible service.

The City has advised that there is currently no explicit legislative authority for the City to require contributions to support accessible service by other providers. Bill 131 may provide the authority, if passed as currently drafted. However the requirement to provide 15% accessible service would appear to be consistent with current legislative requirements, and TNCs, or taxi brokers unable to meet this requirement economically, may choose to make the contributions instead.

Whether the TNC provides the accessible service directly or provides a contribution to the Accessible Services Fund, the TNC will make a contribution to ensuring economic, viable, accessible vehicle-for-hire services are available for those who need them.

The suggestion to convert the 15% requirement to cover service hours rather than vehicles also responds to the concern accessible vehicles are more expensive to operate and may be parked first. The development of a fund to improve the economics of accessible taxi operation, should TNCs prefer this approach, will also help reduce the incentive for parking the accessible taxis during periods of low demand.

Ottawa currently requires, and Toronto has contemplated requiring, that all new taxi plates, and perhaps eventually, all taxis, to be accessible. However, accessible taxis are significantly more expensive to operate, and those not dedicated to Para Transpo service carry wheelchair bound passengers for a small minority of trips. Requiring the entire taxi industry to operate with accessible vehicles would increase costs – and ultimately fares – without necessarily improving the service to persons using wheelchairs.

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Many users are under the impression they should leave the accessible vehicles “for those who need them”. Exactly the opposite is the case. Coventry Connections indicated that only 3% of trips require an accessible vehicle, but 15% of taxis are accessible. This difference means that there is almost always an accessible taxi available, in reasonable proximity, when someone calls for an accessible taxi, and comments during the consultation process confirmed generally comparable service levels are maintained. It also means that accessible taxis must carry passengers who could use a sedan, most of the time, if they are to be economically viable. If accessible taxis remained empty most of the time, like many accessible parking spaces, they would not exist very long. The drivers would not be able to earn a living and they would not be available when the call did come from someone who required an accessible taxi. Consistent with the principle of modernizing and simplifying regulation, it is suggested that the current ratio of accessible taxi vehicles be maintained until the need to expand it is identified, either through the dedication of more vehicles to meeting Para Transpo requirements, or by identifying that response times to calls for service are significantly slower than sedan responses.

Uber indicated in the consultations that its app has features that help accommodate those with vision or hearing disabilities built into its app and its service model. These approaches should be incorporated into all apps and service models to the extent possible. Rather than define the specific requirements in regulations, it is suggested that the Chief License Inspector review the provisions so there is some flexibility to adopt new approaches (and requirements) as they become available. The next taxi meter upgrade should include talking meters that state the total fare upon completion of the ride. This technology is important to those who are visually impaired or have limited vision.

Para Transpo indicated during the consultations that it currently purchases services from the taxi industry that it provides to qualifying Para Transpo customers as part of the Para Transpo service. Para Transpo indicates these services are less expensive than the services provided in-house, particularly in certain conditions. The contract currently provides for payment at the standard taxi fare, plus 15% to cover administrative costs. These contracts are an important element of making the accessible taxi industry viable, and are sought by drivers as the process leaves them far less unpaid wait time than regular taxi service. Expanding the provision of services would continue to support the industry, while containing service delivery costs.

6 Consumer Protection

Consumer protection is the third of three guiding principles set out by the City for consideration in this review. However it includes measures to protect both the passenger and the driver such as establishing a reasonable fare for service and a thorough complaint resolution mechanism. In the taxi industry, consumer protection has been set by having a fixed, legislated fare and by providing the opportunity to register a complaint with the City or the taxi broker about breaches of the by-law provisions. However, during the consultation process, many customers indicated that they have complaints, but have not bothered to report them to the City or to the taxi broker, noting their perception of the level of effort required to make a complaint and their perceptions of the low likelihood of any action resulting.

Uber has established a different model. Its fares vary depending upon supply and demand, but it has pre-disclosed rates, requires the consumer to be aware of the fare that they will be charged and to consent to that fare (or wait until it will be lower). Uber makes it very easy to register a concern (a low star rating) and to submit a more detailed complaint (text a message). Uber has also stated, and some customer comments confirm, that it responds very quickly to these complaints, and that it takes action, ranging from refunding customers, to training, to warning and then de-registering drivers.

6.1 Fare pricing

The City should consider the following regulation regarding fares:

- Continue to have a taxi fare specified in the by-law (the by-law rate).
- Permit taxis to charge amounts other than the by-law rate as follows.
 - Variable pricing may be employed by taxis affiliated with a particular taxi broker provided the Chief Licensing Inspector has been notified of the pricing approach, determined that the meter and related systems can reliably implement the variable pricing approach, and approved the approach to customer notification and acceptance of the fare to be charged.
 - Any such pricing approach must provide that when fares are initiated at taxi stands or hailed on the street, the by-law rate shall be the maximum permitted charge.
- Permit TNCs and their affiliated vehicles to employ variable pricing provided the Chief Licensing Inspector has been notified of the pricing approach, determined that the meter and related systems can reliably implement the variable pricing approach, and approved the approach to customer notification and acceptance of the fare to be charged.
- Require all variable pricing regimes to include a requirement for the customer to consent to the fare prior to the service being provided, and such approach must

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contain particular features to require active, informed consent when fares are higher than twice the by-law rate.

- Increase the minimum fare charged by a limousine to maintain the distinctions between limousine and taxi services and that this minimum not apply to a new class of limousine providing “auxiliary services”.

Rationale

Fares currently charged by TNCs, such as Uber, are unregulated, although customers, through the app, are advised of, and must consent to, the fare level that will be charged. This allows the market to determine fares through factors such as supply and demand. It encourages customers to find alternative transportation when supply is low and wait times would be higher, and it encourages increases in supply when demand is high. This model is difficult to apply to all parts of the taxi industry, as customers generally have to take the first car in line at a taxi stand, so the concept of a fixed or maximum price is important for consumer protection.

However the majority of taxi business is dispatched, whether that be by phone, app, text or other approaches. Each offers its own challenges in terms of informing customers of variable fare plans and gaining their consent to a specific fare or fare level, but these could be managed and variable price plans put in place for some or all dispatched customers. A variable pricing plan would also require changes to the taxi meters. The current model is set to charge one specific amount and resist any efforts to alter the charges. There are a variety of possible technical solutions, based on mechanical or GPS measurement of travel, regulating changes by time of day or upon a broadcast pricing plan from the taxi broker.

Rather than specify a particular solution, either to a pricing model or the way it is implemented, it is suggested taxi brokers be required to submit their proposed variable cost model to the Chief Licensing Inspector for consideration. The submission would have to inform the Chief License Inspector of the proposed price plan before it goes into effect. It would also require sufficient details, information, demonstration, etc. of the technical approach to be used to satisfy the Chief License Inspector that the customer will be charged in accordance with the plan. It would also require the Chief License Inspectors approval of the way consent is to be sought from the client – what information they will be given at what point in the process, and how they will indicate, and how the taxi broker will record, the client’s consent.

The ability for a taxi broker to propose a variable pricing model may encourage innovation and competition, potentially allowing customers to benefit from lower fares, and allowing “surge” pricing, to bring supply and demand into line. It would also allow different taxi brokers to take different approaches, as may be appropriate for their customers and drivers, allowing effective competition.

The suggested approach for TNCs is identical, with the exception that they cannot pick up on the street, so the maximum fare will not apply. However the TNC would be required to inform the Chief License Inspector of the fare plan they will employ, satisfy

the Chief License Inspector that the approach to fare calculation is appropriate, and gain approval for the way customers will be informed and provide their consent.

The current minimum fare for a limousine is \$67.50 for the first 90 minutes and \$45 for each hour after the initial 90 minutes. This amount closely approximates the price of a long-distance taxi (i.e. from the airport to Kanata or Orleans). The City should consider establishing a new minimum fare for limousines that could restore a gap between limousine fares and taxi fares, factoring in inflation, and the physical growth of the city.

There are some businesses operating in Ottawa which provide auxiliary services such as senior citizen accompaniment services, pet taxis and chauffeur services that drive passengers and their vehicles home. Services such as these are often licensed as limousines as they do involve driving passengers for compensation, but only as an auxiliary service. These service providers could be exempt from the luxury vehicle and minimum rate requirements under the limousine regulation provided that their status as an auxiliary service provider has been approved upon the issue or renewal of their limousine license.

The guiding principle of “consumer protection” is addressed as customers will be informed and have the opportunity to consent or reject a ride on an informed basis. With the possibility of different pricing approaches among various suppliers, the customer may also have the choice of quicker response, or lower price in some scenarios. The design guideline of “fostering innovation” is met as the technological and service model changes introduced by a TNC that are being embraced by residents and visitors to the City are captured.

Customers who attended the workshops and provided comments through the dedicated email and taxi hotline phone number reported that they like the lower prices and generally accept Uber’s surge pricing concept. Although customers advised they would prefer not to be caught by surge pricing, their behavior would likely change to adjust trips, when possible, to avoid periods where they anticipate surge pricing will be in effect, smoothing demand, exactly as intended. Some did report taking additional vehicle-for-hire trips as a result of the lower price.

Members of the existing taxi industry expressed concerns regarding the relatively low minimum fares regulated for limousines, which was eroding the distinction between the taxi and limousine service.

6.2 Complaint Resolution Process

The City should consider regulation requiring taxi brokers, TNCs and limousine operators to establish and implement a complaint resolution process that would at a minimum:

- Refer any major issues such as sexual assaults, assaults or robberies to the police immediately and to By-law & Regulatory Services in a timely manner.

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- Define timelines for initial contact with the driver and passenger or other parties involved in the complaint, and for resolution of the complaint.
- Inform complainants of their right to raise their concern with the regulator through By-law & Regulatory Services if the complaint alleges a breach of a by-law.
- Track complaints and report monthly on the number of complaints by type, and the resolution achieved.

Rationale

The importance of a clear, effective and timely complaint resolution process has been raised by users of traditional taxis and TNCs, such as Uber. Customers have reported confusion regarding who to contact in order to report a complaint. Currently, customers can report complaints through the City, by calling 311, by contacting the taxi broker directly, or if using Uber, through its app. The current by-law does not specify that taxi brokers are responsible to have a complaint resolution process, nor do Uber users have the opportunity to bring unresolved complaints to a regulator.

The proposed approach clarifies the complaint resolution process and prescribes timelines and criteria for complaint handling to address the policy goal of “consumer protection”. The regulation places the same requirement on all vehicle-for-hire providers to address the design guideline of “level playing field”.

6.3 Vehicle Requirements

The City should consider amending the vehicle requirements as follows:

- The size requirements for taxis shall be set by the taxi brokers, taking into account the market segments they target.
- The size requirements for TNC vehicles shall be set by TNCs
- Limousines in the luxury or stretch category shall have (or shall have had) a manufacturer’s suggested list price greater than \$60,000^{xi} (to be adjusted with inflation). Limousines in the classic or vintage category shall meet such criteria as the Chief License Inspector may establish related to their age and condition.
- Limousines in the auxiliary service category shall be appropriate to their intended use and shall only be licensed if the Chief License Inspector determines that their use as vehicles-for-hire is ancillary to other services being provided to the client.

Rationale

There has been concern about taxis at the airport not being large enough to handle luggage. However, the general availability of accessible taxis as part of the fleet does provide an option for passengers with considerable luggage. The ability to use smaller vehicles than what is currently required may result in more fuel-efficient and less costly vehicles being used which could lower the overall costs for vehicle-for-hire drivers and operators.

The current definition of a “luxury” vehicle suitable for limousine service is met by the majority of cars sold today (power windows, air conditioning, tinted windows, cell phone, deluxe wheels or wheel covers). Updating the feature list to exclude items that have

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become standard would only be a short term solution. Tying the definition to a dollar value would be a longer lasting approach, as long as the dollar value is regularly updated.

The design guideline of “minimize regulation” is addressed by reducing the size requirements for taxis and TNC vehicles, as well as through driver ratings (discussed further in Section 7.1- Apps). Customers will have the ability to factor their rating of the vehicle, which has the potential to drive demand in the types of vehicles used.

The suggested change to the limousine regulation is aligned with the policy goal of “consumer protection” so that customers are actually getting a luxury vehicle when they book a limousine.

7 Customer Service

Customer Service as a criterion responds to the direction that vehicles-for-hire meet the needs of residents and visitors. At the core of the issue is that taxis, or any other vehicle-for-hire service, only exist to meet customer needs. Consumers expect a reasonable level of customer service for the money paid and will turn to other options if they do not receive it.

7.1 Apps

The City should consider the following regulations regarding apps:

- That every taxi broker and TNC have an app with at least the following features:
 - Driver rating: passengers give the driver a rating at the end of a ride. Average driver ratings are displayed on the app and available to passengers before the ride is booked.
 - Driver information: provided to the passenger, including first name and photo, before the ride is booked, and full name after the ride.
 - Vehicle information: provided to the passenger, including vehicle make, model, colour and license plate number, or for a taxi, the car number.
 - Vehicle location: provided to the passenger continuously. This information helps the passenger know when to expect their ride to arrive.
 - Route tracking: available to resolve disputes over direct service, appropriate fares, and to facilitate event investigation.
 - Payment: credit card information is entered into the app when a person signs up for the app. When the ride is finished, the credit card or debit card (through PayPal or another alternative) is automatically charged. There is no need for cash handling, or the use of a debit/credit machine.

Rationale

TNCs, such as Uber, run on apps which have a number of features, many of which customers have reported to be highly desirable. Driver ratings that are made available to passengers in the Uber app appear to produce positive results in terms of customer service. By requiring this functionality for taxis as well, it is expected that there would be an increase in the level of customer service in the industry as a whole.

Providing the customer with vehicle identification information is necessary with the TNC model because private vehicles do not have identification that would distinguish them as a vehicle-for-hire when in use. There is more standardization within the taxi fleet and the vehicles are readily identifiable. However, with increased flexibility on the type of vehicle used as taxis, the same information should be provided, allowing the passenger

to confirm that the vehicle will meet their particular needs, and that the vehicle that is meeting them is the correct vehicle with the correct driver.

Providing the vehicle location detail in the app helps customers gauge when they need to be ready for their taxi. This will reduce the number of occasions where customers are waiting outside, sometimes in adverse weather conditions, for extended periods of time. It also leads to reduced wait times for drivers as they can communicate better with passengers.

Route tracking allows after-the-fact resolution of complaints or disputes over vehicles.

The suggested requirement for the app to have a built-in payment capability would provide customers with an additional method of making a payment which is easy and quick. Drivers would also benefit from this option as well by saving time at the end of each ride, allowing them to move on to the next ride sooner. The opportunity to add a tip to the payment could be incorporated into the app at the option of the taxi broker or TNC, depending upon their business model.

This approach is aligned with the principle of “customer service” and the design guidelines of “fostering innovation” and “level playing field”. Although they may seem unnecessary in the context of Uber, they will require that other TNCs provide comparable services should they establish in Ottawa. Having the same requirements apply to both taxis and TNCs helps to level the playing field. Limousines are excluded as most rides are arranged well in advance and are often paid through an account. Limousine apps could still be developed, but that would not be a requirement.

7.2 Dispatching

The City should consider the following regulation regarding dispatching:

- Both TNCs and taxi brokers be required to accept calls for service through an app.
- Taxi brokers be required to accept calls for service by telephone.
- TNCs and taxi brokers be required to dispatch (or offer) the vehicle that can respond quickest to the customer, with any limitations on this principle subject to approval by the Chief License Inspector.
- Both taxis and TNCs be required to have a logical connection between the meter or other fare calculation process, and the dispatch system which matches customers to vehicles.

Rationale

The innovation of accepting calls for service through an app provides an alternative to telephone dispatch, street hails and the use of taxi stands. Since the popularity of Uber has increased, certain taxi companies have introduced apps of their own as an alternate way for customers to request a taxi. During the consultation process, customers advised that they appreciated the convenience of requesting a ride through an app as opposed

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to contacting a dispatcher through a call centre. Requiring an app-based form of dispatching for both TNCs and taxis can help level the playing field, while improving customer service. Some taxi firms are accepting calls for service by text message now, introducing more innovation that should assist customers.

It is suggested that limousine operators would not be required to offer the option for customers to dispatch through an app, as in their business model, rides are pre-arranged by at least two hours. Operators would, however have the option of offering this service to their clients if they choose.

Taxis would still be required to provide dispatching by telephone. Customers who do not own or feel comfortable using a cell phone would still have the ability to book a taxi by telephone.

Long wait times were a common complaint of taxi users. The current taxi dispatch system currently does not know if a particular taxi is carrying a fare. A driver could be signed into a zone downtown, but since that driver just picked up a passenger and is dropping them off in Kanata, the passenger waiting for their taxi must wait until the first ride has been completed and the taxi driver returns to that end of the city. The suggested requirement of a connection of the meter to the dispatch system would reduce wait time as vehicles would only be assigned to a new call when they are free. Wait times would also be reduced if the closest available vehicle was dispatched as opposed to the current system which primarily operates as a queue of drivers who are logged into a particular area. Some movement in this direction has been implemented and should be re-enforced. However, there may be value in considering how long a taxi has been without a fare when allocating a fare amongst a number of taxis that are essentially equidistant from a call, so there is provision to use some elements of ride allocation, subject to City approval of the algorithm.

This approach is aligned with the principle of “customer service” as customers would have a number of methods through which they could request a vehicle-for-hire service. “Fostering innovation” is addressed by recognizing the benefits of dispatching by app already realized from this new type of service model and uses this element to improve the industry.

7.3 Payment options

The City should consider the following regarding payment options:

- Eliminate the \$1.50 credit card charge.
- Taxis, drivers operating through a TNC, and limousines must accept credit card and debit payments (through PayPal or otherwise) through an app.
- Taxis must accept cash and TNCs are prohibited from accepting cash.

Rationale

Currently, customers who choose to use a debit and credit card to pay their taxi fare are charged an additional fee of \$1.50. During the consultation process, customers expressed concern regarding this fee as payment by credit card is a common occurrence and the surcharge adds to the cost of the fare. In the research conducted when writing the Case Studies discussion paper, the six other jurisdictions reviewed had no similar fee. Drivers however, did raise concerns that they will lose revenue as a result of this fee being eliminated. However, there were also suggestions to reduce fares as Toronto has done, to make taxis more competitive with the TNCs. This approach has much the same effect for many customers and reduces the fare component that is most unusual. While no broad fare reduction is proposed at this time, Section 6.1 suggests that taxi brokers be permitted to introduce fare reductions where they believe this is warranted.

As discussed above in Section 7.1- Apps, it is suggested that the apps be capable of accepting payment by credit card or debit payment (through PayPal or otherwise). These are standard payment options which customers have come to expect.

Accepting payment by cash is part of the business model of taxis. This payment option will be limited to taxis because, as was discussed in Section 4, Public Safety, there is an increased risk associated with carrying cash and taxis would be equipped with in-vehicle cameras to address this risk.

The principle of “customer service” is addressed by providing customers with various payment options, depending on the type of vehicle-for-hire service chosen. Customer service will also be enhanced as customers will not be subject to the extra \$1.50 fee for paying with a credit or debit card. This approach is also consistent with the design guideline “fostering innovation” by suggesting that regulations should adapt to alternative payment methods that are a result of new technology and emerging trends.

8 Other Issues

Several other issues that are core to the taxi and limousine industry were identified through this review and the associated consultations but do not fit into the previous sections of this document. They are however, relevant to the review of taxi and limousine regulations and/or have been raised as part of the consultation part of this engagement.

8.1 Geographic Limits

The City should consider the following regarding geographic limits:

- The regulated area for taxi licensing be expanded to include the entire City of Ottawa.
- The TNC licensing apply to the entire City of Ottawa.

Rationale

The former townships of West Carleton, Goulbourn, Rideau, Osgoode and Cumberland are currently excluded from the regulated area for taxicab service. The urban area of the City of Ottawa has expanded and some of these areas are now more densely populated but remain unregulated. Accessible taxis currently provide service in the rural areas of the City, outside the regulated area, as do some sedan taxis. It is believed that there are no unregulated taxis operating in the rural areas that would be impacted by this change. The limousine licensing regulations currently apply to the entire City of Ottawa.

Application of licensing by-laws to all vehicles-for-hire in the entire City of Ottawa will apply the public safety, accessibility and consumer protection provisions to all vehicle-for-hire services in the City. It will also meet the design guideline of establishing a level playing field.

8.2 Plates

The City should consider the following:

- Enact a by-law formula of one taxi plate holder license per 806 Ottawa residents in the short term.
- Include in the taxi and TNC by-law provisions requiring taxi brokers and TNCs to provide data concerning calls, dispatches and trips that will allow analysis of industry service levels
- Once baseline service levels have been established, issue additional taxi plates or accessible taxi plates, if and when warranted to maintain target response times.

Rationale

The current by-law formula is a maximum of one taxi plate holder license for every 784 Ottawa residents within the regulated area. The City estimates Ottawa's population to be 957,150 in 2015, and the population of the urban area (roughly the "regulated area" described in the by-law) to be 863,140. Based on the population of the urban area, the formula yields a target of 1,110 taxis (1,221 if the population of the entire city is considered). There are currently a total of 1,188 taxi plates already issued (187 of which are accessible), as extra accessible plates were issued to ensure enough accessible taxis to provide a level of service reasonably comparable to that available to standard taxi users.

Expanding the service area to the entire City will not increase the demand for taxi services proportional to the increase in population as taxis are a less attractive model for long distance rural transportation and car ownership rates are high. Further, the creation of the TNC category will have some impact on demand for taxi services. The one taxi plate-per-806 residents' formula would match the current supply to the population of the City. It would not require issuance of additional plates at this time, but would facilitate issuing more plates to cover future growth.

With the availability of more extensive data from current dispatch systems, it would be possible to conduct analysis of vehicle-for-hire service levels in a meaningful way, identifying the actual response times at least for dispatched trips in various parts of the City at various times of day and days of the week, for both standard and accessible taxi service. This would allow a determination of changes in service levels over time, and make it possible to tie future taxi plate issuance to changes in service levels, or actual service levels relative to targets. It would also make it possible to determine whether response times with accessible vehicles are reasonably comparable to those of standard taxis, and to fine tune the ratio of accessible taxis, if appropriate.

This approach will facilitate innovation and customer service.

8.3 License Fees

The City should consider the following:

- Charging TNCs a licensing fee that is equal to the taxi broker fee, plus the equivalent of the taxi driver and taxi plate renewal fees, calculated on a per fare served basis, as shown in Appendix B
- Providing an option that taxi drivers may pay their renewal fee either as a fixed annual amount, or as a charge per fare served, in order to facilitate part-time vehicle-for-hire operation
- Reducing the taxi plate transfer fee to be equal to the annual taxi plate renewal fee.

Rationale

The City does not have the authority to use license fees as a form of taxation, therefore the fees collected from the vehicle-for-hire industry should be relatively consistent with the costs of managing the licensing and enforcement process. The requirements vary as salaries and other costs adjust over time, but they may be reduced through this process both as a result of modernizing and simplifying regulation, through self-regulation by providers, and through reductions in “bandit cab” activity that are likely to occur with TNC service in place. The amount of particular fees will require adjustment from year to year in recognition of these factors, so the suggestions deal with changes in the fare structure, rather than suggesting specific amounts.

The key factor suggested is creating a level playing field between the taxi industry and the TNCs, ensuring the regulatory burden is equal between the services.

The second theme is to design fees in a manner that is consistent with working a reasonable day in the vehicle-for-hire industry (as compared to the very long days often worked), and that accommodates part time drivers. This is a key component of the TNC service model, but could also become a more important element of the taxi industry. The taxi industry is currently based on full-time work, and some members of the taxi industry, particularly the local taxi union representatives, oppose the idea of part-time employment in the taxi industry as they feel that being a taxi driver is a full-time profession and they do not want this profession to turn into “precarious employment”.

The option to pay City licensing fees on a per-ride basis would not force any change in the industry structure, but it would facilitate innovation by allowing other models to be developed should that add value.

The average cost of licensing per taxi ride is about 10.5 cents (see table in Appendix B). This option would allow vehicles equipped with suitable technology to contribute a fee per fare, to an annual maximum of the annual license fee.

The plate transfer fee stands out as higher than warranted based on the level of work required. Reducing it to the level of a typical transaction fee is consistent with modernizing and simplifying regulation, and minimizing regulatory impact.

8.4 Training

The City should consider the following changes to training for all vehicle-for-hire operators:

- Eliminate the training requirements prescribed in the Taxi By-Law, except as they relate to the training course for drivers of accessible vehicles, and introduce a requirement that taxi brokers and TNCs provide training to their drivers before they begin service.

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- Review the contents of the training course for drivers of accessible vehicles and consider merging delivery with Para Transpo driver training.

Rationale

Customer service concerns have been raised by users of the traditional taxi service, while customer service provided by Uber drivers has been reported as generally being very good. This raises a question as to the effectiveness of the course currently required, relative to other mechanisms, such as driver rating. Drivers no longer need to rely on the use of a map as they can now input an address into a GPS to receive directions, raising questions about the need for way-finding training.

In a new competitive vehicle-for-hire environment requiring providers to compete on quality and price, with driver rating apps allowing customers to apply effective “discipline” on particular drivers, it is suggested that vehicle-for-hire operators innovate in their delivery of training to maximize the level of business they attract. This will also create a level playing field between various service providers.

Drivers will of course require some training. They will need training on using GPS systems more than on the location of particular streets or destinations, and on the particular business models and rules of the services with which they are affiliated. The importance of customer service should be emphasized, and key legal and human rights issues covered. But these requirements are continually changing, and are different with different service providers. It is suggested that all taxi brokers, TNCs and limousine operators establish and facilitate training for all of their drivers, but consistent with the principle of modernizing and simplifying regulation, the training content and format does not need to be included in the by-law.

An in-person training course is still a requirement for drivers of accessible vehicles, where there is likely to be less competition, and where there are requirements for service to persons with particular circumstances and technical issues, such as properly securing a wheelchair, that need to be considered. With the elimination of the taxi drivers’ course at Algonquin College, working with Para Transpo, which has similar requirements for its drivers, will likely improve the economics of course delivery, and may provide more consistency in the delivery of Para Transpo services.

8.5 Enforcement

The City should consider the following approaches regarding enforcement:

- Support provincial legislation allowing higher fines, suspension of drivers’ licenses, and assignment of demerit points for operating a vehicle-for-hire contrary to a municipal by-law.
- Give taxi brokers, TNCs and limousine operators responsibility to self-regulate in the following areas:

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- Compliance with driver screening regulations
- Compliance with vehicle regulations, including camera requirements
- Compliance with insurance regulations
- Compliance with fare pricing and related meter and notice regulations
- Self-enforcement would be subject to audit by the Chief License Inspector, with the licensee subject to penalty if they fail to uphold the by-law provisions.
- Consider eliminating the requirement for taxi drivers' licenses once self-regulation mechanisms are in place.
- Develop a contingency plan for aggressive enforcement of TNC and taxi regulations in the event there are substantial operations in contravention of the by-laws, in addition to ongoing routine enforcement.

Rationale

The Taxi By-law is enforced by Ottawa's By-law Officers. Enforcement activities include regular vehicle inspections, change of vehicle inspection, patrols and investigation of complaints. Taxi-related enforcement seems to require substantial time and effort on the part of By-law Officers. Enforcement efforts by the City would be reduced by placing some of that burden on the taxi brokers and TNCs since some of what By-law Officers must do currently seems to be a duplication of what taxi brokers do (e.g. checking driving records and police records). Taxi brokers and TNCs would be responsible for ensuring drivers and their vehicles are in compliance with all applicable regulations, including ensuring insurance is in place (once the City has approved the insurance approach). The City could audit the process at any time, and the by-law would contain penalties for failure to meet the requirements. This would make taxi brokers and TNCs accountable for ensuring their drivers are following the rules or risk facing penalties, or potentially for repeat violations, having their business license suspended or revoked.

Enforcement by the City would shift from carrying out the administrative tasks to conducting periodic audits. However, it is likely there would still be vehicle-for-hire drivers operating outside the by-law (bandit cabs), drivers that don't follow the by-law (resulting in customer complaints, street hails by TNC drivers, etc.) and there may be new TNCs that would require considerable attention.

A consistent theme from consultations was the need for more aggressive, effective and widespread enforcement when taxi regulations are not being followed. The presence of Uber operations in Ottawa for the past year was frequently raised in this context. Other jurisdictions, such as Quebec and Vancouver, have resolved this issue by establishing tougher punishments for breach of the law, and that approach could be used by the Province of Ontario so that municipalities can enforce their by-laws effectively (through demerit points, increased fines and vehicle seizures).

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Even if the Province does not act, the City should develop more effective means of preventing a “ride sharing”, app-based service model company, or TNC-like operation, from operating in Ottawa without meeting the proposed regulatory requirements and obtaining the required license.

Recent decisions in Calgary suggest that injunctions may be a useful part of the process. Although a Court chose not to support an injunction in Toronto, City officials indicated that Ottawa’s current by-laws are different than those in Toronto and, as such, would likely support an injunction if it was determined that approach is to be taken.

It may also be possible to conduct time-limited “campaigns” with significant resources applied to lay enough charges that most drivers of the offending TNC are charged, repeatedly if they continue, until the effect is sufficient to deter continued operations. It may be appropriate to make arrangements with the Police to use off-duty officers if necessary and with other enforcement personnel, such as possibly the Special Constables at OC Transpo, to support effective short term campaigns^{xii}.

Throughout the consultation process, members of the public and users of taxis raised complaints regarding taxi drivers. The competitive environment and driver rating apps should result in substantial improvements. However, from an enforcement perspective, greater random enforcement efforts on the street may be more effective than the scheduled spring and fall inspections that currently consume considerable time of City staff.

These approaches are required to protect public safety and provide consumer protection, and to provide a level playing field for the vehicle-for-hire industry.

8.6 Implementation

The City should consider allowing adequate time for the taxi industry to achieve the changes proposed.

- While the City should consider permitting and encouraging earlier implementation, the first major stages, implementing the full featured apps, connecting meters to apps/GPS systems, and implementing the quickest response dispatching, should be completed within twelve months.
- The implementation timeline for self-regulation, and replacement of meters and cameras, should be determined following industry input.
- The City should consider enacting TNC regulations as soon as possible, accompanying that with effective enforcement, as required.

Rationale

The changes proposed in the vehicle-for-hire industry are far reaching, and will take some time to achieve. The taxi industry will need to develop additional features in their apps as a first step, but will also need to develop an appropriate approach for using the fare flexibility and the hardware and software to support it. It will also need to build systems to support self-regulation of their operations to gain the full benefits of the modernizing and simplifying regulation approach.

TNCs face a significant challenge in resolving the insurance issues. They are clearly working on them, but have not been able to indicate a specific timeframe for the resolution. However, there is no reasonable way to phase-in this requirement, and the services should not be licensed until they have insurance. Thus, the full requirements of the TNC portion of the by-law can be implemented when adopted.

Appendix A – Accessible Service Levy Calculation

Approximate Annual Operating Costs Sedan vs. Accessible Taxicab

Item	Sedan Taxicab	Accessible Taxicab	Difference
Operating Costs:			
Insurance	\$8,000	\$ 8,500	
Vehicle Maintenance	\$4,800	\$ 8,400	
Fuel Costs	<u>\$25,550</u>	<u>\$ 36,500</u>	
Total Annual Operating Costs	\$38,350	\$ 53,400	\$15,050
Capital Costs:			
Vehicle Cost	\$15,000	\$ 40,000	
Estimated Life Expectancy (years)	<u>4</u>	<u>3</u>	
Cost per Year	\$3,750	\$ 13,333	<u>\$9,583</u>
Difference in Total Operating Costs			\$24,633
Number of Accessible Taxicabs			<u>187</u>
Annual Difference in Total Costs for all Accessible Taxicabs			\$ 4,606,371

Costing information provided by Coventry Connections. It was not corroborated by KPMG. See Accessibility discussion paper for detailed explanation of assumptions

Appendix B - Licensing Fees on a Per-Fare Basis Calculation

The calculation below estimates the cost of licensing fees, if charged on a per-fare basis. The City of Ottawa provided KPMG with the estimated number of taxi drivers and annual taxicab rides for the purposes of this review. Municipalities do not have authority to charge a fee that is equivalent to a tax. Licensing fees must therefore approximate the costs to administer and enforce regulations related to the vehicle-for-hire industry. Assuming the costs of \$1.26 million and the total number of annual rides remain consistent, the licensing cost per ride is approximately 10.5 cents.

	Total Number	Fees	Total
Taxi Drivers	2,600	\$217	\$564,200
Plates	1,188	\$584	\$693,792
Total			\$ 1,257,992
Estimated annual taxicab rides			12,000,000
Cost per ride			\$ 0.105

Figures and fees are estimates provided by the City of Ottawa, not corroborated by KPMG.

Endnotes

- ⁱ The Taxi By-law currently mandates that just over 15% of all taxicabs must be accessible and that 15% of the cabs operated by any taxi broker with over 25 taxis must be accessible.
- ⁱⁱ A Vulnerable Sector Check is an enhanced criminal record check. This type of record check was initially created in 2000 to protect children and vulnerable persons and is now governed by the Police Record Checks Reform Act 2015.
- ⁱⁱⁱ See Section 5 This could be adjusted by the City.
- ^{iv} This is a suggested number that should be assessed by the City for suitability.
- ^v Core Strategies, City of Ottawa Taxi and Limousine Regulations and Services Review “Customer Experience”, (October 2015)
- ^{vi} A Vulnerable Sector Check is an enhanced criminal record check. This type of record check was initially created in 2000 to protect children and vulnerable persons and is now governed by the Police Record Checks Reform Act 2015.
- ^{vii} This is a suggested number that should be assessed by the City for suitability.
- ^{viii} Core Strategies, City of Ottawa Taxi and Limousine Regulations and Services Review “ Customer Experience”, (October 2015)
- ^{ix} O. Reg. 429/07, s. 3 (2), Ontarians with Disabilities Act
- ^x The Taxi By-law currently mandates that just over 15% of all taxicabs must be accessible and that 15% of the cabs operated by any taxi broker with over 25 taxis must be accessible.
- ^{xi} This is a suggested value that should be assessed by the City for suitability.
- ^{xii} Suggestions noted here would need to be validated by City officials with the Police and/or OC Transpo to determine their viability.