



Regulating Vehicles for Hire in the City of Ottawa: Taxis, Limousines & Private Transportation Companies

Technical Briefing

March 31, 2016

Background: Council Direction

- As part of the consideration of the May 27, 2015 report, “Response to Taxi-Related Motions of April 2012” Council directed staff to undertake a comprehensive review of Ottawa’s taxi and limousine regulations, “including potential regulations to recognize the emergence of new hailing technologies and transportation-for-a-fee service models”.

Background: Guiding Principles

- Council directed that the review was to bring forward a proposal that would ensure sustainable and efficient services that meet the needs of residents and visitors based on the following guiding principles:
 - 1) Public Safety
 - 2) Consumer Protection
 - 3) Accessibility

Background: Scope

- The scope of the work was to include:
 - A review and analysis of the existing regulatory framework, including:
 - City's fees and charges
 - formula for establishing fares
 - formula for determining the number and type of plates issued
 - manner in which the plates are managed by the industry
 - A review and analysis of emerging technologies and alternate service models;

Background: Scope (continued)

- A review and evaluation of the current system in terms of its service delivery, including:
 - collection of data such as average wait times, average cost of a fare, ability to service all neighbourhoods and client groups in Ottawa;
 - identification of the pros and cons of limited and unlimited taxi plates, and transferability;
 - assessment of whether or not the current system sufficiently supports the City's long-term accessibility and transportation needs (i.e. ParaTranspo and Light Rail operations); and
- Benchmarking with other major cities

Council Priority

- On July 8, 2015, Council approved the review of the taxi and limousine regulation and service as a priority in the 2015-2018 City Strategic Plan, with funding to retain a consultant to undertake the review
- Following a competitive procurement process, KPMG was engaged on August 25, 2015

KPMG Review Team

KPMG partnered with the following groups:

- 1) Mowat Centre: an independent public policy think-tank based at the University of Toronto
- 2) Hara Associates: a firm of economists advising on policy and regulatory options, evaluating programs and assessing economic impacts
- 3) Core Strategies Inc.: a marketing firm specializing in the analysis, development and implementation of corporate and communications strategies and issues of public policy

KPMG's Review: Three Phases

Phase 1 – Research (September/October 2015)

Phase 2 – Consultation (November 2015)

Phase 3 – Analysis & Reporting (December 2015)

Phase 1: Research

- Six discussion papers:
 - 1) “Case Studies”, examines the current status of the vehicle-for-hire industry in jurisdictions outside of Ottawa, including Toronto, Waterloo, Vancouver, New York City, San Francisco and Washington, D.C.
 - 2) “Current Regulatory Regime”, discusses elements of Ottawa’s regulatory framework under the topics of Legislative Authority; the Taxi By-law; Enforcement; and Limousines and Regime Separation;
 - 3) “Emerging Issues in the Taxi and Limousine Industry”, provides an overview of the current business models that are reshaping the industry globally.

Phase 1: Research (continued)

- 4) “Accessibility”, reviews the four tiers of public transportation in Ottawa for persons with disabilities, including accessible buses, Para-Transpo, accessible taxicabs and subsidized taxi coupons.
- 5) “Taxi Economics – Old and New”, provides an explanation of the economics of regulatory issues surrounding the taxi industry and the impact of app-based service models; and
- 6) “Customer Experience”, provides an overview of the results of a series of focus groups conducted by Core Strategies in September 2015 to acquire a sense of the experience of customers using vehicles-for-hire as a viable mode of travel in Ottawa.

Phase 2: Consultation

- Seven workshops were held (66 participants)
- Webpage on Ottawa.ca provided links to all discussion papers and information on the various ways to participate.
- City's Twitter and Facebook accounts were also used to inform the public of the review, the release of the various documents and to solicit feedback.
- Taxi Hotline e-mail address (more than 6,000 submissions were received)

Phase 2: Consultation (continued)

- Following the conclusion of the workshops, KPMG released a document titled “Policy Options”, which identified three strategies the City could follow:
 1. Reform the current taxi regime and implement new concepts
 2. Establish a new Transportation Network Company (TNC) licensing category
 3. Expand the existing taxi industry to allow competition and reduce costs
- Two webinars were held, with 44 participants, to solicit feedback on the “Policy Options” paper

Phase 3: Analysis and Reporting

- Analysis of the research, six discussion papers, as well as input from the consultation phase, informed the development of KPMG's final report titled: **“Taxi and Limousine Regulation and Service Review”**

KPMG's Final Report

- KPMG's report outlines 70 separate recommendations based on the City's guiding principles
- Staff agrees with the overwhelming majority
- KPMG recommended the following broad-based reforms:
 1. That a new licensing category for Transportation Network Companies (TNCs) be established in support of improved customer service. **Note: City prefers the term Private Transportation Companies (PTCs)**
 2. That the existing taxi and limousine regulatory framework be reformed to reflect emerging issues and technologies
 3. That the existing taxi and limousine regulatory framework be simplified in support of leveling the playing field

Core Assumptions

- **PTCs, taxis and limousines offer similar service, but respond to different consumer demands**
- **PTC users** enjoy the convenience of an app, knowing both the price of the trip and the wait time in advance, the ability to see the driver and vehicle ratings, and the absence of a cash transaction
- **Taxi users** value the safety and security of the ride, the ability to use cash, have confidence the professional driver knows the best route, have the ability to street hail and use taxi stands, are protected from surge pricing, and benefit from a formal complaint process

Core Assumptions (continued)

- **Limousine users** have the ability to receive a tailored, specialized experience from a professional driver, pre-booked, with the price negotiated and understood in advance

Regulatory Approach

- Establish a “lighter” regulatory regime that incorporates common public safety and consumer protection measures, with specific measures that recognize the different consumer expectations for each
- Ensure consumer choice and allow current industry participants the freedom they need to innovate

Common Safety and Consumer Protection Measures

	PTC	Taxi	Limo
Driver Screening	Police Record Check for the vulnerable sector (annual)	Police Record Check for the vulnerable sector (every 3 years)	Police Record Check for the vulnerable sector (annual)
Driver Screening	Statement of Driving Record	Statement of Driving Record	Statement of Driving Record

- All drivers require a Police Records Check (PRC) for Service with the Vulnerable Sector and Statement of Driving Record
- PTC and limousine drivers require a PRC completed on an annual basis, given the more transient nature of drivers in these categories, while taxicab drivers must have one every three years

Enhancing Competition and Innovation

	PTC	Taxi	Limo
Vehicle Age	10 years	Increase from 8 to 10 years	10 years
Inspection	Annual safety inspection, bi-annual over 5 years	Annual safety inspection, bi-annual over 5 years	Annual safety inspection, bi-annual over 5 years

- Maximum age limit for all vehicles-for-hire will be set at 10 model years (except vintage and specialty limousines)
- Annual Safety Certificate/inspection will be required for all vehicles-for-hire. A biannual inspection is required for all vehicles over five model years

Common Safety and Consumer Protection Measures

	PTC	Taxi	Limo
Insurance	\$5 Million	Increase from \$2M to \$5M	Increase from \$1M to \$5M

- Staff, on the advice of the City of Ottawa’s insurance broker, is recommending a minimum \$5M liability insurance be required across all categories of vehicles-for-hire.
- Ensures adequate coverage due to an increase in claim amounts experienced generally

Unique PTC Requirements

- **Regulatory Approach:** Require baseline consumer protection and public safety standards, and recognize consumer expectations (buyer beware)
- City to license PTCs and, rather than license drivers directly, make it the PTCs responsibility to maintain an up-to-date register of affiliated drivers and maintain proof of drivers' screening and safety records
- City to review administrative compliance by way of spot audits and fields inspections

Unique PTC requirements (continued)

- Only pre-arranged fares through an app:
 - No street hails
 - No use of stands or designated taxi lanes
 - No vehicle identification
 - No cash payments
- License fee equivalent to taxi broker fee (based on fleet size), supplemented by a per-ride charge of \$0.105 to recover the anticipated costs of inspection and enforcement, as recommended by KPMG

Unique PTC requirements (continued)

Accessibility

- Negotiate a voluntary per-trip accessibility surcharge for PTCs to fund an Accessible Service Support Fund
- City to develop a strategy for allocation of the funds, in consultation with stakeholders
- Petition the Province for authority to establish a mandatory accessibility levy for PTCs to promote and foster accessibility and associated services

Proposed Reductions in Taxi Regulations

- **Regulatory Approach:** Maintain public safety and consumer protection standards in recognition of consumer expectations, provide the industry with the freedom to innovate
- Reduce taxicab driver license fee from \$170 to \$96 for drivers who drive standard taxicabs and from \$170 to \$0 for drivers who drive accessible taxicabs
- Allow variable pricing for pre-arranged fares arranged through an app, subject to the maximum fare prescribed in the by-law
- Eliminate taxicab vehicle standards with respect to interior and trunk size, seating capacity and window tinting

Proposed Reductions in Taxi Regulations (continued)

- Eliminate the taxicab driver education requirement (except for accessibility training)
- Eliminate the \$1.50 processing fee on debit and credit card transactions

Proposed Reductions in Taxi Regulations (continued)

- Taxis to have exclusive ability/requirement to:
 - Take street hails, use taxi stands and designated taxi lanes
 - Accept cash
 - Use marked vehicles
- Specify minimum standards for in-vehicle cameras, rather than specific camera makes and models
- Expand the regulated area to include the entire City of Ottawa
- Amend the ratio of plates-to-population from 1:784 to 1:806

Refinements to Limousine Regulations

- **Regulatory Approach:** Require baseline consumer protection and public safety standards, and recognize consumer expectations (speciality services)
- Refine the definition of limousine to ensure features are considered “luxury” by current standards are distinguishable from other vehicles-for-hire
- Like with PTCs, City to license limousine operators and, rather than license drivers directly, make it the operators responsibility to maintain an up-to-date register of affiliated drivers and maintain proof of drivers’ screening and safety records
- City to review administrative compliance by way of spot audits and fields inspections

Refinements to Limousine Regulations (continued)

- Increase the minimum fare from \$67.50 for the first 90 minutes and \$45.00 for each additional hour, to \$75.00 and \$50.00 respectively, exclusive of HST
- Establish an “auxiliary service” category in order to address other service models within the limousine industry
 - **Personal service related transportation:** senior citizen accompaniment and special needs services
 - **Personal vehicle chauffeur services:** “responsible choice”-type services

Petition the Province

Enforcement & Penalties (*HTA*)

- Tie outstanding violation to plate denial
- Issue higher fines
- Apply demerit points
- Impose administrative driver's license suspensions

Accessibility

- Authority to establish a mandatory per-trip surcharge to promote and foster accessibility and associated services

Summary Table

	PTC	Taxi	Limo
Driver Screening			
• Police Records Checks	✓	✓	✓
• Driving Record	✓	✓	✓
\$5M Insurance	✓	✓	✓
Vehicle age			
• 10 years	✓	✓	✓
Vehicle safety			
• Annual inspections	✓	✓	✓
• >5 years, twice per year	✓	✓	✓