

Admin Report - Vehicles for Hire Bylaw - Taxi and TNC Parity Review .docx

ISSUE

In December 2018, the provincial *Vehicles for Hire Act* came into force, permitting ridesharing in Saskatchewan. Extensive engagement with the taxi industry was undertaken to develop the municipal regulations for Transportation Network Companies (TNC) and to identify amendments required for taxi regulations.

With the regulations in effect for approximately two years, additional consultation with the taxi and TNC industries was undertaken to ensure as much parity as possible between the regulations for these ridesharing services.

BACKGROUND

History

At its Regular Business Meeting on September 30, 2019, City Council resolved:

“That the stakeholders of the taxi and TNC industry be invited to meet with the Administration to continue discussions regarding the Vehicles for Hire Bylaw to ensure that in the areas where both services should be treated similarly are reviewed, and that a report be brought back for City Council’s consideration with possible Bylaw amendments no later than the September, 2020 City Council meeting.”

Administration began engagement sessions with the Vehicle for Hire industry in early February 2020 to identify potential opportunities for closer alignment of bylaw requirements between the taxi and TNC industries. Due to the COVID-19 pandemic, engagement sessions were placed on hold to allow stakeholders to focus on maintaining business continuity.

One taxi stakeholder submitted a request to postpone the engagement until Fall 2020 with this request approved by City Council. At its Regular Business Meeting on June 29, 2020, City Council resolved:

“That consideration of a report from Administration, with respect to the Vehicle for Hire Bylaw Engagement Review, be deferred to the February 2021 meeting of the Standing Policy Committee on Transportation.”

Current Status

There are 160 permanent taxi licences, 35 enterprise taxi licences, 5 permanent wheelchair accessible taxi licences, 21 temporary wheelchair accessible taxi licences; and 4 licenced taxi brokers dispatch these taxis. There are approximately 400 licenced taxi drivers. At this time 1 TNC is licensed to operate.

Public Engagement

Consultation with key stakeholders was conducted in two phases and included taxi brokerages, TNCs, taxi driver union leadership, taxi plate owners and taxi drivers.

The first phase of engagement was completed in March 2020. Meetings with individual stakeholder groups were conducted to identify areas of concern where bylaw regulations for taxis and TNCs were perceived to be unfair or not equal. Due to COVID-19, engagement sessions were suspended in mid March 2020 and resumed in November 2020 for the second phase.

During phase two of the engagement, a summary of input from each of the stakeholder groups was distributed to participants for their review and comment. Participation in the full engagement process varied among stakeholder groups, as detailed in the engagement summary. A detailed engagement summary, including stakeholder input is provided in Appendix 1.

City of Saskatoon's Current Approach

The Vehicles for Hire Bylaw (Bylaw) sets out regulations and licensing requirements for the taxi and TNC industries. While these industries provide similar transportation services, differences in how they operate require different regulations and licensing requirements. Regulations are aligned between the two industries whenever possible.

The Bylaw provides detailed standards and licensing requirements for taxis and TNCs, as does the provincial *Vehicles for Hire Act* and *Vehicles for Hire Regulation*. The Bylaw includes provision for enforcement to address contraventions related to operation of both taxis and TNCs.

Current Bylaw Inspection Practices

To ensure compliance with the minimum standards set out in the Bylaw, taxis and affiliated TNC vehicles are inspected both proactively and on a complaint basis.

During the industry engagement, a number of stakeholders requested more enforcement of affiliated TNC drivers for infractions such as failing to display a TNC decal and traffic violations, as well as enforcement of people offering unlicensed vehicle for hire service.

For offences under the Vehicles for Hire Bylaw, a bylaw inspector may issue a warning, issue a notice of violation, recommend a licence suspension, or provide direction to remedy a contravention. Traffic safety violations are enforced by the Saskatoon Police Service.

Administration undertakes enforcement of this Bylaw, in part, through the use of a part time contract bylaw inspector and this provides some flexibility to adjust bylaw enforcement activity depending on the rate of compliance and contraventions being observed. Administration will continue to monitor compliance rates and adequacy of

staffing resources for enforcement. The Vehicles for Hire Licensing Program is not supported by the mill rate and program operating costs are recovered through licence fees. Should additional bylaw inspection resources be required in the future, approval for an increase in licensing fees may be necessary to off-set the increase in enforcement expenses.

Approaches in Other Jurisdictions

Administration conducted a review of ten Canadian municipalities and found a variety of approaches to regulate vehicle standards, safety standards, fare structure and licensing framework of the vehicles for hire industry. A summary of the results of the scan, detailing key aspects of regulations in each municipality, is included in Appendix 2. The licensing framework for vehicles for hire in Saskatoon closely aligns with regulations of a majority of the Canadian municipalities reviewed.

OPTIONS

The options outlined in this report identify issues and requested amendments identified by stakeholders in the vehicle for hire industry engagement process. Additional detail provided within each option specifies if there was consensus among the stakeholders for the proposed amendment, and advantages and disadvantages of the option as identified by the Administration. Any combination of the options outlined may be selected.

Option 1 – Establish a Cap on the Number of TNC Vehicles Permitted to Operate

The Vehicles for Hire Bylaw limits the number of taxis which can be licenced but does not currently limit the number of TNC vehicles permitted to operate. There are no restrictions on the time of the day when a taxi can be available for dispatch.

Under this option, a cap would be established to limit the total number of vehicles affiliated with TNC licensed to operate in the municipality. Currently, none of the municipalities included in the scan set caps on the number of TNC vehicles permitted to operate. A cap would be contrary to the TNC model; while some TNC drivers may work full time, the TNC model promotes part time and casual driving opportunities. Mechanisms like dynamic pricing are intended to encourage affiliated drivers to be available for dispatch when demand for trips is greatest.

If this option is selected, Administration would bring forward further reporting outlining considerations to implement a cap including how it could be structured and the appropriate number of vehicles for the cap.

Consensus of support for option among stakeholders: No

Advantages

- The TNC and taxi industry would have similar restrictions capping the number of vehicles available for dispatch; and
- Parity between taxis and TNC regulations.

Disadvantages

- Contrary to the TNC model. This has not been implemented in any other Canadian municipality;
- Reduces the number of vehicles available to serve the public when demand is high, which will lead to increased wait times; and
- Complicated to equitably divide the number of vehicles each TNC may have as an affiliate, to ensure the total number of vehicles of all TNCs does not exceed the cap. This formula would need to be recalculated as new TNCs are licenced and existing TNCs may be required to reduce the number of affiliated drivers.

Option 2 – Remove Vulnerable Sector Check Requirement

The provincial *Vehicles for Hire Act* requires all vehicles for hire drivers obtain a criminal record check, while the municipal Vehicles for Hire Bylaw requires all vehicles for hire drivers obtain a vulnerable sector check in addition to a criminal record check. The purpose of a vulnerable sector check is to review for pardons for convictions; this information is not included in a standard criminal record check. Under the *Vehicles for Hire Act* a person convicted of certain criminal offences can not be licensed as a vehicles for hire driver, either for a specified period of time or indefinitely, depending on the type of conviction.

Under this option, the requirement of a vulnerable sector check would be removed and only a standard criminal record check would be required. This would align the City's requirements with the provincial requirements. Aligned regulations would make it easier for drivers to provide services in multiple municipalities in Saskatchewan, which could encourage and promote more transportation services between cities.

Aligned regulations would also help to support a regional licensing model, whereby a TNC or taxi brokerage would be licensed to operate in multiple municipalities in a region. At this time, a regional licensing model for the Saskatoon region has not been proposed by industry and is not being considered by Administration.

The option was reviewed by the Saskatoon Police Service. As vehicles for hire drivers are responsible for transporting vulnerable members of the public, the Saskatoon Police Service recommends the vulnerable sector check requirements for taxi and TNC drivers remain in place as a Bylaw requirement.

Consensus of support for option among stakeholders: Yes (Please note: Saskatoon Police Services does not support this option)

Advantages

- Promotes vehicles for hire service between municipalities and supports a future regional licensing model;
- Reduces the cost and time period to obtain a criminal record check; and

- Aligns with provincial requirements for criminal record checks.

Disadvantages

- Lowers safety standards by removing a screening mechanism which identifies and prevents drivers convicted and pardoned of criminal offenses outlined in the *Vehicles for Hire Act* from being a vehicles for hire driver; and
- Contrary to recommendation of Saskatoon Police Service; they are not in favour of eliminating the requirement for vulnerable sector check.

Option 3 – Require In-Car Video Cameras for TNCs

In-car video cameras are currently required for taxis only. In-car cameras are not required for affiliated TNC vehicles, as such trips may only be arranged through an approved TNC app and not through anonymous means such as telephone requests for service and street-hails. Use of the app documents contact information of passengers and provides equivalent driver and passenger safety mechanisms.

This option would mandate the use of in-car video cameras in TNC vehicles. If this option is selected, Administration will prepare an additional report providing options for implementation of in-car cameras, including technical specifications, minimum requirements and inspections.

Consensus of support for option among stakeholders: No

Advantages

- Parity in vehicle equipment requirements between taxis and TNC vehicles; and
- Enhanced protection for passengers and drivers of TNCs.

Disadvantages

- Regulations would not be aligned with other municipalities. No other municipalities in the scan require in-car cameras in TNCs; and
- Potentially cost prohibitive for casual and part time TNC drivers, which may result in fewer drivers affiliated with TNCs.

Option 4 –Establish Minimum Sanitation and Protective Equipment Standards for Taxis and TNCs

The Vehicles for Hire Bylaw currently regulates minimum standards for vehicle cleanliness, specifying the vehicle be maintained, clean, and free from any damage, stains, or foul odours. The Bylaw does not outline sanitation practices or protective equipment requirements to be implemented during a pandemic.

This option would establish minimum sanitation and required personal protective equipment use for the vehicles for hire industry. This could include items such as frequency of cleaning, approved cleaning supplies, the wearing of masks and physical barrier devices in vehicles. The Saskatchewan Health Authority currently regulates sanitation and operational practices for all businesses during a pandemic.

If this option is selected, Administration will prepare an additional report providing options for minimum standards.

Consensus of support for option from stakeholders: No

Advantages

- Ensures clear direction is provided to taxi and TNC industries, regarding sanitation and protective equipment use and provision, and who is responsible for providing it.

Disadvantages

- Municipal regulations would duplicate provincial health regulations and would extend outside of the municipality's area of responsibility and expertise; and
- Public health orders from the Saskatchewan Health Authority are frequently changing to address new circumstances and emerging global best practices. Regulations in municipal bylaws are not intended to change quickly and may contradict health orders and may be inappropriate for a specific health emergency.

Option 5 – Require TNC Drivers to Obtain a Municipal Licence, Similar to Taxi Drivers

Taxi drivers are currently required to obtain a licence from the City of Saskatoon (City). The licence is valid for one year and must be renewed annually. Under this option, affiliated TNC drivers would be required to obtain a City licence similar to that obtained by taxi drivers.

The purpose of the taxi driver licence is to ensure each taxi driver is compliant with Bylaw requirements, including obtaining an annual criminal record check, affiliation with a taxi brokerage and possession of a valid Saskatchewan Driver's licence. The City provides a licensed taxi driver with a licence and ID badge to be displayed in the vehicle to provide assurance to the public that the driver has met the minimum requirements of the Bylaw.

Affiliated TNC drivers must also meet these minimum Bylaw requirements, however instead of licensing drivers directly, compliance is verified by the TNC prior to approving a driver to affiliate with the transportation network, and with regular compliance checks and audits by the City. In lieu of an ID badge, affiliated TNC drivers have an identification or driver profile established with their affiliated transportation network company. This information is available to the customer through the transportation network app.

If this option is selected, Administration will prepare a further report detailing the additional staff resources required to maintain a licensing program, the financial implications and recommending an application fee required to recover the additional costs of operating the program.

Consensus of support for option from stakeholders: No

Advantages

- Parity for licensing between a taxi driver and TNC driver; and
- Does not rely on the TNC to verify compliance with the Vehicles for Hire Bylaw.

Disadvantages

- Additional costs and more resources required to administer TNC driver licensing program;
- Due to the casual and part time nature of TNCs, it will be difficult to accurately forecast trends in application volumes and unexpected increases, which will result in staffing and service level challenges; and
- Increased application review times will result in delays in affiliated TNC drivers being approved to operate.

Option 6 – Restructure TNC Licence Fee to Have Costs Borne by the TNC and Affiliated Drivers

All fees associated with TNC operations are currently paid by the TNC, in the form of an annual licence fee and a per trip fee. There are no licensing fees which are directly paid by the affiliated TNC driver.

Within the taxi industry, taxi brokerage licence fees are paid by the taxi companies, taxi owners pay the taxi licence fee and drivers are responsible for taxi driver fees.

Under this option, TNC licensing fees would be restructured to have TNCs pay fewer licensing fees, with affiliated TNC drivers directly responsible for licensing fees. If this option is adopted, a TNC driver licence fee would likely be required in order to recover the additional costs of operating the program.

Consensus of support for option from stakeholders: No

Advantages

- Parity for licensing expenses between a taxi and TNC drivers.

Disadvantages

- Collecting licencing fees from TNC drivers will add additional administrative costs to operate the program compared to the existing process of collecting all fees from the TNC; and
- Anticipated to have longer review times compared to the existing process whereby TNCs approve drivers, resulting in delays for drivers to be approved to operate.

Option 7 – Implement a Mandatory Training Program for all Taxi and TNC Drivers

Training related to customer service is currently provided to wheelchair accessible taxi drivers. This three-hour course is offered annually by Access Transit and Community Standards, at no cost to the drivers, and provides sensitivity training in provision of service to people with accessibility needs. It is a required course for these drivers.

If this Option is selected, Administration would develop and deliver a required mandatory training course for all vehicle for hire drivers. Development of such a training program would require industry consultation to create an effective program. Additional reporting on the details of the program and the financial implications to implement and deliver the service will be provided.

Consensus of support for option from stakeholders: No

Advantages

- Provides a basic level of customer service training and review of their bylaw obligations for all vehicle for hire drivers

Disadvantages

- Requires additional resources to develop and deliver training program for hundreds of drivers; and
- Adds additional time and cost to become a vehicle for hire driver.

Option 8 – Require TNCs to Provide Wheelchair Accessible Service

Currently, Taxi brokerages and TNCs are not required to provide wheelchair accessible service. However, if fewer than 5% of the taxis in a brokerage's fleet are wheelchair accessible, they are required to remit a \$0.07 per trip surcharge to support those who do provide wheelchair accessible taxi service. Likewise, TNCs pay a \$0.07 per trip surcharge. The City holds these funds and remits them to wheelchair accessible vehicle owners annually.

This option would compel TNCs to provide wheelchair accessible service.

Affiliated TNC drivers typically provide transportation using their personal vehicle. Retrofitting an existing personal vehicle to provide wheelchair accessible service is likely cost prohibitive for the driver and is not a typical service offered by a TNC.

There are five permanent wheelchair accessible taxi licences owned by individuals or corporations and 21 temporary wheelchair accessible taxi licences held by the City and granted to the owners of wheelchair accessible taxis for multi-year term lengths. Holders of these taxi licences may affiliate with any taxi brokerage. To avoid the trip surcharge noted previously, taxi brokerages seek to have a certain number of wheelchair accessible taxis affiliated with their company.

Under this option, TNCs would be required to provide a certain number of wheelchair accessible vehicles as part of their vehicle for hire service. If this option is selected, Administration will provide additional reporting with recommended regulations which would include minimum standards.

Consensus of support for option from stakeholders: No

Advantages

- Provides a TNC travel option for individuals with wheelchair accessibility needs.

Disadvantages

- Does not fit with the existing TNC model and would likely be cost prohibitive for drivers utilizing their personal vehicle;
- No other municipalities in the scan require wheelchair accessible service to be provided by TNCs; and
- This would create a disparity in the regulations. Taxi brokerages are not required to provide wheelchair accessible service.

Option 9 – Increase Maximum Vehicle Age for a Taxi from Seven Years to Ten Years

Vehicle age is calculated in the Vehicles for Hire Bylaw as calendar year minus vehicle model year. Currently, the maximum vehicle age for a taxi is seven years and for a wheelchair accessible taxi is nine years. The maximum vehicle age for a vehicle affiliated with a TNC is ten years.

This option would increase the maximum vehicle age for taxis or wheelchair accessible taxis to ten years. All vehicles continue to require an annual light vehicle safety inspection.

Consensus of support for option from stakeholders: Consensus within Taxi Industry, TNC Industry indicated no opposition to this proposed change.

Advantages

- Aligns taxis and TNC vehicle age to the same standard; and
- Provides flexibility for taxi operators to operate older vehicles with fewer kilometres. The required annual safety inspection ensures safety is maintained.

Disadvantages

- Many taxis are operated by two drivers and may operate up to 24 hours per day. As a result, taxis incur significantly more kilometres and general wear and tear compared to a typical personal vehicle or an affiliated TNC vehicle. Increasing the vehicle age for taxis may result in older vehicles with more visible wear and tear being used to provide service to the public.

Option 10 – Prohibit TNCs From Dynamic Pricing

Fees and fares charged for taxi service are prescribed in the Vehicles for Hire Bylaw, which includes a minimum base fare; fares are to be charged based on distance and time. Taxis must charge the fares outlined in the Bylaw and are not permitted to charge higher or lower fares.

TNC fares are not as closely regulated with only a minimum based fare prescribed in the Bylaw. TNCs are permitted to develop their own fee structure aside from the minimum fare. An industry practice for TNCs often includes dynamic pricing, also known as surge pricing, where the fare prices fluctuate throughout the day. This is often based on real-time demand for service. Dynamic pricing can be used as a financial incentive to encourage more affiliated TNC drivers to operate when demand is high. This can have a positive effect on wait time for service, as more drivers are available when the demand is greatest. Consumers are always notified when dynamic pricing is in effect and have the choice of accepting the rate or choosing alternative travel options.

This option would remove the ability of TNCs to use dynamic pricing and require the fares be fixed in the Bylaw similar to taxi fares. If this option is selected, further engagement with the TNC and subsequent reporting will be undertaken to determine an appropriate fare structure.

Consensus of support for option from stakeholders: No

Advantages

- Provides a predictable pricing model for the traveling public; and
- Parity between taxi and TNC fare structure.

Disadvantages

- Contrary to the TNC model. No other municipalities reviewed in the scan set fixed pricing for TNCs; and
- Will reduce availability and incentive model for TNC drivers to provide service during high demand periods.

Option 11 – Require TNCs to Accept Cash Fares

TNC trips may only be booked through the transportation network. Services like street hail or telephone requests are not permitted. To book a TNC ride, payment must be made through the transportation network app and may not be paid directly to the affiliated driver through other payment methods, including debit, credit or cash.

In contrast, each taxi is required to have equipment to accept payment by debit and credit. The Vehicles for Hire Bylaw does not require a taxi to accept cash, but it is the business practice of all taxi brokerages for its affiliated taxi drivers to accept cash payment.

Under this option, affiliated TNC drivers would be required to accept cash payment, as well as payment through the transportation network.

Consensus of support for option from stakeholders: No

Advantages

- Additional payment options for the general public who may not have a credit card would allow these customers to use TNCs; and
- Parity between regulations for taxis and TNCs.

Disadvantages

- Contrary to the TNC model. No other municipalities in the scan permit cash fares for a standard TNC licence; and
- Increased risk to drivers to who may be carrying cash in a vehicle not equipped with a camera.

Option 12 - Require TNCs to Have an Office in Saskatoon

Taxi brokerages are currently required to maintain a permanent office within the city where business is to be carried out. TNCs are not required to maintain an office within the city.

Under this option, the Bylaw requirement to maintain a permanent office would be expanded to include TNC offices.

It is noted the municipal scan found no other municipalities which require a taxi brokerage office to be located within the municipality; however, such a request was not brought forward by the stakeholders during this engagement process. Future review of Bylaw requirements could include consideration for removal of the requirement for a taxi brokerage office within Saskatoon, with further engagement on this matter.

Consensus of support for option from stakeholders: No

Advantages

- Parity between taxi and TNC regulations; and
- Local connection for Administration.

Disadvantages:

- No other municipalities reviewed require a TNC to have a fixed office location in their municipal boundaries.

RECOMMENDATION

That the Standing Policy Committee on Transportation recommend to City Council that the City Solicitor be requested to prepare an amendment to the Vehicles for Hire Bylaw in order to implement Option 9, to align maximum vehicle age, as outlined in this report.

RATIONALE

Administration is recommending implementing Option 9 to increase the maximum vehicle age of a standard taxi from seven year to ten years and for a wheelchair accessible taxi from nine years to ten years. This amendment would align the vehicle age of all taxis with the vehicle age for affiliated TNC vehicles.

The municipal scan indicates maximum taxi vehicle age in Canadian municipalities reviewed ranges from five years to being unregulated, with no maximum vehicle age specified. Several municipalities, including Ottawa, Edmonton, Vancouver, Victoria, Lethbridge and Winnipeg permit vehicle ages greater than eight years for both taxis and TNC.

The existing provincial annual safety inspection requirements, for all vehicles for hire, addresses situations where an older or well travelled vehicle may be unsafe to transport passengers. While many taxis are operated by two drivers, and unlikely to remain in service for more than seven years, there may be circumstances where a vehicle is utilized less frequently such as Enterprise Taxi Licences or replacement vehicles. In such cases, a vehicle older than seven years likely continues to have service life.

In addition to the required annual safety inspection, there are other opportunities for vehicles with significant wear and tear to be identified and removed from service. The Vehicles for Hire Bylaw requires taxis be maintained, in good repair and free of excessive wear. This requirement is monitored and enforced throughout the year during spot inspections, as well as during the annual required taxi meter course and inspection.

FINANCIAL IMPLICATIONS

The financial implications will vary depending on the options selected, however it is anticipated any additional costs will be addressed through changes to licence application fees in keeping with program cost recovery objectives. Administration will undertake additional reporting, including financial implications, depending on the option(s) selected.

ADDITIONAL IMPLICATIONS/CONSIDERATIONS

There are none to report at this time.

COMMUNICATION ACTIVITIES

If any changes are made to the regulations by City Council, Administration will provide a notice to vehicles for hire industry stakeholders and update the website and other communications materials accordingly.

APPENDICES

1. Vehicles for Hire Bylaw – Taxi and TNC Parity Review: Engagement Summary
2. Municipal Scan
3. Confidential Solicitor/Client Privilege

REPORT APPROVAL

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