



Report to: General Committee

Meeting Date: May 6, 2019

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**SUBJECT:** Licensing of Private Transportation Companies  
**PREPARED BY:** Chris Alexander, Supervisor, Licensing and Animal Services  
Michael Killingsworth, Deputy City Clerk

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**RECOMMENDATION:**

1. That the proposed By-law amendments to regulate Private Transportation Companies (PTCs) (**Schedule 8 attached as Appendix “A”**) be adopted; and,
2. That the attached proposed by-law to amend the Taxicab Schedule (**Schedule 6 attached as Appendix “D”**) of the Mobile Licensing By-law 2012-92 be adopted; and,
3. That the attached proposed by-law to amend the Limousine Schedule (**Schedule 4 attached as Appendix “D”**) of the Mobile Licensing By-law 2012-92 be adopted; and further,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to propose a regulatory framework for the licensing of Private Transportation Companies (PTCs) in the City of Markham (the “City”). The report also recommends related amendments to Markham’s Taxicab and Limousine By-laws to ensure a safe and sustainable service for Markham residents. Together, the proposed changes will provide a fair regulatory framework for those involved in the provision of ground transportation services in the City.

**BACKGROUND:**

The City of Markham currently regulates taxicab owners, drivers and brokers as well as limousine owners and drivers pursuant to the Mobile Licensing By-law 2012-92 (see **Appendix “B”**). The table below shows the number of owners, drivers and brokers currently licensed to operate in the City.

INDUSTRY	OWNERS	DRIVERS	BROKERS
Taxicab	192	398	6
Limousine	8	15	N/A

The City does not currently regulate PTCs such as UBER and LYFT. Regulation of ride sharing companies like UBER and LYFT is still relatively new for Canadian municipalities. In Ontario, there are a small number of municipalities in the Greater Toronto Hamilton Area that license PTCs including the City of Toronto, the City of Vaughan and the City of Mississauga (pilot project). Many other Ontario municipalities are actively working on some form of PTC regulation. Despite the lack of formal

regulations, UBER is operating in Markham and in 2018 they accommodated just over 1 million rides in the City. While LYFT is not active in Markham, the company has expressed an interest in entering the market. An information graphic depicting the City's current ground transportation landscape is included as **Appendix "C"**.

Taxicabs, limousines, and PTCs all provide ground transportation services and each has unique business service models – these are summarized in the table below:

INDUSTRY	VEHICLE	FARE CALCULATION	ENGAGEMENT
Taxicab	Standard sedan	Metered based on time and distance travelled	Cabstand/hail/Dispatch
Limousine	Higher end sedan or stretched vehicles	Hourly rate	Pre-arranged by phone/application
PTCs	Standard sedan up to higher end sedan or SUV	Based on distance (not metered) and the class of vehicle	Technology application based/smartphone

The introduction of UBER into the market has had a significant impact on the taxicab and limousine industries in Markham. At present, 44 of the 192 taxicab plates available for issuance are "on the shelf" (and not being operated) and there are only eight limousines plates operating of the original 30 limousine plate available.

The decline in business for both the taxicab and limousine industries has resulted in a corresponding drop in licensing revenue to the City for these licence categories. In 2018, revenue was unfavourable by just over \$100,000. That is primarily due to taxicab and limousine drivers and owners not renewing their licences. The table below illustrates the overall decline in licensing revenue since 2015, which includes the period that PTCs entered the market.

Year	Taxicab Revenue
2015	\$245,129
2016	\$243,191
2017	\$196,561
2018	\$202,086

While the taxicab and limousine industries have been significantly impacted by the emergence of UBER, it is important to note that the City's largest taxicab operator has indicated that they still have a sustainable business model, but what they lack are the vehicles and drivers. In fact, the taxicab and limousine business is scrambling to cover school board and corporate contracts that PTCs are unable to service at this time.

Staff have spoken with taxicab and limousine industry representatives and they are requesting that the City regulate PTCs in the same way in which their industry is. Further, they have advised that once PTC regulations are in place, they will then make a business decision as to whether they will remain in the traditional taxicab or limousine model or

move to the PTC model. Either way, they believe that there still exists a “niche” or demand for a traditional taxicab and limousine services in Markham going forward.

## **OPTIONS/ DISCUSSION**

### Proposed PTC By-law

The City has a great deal of experience in licensing and regulating a variety of business categories. The proposed PTC By-law is included as **Appendix “A”**. At a high level, below are some of the new regulations contained in the proposed By-law:

- Regular criminal records and driving records checks for drivers at predetermined and random intervals;
- Regular vehicle inspections at predetermined and random intervals;
- Commercial insurance;
- Vehicle age restriction to be proposed at 10 Years;
- Requirement to have an approved decal in the rear window of each vehicle;
- Rates to be set by licensee and must be filed with the City and must not in any way be discriminatory (such as customers with accessibility needs);
- Pre-arranged pick up only and through app/platform;
- Data sharing requirements on trips and drivers;
- Recognition of other jurisdiction’s licensing. (All UBER drivers in the GTHA are automatically licensed in Markham and no fee is paid);
- Licensing Fees:
  - Platform fees are based on the number of drivers and is due annually;
  - Per Trip Fee payable for each trip commencing in Markham payable to the City quarterly;
  - Currently there is no fee for the driver. (This fee is captured in the Trip Fee. Toronto charges a fee for the drivers since they are processing the licenses for the drivers).

In preparing the proposed PTC By-law, staff focused on the following four regulatory objectives:

### **1. Public Safety**

One core objective in business licensing is the protection of residents and visitors. In the case ground transportation companies like taxicabs, municipalities require drivers to provide background checks and owners to provide mechanical safety inspections. In the proposed model, these same requirements would be imposed on PTCs.

### **2. Consumer Protection**

By requiring a business to be licensed, municipalities can ensure that they operate with integrity and in no way take advantage of a member of the public by over-charging or discriminating in any way.

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### 3. Sustainability

All municipalities rely on a strong ground transportation network to safely and efficiently move people and goods. This includes public transit as well as the taxicab and limousine industries. PTCS can play a valuable role in the municipal ground transportation network by providing our residents with options based on a diverse range of accessibility and socio-economic needs and abilities.

### 4. Responsible Regulation

The introduction of new technologies like PTCs have made municipal officials re-examine how they regulate businesses. Their infusion of technology into how business is conducted in the digital age has changed how Cities must regulate business. Municipalities are looking for strategies to remove the onerous or repetitive pieces of the licensing process, open the borders for business and leveling the playing field while protecting the residents and visitors using a given service.

In addition to those four areas, Staff consulted with a number of area municipalities including the City of Vaughan and the Town of Richmond Hill in the development of the proposed PTC By-law. There was general agreement amongst the staff in these municipalities that it was in the best interest of all the stakeholders for proposed PTC regulations in the Region, and particularly in the south end, be as consistent as possible due to the cross-municipal border nature of the PTC business.

#### Vaughan Experience Regulating PTCs

The City of Vaughan passed a PTC By-law in the early fall of 2017 coinciding with a number of amendments to their taxicab and limousine by-laws. Vaughan taxicab and limousine industries did not appear to oppose the adoption of PTC regulations.

In the interest of consistency, Markham staff are proposing a licensing system that is consistent with the one enacted by Vaughan. Staff have consulted with Vaughan now that their by-law is 18 months old. Vaughan reports no significant issues or concerns with the administration and enforcement of their PTC By-law or the amendments to the taxicab and limousine by-laws.

#### Amendments to Markham's Taxicab and Limousine Regulations

As a result of Staff's review of PTC regulations, a number of amendments to the Taxicab and Limousine Schedules of the Mobile Licensing By-law 2012-92 are being recommended (see **Appendix "D"**) and include the following:

- Elimination of the cap on the issuance of taxicab plates ( cap is 192 plates) and the Priority List;
- Open issuance of taxicab plates provided that:
  - Applicant has five years of driving experience;
  - Applicant operates an Accessible Vehicle for a minimum of four years, after which a standard taxicab can be put on the plate;

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- Opening of the municipal borders to permit any licensed accessible taxicab to pick up in Markham with the hope of attracting new interest in the provision of on-demand accessible taxicab service;
  - Elimination of the tariff/rate set by the City. Taxicab and limousine companies would be permitted to set their own rates provided they file their rates with the City and the passenger is made aware of the fare prior to commencement of the trip;
  - Elimination of the requirement for taxicab meters in airport taxicabs;
  - Reciprocal licensing of recognized jurisdictions such as Vaughan and Richmond Hill. This would allow a Markham taxicab or limousine driver to operate in Vaughan provided they paid the licensing renewal fee;
  - Empower taxicab brokerages and limousine companies to collect and hold the background checks and vehicle inspection reports for their drivers and vehicles. This would be viewed as a shift from the traditional model where the municipality was the holder of all the records relieving the companies of their responsibilities.

**Regulatory Checks and Balances**

In keeping with the requirements imposed by other Ontario municipalities, staff are recommending that all operators be mandated to provide data relevant to the administration of the City's licensing provisions and that such data be made available for audit both periodically and upon request by the City.

**Customer Service**

The City of Markham by-law currently requires training for taxicab drivers. This requirement will be removed/discontinued and the by-law will be amended to reflect this change. A number of municipalities including Toronto and Vaughan have discontinued their training requirement with the expectation that it is the responsibility of the company or the platform. Customer service and related training will become the responsibility of individual brokerages, limousine companies and private transportation companies. Pursuant to the Accessibility for Ontarians with Disabilities Act (AODA), training will continue to be required for drivers operating accessible vehicles.

Good conduct will continue to be a requirement under the By-law and will be extended to ride-sharing owners and drivers. However, many of the non-safety or consumer protection measures under the current By-law provisions will be eliminated, such as the requirement for drivers to search their vehicle for a passenger's belongings after every trip. Complaints with respect to any issue involving a licensee will continue to be received and investigated by the City across all industry sectors.

**REVENUE CONSIDERATIONS**

Staff are proposing an alignment of the fees for taxicab and limousine owners, drivers and brokers (where applicable) as illustrated in the table below:

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LICENCE	OWNER	DRIVER	BROKER
Taxicab	\$500.00	\$98.00	\$400.00
Airport Taxicab	\$1,000.00	\$98.00	\$400.00
Limousine	\$500.00	\$98.00	N/A*

\*The City does not currently license limousine brokers

For PTC providers, staff are recommending an escalating flat licensing fee for operators, based on the number of vehicles they have operating in the municipality and supplemented by a per-ride fee of 11 cents which is consistent with fees charged in other jurisdictions including Vaughan.

Through the per-ride-fee, PTC licensing fees are tied to the anticipated level of enforcement (i.e., the greater the number of rides, the more likely it is that complaints arise), and administration. This licensing fee structure is in line with the provisions of the Municipal Act that allow for a fee or charge to include costs incurred by the municipality in the administration and enforcement of the by-law.

It is difficult to predict the impact on licensing revenues arising from the introduction of licensing for PTCs. Staff expect there to be an ongoing demand for traditional taxi services. However, it is possible that the number of taxicabs and taxi drivers in Markham will continue to decline. Based on the recommended fee structure and estimated licensing volumes, staff expect licensing revenues from the industry to stabilize and to cover basic administrative and enforcement costs at 2018 budget levels.

Actual licensing revenues from the private ground passenger transportation industry (mostly taxicab licences) were \$202,000 in 2018. It is possible (and staff expect) licensing revenues may rebound to \$300,000 in the first full year of the proposed amendments.

#### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

Ground passenger transportation services such as taxicabs and PTCs offer additional options for the public and can help to decrease reliance on the use of personal vehicles, thus alleviating traffic congestion, reducing emissions, and encouraging public transit ridership. New services such as carpooling can also help to fill in transportation gaps, such as first-and-last-mile, and further promote sustainable growth and development. The recommendations contained in this report are intended to strengthen the City's transportation network by lowering business costs, reducing jurisdictional barriers, eliminating regulatory redundancy, improving competitive equity and promoting environmental stewardship.

#### **BUSINESS UNITS CONSULTED AND AFFECTED:**

The Finance, Legal, Human Resources (Accessibility) and Engineering (Transportation) were consulted in the preparation of this report.

**RECOMMENDED BY:**

Kimberley Kitteringham  
City Clerk

Trinela Cane  
Commissioner-Corporate Services

**ATTACHMENTS:**

**Attachment “A”** – Proposed PTC By-law Amendment (Schedule 8)

**Attachment “B”** – Mobile Business Licensing By-law 2012-92

**Attachment “C”** – Markham’s Current Ground Transportation Landscape Infographics

**Attachment “D”** – Proposed Amendments to Taxicab and Limousine Schedules of the  
Mobile Licensing By-law 2012-92 (Schedules 4 and 6)