



Report to: General Committee

Meeting Date: March 2, 2020

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**SUBJECT:** Licensing of Private Transportation Companies (PTCs) and Associated Amendments to the Mobile Licensing By-law

**PREPARED BY:** Michael Killingsworth, Deputy City Clerk

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**RECOMMENDATIONS:**

1. That the report entitled “Licensing of Private Transportation Companies (PTCs) and Associated Amendments to the Mobile Licensing By-law” be received; and,
2. That the proposed amendments to the Mobile Licensing By-law 2012-92 to add a Schedule 8 (relating to the regulation of Private Transportation Companies (PTCs)) attached as **Appendix “F”** be adopted; and,
3. That the proposed amendments to Schedule 6 of the Mobile Licensing By-law 2012-92 (relating to the Licensing, Regulation and Governing of Taxicab Brokers, Owners and Drivers) attached as **Appendix “G”** be adopted; and,
4. That the proposed amendments to Schedule 4 of the Mobile Licensing By-law 2012-92 (relating to the Licensing and Regulation of Owners and Drivers of Limousines) attached as **Appendix “H”** be adopted; and further,
5. 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 amendments to the City of Markham’s Mobile Licensing By-law 2012-92 to: (i) provide a regulatory framework for the licensing of Private Transportation Companies (PTCs) in the City; and (ii) revise certain elements of the City’s enforcement of taxicab and limousine operations. The objective of the proposed amendments is to provide a consistent regulatory framework for those involved in the provision of ground transportation services in the City as well as ensuring a safe and sustainable service for Markham residents.

**BACKGROUND:**

Regulation of Taxicabs and Limousines in Markham - Current State

The Municipal Act contains specific authority for Ontario municipalities to enact licensing by-laws that deal with taxicabs. This authority relates to setting fees, fares and the number of taxicabs. The City currently regulates taxicab owners, drivers and brokers as well as limousine owners and drivers pursuant to Mobile Licensing By-law 2012-92.

The table below shows the ground transportation services landscape operating in Markham as at end of year 2019.

SECTOR	AVAILABLE OWNER LICENCES	OWNER LICENCES ISSUED	DRIVER LICENCES ISSUED	BROKER LICENCES ISSUED
Taxicab	140	17	341*	7
Airport Taxicab	52	51		2
Limousine	50	29		N/A**

\*Driver fee is the same across all 3 sectors

\*\*The City does not currently license limousine brokers

PTCs, similar to taxicabs and limousines, provide ground transportation services to the public. In the proposed amendments to the Mobile Licensing By-law concerning the regulation of PTCs, PTC is defined as *“any person who facilitates or operates a ride sharing service through a platform (any software, technology, service, website, or smartphone application, intended to connect passengers with a Private Ground Passenger Transportation Service, and may include the facilitation of payment) but does not include food delivery services associated with PTCs.”* Food delivery is a matter most appropriately addressed by York Region Public Health that holds primary responsibility for food safety.

An information graphic depicting Markham’s current ground transportation landscape is included as **Appendix “A”**. The City does not currently regulate PTCs. Nevertheless, two prominent PTCs - UBER and LYFT - are operating in Markham. In fact, according to figures provided to Markham by UBER, they accommodated just over one million rides in the City in 2018. While LYFT is also operating in Markham, the company has not yet shared its ridership data with City staff. In Ontario, there are a small number of municipalities in the Greater Toronto Hamilton Area that currently license PTCs, including the City of Toronto, the City of Vaughan<sup>1</sup> and the City of Mississauga (pilot project). Many other Ontario municipalities are actively working on enacting some form of PTC regulations.

<sup>1</sup> The City of Vaughan passed a PTC By-law in the 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. Vaughan reports no significant issues or concerns with the administration and enforcement of their PTC By-law.

The general differences between taxicabs, limousines and PTCs is summarized in the table below:

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

The introduction of UBER and LYFT into the market in Markham has had an impact on the taxicab and limousine industries. This is not unlike what has been experienced in jurisdictions around the globe. 192 taxicab licences are available for issuance by the City. 48 of these licences are dormant and not being operated. Further, only 29 limousine licences are operating in Markham out of the 50 limousine licences available for issuance.

While the taxicab and limousine industries have been impacted by the emergence of PTCs in Markham, it is important to note that the City's largest taxicab operator has indicated that they still have a sustainable business model, but lack the vehicles and drivers they need. 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 sector representatives and they are requesting that the City regulate PTCs in the same way that their industry is regulated. 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.

### Consultation

On May 6, 2019, staff delivered a presentation to General Committee on the licensing of PTCs in the City. Staff were asked to facilitate a Public Information Meeting to provide details to residents and industry stakeholders on the proposed regulatory framework and to obtain additional feedback on same (see Meeting Extract included as **Appendix "B"**). The Public Information Meeting was subsequently held on June 4, 2019. At the conclusion of this meeting, staff were requested to further consult with Markham Advisory Committee on Accessibility on the proposed PTC regulations (see Meeting Extract included as **Appendix "C"**).

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On July 29, 2019 the Deputy Clerk, By-law Enforcement, Licensing and Regulatory Services attended the Markham Advisory Committee on Accessibility to provide an overview of the proposed PTC regulations and to have a high-level discussion regarding accessible private transportation in Markham. At this meeting, Committee members spoke about the many challenges associated with accessible transportation in general and stressed the importance of training drivers of PTCs as well as the taxi/limousine industry on assisting persons living with a disability using the service (see **Appendix “D”**).

## **OPTIONS/ DISCUSSION**

### Considerations for the Proposed Regulations of PTCs in Markham

Through comprehensive research and public and stakeholder consultations (held on June 4, 2019 and July 29, 2019), staff identified the following five policy objectives that support the proposed regulation of PTCs in the City:

#### **1. Public Safety**

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

The UBER and LYFT platforms both have a feature in their safety toolkits where riders can share trip details and status with trusted contacts as a further security and safety enhancement.

UBER and LYFT have also recently launched a 911-calling feature consisting of an emergency button embedded in the platform’s mobile application. Once activated, the application displays live location and trip details such as the vehicle information and licence plate number that can be shared with an emergency dispatcher at a 911-call centre.

In addition, UBER has recently started offering riders a four-digit Personal Identification Number (PIN) to help ensure they are getting into the right vehicle. If a consumer is using the system, the UBER app will send that rider a four-digit PIN just before the driver arrives. When the driver arrives, the rider can verbally provide the PIN to the driver before getting into the vehicle. After the driver enters the correct PIN into their device, the app displays a message to the rider that their ride is verified and the trip may begin.

Most recently (February 2020), UBER has launched two new safety features in Canada.

1) On-Trip Reporting - to give riders the ability to report a non-emergency safety issue in real time, instead of waiting until after the trip has ended.

Feedback has been a part of the UBER experience since the beginning. However, research shared with City staff shows that riders may not consistently report experiences that make them feel uncomfortable due in part to being distracted after the trip.

By creating an additional reporting channel, UBER aims to encourage people to share feedback when it is convenient for them, which helps better pinpoint issues and guide work on helping to develop safety solutions.

How it works:

- Riders will see a “Report Safety Incident” option in their Safety Toolkit;
- Once they tap this feature, they will be able to report a non-emergency safety issue while still on the trip;
- UBER’s safety team will follow up after the trip;
- For emergencies, riders and drivers should contact 911 that users can access on the same screen through the Safety Toolkit.

2) RideCheck - which proactively displays tools in the app riders and drivers may need when it detects something may have gone wrong, like a possible crash or an unexpected long stop.

When a RideCheck is initiated, both a rider and driver will receive a notification asking if everything is OK. They can let UBER know through the app that all is well, or take other actions like using the emergency button or reporting the issue to UBER’s Safety Line.

LYFT is also currently working on a public safety enhancement to predict when a rider or driver may require assistance. In some cases, if the application detects that a ride has stopped too soon or for an unusual amount of time, drivers and riders will be contacted through the app and asked if they need support, and if necessary, give drivers and riders the option to request emergency assistance.

## **2. Consumer Protection**

A second core objective is consumer protection – preventing unfair or potentially unfair business practices that could result in loss on the part of the customer. The licensing of PTCs will help the City ensure that these businesses operate with integrity and do not take

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advantage of members of the public by over-charging, engaging in discriminatory business practices, etc.

UBER and LYFT have both taken steps to ensure personal details stay private. Both applications use technology to keep phone numbers private, so neither drivers nor riders can see each other's numbers when communicating through the respective apps. Once a trip is completed, the app also protects rider information by concealing specific pickup and drop-off addresses in a driver's trip history.

### **3. Sustainability**

All municipalities rely on a strong ground transportation network to safely and efficiently transport people and goods. This includes public transit as well as the taxicab and limousine industries. PTCs are playing a growing role in the municipal ground transportation network by providing Markham residents with options based on a diverse range of accessibility and socio-economic needs and abilities.

Amongst other data, a recent [report](#) from the City of Toronto and the University of Toronto Transportation Research Institute (see **Appendix "E"**) indicates that UBER and LYFT rides originating in Toronto rose 180 percent - nearly tripling- from September 2016 to March 2019.

### **4. Responsible Regulation**

The introduction of new technologies like PTCs have necessitated a review of regulatory frameworks for vehicles for hire. The digital technology used by PTCs has disrupted how the industry operates and how jurisdictions must regulate them. Municipalities are looking for strategies to remove onerous or repetitive components of the licensing process, exploring reciprocal licensing opportunities between municipalities, as well as how to best ensure regulatory requirements are transparent and impact taxicabs, limousines and PTCs in an equitable (albeit different) manner.

### **5. Regulation Consistent with Industry Standards**

Staff have consulted with a number of local municipalities (including the cities of Vaughan and Richmond Hill) in the development of the proposed PTC amendments to the By-law. There is general agreement amongst staff that it was in the best interest of all stakeholders for PTC regulations in the Region (and particularly in the south end) to be as consistent as possible due to the cross-municipal border nature of the PTC business model. As such, in the interest of consistency, Markham staff have proposed a licensing framework that is in many ways consistent with the one enacted by Vaughan.

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### Proposed Amendment to the Mobile Licensing By-law to Regulate PTCs

In light of the foregoing, staff recommend amending the Mobile Licensing By-law to add a Schedule 8 relating to the Licensing, Regulation, and Governing of Private Transportation Companies and Drivers (see attached **Appendix “F”**). Below is a high-level list of some of the new regulations contained in the proposed Schedule 8:

- Drivers to provide proof of a valid driver’s licence with a minimum of 3 years of Canadian driving experience;
- Regular criminal records and driving records checks for drivers at predetermined and random intervals;
- Regular vehicle inspections at predetermined and random intervals;
- Vehicle age restriction to be proposed at 10 years;
- Requirement to have an approved decal in the front and rear window of each vehicle; Option to have a dashboard mounted vehicle identifier light;
- 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 regimes - any driver, who, in the opinion of the Licensing Officer, is satisfactorily licensed by another municipality, shall be considered licensed by Markham and may operate within the City’s boundaries and no fee is paid.

### Proposed Amendments to Markham’s Taxicab and Limousine Regulations

Because of the staff review of PTC regulations, a number of amendments to Markham’s Taxicab and Limousine Schedules of the Mobile Licensing By-law 2012-92 are being recommended (see **Appendix “G”** and **Appendix “H”**), including the following:

- Elimination of the cap on the issuance of taxicab licences (cap is 192 licences). Open issuance of taxicab licences provided that:
  - Applicant has 3 years of Canadian driving experience;
  - Applicant operates an Accessible Vehicle for a minimum of four years, after which a standard taxicab can be put on the licence;
- 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 and Richmond Hill provided they paid the licensing renewal fee;
- Enabling 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.

## **PROPOSED NEW REGULATORY ENVIRONMENT (PTC, TAXICAB AND LIMOUSINE)**

### **On Demand Accessibility**

UBER and LYFT do not currently offer mobility device accessible vehicle service outside of the City of Toronto. Staff have been advised that there are no plans to expand this category of service at the present time; however, UBER is agreeable to the discussion. Currently, there are no licensed taxicab companies that offer mobility device accessible vehicle service in Markham. To attract new interest in the provision of on-demand service, some municipalities such as the City of Toronto have created an accessibility fund through regulatory charges or a per-trip levy to help offset the higher cost of providing mobility device accessible service on members of the industry that currently do not provide this service. Staff considered proposing a similar accessibility fund but consider this a Regional transportation responsibility.

### **Regulatory Checks and Balances**

In keeping with the requirements imposed by other Ontario municipalities, staff are recommending that all operators (PTCs, Taxicabs and Limousines) be regulated 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.

### **Training and Customer Service**

The subject of driver training has been the topic of great debate over the past number of years. The City of Vaughan discontinued their driver-training requirement with the expectation that it became the responsibility of the company or the platform. Customer service and related training became the responsibility of individual brokerages, limousine companies and PTCs. The City of Toronto has recently reversed a 2016 decision to eliminate safety training for taxicab, limousine and PTC drivers. Instead, the City of Toronto will now create a framework to deliver training in safe driving, sharing the road with cyclists and transit vehicles, serving customers with disabilities and being sensitive to



issues of race. Effective January 1, 2020, drivers of taxicabs, limousines and PTC vehicles in Toronto will need to successfully complete a third party training program approved by the City as a requirement of licence issuance or renewal. The new training aims to improve driver awareness and enhance public safety. New drivers will be required to provide proof of this training from June 1, 2020 onward. Drivers currently licensed will be required to provide evidence of training in a City approved, third party program by the end of 2020.

The City of Markham Mobile Business Licensing By-law 2012-92 currently requires training for taxicab drivers as required by the Licensing Officer. It is being proposed that this requirement remain in effect and expand to encompass all sectors (taxi, limousine and PTC) subject to a training needs analysis that will be conducted by the Licensing Unit to determine the most appropriate content and delivery model. Good conduct and compliance with the Customer Bill of Rights will continue to be a requirement under the By-law and will be extended to PTC operators and drivers. It is being proposed that the City acknowledge training acceptable to another municipality such as Toronto for the purpose of licence issuance or renewal. Complaints with respect to any issue involving a licensee will continue to be received and investigated by the City across all industry sectors.

## **FINANCIAL CONSIDERATIONS**

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. Actual licensing revenues from the private ground transportation industry (mostly taxicab licences) were \$138,268 in 2019 against a budget of \$303,000 resulting in an unfavourable variance of approximately \$165,000. That is primarily due to taxicab and limousine drivers and owners not renewing their licence for various reasons including leaving the industry. The table below illustrates the overall decline in licensing revenue since 2015, which is when PTCs first entered the market in Markham.

<b>YEAR</b>	<b>TAXICAB REVENUE</b>
2015	\$245,129
2016	\$243,191
2017	\$196,561
2018	\$202,086
2019	\$138,268

In order to provide a more equitable environment in the ground transportation industry, staff are proposing an adjustment of the annual fees for taxicab and limousine owners, drivers and brokers (where applicable) as illustrated in the table below:

LICENCE CATEGORY	CURRENT FEE	PROPOSED FEE	% REDUCTION
Taxicab Owner	\$651.00	\$500.00	23%
Taxicab Driver	\$100.00	\$98.00	2%
Taxicab Broker	\$520.00	\$400.00	23%
Airport Taxicab Owner	\$1370.00	\$1,000.00	27%
Airport Taxicab Driver	\$100.00	\$98.00	2%
Airport Taxicab Broker	\$520.00	\$400.00	23%
Limousine Owner	\$651.00	\$500.00	23%
Limousine Driver	\$100.00	\$98.00	2%
Limousine Broker	N/A*	N/A*	N/A*

\*The City does not currently license limousine brokers

For PTC operators, staff are recommending an escalating flat annual licensing fee for operators, based on the number of vehicles they have operating in Markham and supplemented by a per-ride fee as illustrated in the table below:

PRIVATE TRANSPORTATION COMPANY NUMBER OF VEHICLES	ANNUAL LICENSE
1 to 50	\$750 plus \$0.30/trip
51-100	\$2500 plus \$0.30/trip
101-500	\$7500 plus \$0.30/trip
501 or more	\$15000 plus \$0.30/trip

The proposed PTC licensing fees are similar to other municipalities currently regulating the industry and are tied to the anticipated level of enforcement (i.e., the greater the number of rides, the more likely it is that enforcement and administration costs rise). 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 2020 budget levels. Staff will monitor 2020 results and will make adjustments as required to the 2021 budget.

**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 PTCs can also help to fill in public transportation gaps, such as first-and-last-mile, and further promote sustainable growth and development. The City of Toronto [report](#) (see **Appendix “E”**) found that PTCs in downtown Toronto make up only 5% to 8% of total traffic and while downtown travel times remained stable for 18 months, the number of PTC trips increased by 96%. The majority of PTC trips are less than six kilometres and a growing number of PTC trips originate or terminate at a transit hub. Where no public transit is available or in areas that are underserved, PTCs are increasingly the consumer’s mode of choice, especially to destinations where there are special events or other mass gatherings.

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

Trinela Cane

**ATTACHMENTS:****Appendix “A”** - Markham’s Current Ground Transportation Landscape Infographics**Appendix “B”** - Extract from the May 6, 2019 General Committee meeting**Appendix “C”** - Extract from the June 4, 2019 Public Information Meeting**Appendix “D”** - Minutes of the July 29, 2019 Accessibility Advisory Committee meeting**Appendix “E”** - The Transportation Impacts of Vehicle-for-Hire in the City of Toronto**Appendix “F”** - Proposed PTC Schedule 8**Appendix “G”** - Proposed Amendment to Mobile Licensing By-law (Schedule 6)**Appendix “H”** - Proposed Amendments to Mobile Licensing By-law (Schedule 4)