



City of Port Moody

Report/Recommendation to Council

Date: February 21, 2020

Submitted by: Planning and Development Department – Building, Bylaw, and Licensing Division

Subject: Intermunicipal Business Licence for Ride Hailing Companies

Purpose

To present Council with a bylaw to enter into an Intermunicipal Business Licence Agreement with 25 municipalities in the Lower Mainland.

Recommended Resolution(s)

THAT Port Moody participate in the Inter-Municipal Business Licence (IMBL) for Ride-hailing as described in the report dated February 21, 2020 from the Planning and Development Department – Building, Bylaw, and Licensing Division regarding Intermunicipal Business Licence for Ride Hailing Companies;

AND THAT City of Port Moody Intermunicipal Transportation Network Services Business Licence Agreement Bylaw, 2020, No. 3236 and City of Port Moody Intermunicipal Transportation Network Services Business Licence Bylaw, 2020, No. 3237 be read a first, second, and third time;

AND THAT the Mayor and Corporate Officer be authorized to execute the Intermunicipal Transportation Network Services Agreement on behalf of the City.

Executive Summary

This report recommends that Port Moody participate in an Inter-Municipal Business Licence (IMBL) for ride-hailing companies (Transportation Network Services) based on the terms noted in this report, effective on April 1, 2020. The IMBL will streamline the licensing process across the region and allow ride-hailing companies to operate in all participating municipalities (**Attachment 1**) with a single business licence.

The terms of the IMBL were developed collectively by the participating municipalities in a fast-tracked process convened by TransLink at the direction of the Mayors' Council December 12, 2019. The proposed ride-hailing IMBL establishes the Licensing Authority, Licence Fee, and Licence Conditions as set out below.

Licensing Authority

The City of Vancouver will be the licensing authority for the IMBL, which means that ride-hailing companies will need to purchase the licence from the City of Vancouver. The licence will allow companies to operate in all participating Region 1 municipalities.

Licence Fee

The annual IMBL fee will be \$155 per company plus vehicle fees of:

- \$150 per standard vehicle
- \$30 per zero-emission vehicle
- \$0 per wheelchair accessible vehicle.

The proposed fees are set to be program-cost recoverable and not to be prohibitive for companies.

Licence fee revenue will be shared among participating municipalities. The City of Vancouver will first retain funds sufficient to recover costs for set-up and administration of the licence program, and remaining revenues will be shared based on the percent of total regional pick-ups and drop-offs that occur within each municipality. The information on pick-ups and drop-offs occurring in each municipality will be provided by the licensees.

Licence Conditions

Companies will be required to comply with the municipal bylaws and regulations of each participating municipality. Each municipality retains authority to enforce its own bylaws, (e.g. street and traffic regulations), and to suspend or cancel an IMBL. Staff in participating municipalities have established a shared protocol for escalating enforcement and have agreed to communicate enforcement actions within the group of participating municipalities prior to any municipality considering suspension or cancellation of a licence.

Because the terms of the proposed ride-hailing IMBL were developed on a compressed timeline, they should be considered as interim. Staff of participating municipalities will continue to collaborate over the coming months on opportunities for future refinement. For example, there may be additional opportunities to encourage wheelchair accessible or zero emission vehicles, and to adjust the licence fee structure. As more companies are licensed and staff better understand the true costs for licensing and for monitoring industry impacts, such changes can be considered.

Background

Provincial legislation in force since September 2019 has reduced the municipal authority to regulate Passenger Directed Vehicles (PDV) such as taxis, limousines, ride-hailing vehicles. The Province now has sole authority to regulate company fleet size and operational boundaries, to set vehicle standards, and to issue driver Chauffeur Permits. While the Province's new regulations surrounding PDV activities limit the role of municipalities in establishing local regulations, municipalities retain authority to:

- issue business licences;
- set business licence requirements; and

- regulate business activities, such as street and curb use and pick-up and drop-off locations, through bylaws.

The Province regulates Passenger Directed Vehicles through the *Passenger Transportation Act*, the *Motor Vehicle Act*, and the *Commercial Transportation Act*. Companies that operate passenger directed transportation services are licensed by the independent, provincially appointed BC Passenger Transportation Board (PTB). Municipalities may issue business licences to companies once those companies have been licensed by the PTB.

The PTB has the authority to determine operating boundaries, and has established a regional approach to ride hailing that allows companies to operate across municipal boundaries. Port Moody is part of Region 1 (*Whistler-Lower Mainland*) comprising 32 municipalities.

An IMBL is a business licence that allows mobile businesses to operate across participating municipalities with the purchase of one licence. An IMBL is formed through common bylaws enacted by each participating municipality. The IMBL Agreement Bylaw (**Attachment 2**) allows municipalities to enter into agreement with the partner municipalities. It addresses terms such as the licence fee, revenue sharing formula and distribution, and overall administration of the licence. The second bylaw, the IMBL bylaw (**Attachment 3**), is the formal mechanism through which the IMBL is implemented in each municipality and sets out the various terms and conditions that apply to the IMBL across the participating municipalities.

When implementing an IMBL participating municipalities work together to determine:

- the types of businesses eligible to be covered under the particular IMBL (e.g. trades/construction);
- how much to charge for an IMBL;
- the model for collecting and sharing revenue from the sales of the IMBL (e.g. seller retains revenue from sales or cost sharing among jurisdictions); and
- the terms of the bylaw to be enacted by each participating municipality.

In Region 1, there are four existing sub-regional IMBL groups: Fraser Valley, Metro West, North Shore, and Tri-Cities that cover mobile businesses such as trades, construction, and catering. None of these existing IMBLs apply to vehicles for hire or any other transport services.

The process of developing an IMBL generally takes six months to a year. For ride-hailing, a year-long process carried the risk that a patchwork of municipal licensing frameworks would emerge and have a potentially negative impact on the regional roll-out of the industry. On December 12, 2019, the Mayors' Council on Regional Transportation directed TransLink to facilitate an expedited IMBL development process with Region 1 municipalities with agreement on bylaw terms by January 31, 2020.

Region 1 municipalities commenced work in late December 2019. An IMBL Working Group was established and met weekly throughout the month of January 2020 to develop the proposal for an IMBL for ride-hailing. The proposed IMBL bylaws establish licensing authority; licence fee and structure; licence conditions; and licence fee revenue sharing among participating municipalities. They represent the outcome of two-thirds majority based voting undertaken by the IMBL Working Group members.

Participating municipalities will bring reports to their Councils in February and March 2020 recommending approval of the bylaws as presented. If approved, the IMBL will take effect on April 1, 2020. For any participating municipalities that enact the bylaw after April 1, 2020, the licence will take effect in that municipality on the day of enactment.

Given the expedited process for development, the terms of the bylaw should be understood as interim. Participating municipalities will assess the effectiveness of the licence over the coming months, as more companies are licensed and operating.

As of February 13, 2020, the PTB has authorized five ride-hailing companies to operate in Region 1. Uber is the only company operating in Port Moody. They are operating without a Port Moody business licence at this time. The other four companies are not known to be operating in Port Moody at the time of this report. Should the IMBL be approved, all Region 1 PTB authorized companies will be able to apply to operate under that licence.

Discussion

The draft IMBL bylaws establish the Licensing Authority; Licence Fee and Structure; Licence Fee and Revenue Sharing; and Licence Requirements as set out below.

Licensing Authority

The City of Vancouver will be the licensing authority for the IMBL, which means that ride-hailing companies will need to purchase the licence from the City of Vancouver. The licence will allow companies to operate in all participating Region 1 municipalities. Given the expedited timeframe to develop a licensing scheme, the working group agreed that the City of Vancouver is well positioned for this role as it has developed an infrastructure to support tracking and issuing TNS business licences.

Licence Fee and Structure

The annual licence fee will be a company fee of \$155 plus per vehicle fees of:

- \$150 for each vehicle;
- \$30 for each zero emission vehicle; and
- \$0 for each wheelchair accessible.

The discounted fee for zero emission vehicles provides a meaningful incentive while acknowledging that these vehicles do have an administrative cost and physical impact on streets. Wheelchair accessible vehicles are understood to be more expensive to purchase and maintain than non-accessible vehicles, and municipalities want to encourage their participation in ride-hailing as much as possible. Therefore, a \$0 per vehicle fee is proposed.

Companies will self-report monthly all new vehicles operating under their licence, and whether they are standard, zero emission, or wheelchair accessible. Once a vehicle has been reported and the associated fee paid, the vehicle may operate for the remainder of the calendar year.

The per vehicle fee structure was agreed upon as it can be implemented immediately; enables incentives for specific vehicle types; and is equitable among companies of all fleet sizes.

The per vehicle fee of \$150 was set with the aim of achieving administrative program cost recovery, and recovery of costs to participating municipalities associated with monitoring business activity and impacts in their communities. Because ride-hailing is a new business type, the full costs of licensing and monitoring are not yet known. The licence fee is comparable to licensing fees in other Canadian jurisdictions such as the City of Calgary.

Licence Fee Revenue Sharing

Licence fee revenue will be shared among participating municipalities. The City of Vancouver will first retain funds sufficient to recover costs for set-up and administration of the licence program, and remaining revenues will be shared based on the percent of total regional pick-ups and drop-offs that occur within each municipality.

Year 1 of the IMBL program includes set-up costs that are expected to fall in subsequent years as the program is regularized. At the end of each licence year, the City of Vancouver will provide participating municipalities with a year-end account of costs, and revenue to be shared.

Licence Requirements

Companies will be required to comply with the municipal bylaws and regulations of each participating municipality. Each participating municipality will retain authority to enforce its own bylaws (e.g. street and traffic regulations), and also to suspend or cancel an IMBL. Because suspension or cancellation of a licence would affect all participating municipalities, staff in participating municipalities will establish a shared protocol for escalating enforcement prior to any municipality considering suspension or cancellation. This protocol will include communicating with the Provincial Registrar and Passenger Transportation Branch about on-going concerns with a company or vehicle.

The Province will be enforcing compliance with provincial regulations and licence conditions. Field investigations will be carried out by the Commercial Vehicle Safety and Enforcement (CVSE) Branch. The Registrar of the Passenger Transportation Branch is authorized to investigate and audit companies for issues including compliance with licence conditions and public safety. At this time, the number of provincial enforcement staff that will be assigned to address potential issues in Port Moody is not available.

Monitoring Industry Impacts – Access to Data

Access to detailed trip data is critical for municipalities in understanding the impact of ride-hailing in their communities at both the system-wide and street levels. At the system-wide level it will assist in identifying changes in travel mode share like transit use, cycling and walking. At the street level, it can be used to establish solutions to mitigate safety concerns and congestion impacts such as identification of ride-hailing pick-up and drop-off zones. It can also highlight locations that may require enforcement attention.

The BC Passenger Transportation Branch requires comprehensive vehicle and trip data from companies. In early February, the Province confirmed that municipalities will be able to access these data on a regular, on-going basis through a Partnership Agreement with the Passenger Transportation Branch. Consequently, detailed trip data will not be a requirement of the IMBL. Municipalities will benefit from access to provincial data, and companies will benefit from not having to duplicate data submission efforts.

As a condition of the IMBL, licenced ride-hailing companies will still be required to report the total number of pick-ups and drop-offs occurring in each participating municipality so as to enable the City of Vancouver to calculate the share of revenue owed to each participating municipality.

Next Steps

Should the proposed IMBL bylaws be approved by Council and by other participating municipalities, City of Vancouver staff are prepared to issue IMBL licences on April 1, 2020; prepare invoices; and set-up revenue distribution.

The IMBL terms were developed on an expedited time frame; staff will work with participating municipalities to monitor its effectiveness and consider refinement of terms. For example, there may be opportunities to further encourage wheelchair accessible or zero emission vehicles. Industry representatives requested a fee structure that more accurately reflects their business model such as a monthly fee based on active vehicles. As more companies are licensed and staff come to better understand the costs for licensing and for monitoring industry impacts, such changes may be considered.

In considering adjustments to the ride-hailing IMBL, staff will consider opportunities to include limousines as they are also authorized by the PTB to operate across municipal boundaries. The PTB has announced that it will review its regulations with regard to taxi operating areas, but taxis cannot be considered for an IMBL at this time as the PTB restricts their operations to be within municipal boundaries.

Other Option(s)

THAT Port Moody not participate in the Intermunicipal Business Licence for Ride Hailing and the report dated February 21, 2020 from the Planning and Development Department – Building, Bylaw, and Licensing Division regarding Intermunicipal Business Licence for Ride Hailing Companies be received for information.

Financial Implications

The expected revenue to be distributed to Port Moody is unknown at this time. Year one (2020) set up and administration of the proposed Inter-Municipal Business Licence is estimated to cost the City of Vancouver \$140,000. It is anticipated that these costs will be recovered through licence fee revenue. Should year one licence fee revenue be insufficient for cost recovery, the City of Vancouver will seek to recover outstanding costs from future year IMBL revenues.

The City of Vancouver will obtain a share of the licence fee revenue that remains once administrative program costs have been recovered. That share will be based on Vancouver's proportion of regional pick-ups and drop-offs and will be used to offset costs related to monitoring industry impacts in the municipality.

Communications and Civic Engagement Initiatives

The working group held an industry information session on January 22, 2020, inviting the 17 TNS operators who had applied to the PTB to operate in Region 1 at that time. Participants were informed about the proposed IMBL framework, including specifics, such as fee structure and data requirements. At the time of the consultation, the proposed IMBL included data submission requirements that have since been removed. Fifteen of the applicants invited sent

representatives. In addition to the comments given during the information session, three companies submitted written comments following the session. The working group reviewed and considered all comments submitted.

The TNS industry representatives were generally appreciative of the expedited IMBL process, particularly as two of the applicants received PTB approval during the process and had a more urgent need for an IMBL.

The key concerns heard by the working group were:

1. Fee structure and smaller operators: The working group heard concerns that the fee structure disadvantaged smaller operators who are less able to absorb the per-vehicle charges compared to larger operators.
2. Fee structure and TNS fluidity: The working group heard concerns that the way that fees are charged – based on vehicles that sign on with the company rather than number of vehicles in operation – do not match the fluid nature of the ride-hailing industry which tends to have high driver turnover.
3. Data requirements and granularity: The working group also heard concerns about the level of granularity required for data submissions, with respect to customer privacy.

The working group will take key concerns 1 and 2 under advisement and consider options to address these concerns as part of the ongoing development of a permanent IMBL. The concerns are significant enough and industry perspectives varying enough that further work and consultation is required, and was not possible prior to the January 31 deadline for the interim IMBL.

Regarding data requirement concerns, the working group has since determined that detailed data submission will not be required as part of the IMBL. Municipalities will access provincially collected data through a Partnership Agreement with the Provincial Transportation Branch.

Council Strategic Plan Objectives

The recommendations in this report align with the Council Strategic Plan Objective of providing people with a variety of options to move through and around Port Moody safely and efficiently.

Attachment(s)

1. List of Participating Municipalities.
2. Draft Intermunicipal Transportation Network Services Business Licence Agreement Bylaw, 2020, No. 3236.
3. Draft Intermunicipal Transportation Network Services Business Licence Business Licence Bylaw, 2020, No. 3237.

Report Author

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Report Approval Details

Document Title:	Intermunicipal Business Licence Bylaw for Ride Hailing Companies .docx
Attachments:	<ul style="list-style-type: none">- Attachment 1 - Intermunicipal TNS Business Licence Participating Municipalities.pdf- Attachment 2 - Draft City of Port Moody Intermunicipal TNS Business Licence Agreement Bylaw, 2020, No. 3236.pdf- Attachment 3 - Draft City of Port Moody Intermunicipal TNS Business Licence Bylaw, 2020, No. 3237.pdf
Final Approval Date:	Mar 3, 2020

This report and all of its attachments were approved and signed as outlined below:

Dorothy Shermer, Corporate Officer - Mar 2, 2020 - 9:09 AM

Natasha Vander Wal for Rosemary Lodge, Manager of Communications and Engagement – Mar 2, 2020 - 9:32 AM

Paul Rockwood, General Manager of Finance and Technology - Mar 2, 2020 - 10:41 AM

André Boel, General Manager of Planning and Development - Mar 2, 2020 - 11:46 AM

Tim Savoie, City Manager - Mar 3, 2020 - 10:13 AM