



STAFF REPORT ACTION REQUIRED

Vehicle Branding and Continuous Registration of Vehicles in Ontario for Licensed Limousines

Date:	December 15, 2008
To:	Licensing and Standards Committee
From:	Jim Hart, Executive Director, Municipal Licensing and Standards
Wards:	All
Reference Number:	p:\2009\cluster b\mls\l&s committee\january\vehicle branding and continuous registration in ontario for li.doc

SUMMARY

To report on a proposal to amend the City of Toronto Municipal Code, Chapter 545, Licensing regarding continuous registration in Ontario and provincial vehicle branding for vehicles to be used as licensed limousines in the City of Toronto.

An amendment to the City of Toronto Municipal Code requiring Toronto licensed limousines to be continuously registered in Ontario should not be implemented due to the lack of availability of used Canadian vehicles and the added expense of approximately \$10,000.00 to \$15,000.00 for these vehicles. Further to this, the Ontario Ministry of Transportation branding program, which assigns "brand" types that indicate whether a vehicle has been severely damaged in the past, is already capturing any vehicles imported from other jurisdictions and currently no vehicle branded as irreparable or salvage can be registered for use in Ontario and therefore could not be licensed as a limousine in the City of Toronto.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards, recommends that:

1. The City of Toronto Municipal Code, Chapter 545, Licensing, not be amended to require Toronto licensed limousines to be continuously registered in Ontario and be subject to the branding program administered by the Ontario Ministry of Transportation.

Financial Impact

The adoption of the recommendation in this report will have no financial impact beyond what has already been approved in the current year's budget.

DECISION HISTORY

At its meeting of June 6, 2008, the Licensing and Standards Committee adopted a motion (see the link below) regarding possible amendments to Article XXXIX, of the City of Toronto Municipal Code, Chapter 545, Licensing, regarding Owners and Drivers of Limousines and Limousine Service Companies. These possible amendments are to include standards and regulations related to vehicle branding and continuous registration of vehicles in Ontario, similar to those currently applicable to vehicles used as taxicabs.

<http://www.toronto.ca/legdocs/mmis/2008/ls/bgrd/backgroundfile-13654.pdf>

ISSUE BACKGROUND

This issue arose due to concerns regarding the condition of used vehicles originating from outside the Province of Ontario being utilized for use as licensed limousines in the City of Toronto.

COMMENTS

Sedan Limousines

Staff contacted a number of retailers and wholesalers providing sedan vehicles to the Toronto limousine industry. The vehicle of choice for the Toronto limousine industry is the Lincoln Town Car Signature series. The retail price for a new 2009 Lincoln Town Car is approximately \$50,000.00. Due to the high initial cost of these vehicles the limousine industry prefers to purchase used vehicles for use as limousines.

The vehicle wholesalers indicated that approximately 90 per cent of the used Lincoln Town Cars offered for sale in Canada are low mileage used vehicles imported from the United States. For the most part these vehicles were used by executives of the Ford Motor Company and are offered for sale to Lincoln dealerships and franchisees for sale on the used market and come with the remainder of a full factory warranty of 4 years or 80,000 kilometres and a drive train warranty of 6 years or 100,000 kilometres. The majority of these vehicles are either 6 months old and have been driven approximately 12,500 kilometres, or are 1 year old and have been driven approximately 25,000 kilometres.

A recent survey of the used car sales website Autotrader.ca found advertisements for 2008 Lincoln Town Cars at an average price of \$38,500.00, 2007 Lincoln Town Cars at an average price of \$27,000.00, and 2006 Lincoln Town Cars at an average price of \$23,000.00. The prices of these vehicles vary based on the mileage of the used vehicles.

Due to the high price of new Lincoln Town Cars the Toronto limousine industry along with other Ontario limousine operators prefer to purchase these used vehicles for use in their business in order to reduce their overall costs.

Stretch Limousines

ML&S requires that stretch limousines meet the high standards set by the original vehicle manufacturers when registering these vehicles for use as Toronto licensed limousines. In the case of General Motors (GM) products they must be modified by a GM Certified Master Coach Builder and in the case of Ford Motor Company products they must be modified by a Ford Qualified Vehicle Modifier. Any other manufacturer's vehicle being utilized as a stretch limousine must obtain a post conversion certification from National Safety Mark.

The Toronto limousine industry typically purchases used stretch limousines, most of which are imported from the U.S., due to the high initial cost of new stretch limousines purchased in the Ontario market. An amendment to the City of Toronto Municipal Code requiring vehicles used as limousines to be continuously registered in Ontario will reduce the number of stretch limousines available to the Toronto limousine industry and increase the costs to the industry for the purchase of these vehicles.

Ontario Ministry of Transportation Branding Program

On March 31, 2003, the Ontario Ministry of Transportation (MTO) instituted a mandatory vehicle branding program in order to make the province's roads safer. Branding is the process of assigning "brand" types that indicate whether a vehicle has been severely damaged in the past. The brand is then recorded in the MTO's Vehicle Registration System. Brand types are as follows:

- "Irreparable"
- "Salvage"
- "Rebuilt"
- "None"

Anyone, other than an automobile insurer, including an importer, salvager or auctioneer, who buys, sells, wrecks or otherwise deals in used vehicles, must report vehicle brands to MTO within six days of acquiring ownership of a vehicle. This notification requirement is achieved by completing an MTO *Notification of Vehicle Brand* form, which must be submitted to MTO along with the vehicle permit.

Vehicle brand information from other Canadian or U.S. jurisdictions will be carried forward when these vehicles are registered in Ontario, with the exception of the "Rebuilt" brand. Imported vehicles with a "Rebuilt" designation or its equivalent from other Canadian or U.S. jurisdictions will be registered as "Salvage" in Ontario thus requiring them to undergo a structural inspection to ensure that the vehicle has been properly repaired before being branded as "Rebuilt" in Ontario.

Ontario has expanded its recognition of brands for imported vehicles. The brand of “irreparable” will be applied to all imported branded vehicles previously identified with “fire or flood” damage regardless of the brand identified on the title. For example, if a customer has a Certificate of Title or other acceptable proof of registration with a brand of “salvage” and a description of “flood damage or fire damage”, it must be branded as “irreparable”.

If a vehicle is branded as "Salvage" the vehicle cannot be registered and driven on Ontario roads. However, a "Salvage" vehicle can be towed for the purposes of repairs or for the purposes of receiving a Safety Standards Certificate. In order to register and drive a "Salvage" vehicle it must be upgraded to a "Rebuilt" brand, which can only be done if the vehicle has passed a strict structural inspection and passed a safety inspection so that it can be registered for on-road use.

A "Rebuilt" brand can only be obtained in accordance with the requirements in Ontario's Regulation 611 of the HTA after the vehicle has been issued a Structural Inspection Certificate (SIC). The owner must then submit the SIC and registration permit to a Ministry of Transportation licensing office. Once accepted and approved, the "Salvage" brand will be changed to "Rebuilt". This process helps ensure that damaged vehicles are repaired to meet minimum prescribed standards before being allowed back on the road.

Once the "Rebuilt" brand is placed on the vehicle registration file, a Safety Standards Certificate must be obtained in the same manner from any Motor Vehicle Inspection Station in order for the vehicle to be declared fit for on-road use. The vehicle may then be plated and legally operated once it has been provided with a drive clean certificate, if required.

Vehicles branded as "Irreparable" can never be driven on Ontario's roads and can only be used for parts or scrap.

CarProof and CARFAX Reports

Another method available to the Toronto limousine industry to provide information on used vehicles to be utilized as limousine would be to provide ML&S with vehicle history reports. There are currently two companies in North America providing vehicle history reports CarProof and CARFAX.

CarProof is a Canadian company providing vehicle history reports, which contain history of any reported accident or other damage to the vehicle, ownership history of the vehicle and any existing liens on the vehicle. For a charge of \$59.95 CarProof provides a prospective buyer with a comprehensive vehicle history report including all Canadian and U.S. data regarding the particular vehicle.

CARFAX is an American company providing vehicle history reports containing only U.S. vehicle history. For a charge of \$39.95 U.S. CARFAX provides a prospective buyer with a comprehensive vehicle history report including only U.S. data regarding any reported accident or other damage to the vehicle and ownership history of the vehicle.

City of Toronto Municipal Code, Chapter 545, Licensing

Section 545-478 of Article XXXIX of the City of Toronto Municipal Code, Chapter 545, Licensing, relating to Owners and Drivers of Limousines and Limousine Service Companies, requires that every owner shall submit his or her limousine for examination by a designated mechanic before a licence is issued, and on a regularly scheduled basis at least twice annually thereafter.

This legislated requirement for inspection by a designated mechanic of vehicles utilized as Toronto licensed limousines is sufficiently stringent to ensure that limousines licensed by the City of Toronto are roadworthy and pose no danger to the travelling public. This along with the fact that the licensed limousine service companies are providing a luxury transportation service to the public and their reputations as such would be greatly diminished if the limousine industry attempted to provide substandard vehicles for use as limousines ensures that these vehicles meet the City's requirements.

Public notice has been given in a manner prescribed in the Toronto Municipal Code Chapter 162, Notice, Public.

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SIGNATURE

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