



STAFF REPORT ACTION REQUIRED

Taxicab Lease Agreements

Date:	May 18, 2010
To:	Licensing and Standards Committee
From:	Executive Director, Municipal Licensing and Standards
Wards:	All
Reference Number:	P:\2010\Cluster B\MLS\Ls10020

SUMMARY

To report further on consultations with the taxicab industry regarding the by-law provisions governing the leasing of taxicabs contained in the City of Toronto Municipal Code Chapter 545, Licensing.

RECOMMENDATIONS

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

1. City Council receive this report for information purposes only.

Financial Impact

There are no financial impacts arising from this report beyond what has already been approved in the current year's budget.

DECISION HISTORY

The Licensing and Standards Committee, at its meeting on May 9, 2008, referred a memo from Councillor Howard Moscoe (see links below) to the (Acting) Executive Director, Municipal Licensing and Standards, with a request that he report to the Committee, at its next meeting on June 6, 2008, on amendments to the City of Toronto Municipal Code, Chapter 545, Licensing, regarding the leasing of taxicabs.

<http://www.toronto.ca/legdocs/mmis/2008/ls/bgrd/backgroundfile-12945.pdf>

<http://www.toronto.ca/legdocs/mmis/2008/ls/bgrd/backgroundfile-12946.pdf>

Additionally, at its meeting of February 10, 2010, the Licensing and Standards Committee was in receipt of a letter, dated February 2, 2010, (see the link below) regarding a review of the licensing provisions relative to taxicab leasing.
<http://www.toronto.ca/legdocs/mmis/2010/ls/bgrd/backgroundfile-27168.pdf>

The Licensing and Standards Committee referred the letter (February 2, 2010) from Councillor Denzil Minnan-Wong to the Executive Director, Municipal Licensing and Standards, with a request to report back to the Committee on March 10, 2010 on the feasibility of requiring taxi plate owners to enter into contracts with lessees for the life of the vehicle (three years).

Further to this the Licensing and Standards Committee, at its meeting on March 10, 2010, considered a report dated February 26, 2010, from the Executive Director, Municipal Licensing and Standards, (see the link below) regarding taxicab lease agreements.

<http://www.toronto.ca/legdocs/mmis/2010/ls/bgrd/backgroundfile-27955.pdf>

The Licensing and Standards Committee, after consideration of the report referenced above, gave the following direction to the Executive Director, Municipal Licensing and Standards:

1. Requested the Executive Director, Municipal Licensing and Standards Division to:
 - a. continue consultations on the issue of the terms and conditions of taxicab leasing found in the City of Toronto Municipal Code, pending a further report to the Licensing and Standards Committee from the Executive Director, Municipal Licensing and Standards and the City Solicitor on taxicab leasing.
 - b. report on the feasibility of:
 - i. requiring plate owners to enter into contracts with lessees for the life of the vehicle without just cause;
 - ii. extending the notice provision for terminating a contract to one year;
 - iii. developing measures to enforce current City by-laws requiring owners to purchase their own vehicle.
2. Prior to reporting out on this matter, requested the Executive Director, Municipal Licensing and Standards to meet with taxi owners and lessees to discuss options for resolving the issue of taxicab leases.

ISSUE BACKGROUND

The issue of the current terms and provisions regarding taxicab lease agreements is of particular interest to the Licensing and Standards Committee.

COMMENTS

Taxicab Industry Consultations

On April 28, 2010, staff of Municipal Licensing and Standards (MLS) facilitated a Taxicab Industry workshop at its training facility at 1530 Markham Road. This workshop was attended by stakeholders representing all areas of the taxicab industry, including taxicab owners, taxicab drivers, taxicab brokers and designated agents.

The issue of taxicab lease agreements was discussed with the taxicab industry members in attendance. The discussions did not result in a consensus of opinion regarding further recommendations regarding the issue of taxicab lease agreements.

Leases for the Life of the Vehicle

The City could, if legally feasible, allow for leases to be for the life of a vehicle without just cause to terminate the lease for a vehicle used as a taxicab. However, this would require an amendment to the City of Toronto Municipal Code, Chapter 545, Licensing, to include a listing of all the possible situations which would constitute just cause for the termination of a particular lease. The creation of this type of list would require that the City anticipate every situation where just cause existed or continually amend the Code to address the various types of just cause as they arose.

Extending the Lease Termination Notice to One Year

The extension of the lease termination notice to one year from the current seven day period would create a situation where either a taxicab owner or a lessee would not be permitted to remove themselves from a lease agreement where the parties were in conflict.

The decision to enter into a lease agreement for the operation of a taxicab is a private contractual decision to be made by the owner and lessee of the taxicab and the term of the lease is a matter of negotiation between the two parties. Therefore, the time period for the lease termination notice can be negotiated by the owner and lessee of the taxicab and can be for any term that they decide to include in their lease agreement.

Requiring parties to all taxicab lease agreement to extend the lease termination notice to one year may not be beneficial to either party in the agreement and may be detrimental to the condition, maintenance and overall operation of the taxicab.

Requiring Taxicab Owners to Purchase Vehicles to be Used as Taxicabs

Currently MLS requires that a vehicle registered as a taxicab must be in the name of the specific taxicab owner. If this provision of the Municipal Code is to be strictly enforced it would require that MLS put in place a mechanism which would reveal the name of the individual who purchased a particular vehicle. It would be difficult if not impossible for MLS to determine the actual purchaser of a particular vehicle to be utilized as a taxicab in a lease agreement.

This difficulty arises due to the fact that when a vehicle is inspected by MLS and subsequently registered with MLS for use as a taxicab staff accept the information on the Provincial vehicle registration permit at face value and do not look behind the document to determine the purchaser of a particular vehicle. Further information regarding the purchase of the vehicle could be required if the City of Toronto Municipal Code Chapter 545, Licensing, is amended to make this a requirement when a vehicle is registered with MLS for use as a taxicab, but may be circumvented by the parties involved or may not be possible due to the lack of a municipal purpose to do so.

Discussions were also conducted with City of Toronto Legal Services regarding the legal issues related to taxicab lease agreements and the City Solicitor has submitted an accompanying report which addresses these issues to the Licensing and Standards Committee.

This report has been prepared in consultation with the City Solicitor.

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SIGNATURE

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