

Update on Free-Floating Car-Share Pilot and Interim Policy

Date: July 17, 2018

To: City Council

From: General Manager, Transportation Services

Wards: All

SUMMARY

Car-sharing is a growing new-mobility industry which is evolving as a result of the growth in the sharing economy enabled by mobile technology. Car-share programs have become increasingly popular in many jurisdictions around the world and there has been growing use of this service in our city with over 200,000 Toronto residents having been recent members of a car-share company.

A Free-Floating Car-Share Pilot and Interim Policy was approved by Council on April 24, 2018 that enables free-floating car-share vehicles to park in residential permit-parking areas of the city (excluding locations at 95 per cent capacity or higher).

This report responds to direction from Council on May 24, 2018 for Transportation Services to consult with the free-floating car-share industry and to report back directly to City Council if any changes are recommended to improve the pilot.

Transportation Services has since received feedback about the pilot from seven car-share companies, which is summarized within this report. As a result of this feedback, Transportation Services recommends two changes to the pilot:

- that the beginning of the 18 month pilot be established as the first month in which Free-Floating Car Share pilot permits are issued, and that Transportation Services report back to Public Works and Infrastructure Committee on the findings of the pilot project and a recommended way forward following completion of twelve months of pilot operation; and
- that City Council revise the authority granted to Community Council to add/remove and/or exclude a street and/or area from the pilot to take effect six (6) months after the commencement of the pilot, so that it shall take effect twelve (12) months after the commencement of the pilot, and that Council reconsider the need for such delegated authority at the time of the report back on the pilot.

RECOMMENDATIONS

The General Manager, Transportation Services recommends that:

1. City Council direct that the beginning of the eighteen (18) month pilot be established as the first month in which Free-Floating Car-Share Pilot permits are issued.
2. City Council request the General Manager, Transportation Services to report back to Public Works and Infrastructure Committee after twelve (12) months of pilot operation on the findings of the Free-Floating Car-Share Pilot project, and a recommended way forward.
3. City Council revise the delegated authority of Community Councils to add/remove and/or exclude a street and/or area designated for permit parking from the Free-Floating Car-Share Pilot project that is to take effect six (6) months after the commencement of the pilot, so that it shall take effect twelve (12) months after the commencement of the pilot, and that Council reconsider the need for such delegated authority at the time of the report back on the pilot.

FINANCIAL IMPACT

There are no financial implications resulting from the adoption of the recommendations in this report.

The Interim Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Toronto and East York Community Council, at its meeting of September 15th, 2009, established a pilot program for designating on-street spaces specifically for vehicles displaying a car-share vehicle permit.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.TE27.84>

City Council, at its meeting of April 10 and 11, 2012, adopted an expansion of the pilot program to allow car-share parking within the city. This expansion established specified installation criteria, a tiered parking permit structure, and introduced new fees.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.PW13.4>

Public Works and Infrastructure Committee, at its meeting of June 18, 2014, considered a communication, "Pilot Project Investigating On-street Parking for Car-share Vehicles" (Item PW32.25).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.PW32.25>

Public Works and Infrastructure Committee, at its meeting of November 12, 2015, received a report, "Car-Share Parking in Permit Parking Areas" (Item PW9.10).

Transportation Services is responding to a request from the Public Works and Infrastructure Committee regarding the feasibility of creating a pilot project to allow car-share vehicles to park in certain residential on-street permit-parking areas throughout the city where on-street parking exists.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.PW9.10>

Public Works and Infrastructure Committee, at its meeting of February 28, 2017, considered a letter from the Chair of the Public Works and Infrastructure Committee, "Car-sharing On-Street Policy and Pilot Project" (Item PW19.5), requesting a report reviewing parking permit allocations, current car-share data, feasibility of a pilot project, impacts to residents and a comprehensive Free-Floating Car-Share Vehicle Policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PW19.5>

City Council, at its meeting of October 2, 3 and 4, 2017, referred Item PW23.8 on "Free-Floating Car-Share Pilot and Interim Policy" to the General Manager, Transportation Services for further consideration and to report back to the January 31, February 1 and 2, 2018 City Council meeting.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PW23.8>

City Council, at its meeting of January 31 and February 1, 2018, referred Item CC36.14 on "Revised Free-Floating Car-Share Pilot and Interim Policy" to the General Manager, Transportation Services for further consideration and to report back to the April 11, 2018 Public Works and Infrastructure Committee meeting.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.CC36.14>

City Council, at its meeting of April 24, 2018, approved the "Revised Free-Floating Car-Share Pilot and Interim Policy" (Item PW28.11), with amendments.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW28.11>

City Council, at its meeting of May 22, 23, and 24, 2018, through Member Motion 41.54, directed the General Manager, Transportation Services, to further consult with the free-floating car-share industry and to report back directly to City Council if any changes are recommended to improve the pilot.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.MM41.54>

COMMENTS

Status of the Free-Floating Car-Share Pilot

Following Council's approval of the Free-Floating Car-Share Pilot in April 2018, Transportation Services established an application process and website, which were launched on May 25, 2018.

Several companies are currently in discussions with the City about applying for the pilot, and at least one company is expected to launch free-floating car-share services in Toronto this fall.

Key facts about the pilot, as approved by Council, are listed below:

- The pilot was approved for 18 months.
- The permits can be issued on an annual basis starting June 1, 2018.
- Up to 500 overnight on-street permits to be issued per car-share company for customers to park on permitted streets (for a maximum of 2,000 permits).
- The Free-Floating Car-Share pilot permit fee is \$1487.85 plus HST.
- Car-share companies must pay outstanding fines or penalties before permits can be issued.

Excluded Areas

- Streets and areas that are at 95 per cent capacity or more for residential permit parking must be excluded from the car-share company/organization's car-share service area via geo-fencing within the respective car-share company/organization's trip reservation system. A list of excluded streets/areas that are at 95 per cent capacity or more for residential permit parking will be provided by the City at the beginning of the permit period and updated every six months.
- Six months after the commencement of the pilot, Community Council has the authority to add/remove and/or exclude a street and/or area from the pilot, after providing public notice.

Clustering of Car-Share Vehicles

- No more than one car-share vehicle from the same company is allowed to park on a street block with residential permit parking for any length of time. The car-share company must move its vehicle(s) within two hours of a complaint.

Temporary Permits

- Temporary permits for general use can now also be issued to residents, visitors and tradespersons for streets with permit parking up to 95 per cent capacity.

Car-Share Industry Feedback on the Pilot

In the past few years, there have been three (3) car-share companies operating in Toronto (i.e., Enterprise Car-Share, Car2Go, and Zipcar). Other companies have more recently entered the car-share market (i.e. Maven). Car2Go left the car-share market in Toronto on May 31, 2018. Various companies in the car-share / new-mobility, technology, and car-rental industries have indicated they are interested in operating a free-floating car-share service in Toronto (e.g. Auto-Mobile operated by CommunAuto from Montreal).

Transportation Services consulted with the car-share industry throughout the development of the pilot approved by Council in April through industry stakeholder sessions and meetings with individual companies. Since the pilot was approved by Council, staff has received feedback from seven car-share companies on the viability of the pilot. This feedback is summarized within this report.

Timing of the Pilot Project

- At least two companies indicated that establishing a free-floating car-share service requires a large capital investment (in the range of \$5 million or more), and can take several years to establish a customer base.
- Given the City of Toronto's pilot project has been approved for 18 months with an evaluation after 12 months of operation, there is considerable risk involved in participating in the pilot, as it relates to the capital investment required for a company to start-up this type of service here. Some companies suggested that the pilot project have a longer time frame.
- Several companies expressed concern that the start and end dates of the pilot project should be revised, given that Council has directed staff to consider potential changes to the terms of the pilot.
- There was also concern that should Council choose to not continue the pilot beyond the 18 month term, sufficient notice period (i.e. 3 months) should be provided in order for residents to be informed and to facilitate a transition of operations.

While the application process was launched on May 25, 2018, the beginning of the 18 month pilot should be established as the first month in which Free-Floating Car Share pilot permits are issued. Transportation Services will report back to Public Works and Infrastructure Committee on the findings of the pilot project and a recommended way forward following completion of twelve months of pilot operation.

Permit Fee

- The pilot permit fee was established based on a review of other jurisdictions and is consistent with the City of Toronto's fee structure for the existing Car-Share Vehicle Parking Area (CVPA) program for areas where there is an impact to residential permit parking.
- Some companies expressed concern that the pilot permit fee is at the higher range of fees in other North American jurisdictions and that this industry has a thin profit margin. It was acknowledged that the permit fee in Montreal is approximately \$1300 (plus GST/QST).
- Other companies supported the pilot permit fee, indicating that it was fair in comparison to the existing permit fee for the CVPA program. If the fee for the Free-Floating Car-Share pilot were to be reduced, it should be through a comprehensive review of established permit fees for the CVPA.

This fee will be reviewed, along with a review of the overall three-tiered CVPA fee structure, as part of a report back after twelve months of pilot project operation.

Permit-Parking Areas Excluded From the Pilot

- Most companies expressed concern that streets and areas at 95 per cent capacity or more for residential permit parking are excluded from the pilot. The one company that has operated a free-floating car-share service in Toronto indicated that this was their most significant concern about the pilot as it would impact *50 per cent* of trips taken daily by Toronto residents who were members of their service. This company indicated that the Transportation Services staff recommendation to have wait-listed streets and areas excluded from the pilot would be viable, but that excluding streets

and areas at 95 per cent capacity would significantly impact the usage of this service and make operating a free-floating car-share service in Toronto completely unviable. This company has ceased operations in Toronto. It was pointed out that a main factor for free-floating car-share usage is convenience and that limiting parking in residential areas can be inconvenient to resident members and reduce usage.

- Other companies raised general concern with an overly-restrictive approach, but felt that the pilot was a positive development and they understood that the City of Toronto was looking to try something and might not "get it right, right away". These companies felt that their systems could manage excluded areas through geo-fencing and in-vehicle communication messages to their members and that Council could decide to change the restrictions in the future, following the pilot project, once the impacts and benefits were more fully understood.
- Major concern was expressed from several companies regarding the potential increase of restrictions *during* the pilot project, through the delegated authority granted to Community Council to further exclude streets and areas. The high degree of uncertainty this creates about the base area within which free-floating car-share services can operate is a significant risk to the sizable amount of capital investment required by these companies to launch free-floating car-share services in Toronto.

Transportation Services recommended to Council that additional exclusions put in place by Community Council during the pilot would result in an ad-hoc, inconsistent and disjointed approach for residents who use free-floating car-share services as well as for the administration, enforcement and evaluation of the pilot. Feedback from the car-share industry indicated that the uncertainty caused by potential changes by Community Council would be a major "deal-breaker" to operating free-floating car-share services in Toronto.

In order to reduce the uncertainty and risk associated with increased restrictions that could be put in place *during* the pilot, Council should revise the authority granted to Community Council to add/remove and/or exclude a street and/or area from the pilot that is to take effect six (6) months after the commencement of the pilot, so that it shall take effect twelve (12) months after the commencement of the pilot, and that Council reconsider the need for such delegated authority at the time of the report back on the pilot.

Transportation Services recommended to Council that wait-listed residential permit-parking locations be excluded from the pilot and interim policy, in order to respond to the concern that free-floating car-share vehicles can reduce the availability of parking spaces for residential permit holders in designated permit-parking areas. During Council's consideration of this item, there was a concern identified that residents, visitors, and tradespersons seeking to obtain a temporary permit would be at a disadvantage with this scenario, as temporary permits are only sold until 90 per cent capacity is reached for residential permit parking.

Following extensive debate, Council approved that streets and areas that are at 95 per cent capacity or more for residential permit parking be excluded from the pilot, along with amending the temporary parking permit provisions to create parity so that residents, visitors and tradespersons can also apply for a temporary permit up to 95 percent capacity.

If Council were to amend the pilot to be consistent with Transportation Services staff recommendation that only wait-listed residential permit-parking locations be excluded from the pilot, Council should also amending the temporary parking permit provisions to create parity so that residents, visitors and tradespersons can also apply for a temporary permit until that street or area has reached wait-listed status.

Restrictions on Clustering of Car-Share Vehicles

- Concern was expressed by several companies regarding the restrictions against clustering of more than one car-share vehicle from the same company parked on a street block and that the car-share company must move its vehicle(s) within two hours of a complaint. One company raised concerns about the additional operating cost of relocating vehicles and requested that the threshold for the number of vehicles considered to be clustering be increased, along with a lengthening of the two-hour time limit.
- It was acknowledged that while such clustering can be a concern for residents in some areas, it tends to happen as a result of a higher number of local resident neighbours who use car-share services living on that street. In other cases, it can happen as a result of proximity to a key destination such as a transit station, where car-share vehicles are used for the "first-mile" as part of a multi-modal trip.
- Several companies indicated that clustering was an issue that can be managed and mitigated, as they have done in other jurisdictions, but would not be possible to prevent entirely. It was noted that most other cities with free-floating car-share services don't have restrictions against clustering.
- It was suggested that the exclusion of streets and areas at 95 per cent capacity or more for residential permit parking may reduce the impacts that clustering might have on local residents, as it relates to the availability of on-street parking.

Transportation Services will monitor incidents of clustering and levels of compliance with the pilot's restriction against clustering through data provided by the participating car-share companies, as well as tracking of complaints, to ensure that free-floating car-share companies mitigate issues with clustering as much as possible during the pilot project. Further recommendations on this issue would be reviewed as part of the evaluation and report back on the pilot project.

Other Feedback

- One company indicated that the requirement of having vehicles registered and licensed in Ontario as part of the application process is a challenge.

Transportation Services will allow out of Province vehicles as part of the application process, and that proof of registration in Ontario can follow within 90 days once Ontario license plates are obtained.

- Some companies suggested that future considerations for the Free-Floating Car-Share Policy should include on-street paid parking areas, with dynamic pay-by-use pricing.

Transportation Services will explore opportunities for use of on-street paid parking areas and dynamic pay-by-use pricing with the Toronto Parking Authority as part of the report back on the pilot.

- Several companies indicated that free-floating car-share services work well when coupled with dedicated on-street or off-street car-share parking spaces in high demand areas, and that dedicated car-share parking can assist with managing clustering of car-share vehicles. It was noted that the process to obtain dedicated parking spaces through the Car-Share Vehicle Parking Area program can be lengthy and should be streamlined in order to be better integrated into a future Free-Floating Car-Share Policy.

Transportation Services will explore opportunities to improve the Car-Share Vehicle Parking Area program as part of the report back on the pilot.

Update on Parking Fines or Penalties Incurred by Car-Share Companies

When the Free-Floating Car-Share Pilot and Interim Policy was approved, City Council requested the General Manager, Transportation Services to include an update on penalty notices and associated administrative penalties incurred by free-floating car-share companies in subsequent reports on the Pilot. An update on parking fines or penalties incurred by car-share companies as of July 16, 2018 is included in Attachment 1.

Transportation Services will not issue or renew parking permits when the vehicle license plate on the application is no longer valid (i.e. the plate hasn't been renewed, or renewal has been denied by MTO as a result of non-payment of fines or penalties).

Additional processes have been put in place as part of the pilot to ensure that outstanding fines or penalties are paid before a participating car-share company is issued free-floating car-share parking permits.

Monitoring and Evaluation

A key objective of the Free-Floating Car-Share Pilot and Interim Policy is to understand the benefits and impacts of this type of permit, in an effort to support a variety of mobility choices for Toronto residents.

Transportation Services will monitor the operations of the pilot and work directly with participating car-share companies to minimize impacts of free-floating car-sharing. Upon completion of twelve months of pilot operation, Transportation Services will report back on the pilot findings and a recommended way forward.

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ATTACHMENTS

Attachment 1 - Update on Parking Fines or Penalties Incurred by Car-Share Companies

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Revenue Services Division is responsible for processing and collecting fines and, after August 2017, penalty amounts for all parking tickets and/or penalty notices issued in the City of Toronto. Based on information from Revenue Services Division, an updated summary of parking infractions and associated fines or penalties that car-sharing companies have incurred in the City of Toronto is included below:

Table 1 - Summary of Parking Infractions (July 16, 2018)

Car-Share Company	Year	Number of Infractions	Sum of Fines or Penalties	Sum of Fines or Penalties Collected	Percentage of Fines or Penalties Collected
Car2Go Canada Ltd.	April - Dec. 2016	31,045	\$981,358	\$981,521	100%
	2017	42,597	\$1,089,719	\$773,065	70.9%
	2018	10,583	\$433,708	\$8,630	2.0%
Enterprise*	April - Dec. 2016	29,768	\$1,455,881	\$1,514,732	104%
	2017	35,516	\$1,885,086	\$1,936,335	102.7%
	2018	11,166	\$685,085	\$594,610	86.8%
ZipCar Canada Inc.	April - Dec. 2016	13,891	\$670,509	\$687,879	102.6%
	2017	14,963	\$771,997	\$790,961	102.5%
	2018	4,503	\$269,193	\$228,919	85.0%

**Regarding Enterprise*

The above information includes infractions incurred by traditional rental car operations by Enterprise Rent-a-Car, rather than only the sub-set of infractions incurred by Enterprise Car-Share, since both vehicle types are registered under the same company.

Enterprise Car-Share has indicated to the City that the vast majority of these infractions are associated with Rent-a-Car operations, rather than those assigned to Enterprise Car-Share, which represent a comparatively small number of vehicles.

Enterprise has provided details indicating that in 2017, Enterprise Car-Share incurred 469 infractions totalling approximately \$25,000, a small sub-set of the number of infractions listed above. However, in cases where an Enterprise Car-Share member received a notice of parking infraction during their reservation, and paid it promptly, information regarding that infraction would not be available to Enterprise.

Collection Rates and Process

Collection through the Ontario Ministry of Transportation (MTO) licence renewal system can take up to two years to collect.

For all parking infractions in the City of Toronto, approximately 60% of tickets issued are resolved or paid within one year, with the remaining tickets paid in subsequent years, mainly through the MTO plate renewal denial process.

The collection rates represented at higher than 100 percent in Table 1 above, relate to occasions when tickets are cancelled as a result of an error but the owner has already made a payment. In about 3% of cases, this results in collection rates that are slightly above 100 percent.