

Update on Outstanding Vehicle-for-Hire Directives

Date: November 16, 2021

To: General Government and Licensing Committee

From: Executive Director, Municipal Licensing and Standards

Wards: All

SUMMARY

The Vehicle-for-Hire Bylaw (Toronto Municipal Code, Chapter 546, Licensing of Vehicles-for-Hire) came into effect in 2016 to establish a set of rules and regulations for taxicabs, limousines, and private transportation companies (PTCs) such as Facedrive, Lyft and Uber. The bylaw modernized the City of Toronto's approach to regulation, and responded to the public's request for choice in regulated ground transportation options. The bylaw enables the vehicle-for-hire industry to provide quality service in a competitive market, while maintaining the City's municipal regulatory purpose of enhancing consumer protection and public safety.

In 2019, staff completed a comprehensive review of the bylaw and as a result, Council adopted several amendments, including the creation of an Accessibility Fund Program, the introduction of additional data requirements, new mandatory training for all drivers, and an increase in the years of driving experience for all drivers from one to three years. This report outlines work completed since the 2019 review, and provides updates and next steps related to outstanding Council directives. It also provides the results of a third-party licensing fee review, and an updated Transportation Impact Study.

With the onset of the COVID-19 pandemic in March 2020, the implementation of some 2019 bylaw amendments paused, as residents, businesses and the City responded to the health, social and financial effects of the pandemic. For example, the vehicle-for-hire industry continues to recover from the financial effects of the COVID-19 pandemic. The number of drivers in the industry has fallen, by almost 50% for PTCs (from approximately 90,000 to 47,000) and 42% for the taxicab and limousine industries (from approximately 13,000 to 7,500).

To continue to support its recovery, staff recommend maintaining the temporary 75 percent reduction on the Vehicle-for-Hire Accessibility Fund Program's (AFP) regulatory charges, approved by Council in February 2021, for the year 2022. This recommendation will not affect current or future access to the AFP by applicants, and will not have an effect on the delivery of accessible vehicle-for-hire service, due to the City's previous in-year budget adjustment.

Based on a third-party licensing fee review, further reductions in licensing fees are not recommended. Vehicle-for-hire licensing fees were determined to be reasonable, when compared to similar risk and/or administratively complex business licensing categories, and were within market rates, when compared to other jurisdictions. Council has also introduced a number of relief measures for the taxicab and limousine industries, including a 50 percent reduction on licensing renewal fees. If this reduction is maintained, meaning Council does not reinstate taxicab and limousine licensing renewal fees to be cost-recovery, then staff advise that the reduction should be extended to the PTC industry to avoid the characterization that MLS is cross-subsidizing licensing fees.

MLS is actively working on steps to implement the driver training accreditation program. After pausing the implementation of the training program due to the effects of the COVID-19 pandemic, MLS re-issued the call for third-party providers on November 9, 2021. Upon its closing on December 10, 2021, MLS will review their applications in consultation with the Expert Panel (composed of interdivisional members) and then accredit approved training programs. It is anticipated that all drivers in the vehicle-for-hire industry will be trained by the end of 2022.

On November 10, 2021, Council paused the issuance of new vehicle-for-hire and PTC driver licences until such time as the driver training accreditation program is established, and applicants have demonstrated completion of a driver training course. While staff have implemented Council direction, there are concerns that pausing the issuance of licences will have significant impacts on the industry, drivers, individual applicants and consumers, at a time when the focus is necessarily on the City's recovery efforts. A pause on licensing may have unintended effects on consumers by potentially reducing the number of drivers available and increasing wait times. For example, due to the significant decline in the number of PTC drivers, wait times have more than doubled since February 2020. It is anticipated that the licensing of new applicants will resume once the City has accredited training providers and applicants are able to complete an accredited driver training course, as well as meet all other licensing requirements, as part of their applications. MLS will continue to accept renewal applications for existing licensees during this time period. After training programs are in place and available, MLS will establish a reasonable date by which applicants for renewal must also demonstrate they have completed a course.

The focus of the new training is to improve driver awareness of customer service issues, such as accessibility, the act of pick-up and drop-off, anti-racism and increased sensitivity. The City does not train drivers on core driving skills but instead utilizes criminal background and judicial matters checks, and weekly screening of driving abstracts to identify contraventions of the City's screening criteria (including convictions under the Ontario Highway Traffic Act).

To further advance emissions reductions in the vehicle-for-hire industry, MLS has partnered with the University of Toronto to undertake an emissions calculations and modelling project. The amount of greenhouse gas emissions generated by Toronto's vehicle-for-hire industry is currently unknown, particularly in comparison to other transportation sources such as personal vehicles. Establishing an emissions baseline for the industry is critical as the City considers the most effective policy options and initiatives to meet emissions reduction targets and goals set out by Council in

TransformTO. In addition, a baseline analysis is critical to determining the most effective and equitable policy options, as some emissions reduction initiatives may have financial implications on drivers, and this is typically an industry of already low-wages.

While the University of Toronto project is underway, MLS remains committed to collaborating further with relevant stakeholders. It is recommended that MLS lead, in consultation with the Environment and Energy Division and The Atmospheric Fund, an Electric Vehicle Working Group to discuss opportunities to support the electrification of the vehicle-for-hire industry, including considerations for equity and potential implementation challenges for any proposed advice. The results of this working group and the work of the University of Toronto will be considered as an input to policy recommendations that seek to reduce emissions from the vehicle-for-hire industry.

The Transportation Impact Study was revisited in 2021 by Transportation Service's Data and Analytics Unit. The study explored trends since the last study was completed in 2019, including the effects of the COVID-19 pandemic on the PTC industry. It was determined that, at this time, there is insufficient evidence to suggest that additional measures are required to mitigate congestion, such as a cap on the number of PTC vehicles. In particular, the impact of the COVID-19 pandemic on traffic congestion and travel patterns in the City has been significant and requires continuous monitoring to understand how congestion levels recover and the role of vehicles-for-hire in the recovery.

Although the Vehicle-for-Hire Bylaw requires taxicab brokers, limousine service companies, and PTCs to submit trip data to the City, currently, only the PTC industry and one taxicab broker complies in a satisfactory manner. This data is crucial for the City to be able to make policies governing the whole vehicle-for-hire industry around accessibility, transportation planning, congestion management and environmental initiatives. Therefore, staff will explore taking further enforcement action to achieve compliance with the data collection and remittance processes. It is also recommended that the PTC driver application and PTC screening requirements be amended to clarify and streamline the current data collection and record management requirements.

This report was prepared in consultation with Legal Services, Policy, Planning, Finance and Administration, Environment and Energy Division, and Transportation Services.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards recommends that:

1. City Council amend Toronto Municipal Code Chapter 441, Fees and Charges, Appendix C - Schedule 12, Municipal Licensing and Standards to maintain, throughout 2022, the temporary 75 percent reduction on the Vehicle-for-Hire Accessibility Fund Program regulatory charges, approved by Council in February 2021.
2. City Council direct the Executive Director, Municipal Licensing and Standards, in consultation with the Director, Environment and Energy and The Atmospheric Fund,

to establish a Vehicle-for-Hire group, under the already established Electric Vehicle Working Group, that brings relevant stakeholders together to discuss opportunities to support the electrification of the vehicle-for-hire industry, including considerations for equity and potential implementation challenges for any proposed advice. The results of this work shall be considered by the Executive Director, Municipal Licensing and Standards as an input to the development of any requirements or programs that seek to reduce emissions in the vehicle-for-hire industry.

3. City Council direct the Executive Director, Municipal Licensing and Standards to consider aligning vehicle electrification and emissions reduction targets for the vehicle-for-hire industry with the most up-to-date targets for motor vehicles, as outlined in the TransformTO Net Zero Strategy and the Electric Vehicle Strategy.

4. City Council direct the Executive Director, Municipal Licensing and Standards to report back on a recommended evidence-based emission reductions strategy for the vehicle-for-hire industry, including outcomes of the proposed Vehicle-for-Hire group under the Electric Vehicle Working Group, and results of the third-party vehicle-for-hire emissions study, in Q1 2023.

5. City Council amend Toronto Municipal Code, Chapter 546, Licensing of Vehicles-for-Hire to reflect the amendments to PTC driver application, and PTC screening requirements outlined in Attachment 1.

6. City Council direct that the changes to Toronto Municipal Code Chapter 546, Licensing of Vehicles-for-Hire, and Toronto Municipal Code Chapter 441, Fees and Charges, come into force on January 1, 2022.

FINANCIAL IMPACT

This report is seeking Council approval to maintain the temporary 75 percent reduction on the Vehicle-for-Hire Accessibility Fund Program's (AFP) regulatory charges in 2022. If Council proceeds with this approach, AFP disbursements in 2022 and 2023 will be paid for from the Vehicle-for-Hire Reserve Fund (funded from the City's initial in-year budget adjustment as outlined in *GL6.31 - Review of the City of Toronto Municipal Code Chapter 546, Licensing of Vehicles-for-Hire*), and regulatory charges collected thus far. This will be accommodated within the approved Operating Budget of Municipal Licensing and Standards.

In the December 2020 staff report considered by Council (*GL19.4 - Vehicles-for-Hire and COVID-19 Related Financial Hardship*), staff noted that business licensing fees are established based on a cost-recovery model, as mandated under the City of Toronto Act, 2006. Therefore, any changes would result in negative budget pressures, and would need to be offset through other revenue sources, or through expenditure control measures during the budget process. It was also recommended that any changes adopted by Council should be consistent for the entire vehicle-for-hire industry (taxicabs, limousines, and PTCs), as it is considered an equitable approach.

However, in February 2021, Council reduced the licensing renewal fees of the taxicab and limousine industries only, and until further Council direction. Therefore, if Council maintains the 50 percent reduction on taxicab and limousine licensing renewal fees, it is strongly advised that Council reduce PTC licensing renewal fees (that is, PTC Driver renewal and PTC per-trip fee) by 50 percent. This is required to ensure fairness, and to avoid the characterization that the City is cross-subsidizing fees across different licensing categories.

A continued reduction in vehicle-for-hire licensing renewal fees by 50 percent (including the PTC industry) would result in a negative budget pressure of \$8.7 million (of which \$6.2 million has not been considered in preliminary 2022 budget discussions).

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section

EQUITY STATEMENT

As part of the Vehicle-for-Hire Economic Impact Study conducted in 2019, a driver survey was completed to understand the ridership and revenue figures in the vehicle-for-hire industries and to learn about driver demographics. While the survey relied on self-reports, the results of the survey indicated that majority of PTC drivers and vehicle-for-hire drivers (taxicab and limousine) identified as racialized and cited lower than average household incomes (\$20,000 to \$59,999).

It is well documented that the economic pressures of the COVID-19 pandemic disproportionately affect vulnerable communities, particularly Indigenous and equity-deserving communities.

As with many licensed businesses, the vehicle-for-hire industry has suffered financially due to the COVID-19 pandemic. The closure of non-essential business, such as bars and restaurants, cancellation of large events such as concerts and sporting events, and a substantial increase in people working from home has contributed to lower consumer demand for vehicles-for-hire. This report recommends further supports, where appropriate, to alleviate some financial pressure felt by the industry. For example, to continue to support its recovery, staff recommend maintaining the temporary 75 percent reduction on the Vehicle-for-Hire Accessibility Fund Program's (AFP) regulatory charges, approved by Council in February 2021, for the year 2022.

It also proposes that future work related to emissions reduction initiatives be examined through an equity lens. For example, MLS has procured research services from the University of Toronto to undertake an emissions calculations and modelling project. The amount of greenhouse gas emissions generated by Toronto's vehicle-for-hire industry is currently unknown, particularly in comparison to other transportation sources such as personal vehicles. Establishing a baseline analysis is critical to determining the most effective and equitable policy options, as some emissions reduction initiatives may have financial implications on drivers, and this is typically an industry of already low-wages.

DECISION HISTORY

On November 10, 2021, City Council adopted, with amendments, [GL26.11: Back-to-School - Vehicle-for-Hire Driver Training](#) (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.GL26.11>), and paused the issuance of new vehicle-for-hire and PTC driver licences until such time as the driver training accreditation program is established, and applicants have demonstrated completion of a driver training course. Council also directed staff to grant Toronto Taxi Licence holders, drivers and/or operators who have continued service throughout the pandemic access to the Accessibility Fund, or in the case of incomplete forms, an extended appeal process with the possibility of retroactive pay.

On May 5, 2021, City Council adopted [GL22.2: Business Licence Deferral Program Review](#) (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.GL22.2>), giving all business licensees an added 60 days (with no late fees assessed) in which to pay their 2021 licence renewal fee.

On February 18, 2021, City Council adopted, with amendments, [EX21.2: 2021 Capital and Operating Budgets](#) (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>), resulting in a temporary reduction in the regulatory charges for the Vehicle-for-Hire Accessibility Fund Program in 2021, a reduction of renewal fees for select taxicab and limousine licence categories, reinstatement of vehicle-for-hire licences expired and cancelled in 2020 for the non-payment of renewal fees and payment deadline extension, and suspension of cancellation of vehicle-for-hire licences for non-payment of renewal fees in 2021. City Council directed staff to undertake an assessment of vehicle-for-hire licence fees, as well as report back on a payment-deferral application process, consistent with the property tax deferral application or a repayment plan.

On December 16, 2020, City Council adopted, with amendments, [GL19.4: Vehicles-for-Hire and COVID-19 Related Financial Hardship](#) (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL19.4>), resulting in temporary changes to Chapter 546 to extend the maximum age of vehicles provision by two additional years for existing taxicab and sedan limousines. City Council directed staff to report to the Budget Committee as part of the 2021 budget process on options to aid the taxicab industry, including adjusting renewal fees, annual fee increases, and regulatory charges for the Vehicle-for-Hire Accessibility Fund Program in 2021.

On January 29, 2020, City Council adopted, with amendments, [IE11.17: Electric Vehicle Strategy](#) (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IE11.17>), approving Toronto's first Electric Vehicle Strategy. The Strategy identifies actions to prepare for the global shift towards electric mobility and to ensure Toronto achieves a key TransformTO goal: 100% of transportation uses zero-carbon energy sources by 2050. One identified action is to encourage vehicle-for-hire companies to increase EVs in their fleet.

On July 16, 2019, City Council adopted, with amendments, [GL6.31: Review of the City of Toronto Municipal Code Chapter 546, Licensing of Vehicles-for-Hire](#)

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.GL6.31>), resulting in By-law updates related to public safety, data collection, vehicle requirements, licensing, and enforcement, and the establishment of the Accessibility Fund Program and Vehicle-for-Hire Reserve Fund. The review addressed a number of outstanding directives including how to proceed with an accessibility strategy, the results of a transportation impact study and an economic impact study and recommendations for addressing issues such as mandatory equipment, training and a reduction on taxicab licensing renewal fees. Council directed staff to report back by the third quarter of 2020 on safety data, effects of vehicles-for-hire on congestion and emissions, and the implementation of the Accessibility Fund Program.

On May 3, 2016, City Council adopted, with amendments, [LS10.3: A New Vehicle-for-Hire Bylaw to Regulate Toronto's Ground Transportation Industry](#) (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.LS10.3>), resulting in a series of changes to the vehicle-for-hire industry, including permitting private transportation companies to operate under a licensing regime. City Council directed staff to report back on a number of items, including rates/fares, congestion management, the City's accessibility strategy, implementation updates and outcomes of the bylaw.

COMMENTS

Background

As directed by Council, staff completed a comprehensive review of the Vehicle-for-Hire Bylaw between 2018 and 2019. The review addressed a number of outstanding directives including how to proceed with an accessibility strategy, the results of a transportation impact study and an economic impact study and recommendations for addressing issues such as mandatory equipment and training.

As a result of this review, in July 2019, Council adopted a number of amendments to the bylaw, including the creation of an Accessibility Fund Program, additional data requirements, and mandatory training for all drivers. These amendments came into effect on January 1, 2020, with the exception of training which was set to come into effect on June 1, 2020. Council also directed staff to report back by the third quarter of 2020 on safety data, the effects of vehicles-for-hire on congestion and emissions, and the implementation of the Accessibility Fund Program.

COVID-19 Pandemic

As resources and capacity have allowed, MLS has continued to advance the implementation of 2019 amendments to the Vehicle-for-Hire Bylaw. However, with the onset of the COVID-19 pandemic in March 2020, and the need to support urgent COVID-19 efforts and then recovery programming (including relief measures for the vehicle-for-hire industry), implementation of the driver training accreditation program was paused. Staff also recognized that there were financial implications associated with the driver training program, and due to the economic uncertainty of the pandemic, it was not the appropriate time to implement the driver training program.

As with many licensed businesses, the vehicle-for-hire industry has suffered financially due to the COVID-19 pandemic. While the majority of the taxicab industry does not currently provide trip data to the City, the TTC Wheel-Trans indicated in November 2020 that their taxicab contract had been operating at 35-40 percent of normal capacity. PTCs have provided trip data to the City, which indicates that similarly, PTC trips have been operating between 15 to 45 percent of normal capacity. The number of drivers in the industry has also fallen, by almost 50 percent for PTCs (from approximately 90,000 to 47,000) and 42 percent for the taxicab and limousine industries (from approximately 13,000 to 7,500).

Public & Stakeholder Engagement

MLS solicited comments from the public and stakeholders from September 8, 2021 to October 8, 2021. To inform the public of this engagement period, an email was sent to 300 plus subscribers of the vehicle-for-hire email listserv. As well, all relevant City webpages were updated to provide information on the scope and timing of the report. The engagement period was also advertised via direct emails to stakeholders and Councillors, and through the City's social media channels.

MLS received 23 submissions by email from a variety of stakeholders, including taxicab and PTC industry members, insurance brokerages, experts in the gig economy, and advocacy groups. During the engagement period, MLS also held virtual stakeholder meetings with The Atmospheric Fund, the Ride Fair Coalition, Uber and a taxicab industry representative. All feedback was reviewed by staff as part of the development of this report and is summarized below.

Many of the stakeholder comments MLS received were related to driver training. The majority of comments support timely implementation of a driver training program for all vehicle-for-hire and PTC drivers. Select stakeholders also wrote in support of a pause on issuing new licences until a training program is established, while others were opposed to this. Select taxicab industry associations and brokerages stated that vehicle inspection requirements should be enhanced and completed more frequently.

Many of the comments submitted also discussed vehicle-for-hire licensing fees and the Accessibility Fund Program's regulatory charges. A number of taxicab industry stakeholders shared concerns that taxicab licensing fees are too high and should be reduced/discounted. They also commented that there needs to be more transparency in how fees are determined, specifically when comparing taxicab and PTC licensing fees. Other stakeholders cautioned that licensing fees must align with cost recovery principles, and that higher fees are often passed on to the consumer.

Some of the feedback received was not supportive of how the Vehicle-for-Hire Accessibility Fund Program (AFP) funds are collected and administered. Select taxicab industry stakeholders commented that the industry should not be charged a regulatory charge to supplement on-demand accessible taxicab service, as they believe it should be funded by the City. PTCs recommended that accessible PTC drivers should be eligible for disbursements through the AFP since the PTC industry also contributes to its funding. One advocacy group stated that the AFP is not sufficient to achieve the necessary level of accessible vehicles in Toronto.

Some stakeholders commented that the number of licensed vehicle-for-hire drivers, especially PTC drivers, should be limited to address traffic congestion, increase driver revenues, and reduce industry emissions. Some comments stated that the City should do more to reduce vehicle-for-hire emissions, including providing grants for electric taxicabs and discounting trips in electric vehicles. Other stakeholders advocated that the City must first significantly increase access to public charging stations and consider the vehicle-for-hire industry in developing a city-wide charging network. The Atmospheric Fund proposed that the City convene all relevant City, industry and community stakeholders to develop a plan for electrifying the industry.

MLS also received comments on other industry issues, including concerns related to high insurance costs for taxicab drivers, and support for extending the maximum vehicle age by two years for PTC vehicles (currently this extension was only granted to the taxicab and limousine industries). Stakeholders also raised concerns about the continuing impacts of the COVID-19 pandemic on the industry.

Updates on Outstanding Directives

Since the Vehicle-for-Hire Bylaw Review, there have been several new directives from Committees or Council. These directives include reviewing and providing a status update on the Vehicle-for-Hire Accessibility Fund Program (AFP), undertaking an assessment of vehicle-for-hire licensing fees, providing an update on the implementation of the driver training program, reviewing the need for additional safety requirements, outlining work completed to reduce emissions in the vehicle-for-hire industry, and examining the transportation impacts of vehicles-for-hire.

The following sections provide an overview of MLS' response to outstanding Council directives, including proposed recommendations where appropriate.

For additional clarity, the terms below are used to simplify the following business licensing categories:

- Vehicle-for-hire industry (all businesses that are required to be licensed under the Vehicle-for-Hire Bylaw, such as the PTC, taxicab and limousine industries).
- PTC industry (private transportation companies, such as Lyft, Uber and Facedrive, and private transportation company drivers).
- Taxicab industry (standard taxicab owners, Toronto Taxicab Licence (TTL) owners, taxicab operators, vehicle-for-hire drivers, and taxicab brokers).
- Limousine industry (limousine owners, vehicle-for-hire drivers, and limousine service companies).

1. Accessibility Fund Program

Recommendation:

On February 18, 2021, Council reduced the regulatory charges for the Vehicle-for-Hire Accessibility Fund Program (AFP) by 75 percent for the year 2021. To continue to support the vehicle-for-hire industry, and in consultation with the Policy, Planning, Finance and Administration Division, it is recommended that the regulatory charges remain temporarily reduced by 75 percent for the year 2022. This recommendation will

not affect current or future access to the AFP by applicants, and will not have an effect on the delivery of accessible vehicle-for-hire service.

This continued reduction is feasible due to the City's previous in-year budget adjustment, and the lower than anticipated uptake of the AFP by wheelchair accessible taxicab owners and vehicle-for-hire drivers in 2020 and 2021. While this may be related to decreased demand, as a result of the COVID-19 pandemic, more refined estimates of the supply of and demand for accessible vehicle-for-hire service are unavailable due to the lack of data provided to the City by the taxicab industry. As such, a permanent reduction is not recommended, and staff will report back on the AFP.

To support an evidence-based evaluation of the Accessibility Fund Program, staff are exploring the further use of enforcement tools to ensure compliance with the bylaw's record keeping requirements.

Background:

The AFP was created to help offset the higher cost of providing wheelchair accessible vehicle-for-hire service and to ensure that accessible vehicle-for-hire service is readily available for the public. Launched in 2020, it responded to direction from Council to create an accessibility fund and addresses the provincial requirement, under the Accessibility for Ontarians with Disabilities Act, 2005, to take steps to ensure that equitable and accessible vehicle-for-hire service is available to all individuals.

The program disburses funds, based on a funding formula and service standards, to City licensed wheelchair accessible taxicab owners and vehicle-for-hire drivers who are not affiliated with the TTC Wheel-Trans contract. While the AFP does not currently disburse funds to accessible PTC drivers, as part of the evaluation of the program, staff are exploring the feasibility of including the PTC industry and will report back at a later date.

The City initially funded the AFP through an in-year budget adjustment in 2019. Moving forward, disbursements will be solely funded through a regulatory charge on members of the vehicle-for-hire industry who do not provide wheelchair accessible service. The in-year budget adjustment and regulatory charges are held in a Corporate Discretionary Reserve Fund called the Vehicle-for-Hire Reserve Fund. Current regulatory charges are noted in the table below.

Table 1: 2021 Vehicle-for-Hire AFP Regulatory Charges

Licence	Fee Type	2020 Regulatory Charge	2021 Regulatory Charge*
Taxicab Brokerage	Flat-rate yearly	\$250.64	\$62.66*
Standard Taxicab Operator	Flat-rate yearly	\$125.32	\$31.33*

Licence	Fee Type	2020 Regulatory Charge	2021 Regulatory Charge*
Standard Taxicab Owner	Flat-rate yearly	\$125.32	\$31.33*
Standard Taxicab Owner - Accessible	Flat-rate yearly	\$0.00	\$0.00
Toronto Taxicab Licence (TTL) Owner - Accessible	Flat-rate yearly	\$0.00	\$0.00
Limousine Service Company	Flat-rate yearly	\$250.64	\$62.66*
Limousine Owner	Flat-rate yearly	\$125.32	\$31.33*
Vehicle-for-Hire Driver	Flat-rate yearly	\$62.66	\$15.67*
Private Transportation Company (PTC)	Per-trip	\$0.10	\$0.025*
PTC Driver	Flat-rate yearly	\$7.23	\$1.81*

*Reduced by 75 percent for the year 2021.

The City disbursed \$1.78 million to 300 wheelchair accessible taxicab owners and 325 accessible vehicle-for-hire drivers in 2020, and \$1.44 million to 244 wheelchair accessible taxicab owners and 258 accessible vehicle-for-hire drivers in 2021. The 20 percent reduction in the number of wheelchair accessible taxicab owners and drivers granted disbursements from 2020 to 2021 is most likely due to decreased demand, as a result of the COVID-19 pandemic. The 2020 numbers are also slightly lower than previously reported due to final year-end adjustments.

On November 10, 2021, Council directed MLS to grant Toronto Taxicab Owner Licence (TTL) holders, and accessible vehicle-for-hire drivers who have continued service throughout the pandemic access to the AFP, or in the case of incomplete forms, an extended appeal process with the possibility of retroactive pay. It's important to note that all wheelchair accessible taxicab owners and drivers who are not affiliated with the TTC Wheel-Trans contract and have met the City's eligibility criteria have access to the AFP. Prior to denying applications, MLS provided applicants with multiple opportunities (over extended periods of time) to ensure that applications were complete and accurate and only denied applications as a last resort, with an appeal period provided for the unsuccessful applicants

Under §546-13.1, the Executive Director, MLS is delegated authority to establish or amend an accessibility fund program, and to set the criteria for granting funding. The minimum eligibility criteria for taxicab owners and drivers to apply to the AFP are set out in §546-13.2. Finally, the application and appeal process for the AFP, including the information that must be provided to MLS and the timelines for MLS to make its decisions are set out in 546-13.3.

The majority of accessible owners and drivers who received disbursements received the maximum annual disbursement (that is, grant plus incentive), as seen in the table below.

Table 2: Maximum Grant and Incentive Disbursements for Eligible Accessible Taxicab Owners and Drivers

Recipient	Grant (frequency)	Incentive (frequency)	Service Standards tied to Incentives	Total (Possible)	Exceptions
Accessible taxicab owner: side-entry conversion	\$2,898.21 (annually)	Up to \$1,898.21 (annually)	Yes See Service Standards	\$4,796.42	Owners affiliated with TTC Wheel-Trans are not eligible for incentive or grant.
Accessible taxicab owner: rear-entry conversion	\$2,312.71 (annually)	Up to \$1,312.71 (annually)	Yes See Service Standards	\$3,625.42	Owners affiliated with TTC Wheel-Trans are not eligible for incentive or grant.
Driver of accessible taxicab	N/A	Up to \$2,187.50 (annually)	Yes See Service Standards	\$2,187.50	Drivers affiliated with TTC Wheel-Trans are not eligible for incentive.

Disbursements are retroactive and based on the previous years' service (that is, 2021 disbursements are based on providing accessible service in 2020). To account for the lower trip volumes in 2021, the service standards (seen in the tables below) used to determine eligibility for the AFP in 2022 will remain reduced, similar to 2021.

Table 3: Accessible Taxicab Owner Service Standards tied to Incentive

Criteria	2020 Minimum	2021 Minimum	How it's Measured/Validated.	Weighting Assigned in Evaluating Funding Eligibility
Minimum number of hours a vehicle is operating and available for dispatch	1300 hours annually (that is, an average of 25 hours weekly)	324 hours (average monthly hours for January - March 2020)	Declaration/Brokerage data (if available)	95%
Cordless POS is available (Yes/No)	Yes	Yes	Declaration/Brokerage data (if available)	5%

Table 4: Accessible Vehicle-for-Hire Driver Service Standards tied to Incentive

Criteria	2020 Minimum	2021 Minimum	How it's Measured/Validated	Weighting Assigned in Evaluating Funding Eligibility
Minimum number of hours a driver is operating and available for dispatch	1300 hours annually (that is, an average of 25 hours weekly)	324 hours (average monthly hours for January - March 2020)	Declaration/Brokerage data (if available)	50%

Criteria	2020 Minimum	2021 Minimum	How it's Measured/Validated	Weighting Assigned in Evaluating Funding Eligibility
Accepts all wheelchair accessible vehicle trips dispatched by brokerage, in accordance with restrictions against service refusals in Chapter 546	100 percent	100 percent	Declaration/Brokerage data (if available)	50%

Accessible taxicab owners and vehicle-for-hire drivers must apply to the AFP by completing the City's application and declaration of accessible service. The declaration process was initially created on an interim basis, to allow taxicab brokers sufficient time to collect and remit trip data to the City, similar to the PTCs. However, this has not occurred in a satisfactory manner. In addition, information on street hails and/or cabstands is either not captured or made available. Trip data is crucial to the evaluation and validation of service standards, and to determine the supply and demand of vehicle-for-hire accessible service.

Information provided by AFP recipients in the application and declaration process is subject to audits by MLS' compliance team and/or a third-party auditor procured by MLS. MLS recently procured a third-party auditor to review the information provided by AFP recipients and they noted several concerns. For example, in several instances, wheelchair accessible taxicab owners and drivers wrongly claimed an affiliation with a taxicab brokerage (a requirement of the Vehicle-for-Hire Bylaw). Upon further investigation, it was determined that taxicab brokerages do not currently maintain sufficient documentation to demonstrate that the driver and vehicles they dispatch are licensed by the City, and in the case of accessible vehicles, that the vehicles dispatched meet the requirements of the Vehicle-for-Hire Bylaw (that is, they comply with the Canadian Standards Association vehicle standards for motor vehicles designed or converted, and equipped for the purpose of transporting persons with physical disabilities). As a result, it is challenging to validate the information being provided by wheelchair accessible taxicab owners and drivers in the application and declaration process. In the absence of data, significant staff resources are required to review and verify declarations. This manual process is also more susceptible to human error.

MLS has made several attempts in the past to educate taxicab brokers on record-keeping requirements. This includes informational meetings, and advisory letters. Some taxicab brokerages noted they did not wish to comply, for various reasons, while others noted capacity concerns, due to resource constraints, particularly during the pandemic. Based on the above noted concerns, MLS is exploring further education, technology,

and enforcement efforts to ensure compliance with the Vehicle-for-Hire Bylaw. While each issue is addressed on a case-by-case basis, to ensure reasonable, fair and appropriate actions are taken, those who do not comply with the bylaw are guilty of an offence. Under the bylaw, any person who is issued a summons to court and convicted, may have to pay a fine up to \$50,000. If a corporation is issued a summons to court and convicted, they may have to pay a fine up to \$100,000, and every director or officer may be liable for a fine of no more than \$50,000.

Individuals who apply for or seek to renew a business licence are assessed against a set of screening criteria, which are minimum standards set by the Executive Director of MLS. MLS must refuse to issue or renew a business licence if the licensee has breached the screening criteria. MLS may also deny a licence if it has reasonable grounds for concern about an applicant, even where they have not breached the screening criteria. An applicant may request a hearing before the Toronto Licensing Tribunal (TLT) if MLS has refused to issue or renew a licence. MLS may also refer a licence to the TLT at any time during its term for a full hearing if it has concerns about a licensee.

2. Licensing Fees

Recommendation:

In addition to reducing the regulatory charges for the Vehicle-for-Hire AFP, on February 18, 2021, Council reduced the licensing renewal fees for the taxicab and limousine industries by 50 percent, until further Council direction.

As per the City of Toronto Act, 2006, business licensing fees are based on a cost recovery model. This means that the fees recover the full cost of those services (direct, indirect and cost of capital). Business licence fees are not assessed (or pro-rated) by whether a business is forced to close unexpectedly or temporarily suspend operations.

If Council maintains a reduction for the taxicab industry, by not returning taxicab and limousine licensing renewal fees to cost-recovery levels, it is strongly advised that the reduction also be extended to the PTC industry to avoid the characterization that the City is cross-subsidizing fees across different licensing categories, especially within the same general industry.

A continued reduction in vehicle-for-hire licensing renewal fees by 50 percent (including the PTC industry) would result in a negative budget pressure of \$8.7 million (of which \$6.2 million has not been considered in preliminary 2022 budget discussions). With a 50 percent reduction, the negative budget pressure would need to be offset through other revenue sources, or through expenditure control measures, and would need to be addressed through the 2022 budget discussions.

Background:

Noted below are the current business licensing renewal fees for the vehicle-for-hire industry (taxicab, limousine and private transportation company industries).

Table 5: 2021 Vehicle-for-Hire Licensing Renewal Fees

Licence	Fee Type	2020 Licence Renewal Fee	2021 Licence Renewal Fee
Taxicab Brokerage*	Flat-rate yearly	\$281.95	\$140.98
Standard Taxicab Operator*	Flat-rate yearly	\$306.00	\$153.00
Standard Taxicab Owner*	Flat-rate yearly	\$1,003.84	\$501.92
Standard Taxicab Owner - Accessible	Flat-rate yearly	\$0.00	\$0.00
Toronto Taxicab Licence (TTL) Owner - Accessible	Flat-rate yearly	\$0.00	\$0.00
Limousine Service Company*	Flat-rate yearly	\$281.74	\$140.87
Limousine Owner*	Flat-rate yearly	\$709.74	\$354.87
Vehicle-for-Hire Driver*	Flat-rate yearly	\$132.60	\$66.30
Private Transportation Company (PTC)	Per-trip	\$0.31	\$0.31
PTC Driver	Flat-rate yearly	\$15.30	\$15.30

*Received a 50 percent reduction in annual licensing renewal fees until further Council direction.

The licensing fee structure, such as flat-rate or per-trip, was determined based on the differentiated types of business. The taxicab and limousine industry pay a flat-rate fee upon application or renewal. When the PTC licence was introduced in 2016, Council adopted a scalable licensing model (reflecting the supply and demand model of PTCs). While PTC drivers pay an annual flat-rate licensing fee upon application or renewal, the majority of the licensing and enforcement costs are covered through the per-trip fees.

The 2021 budgeted revenues (that is, licensing application and renewal fees) from the taxicab, limousine and PTC industries are also noted below. PTCs, representing the higher volume licensing category, pay a higher proportion of licensing revenues compared to the taxicab and limousine industries.

Table 6: 2021 Budgeted Licensing Revenues for the Vehicle-for-Hire Industry

Vehicle-for-Hire Industry	2021 Budgeted Licensing Revenues
Taxicab	\$3.75 million
Limousine	\$0.26 million
Private Transportation Company	\$11.95 million

As directed by Council, MLS undertook a licensing fee review with the assistance of a third-party. Due to time and financial constraints, the fee review was based on a model developed in 2016, which was designed to capture the service components of licensing (that is, licensing administration, bylaw enforcement, policy reviews, and operational programming). For each service component, MLS, in consultation with the third-party economists, identified the amount of time and costs deployed by staff annually and on a per licence basis. The costs include direct costs (such as salary, wages, and benefits costs for the staff that directly provide services to beneficiaries), indirect costs (support staff/departments and corporate overhead), and capital costs. Findings of the report include:

- The total annual cost of providing business licensing and regulatory services is \$29.97 million, of which vehicle-for-hire licensing accounts for \$13.6 million, or 45 percent of annual costs. More specifically, vehicle-for-hire licensing accounts for 60 percent of the costs from the Licensing and Permits business unit (but only represents approximately 28 percent of business licensing and permit issuances).
- Excluding PTC revenues, MLS user fees are approximately 84% cost-recovery.
- The majority of fees currently imposed by MLS, for all business licensing categories, fall either below or within the range of fees generally observed in the market. For example, approximately 10 percent of fees fall below the market range, another 53 percent are within market range, and the remaining 37 percent are higher. This suggests that there may be opportunities to increase certain fees to market levels, thereby cost-recovery for MLS services.

A summary of the market comparison is found in Attachment 2.

Through this analysis, it was determined that vehicle-for-hire licensing fees are reasonable when comparing to other similar risk business licensing categories, such as other capped business licensing categories. However, this comparison is challenging due to the varying levels of regulation, volume of complaints and enforcement needs across business licensing categories. For example, when reviewing the licensing fees of the taxicab industry it's important to consider:

- the greater level of administration required, in comparison to other business licensing categories, due to the number and complexity of licensing requirements (as a result of consumer protection and public safety concerns);
- the time required to review and process a taxicab owner licence application due to the restriction on the number of licences, and the need to validate a sales

agreement or an estate claim (as all other business licences, with the exception of body rub parlours, are non-transferable); and

- the higher volume of complaints received by the City, or the number of reports received, or appearances made by the industry at the Toronto Licensing Tribunal (TLT) (for example, over two-thirds of all reports received by the TLT are a result of members of the taxicab and limousine industries).

While there are significant costs associated with the administration and enforcement of the vehicle-for-hire industry, the City has reduced licensing fees, where appropriate, over the last several years. For example, in 2016, Council:

- eliminated the approximately \$5,000 application fee for Standard Taxicab Owner licences;
- waived all licensing fees for TTL Owners and accessible Standard Taxicab Owners (approximately \$1,300 at the time); and
- reduced the licensing renewal fees for taxicab owners by 22 percent and vehicle-for-hire drivers (taxicab and limousine drivers) by 60 percent.

As a result of the COVID-19 pandemic, Council has also introduced a number of supports for the vehicle-for-hire industry, specifically for the taxicab and limousine industries. In addition to reducing the regulatory charges of the AFP by 75 percent, and licensing renewal fees by 50 percent in 2021, Council has temporarily extended the maximum age of vehicles being used as taxicab and sedan limousines by two additional years, reinstated any expired or cancelled vehicle-for-hire licences for the non-payment of renewal fees in 2020, suspended the cancellation of vehicle-for-hire licences for non-payment of renewal fees in 2021, and provided all business licensees with up to 150 days to make their licence payments without late fees or cancellation.

Based on the results of the third-party licensing fee review, the continued high cost to administer and enforce the vehicle-for-hire licensing regime, and the number of financial supports provided to the vehicle-for-hire industry as a result of the COVID-19 pandemic, further licensing fee reductions for the taxicab and limousine industries are not recommended. However, if Council maintains the licensing fee reduction for the taxicab and limousine industries, it is recommended that this reduction be extended to the PTC industry to ensure fairness.

3. Driver Training Program

In 2016, the requirement for mandatory training for all non-accessible drivers was removed, as the City reset its approach to regulation and adjusted its role as it relates to the direct delivery of service. In the context of an expanded vehicle-for-hire market, the previous 5-day limousine and 17-day taxicab training programs, which focused on topics such as customer service, business acumen, route planning and geography, were deemed to be regulatory barriers for the taxicab and limousine industries. It was also determined that many components of the City-run training program would be managed through competition and the adoption of technology (such as driver or company reviews and GPS), or that the vehicle-for-hire industry would enhance or implement new training as part of their business practices. MLS licenses and permits 99

different businesses, including tow truck drivers and driver instructors, but has only provided City-run training programs for the taxicab and limousine industries.

During the 2018 and 2019 public consultation meetings and third-party public opinion research, training was identified as a concern in the vehicle-for-hire industry. Council adopted a new mandatory, industry-wide training program in 2019, with the intention of all new drivers being required to complete training as of June 1, 2020, and all existing drivers being required by the end of 2020. As it has been several years since the City mandated training, and the training program includes new and updated topics, it is mandatory for all drivers (including drivers who previously completed the City's training program prior to 2016).

The focus of the new training is to improve driver awareness on customer service issues, such as accessibility, the act of pick up and drop off, anti-racism and sensitivity. To be approved as an accredited training program, providers must demonstrate that their curriculum includes information specific to transporting passengers in a safe manner, driving in an urban setting, providing service to accessible users, anti-racism and cultural diversity sensitivity, and legal requirements.

Training is not meant to teach core driving skills, which is done by the Ministry of Transportation as part of the Ontario graduated licensing system. To introduce a similar process to the Ontario graduated licensing system would be duplicative, and overly burdensome.

The City has robust licensing requirements for drivers of vehicles-for-hire in order to ensure the safety of passengers. To obtain a licence, all drivers must:

- hold a Class G or higher provincial driver's licence;
- provide a Criminal Record and Judicial Matters Check;
- provide a three-year driving history recorded by the Ministry of Transportation;
- carry \$2,000,000 in mandatory insurance coverage;
- pass extensive and ongoing driver screening; and
- pass vehicle safety inspections.

The new training program for non-accessible drivers is consistent with the current process for accessibility training, whereby the City approves training programs based on a set of mandatory components. The successful completion of a City-approved training program is transferable across all non-accessible driver licence categories. Council has also delegated authority to MLS to proactively audit training programs to ensure compliance with established criteria. This is complemented by a revocation process, if required.

At the beginning of 2020, staff, in consultation with an expert panel (members of MLS, Transportation Services, and Fleet Services), issued a call for third-party training providers and began to assess and review submissions. The City received 10 applications; the majority of which offered online training. However, the majority of providers were not immediately resourced to provide large-scale training to the industry, and would require additional time to develop their curriculum. With the onset of the COVID-19 pandemic in March 2020, the City's implementation was put on hold and

resources were redirected to urgent COVID-19 efforts, and recovery programming. Staff were also aware of the financial effects of the COVID-19 pandemic, and were concerned with the additional cost for drivers during a period of economic uncertainty.

The City is currently working to advance the introduction of a mandatory driver training accreditation program for all vehicle-for-hire and PTC drivers. On November 9, 2021, staff re-launched an updated call for third-party providers that will close on December 10, 2021. Following this, staff will review submissions with the expert panel and then begin work to accredit third-party training providers.

Based on the City's experience in designing and implementing the call for training providers in early 2020, several months are needed for each stage of the implementation process. This includes the evaluation of the proposals, the development of the large-scale training program, the review of quality assurance measures, and time for thousands of drivers to complete the training. Staff anticipate that all existing licensees and new licensees will complete a third-party training program by the end of 2022. A breakdown of this implementation process is noted below.

Table 7: **City Component** - Expected Implementation Timelines of the Vehicle-for-Hire Driver Training Program

Process	Expected Completion
Call for Third-Party Training Providers Opens	November 9, 2021
Call for Third-Party Training Providers Closes	December 10, 2021
Evaluation and Accreditation of Proposals	January 2022

Table 8: **Vendor Component** - Expected Implementation Timelines of the Vehicle-for-Hire Driver Training Program

Process	Expected Completion*
Accredited Providers Develop Program for Large Scale Use	February - June 2022
Quality Assurance, Testing and Approvals	July - August 2022
Drivers Complete Training	September - December 2022

*Note: These timelines are broad, as vendors will be ready at varying times. For example, one vendor may be able to launch as soon as they are accredited, while others may need additional time to develop their program for large scale use.

Impact of Pausing Licensing

On November 10, 2021, Council directed MLS to pause the issuance of new vehicle-for-hire and PTC driver licences until such time as a driver training accreditation program is established, and applicants have demonstrated completion of a driver training course. Council's direction was implemented immediately, but staff are concerned that a pause on licensing may have unintended effects on consumers by potentially reducing the number of drivers available and increasing wait times. For example, due to the significant decline in the number of PTC drivers, wait times have more than doubled since February 2020. Wait times may continue to rise due to the lack of available drivers. In addition, there are lost economic opportunities for prospective applicants, and significant effects on newly licensed owners and/or companies, as they cannot employ drivers and therefore, cannot operate. As noted above, it may be upwards of a full year that licensing is paused while training is developed and implemented. It is also possible that refusing to process licence applications may result in a challenge to the City's decision to pause the issuance of licences.

4. Safety Measures

In 2019, Council directed MLS to explore measures to increase public safety, such as increasing the number of mandatory inspections, requiring all vehicles-for-hire be equipped with in-car cameras and emergency lighting systems, and introducing additional measures to reduce the risk of dooring incidents. These safety measures were explored as part of the Vehicle-for-Hire Bylaw Review in 2019, and based on updated research since that time, no additional requirements are recommended. The current public safety measures are best practices, and balance the need to enhance public safety without being overly prescriptive or burdensome.

In 2019, to enhance public safety and consumer protection, Council introduced the following changes:

- require drivers to display notices in their vehicles if a camera is being used to record passengers;
- require drivers to attach "Watch for Bike" notices to vehicles, and additionally, PTCs to send push notifications reminding passengers to look for cyclists before exiting a vehicle;
- increase the minimum years of required driving experience for all drivers from one year to three years; and
- require drivers to securely mount all handheld devices to their vehicle.

These measures, and all additional safety measures, are noted in Attachment 3.

The City requires all vehicles-for-hire, upon application to the City, and annually from date of vehicle registration, be inspected by a Ministry of Transportation licensed garage and obtain a safety standards certificate. Bylaw enforcement officers also have the authority to direct licensees to complete a new safety standards certificate if a vehicle does not appear to meet safety standards during an investigation. This approach to mechanical inspections is consistent with other comparable jurisdictions, such as Calgary, Alberta, and Washington, D.C. While other jurisdictions, such as Chicago, link the number of mechanical inspections to the age of the vehicle (that is, older vehicles

require a higher number of mechanical inspections), experts in vehicle safety and manufacturing noted that the age of vehicle is not necessarily linked to its state of repair.

With respect to cameras and emergency lighting systems, they are mandated in taxicabs due to the anonymity of picking up passengers from street-hails or cabstands. Council originally mandated this equipment in taxicabs to both deter acts of violence against taxicab drivers, and specifically for cameras, to provide images of offenders. Pre-booked services, such as in the limousine and PTC industries, do not have the same requirement for this equipment, as passenger information is recorded. Cameras do not alone deter driver acts of violence against passengers as drivers may disconnect a camera, cover a lens, or commit an act of violence once the passenger has exited the vehicle. Instead, other safety features such as driver screening and criminal background checks, are used to ensure the safety of passengers. However, limousines and PTC vehicles are permitted to have cameras, as long as notice is provided to passengers.

To reduce the number of dooring incidents, all vehicles-for-hire are required to have "Watch for Bike" stickers. As well, PTCs are required to send push notifications to passengers to look for cyclists before exiting a vehicle. "Dooring" typically occurs when a motor vehicle door opens into the path of cyclists, sometimes resulting in cyclist injuries or fatalities. As directed by Council, MLS explored ways to further reduce dooring incidents, including mandating rear-view passenger mirrors. In an updated review of other jurisdictions, staff found that none of the reviewed cities required rear-view passenger mirrors. In Vision Zero research, there is also insufficient evidence to support their effectiveness. Vision Zero is based on the belief that fatalities and serious injuries on our roads are preventable, and we must strive to reduce traffic-related deaths and injuries to zero.

In consultation with Bylaw Enforcement Officers, it was determined that there are concerns with the visibility of PTC identifiers due to the tint of some original equipment manufacturing vehicles, or after-market changes to the tint of a vehicle. PTC identifiers, when placed correctly in the back right window of a vehicle, are used to help cyclists and other vulnerable road users know that the vehicle is subject to more frequent pick-up and drop-offs. To respond to these concerns, MLS will issue a notice to PTCs to instruct their drivers to ensure that the PTC identifier is visible and in a location approved by MLS. As needed, further enforcement action will occur.

5. Reducing Emissions in Vehicles-for-Hire

In early 2020, Council adopted Toronto's Electric Vehicle Strategy, which includes an action to encourage vehicle-for-hire companies to increase electric vehicles (EVs) in their fleets. This builds on the goal endorsed by Council in 2019 that by 2050, 100 percent of vehicles-for-hire will be low-carbon. In 2019, Council also directed MLS to report back on an emissions reduction incentive program and/or low-emission standards and targets for the vehicle-for-hire industry.

In preparation for this work, Council amended the Vehicle-for-Hire Bylaw to remove replacement vehicle provisions for taxicabs. Prior to this decision, when any taxicab vehicle reached a maximum age of seven model years, the replacement vehicle had to

be either accessible, alternative fuel, hybrid or low-emission. A list of approved low-emission vehicles was developed by MLS and EED annually, based on the United States' Environmental Protection Agency (EPA) emission standards and Natural Resources Canada's (NRCan) combined fuel consumption ratings.

Staff recommended removing this requirement for a number of reasons. First, taxicab owners felt the way the list was developed (by combining the EPA and NRCan standards) lacked transparency, and a list of vehicles that met the EPA standards was not available to the public. There was also a lag between when the newest standards were provided by the agencies, and when the list was updated by the City. This meant that taxicab owners were sometimes looking to purchase a replacement vehicle before complete and accurate information was available. Staff also received feedback that the low-emission vehicle list lacked high-occupancy vehicle models (for example, vans or larger sport utility vehicles) despite consumer demand for them. Lastly, there were concerns that the City only imposed this restrictive list on the vehicle-for-hire industry, as it had not been extended to other business licensing categories, or the City's own fleet.

In 2019, Council also adopted new data requirements for PTCs, such as requiring the vehicle identification number, make, model, model year, and fuel type of each vehicle. These new requirements, coupled with the PTC trip data that the City currently collects, will provide a detailed understanding of the emissions produced by the PTC industry. While the make, model, model year and fuel type are collected for the taxicab and limousine industries, trip data is not collected. Therefore, this level of analysis (that is, emissions calculations) will be unavailable for the taxicab and limousine industries. Accordingly, modeling work is required to determine the potential emissions of the taxicab and limousine industries.

While staff continue to work with other divisions and undertake background research on potential emission reduction initiatives for the vehicle-for-hire industry, this work was largely paused as a result of the pandemic and the need to redirect City resources to emergency response and recovery efforts. Additional time was also required to determine the potential longer-term effects of the pandemic on the vehicle-for-hire industry, as the number of trips has not rebounded yet in the same way as personal vehicles.

As outlined in TransformTO, the City recognizes that transportation is a large contributor to the city's overall greenhouse gas emissions. The amount of greenhouse gas emissions generated by Toronto's vehicle-for-hire industry is currently unknown, particularly in comparison to other transportation sources such as personal vehicles. For example, PTC trips currently represent a small proportion of overall traffic in the city of Toronto (3 percent across the City, and 8-15 percent in the downtown core), but their overall emissions contribution is undetermined. Establishing an emissions baseline for the industry is critical as the City considers the most effective policy options and initiatives to meet emissions reduction targets and goals set out by Council in TransformTO. Taking an evidence-based approach will be important, as there are financial implications associated with some emission reduction initiatives, and this is typically an industry of low-wages. An accurate baseline can also be used to evaluate impacts of future emissions reduction initiatives.

MLS has therefore procured the research services of the University of Toronto to undertake a vehicle-for-hire emissions calculations and modelling project. The project goals are to:

- Process and analyze data for the City of Toronto's vehicle-for-hire industry, including PTCs, taxicabs, and limousines, as well as for all traffic in the city (for comparison);
- Determine total annual emissions (for greenhouse gases and air pollutants) for Toronto's vehicle-for-hire industry, as well as the percentage of annual transportation sector emissions associated with the vehicle-for-hire industry;
- Examine the evolution of vehicle-for-hire emissions across multiple years and analyze vehicle-level and trip-level emissions by time of day, day of the week, season, and by vehicle occupancy (for PTCs) and daily emissions for taxicabs;
- Evaluate the effects of emission reduction initiatives in the vehicle-for-hire industry, including levels of vehicle electrification (in alignment with targets for personal vehicles under the Electric Vehicle Strategy), scenarios for hybrid vehicle adoption, and adoption of specified vehicle standards using NRCan's Combined Fuel Consumption Ratings;
- Determine the most efficient number of public charging stations required to support the vehicle-for-hire industry, and how to optimally place the stations across the city of Toronto; and
- Conduct a vehicle electrification cost benefit analysis that considers operating costs and benefits to the driver, and expected social benefits associated with reduced emissions and improved air quality.

Findings from this project will provide input to the Executive Director, MLS, and will help inform City staff, Council and the public on potential impacts of emissions reduction initiatives, and policy implications for relevant City policies and strategies, such as TransformTO. Final results of the project are expected in Q4 2022, and MLS will plan to report back to Council in Q1 2023.

While some external stakeholders have undertaken basic modelling exercises to estimate emissions generated by Toronto's vehicle-for-hire industry, specifically from PTC vehicles, this work is not based on actual PTC trip data collected by the City. The accuracy of the modelling cannot be confirmed. To ensure fairness, it is also critical that all members of the vehicle-for-hire industry are treated equitably, therefore, any attempt to model the emissions of the vehicle-for-hire industry should include estimates of the emissions of the taxicab or limousine industries. While the scope of the University of Toronto-led project will include methodologies to model taxicab emissions (in the absence of trip data), more detailed data would enhance confidence in final results.

While the University of Toronto project is underway, MLS remains committed to collaborating further with relevant stakeholders. MLS is supportive of a proposal from The Atmospheric Fund that a working group be established under the Electric Vehicle Working Group. This working group would bring relevant stakeholders together to discuss opportunities to support electrification of the vehicle-for-hire industry, while considering equity impacts and implementation challenges. The work of such a group

would be considered as an input to policy recommendations that seek to reduce emissions from the vehicle-for-hire industry.

A report on the TransformTO Net Zero Strategy is expected at the Infrastructure and Environment Committee in December 2021. The TransformTO Net Zero Strategy responds to City Council's Climate Emergency declaration, and will build off the initial TransformTO plan to align with Council's more ambitious net zero goal. It is expected that as a result of the TransformTO Net Zero Strategy, various existing vehicle electrification and emissions reduction targets and goals may be enhanced, including those related to personal vehicles, commercial vehicles, and City of Toronto fleet vehicles. MLS staff therefore recommend consideration be given to aligning the vehicle-for-hire industry with the most up-to-date electrification and emissions reduction targets for motor vehicles. MLS plans to report back in Q1 2023 on a recommended, evidence-based, emission reductions strategy for the entire vehicle-for-hire industry after the results of the University of Toronto project are finalized.

6. Amendments to PTC Driver Application Process

Since the introduction of the Vehicle-for-Hire Bylaw in 2016, PTCs have carried out the initial screening of PTC driver applicants' criminal and driving records to ensure that they meet the City's eligibility requirements. The original records tendered by the drivers are maintained by PTCs as part of their business processes. Independent of the application process itself, MLS conducts regular checks of driving records via the Ministry of Transportation, and monitors whether licensees are complying with the requirements of the Vehicle-for-Hire Bylaw and other laws. If MLS finds that a driver does not meet the City's screening criteria, it notifies the relevant PTC(s), which remove the driver's access to their platforms. To date, self-monitoring by PTCs and notice by MLS to PTCs that a PTC driver has ceased to meet the requirements of the Vehicle-for-Hire Bylaw has been an effective system for removing problem drivers and ensuring that they cannot provide service to members of the public.

In addition to the above, MLS carries out periodic audits to ensure the integrity of this process. In 2020, MLS completed its first third-party audit of three major PTCs. The auditor revealed that the PTCs, in general, are carrying out screening of their drivers to the City's prescribed standards. Despite this, the way that the bylaw is drafted has created record-management issues for both the City and PTCs, as certain provisions specify that certain information and documents must be "submitted" to the City as part of the PTC driver application process. This imposes record-keeping requirements on PTCs related to the original records tendered by drivers that are more burdensome than intended, in particular for smaller or start-up PTCs.

Therefore, to establish efficient and practical processes that are consistent with the objectives of the Vehicle-for-Hire Bylaw, MLS recommends the amendments to Chapter 546 noted in Attachment 1. A high-level summary of the changes is provided in the table below. Further information regarding these amendments is also included in a supplementary report and confidential attachment from the City Solicitor.

Table 9: Proposed Amendments to PTC Record Keeping Requirements

Bylaw Amendment	Rationale
<p>Amend the requirements set out in §546-112E to require that a PTC must provide, when submitting an application on behalf of an individual seeking to obtain or renew a PTC driver licence, only certain information to the City such as applicant's full name, applicant's driver's licence number and vehicle licence plate number.</p>	<p>As currently written, this section has created record-management issues for both the City and PTCs, as it imposes record-keeping requirements on PTCs that are more burdensome than intended, in particular for smaller or start-up PTCs.</p>
<p>Amend §546-112B to require PTCs to verify certain additional information (such as a recent criminal record and judicial matters check, a driver record abstract, a certificate of insurance, and verification that the applicant holds a Class G licence or higher and meets the applicable screening criteria) before permitting an individual to provide transportation services through the PTC and before a PTC submits an application for a PTC Driver Licence or its renewal.</p>	<p>An effect of these changes would be to provide additional clarity with respect to the obligations on PTCs to make thorough checks of their drivers, as required by the Vehicle-for-Hire Bylaw, prior to submitting an application for a PTC Driver licence or its renewal to the City.</p>

Streamlining administrative processes, as noted in the table above, will allow MLS to focus its efforts and resources on monitoring drivers and regularly auditing PTCs to ensure they are meeting the standards set out in Chapter 546. It will also reduce the regulatory burden on PTCs, including smaller PTCs seeking to gain a foothold in the market, by simplifying record keeping requirements.

If MLS finds that the PTCs are not operating in compliance with the amended Vehicle-for-Hire Bylaw requirements, the PTC(s) may be charged with offences under the bylaw, or MLS may seek to revoke the PTC's business licence, as appropriate.

7. Transportation Impacts of Vehicles-for-Hire

As part of the 2019 Vehicle-for-Hire Bylaw Review, a study on the transportation impacts of vehicles-for-hire was completed by the Transportation Services Division's Data & Analytics team, in collaboration with a research team at the University of Toronto's Transportation Research Institute (UTTRI). The goal of the study was to expand the City's understanding of vehicle-for-hire trips in Toronto by exploring how the introduction of PTCs changed travel patterns and behaviour in the City, as well as the potential impact of PTC trips on city street networks. The 2019 report was the City's first deep dive into data on the trip making patterns and trends of PTCs in the city of Toronto, and one of the first such studies to be completed globally.

An update to the 2019 study was completed to inform this report, and was focused on understanding how the PTC industry in Toronto has evolved since the conclusion of the previous report (which studied detailed trip data up until September 2018). The update also addresses key questions raised through Council directives and through the engagement process.

A. Vehicle-for-Hire Trip Trends from March 2019 – February 2020

When the 2019 study was published, PTC trips appeared to be on a rapid growth trajectory, with trips growing by almost 100 percent from September 2017 to September 2018. However, due to the lack of data by the taxicab and limousine industries, it was not possible to contextualize or compare this PTC growth to the number of taxicab or limousine trips being made in the City, or how they may have changed over time.

In the period after the report was published, and up until the start of the pandemic in March 2020, the rate of growth in PTC trips in the City slowed down considerably, with trips peaking at 199,000 daily trips in November 2019). Year over year growth slowed considerably with trips growing by 5 percent from January 2019 to January 2020, compared to growth of 70 percent the previous year from January 2018 to January 2019. This trend, whereby PTC trip growth leveled off, was also observed in other North American cities, including Chicago.

B. Effects of the COVID-19 Pandemic on Service Levels

Like the broader transportation industry, PTC trips were significantly affected by the COVID-19 pandemic. Trips initially fell to about 15 percent of their original levels and only gradually recovered over the course of the pandemic to reach 45 percent of pre-pandemic levels in August 2020. In addition, the pandemic resulted in the elimination of shared trips as an option on all PTC platforms. Trips fell again through the fall of 2020 and winter of 2021 through the second and third COVID-19 waves. In the most recent months, data shows that approximately 80,000 trips/per day are occurring (July 2021), which is about 40 percent of pre-pandemic levels. The average number of daily active PTC vehicles has been between 12,500 and 14,500 since July 2020, and is currently around 13,500. Since May 2021, wait times have been increasing to 6 minutes, more than double what they were in February 2020. There is insufficient data to report on similar trends in the rest of the vehicle-for-hire industry.

C. How many Vehicles-for-Hire are on the roads in Toronto?

The 2019 report estimated that PTC traffic made up as much as 5-8 percent of total vehicular traffic in some downtown Toronto neighbourhoods. This was a conservative estimate as the City did not, at the time, have information about how much travel was made by vehicles awaiting a trip. With the addition of the newly requested Period 1 data requirements to the bylaw in 2019 (Period 1 denotes the time and location where drivers are waiting for a trip request), recent estimates show that in February 2020, PTC vehicles made up as much as 15 percent of total traffic in a few downtown neighbourhoods, and range from about 8-15 percent of traffic across most of the Toronto and East York area. Across the entire city, on average, PTCs make up about 3 percent of total weekday vehicle traffic. Staff are unable to estimate the equivalent impacts of the taxicab and limousine industry due to the lack of data.

In addition to looking at what percentage of traffic is made up by PTCs, the City is now able to measure how many PTC vehicles are operating at any point in time. For example, while there were over 90,000 licensed drivers in February 2020, only 56,000 of them logged in during the month and the majority of drivers were driving sporadically, and part-time. During daytime hours, the number of active drivers on the roads ranged from about 6,000 during the mid-day up to an average 12,000 drivers at 8 pm on Friday evenings. The number of active drivers are found to fluctuate throughout the day with varying trip demands. As well, these drivers spend approximately 40 percent of their time waiting for a trip (note, they may not necessarily be "cruising" as they could be parked and waiting for a trip), and 60 percent of their time engaged in a trip (48 percent of their time driving a passenger and about 12 percent of their trip en-route to a pickup or waiting for a passenger at pick-up).

D. Do the number of vehicles-for-hire on the road currently have a significant impact on congestion?

The 2019 Transportation Impact Study determined that the introduction of PTCs in Toronto did not conclusively increase travel times on downtown streets. Isolating the impacts on the transportation network from the introduction and continued growth of PTCs from other factors is extremely challenging. Factors that impact traffic and congestion are complex and tend to interact with each other, whether from high demand, population and employment growth, construction lane closures, traffic collisions, special events, weather, or other changes.

An updated analysis was completed in 2021 to identify whether there was measurable change in traffic congestion in February 2020 prior to the pandemic in downtown neighbourhoods where the percentage of trips being made by PTCs is highest. This analysis used data from HERE technologies, a third party traffic data company, and was compared to data from the city's Bluetooth traffic sensors and from an independent source called TomTom. Data from all three sources showed that traffic congestion levels were stable over the period of September 2018 to February 2020, with no noticeable changes that could be attributed to the vehicle-for-hire industry.

While no changes in downtown travel times are observed, this does not mean that the vehicle-for-hire industry is without impact. Vehicle-for-hire trips are less efficient than other modes of transportation due to the amount of time that vehicles may be driven empty. Even in neighbourhoods where vehicles-for-hire make up a small percentage of

total traffic, every additional trip may generate greater congestion and emissions impact per km travelled than a private vehicle trip. While there is an impact of these trips, these services respond to a demand, and provide additional accessibility and travel options to residents. As the transportation system continues to recover from the effects of the pandemic, the role of vehicles-for-hire will require ongoing monitoring.

E. Are measures, such as a cap, needed to mitigate congestion?

With the recovery from the COVID-19 pandemic continuing, the City continues to monitor both changes in congestion levels as well as people's travel mode choices. At this time, there is insufficient evidence to suggest that additional measures are required to mitigate congestion or broader impacts of the vehicle-for-hire industry, such as a cap on the number of vehicles or drivers.

The experience of many jurisdictions, and anecdotally the experience in Toronto, is that the largest impacts of PTCs on traffic flow do not originate from the presence of more vehicles, but instead are driven by the curbside conflicts and interactions of pick-up and drop-off activity. These impacts will be further studied as part of the implementation of the Curbside and Congestion Management Programs.

It should be noted that the City does not have the authority to cap for employment standards, including to raise the minimum wage of drivers, as this is the jurisdiction of the Government of Ontario.

F. Is a restriction on the maximum number of driving hours needed for PTC drivers?

As directed by Council, an analysis of the hours worked by drivers was conducted using data from February 2020. This analysis tracked the numbers of hours worked by each Vehicle Identification Number (VIN), and assumed that the number of PTC drivers who share vehicles is small. It was found that most drivers spend fewer than 8 hours/day and 20 hours/week on the platforms combined. It is not possible to track data outside the City or if the driver has an additional job. Drivers could theoretically work in multiple municipalities or multiple jobs; however, this would be beyond the jurisdiction of the City. Based on the analysis completed on PTC driver activity, there is insufficient evidence to indicate that a restriction on the maximum number of driving hours is needed.

G. What is the feasibility of using the vehicle-for-hire software platforms to restrict pick and drop off locations in "no stopping" areas?

In 2019, Council directed staff to explore the feasibility of using the vehicle-for-hire software platforms to restrict pick and drop off stopping locations in "no stopping" areas. PTC and limousine drivers are currently restricted from stopping in no-stopping zones, where taxicabs are permitted. Requiring the vehicle-for-hire software platforms to restrict pick and drop off locations in "no stopping" areas is currently not feasible due to challenges with enforcement. The Ontario Highway Traffic Act, 1990 (HTA) is enforced by Toronto Police Services. MLS and Transportation Services Bylaw Officers do not have the authority to investigate, pull over a moving vehicle or enforce the HTA.

Using the data provided to the City by the vehicle for hire industry for after-the-fact enforcement purposes is not possible due to the accuracy limitations of GPS data, and

the need to depersonalize the data that the City receives to adhere to privacy legislation.

Staff will explore, as part of the implementation of the City's Curbside Management Strategy, whether the City can publish the City's curbside regulations in a format that could be utilized by navigation software. This way the vehicle-for-hire industry could directly discourage their drivers from stopping in a no-stopping zone.

H. What are the results of the safety data collected by the City?

While all active PTCs have provided collision records for 2020, no records have been received from limousine services, and only one taxicab broker has provided records. The Ontario Ministry of Transportation has also not implemented requested changes to the collision reporting incident form to add taxicab, limousine and PTC vehicles as vehicle types on the form. In order to understand the types of collision and resulting injuries, the City attempted to match records provided by the vehicle-for-hire industry to collision records provided by the Toronto Police Service and Collision Reporting Centres. Attempting to match records did not provide any useful insights and further details requested of companies and brokerages have highlighted different thresholds of reporting amongst them. Further work is required to link VFH collision records to records from Police sources to determine the extent of injuries and collision types. Further analysis and better data is required to be able to provide policy recommendations on safety.

The full Transportation Impact Study is available on the City's Transportation Data and Analytics webpage.

Next Steps

It is recommended that the proposed changes to Toronto Municipal Code, Chapter 546 Licensing of Vehicles-for-Hire, come into effect on January 1, 2022.

Over the coming year, staff will continue to monitor the ongoing effects of the COVID-19 pandemic on the vehicle-for-hire industry, and aim to execute all outstanding bylaw amendments, such as the introduction of a driver training accreditation program. For example, staff will aim to have all existing licensees and new licensees successfully complete a third-party training program by the end of 2022.

Staff will also take steps to further advance accessibility, transportation planning and emission reduction initiatives, by exploring options to achieve compliance with the record-keeping requirements, advancing the third-party emissions work with the University of Toronto, convening an Electric Vehicle Strategy working group with relevant stakeholders, and continuing to monitor the transportation impacts of vehicles-for-hire through the Curbside and Congestion Management programs as well as conducting further research on the impact of vehicle-for-hire on public transportation in Toronto in collaboration with universities and the TTC. Results of this work is expected in a report to the General Government and Licensing Committee in 2023.

CONTACT

Ginny Adey, Director Policy & Strategic Support, Municipal Licensing and Standards
416-338-5576, Ginny.Adey@toronto.ca

SIGNATURE

Carleton Grant
Executive Director, Municipal Licensing and Standards

ATTACHMENTS

Attachment 1 - Amendments to PTC Driver Application, and PTC Screening Requirements
Attachment 2 - Third Party Market Comparison of Vehicle-for-Hire Licensing Fees
Attachment 3 - Vehicle-for-Hire Public Safety Measures