
TO: CITY MANAGER **DATE:** 2014 October 22

FROM: DIRECTOR FINANCE **FILE:** 46000-08

SUBJECT: UBER RIDE-SHARING SERVICE

PURPOSE: To provide information on the Uber ride-sharing service.

RECOMMENDATION:

1. **THAT** this report be received for information.

REPORT

At the 2014 October 06 Council Meeting, staff were asked to report back on the Uber ride-sharing service and to review the controversies surrounding the Company's UberX business platform which operates as an unlicensed and unregulated 'taxi service'.

1.0 INTRODUCTION

Uber (The Company) was founded as "UberCab" in 2009 as a ride-sharing service based in San Francisco, California. The Company currently offers three levels of service. While Uber has generated controversy at all service levels, the most contentious deal with UberX.

1.1 Uber Service Levels

Uber typically offers three levels of service: UberTAXI, UberBLACK and UberX.

1. **UberTAXI** operates much like traditional taxi service. UberTAXI drivers must be licensed and certified drivers and they must have their own commercial taxi to offer rides. Uber typically partners with local taxi companies who are licensed and carry appropriate insurance to deliver this level of service.
2. **UberBLACK** requires the driver to be a professional chauffeur with a commercial licence and commercial auto insurance. The driver must also have a black sedan, towncar or SUV that seats four to six passengers.
3. **UberX** (non-luxury) cars are the main focal point for much of the criticism directed at the Uber ridership service. UberX offers smaller vehicles to consumers and according to the Uber website, UberX drivers can be anyone over 21 with personal auto

insurance and a well-maintained four-door sedan. Uber does not own these passenger vehicles nor do they employ the drivers, instead they work as independent contractors (agents). UberX drivers are responsible for all the operating costs of their vehicles including vehicle insurance, gas and maintenance. Drivers must pass a police background check which is conducted by a third party organization. Uber typically provides each driver with a smartphone, pre-loaded with an Uber app.

2.0 BACKGROUND

After their conception in 2009 Uber operated in San Francisco as a ride-share service. In May 2011, Uber received a cease-and-desist letter from the San Francisco Municipal Transportation Agency, claiming it was operating an unlicensed taxi service, and another legal demand from the California Public Utilities Commission (CPUC) stating that it was operating an unlicensed limousine dispatch. Both claimed criminal violations and demanded that the Company cease operations.

In the fall of 2012, the CPUC issued a cease-and-desist letter to Uber (along with other ride-share companies Lyft and SideCar) and issued a fine in the amount of \$20,000. An interim agreement was reached in 2013 reversing these actions. In September 2013, the CPUC unanimously voted to make the interim arrangement permanent, creating a new category of service called ‘transportation network companies’ to cover UberX, Lyft, SideCar and Summon. This made California the first jurisdiction to recognize such services.

Upon inception, Uber only offered full-size luxury cars for hire and the ‘UberBLACK’ title was adopted for the Company’s main service. In 2012, the Company launched its ‘UberX’ platform which made smaller vehicles available to consumers. Due to the lower fees that accompanied the platform, the service became extremely competitive with traditional taxi services, expanding Uber’s appeal to a broader cross-section of the market.

Uber maintains that they are a ‘technology start-up’ company and that their smartphone-based app is merely offering a matchmaking service to willing parties, as such, the laws and regulations governing taxi companies do not apply to the Company.

In Canada, Uber operates a cab-hailing (UberTAXI) service in Toronto, Mississauga, Montreal and Halifax which partners with municipally licenced taxi and limousine drivers who have valid licences. However, the Company has recently (October 2014) launched their cheaper version of their smartphone app, the UberX rider-sharing service, in Toronto and Mississauga, the first launch of their UberX platform in Canada.

The launch of this service has been greeted with controversy. Toronto officials have publically stated they have significant concerns that UberX contravenes City bylaws and that: their drivers do not hold City-issued licences, haven’t taken City-mandated training, have not put their cars

through a City-mandated mechanical inspection, may lack safety equipment, (like cameras) and that drivers may be inadequately insured.

Uber operated within the Lower Mainland for a brief period in 2012 with their UberBLACK platform; however, they decided to pull the service when the BC Passenger Transportation Board, an independent tribunal established under the BC Passenger Transportation Act, required the Company to apply for a limousine licence and to charge customers a minimum \$75 for each trip. Uber objected and withdrew its services. Uber has recently stated that the Company wishes to re-establish itself in Vancouver.

2.1 Uber Business Model

Uber operates through a smartphone app or web browser, allowing passengers to request a ride from a private car owner/operator. Both rider and driver can see each other's picture and profile on the app which requires both parties to accept one another before any ride is arranged. The app then uses GPS to guide the driver to the rider, and on to the rider's destination. Passengers can also use the app to track their reserved vehicle's location. The app shows how many Uber drivers are nearby and allows a passenger to hail one with the touch of a button. Within seconds, a driver accepts the fare and the app's map shows how close the driver is. The price of the ride is indicated on the app. After every trip, passengers are asked to rate their driver and provide feedback about their ride, which remains anonymous to drivers.

2.2 Pricing and Payments

Uber is generally cheaper than a comparable cab ride since it cuts out much of the overhead costs that are associated with running a fully-licensed and regulated taxi service which includes the cost of driver and vehicle licencing, vehicle plates and insurance, and vehicle/radio operating and maintenance costs. The Company takes a 20 per cent cut of each UberX trip; leaving the driver with 80 percent of the fare, however, the Company can also unilaterally change fares by dropping prices at will.

Uber's fee structure is similar to that found in metered taxis, although dispatch and payment is handled exclusively through Uber and not with the driver personally. If the Uber car is travelling at a speed greater than 18 km/h (11 mph), the price is calculated on a distance basis, otherwise, the price is calculated on a time basis. At the end of the ride, a confirmation email is sent to the passenger confirming the fare (which does not include a gratuity). The amount is automatically billed to the customer's pre-authorized credit card provided at the time of sign-up of the Uber service; no one skips out on the fare.

2.3 Availability of Service

Uber is currently available in over 40 countries and 210 cities worldwide, whether operating legally or illegally. The company is currently valued at more than US \$18 billion. In Canada Uber runs limited operations in Halifax, and Montreal and is in full swing in Toronto and Mississauga. The service is legally available in San Francisco, Minneapolis and Seattle (Uber started in Seattle three years ago, operating outside of the taxi regulations until it was legalized this summer after the City modified their taxi ordinances).

2.4 Company Competitors

Uber faces competition from low-cost, real-time ride-sharing start-ups such as Lyft and SideCar. To compete at lower price levels, Uber has introduced UberTAXI and UberX. This has reportedly led to dissatisfaction among existing Uber limo drivers who have seen their earnings decrease.

2.5 Business Model Concerns

Uber has met with protests from taxi drivers and taxi companies worldwide, who believe that ride-sharing companies are illegal taxicab operations that engage in unfair business practices and compromise passenger safety. As of 2014 September, protests have been staged in Germany, France, England, among other nations.

Uber has also met opposition from government regulators worldwide, who oppose Uber on grounds that the Company violates established taxi laws and regulations. Most recently, Uber has been banned from operating in Brussels, Germany, South Korea and New South Wales, Australia. In the US, the state of Virginia and city of Las Vegas have recently banned Uber from operating their ride-sharing service.

City governments worldwide have begun to issue infringement notices and fines to Uber drivers caught operating personal vehicles as a 'car for hire' without the appropriate vehicle licence and chauffeur accreditation.

Uber is facing similar challenges as it attempts to enter into the Canadian market. A report entitled 'Review of Smartphone Application Options' presented to the City of Calgary Council, identified issues surrounding Uber, when it briefly entered the 'black car' market in Calgary in 2013. During this time, the service provider Uber partnered with was investigated for providing unlicensed 'for-hire' sedan services. According to the "Taxi and Limousine Advisory Committee" issues uncovered included:

- The utilization of 15 rental cars not suitable as limousines and not licenced or registered with Livery Transportation Services,
- Drivers with insufficient Alberta Drivers' License qualifications,
- Drivers with non-existing Limousine Drivers Licences,

- No evidence of sufficient commercial vehicle insurance,
- The contractual arrangement with Uber explicitly exempted Uber from liability related, to the vehicle, driver and third parties, including passengers, and
- An outstanding police warrant (no information was provided regarding to whom or why this warrant was issued).

In Ottawa, Uber launched their ride-sharing service in 2014 October. Uber was advised by City officials that they are considered as a ‘taxi operation’ and as such will be required to obtain a broker’s licence, hire licenced cab drivers and use vehicles licenced as a taxi. Ottawa City officials have taken the position that Uber is an unregulated taxi service operating without proper security measures or insurance. Uber’s position on the matter is that they are a technology company, not a taxi firm. The City of Ottawa is currently enforcing taxi regulations and fining Uber drivers caught operating an ‘illegal taxi’.

Uber is also facing lawsuits from private citizens and organizations. For instance, the National Federation of the Blind on 2014 September 9 filed a lawsuit in response to the reported denial of service to ‘more than 30’ blind customers. The lawsuit claims that the Company’s conduct is in violation of the American with Disabilities Act and California state law. Several class-action lawsuits from Uber drivers are also pending claiming unfair labour practices.

3.0 LOWER MAINLAND SOFT-LAUNCH AND RETREAT

Uber began operating within the Lower Mainland in 2012 May with UberBLACK. At that time, the Company was operating only a limited number of vehicles. To obtain drivers, Uber approached certified drivers who had Passenger Transportation Board (PTB) licenced sedans and a valid chauffeur licence. The soft-launch included rides to high profile events that were spread through a word-of-mouth campaign.

The PTB, after receiving complaints from the incumbent taxi industry, notified Uber that its service was being classified as a limousine service and as such, required they obtain limousine licences. In addition, PTB approved rates for limousine service which was set at \$75 per trip regardless of distance. Given that Uber’s business model is based on a lower price point with trips of shorter duration, the Company objected and after six months of operation halted service.

3.1 Lower Mainland Re-Entrance

In response to Uber’s soft launch, Uber may be seeking to return to the Lower Mainland having recently (2014 October) set up a hiring fair in a Vancouver hotel offering a \$40 incentive for applicants despite the City of Vancouver’s moratorium on new cab licenses. Uber insisted that the hiring process was a learning opportunity to gauge the level of interest in the service in Vancouver and if it could supply drivers to meet potential demand. The City of Vancouver is conducting a six-month study to look at ride-sharing services in the city.

4.0 CRITICS OF THE UBER RIDE-SHARING SERVICE

A summary of the primarily issues and concerns voiced by critics of the UberX business platform are as follows:

4.1 Illegally Operates an Unlicensed and Unregulated Business

The majority of critics are of the opinion that Uber enters markets illegally, without regard for local laws and regulations over taxi services, which are in place for public safety and protection. Moreover, that Uber has a history of entering markets quietly hoping to garner public support for the service. Lastly, that Uber operates under an unregulated business model that isn't held to the same rigorous standards as other local taxi companies, thereby making it difficult for the traditional service to compete in the market and putting their business at an unfair disadvantage.

Uber states that the company is merely a technology company or a middle-man and that their smartphone-based app is only offering a matchmaking service to willing parties. As such, the local laws and regulations dealing with taxi companies do not apply to Uber.

4.2 Public Safety and Protection

Critics argue that passengers are being put at undue risk, as drivers do not go through a rigorous criminal record check. Critics cite numerous incidents within the US, where Uber drivers have been charged with possession of marijuana and drinking vodka while driving, kidnapping their passengers, drivers passing background checks and then found to have serious criminal records.

As per the Uber website, critics also argue that Uber only requires that a driver's vehicle be in excellent condition, without the need for regular independent inspection of their vehicle, to ensure passenger safety. Further, that an UberX driver operates without safety equipment such as security cameras which is standard within many traditional taxicabs and that drivers are not required to have driver training.

Uber has publicly stated that the Company requires:

- a. criminal background checks,
- b. local police checks,
- c. sexual offences background checks,
- d. DUI background check, and
- e. traffic offence check.

Uber also claims that with every ride on the Uber platform, before getting in an UberX ride, passengers always see a driver's name, photo, license plate number, car make and model, and feedback rating, so passengers know who is picking them up ahead of time.

4.3 Commercial Liability Insurance Coverage

Critics argue that the UberX business platform allows private citizens to rent out their driving services without confirmation of commercial drivers insurance. They argue that UberX drivers may not have adequate insurance coverage and thus places passengers and the public at risk should an accident occur. Critics argue that most personal auto insurance policies do not apply when someone uses their personal vehicle for commercial purposes. Critics also argue that the Uber website only requires that prospective drivers be over the age of 21, with a personal licence and personal auto insurance.

Uber claims, on their website, the Company holds a commercial insurance policy with \$1 million in coverage per incident with coverage from the time a passenger accepts a ride to the time they are dropped off. Uber also claims the Company has \$1 million in coverage for uninsured or underinsured drivers, as well as insurance for driver liability up to \$100,000 for drivers between pickups.

However, in a response from Uber to concerns raised in the previously noted report on 'Review of Smartphone Applications Options' presented to the Council of the City of Calgary, Uber stated:

"Every ride on the UberX platform is backed by \$5,000,000 of contingent coverage for bodily injury and property damage to third parties. This coverage is 2.5 times the standard requirement for taxi and limo insurance in Canada and is backed by an A.M. Best A+ rated insurance company."

Of particular note, the Insurance Corporation of B.C. requires that persons wishing to drive passengers for payment require, at a minimum, a Class 4 commercial drivers' licence which allows someone to drive up to 10 persons, including the driver. Moreover, the owner of the vehicle must also declare how they plan to use the vehicle so that the insurance can be properly assigned a specific taxi or limousine rate class. ICBC also requires the vehicle owner have proper licence plates specially designated for taxis and limousines.

ICBC states that if a driver is involved in a crash without having completed all necessary requirements, there could be very serious financial consequences, including potentially having to repay the full value of all claims that arise and forfeiting coverage for a drivers own injuries, as well as damage to their own vehicle.

4.4 Unfair Labour Practices

Critics argue that Uber's labour practices are exploitive in that the Company is only concerned with meeting their profit margins at the expense of their independent drivers who are not employees, but contractors or agents of the company.

Drivers report having to work long hours to maintain a reasonable standard of living on account of unfair competitive pricing decisions of Uber management. Critics argue that the Company not only takes 20 percent of a drivers' earnings, they will also not hesitate to cut pricing whenever they want; with drivers' having no say in the pricing. Some Uber drivers have reported they have no say in business decisions and can be fired at any time; that they take all the risks and front all the costs, including the car, gas, and insurance.

For instance, critics report that when the UberX service commenced operation in Los Angeles in 2013, Uber charged customers a fare of \$2.75 per mile, with an additional 60 cent per minute under eleven mph. Drivers got to keep 80 percent of the fare. Working full time, drivers could make a living wage between \$15 and \$20 an hour. As such, drivers rushed to sign up and thousands leased and bought cars to work for Uber, particularly immigrants and low-income people desperate for a well-paying job. However over the past year, the Company, facing stiff competition from competitor Lyft, decided to raise demand by cutting the UberX fare nearly in half to \$1.10 per mile, plus \$0.21 cent per minute; leaving drivers shortchanged.

While drivers' make less per fare, drivers have reported that Uber suggest they recoup losses by driving more miles. This means drivers must hustle to cram as many runs into a shift as possible to make the small margins worthwhile. Lower rates also means drivers pay more out of their pockets for gas and their cars depreciate in value faster because they're driving extra miles.

Section 17.13 of the BC Motor Vehicle Act, limits the number of daily driving hours and on duty time of a taxi driver.

- (1) A carrier must not request, require or allow a driver to drive and a driver must not drive after the driver has accumulated 13 hours of driving time in a day.
- (2) A carrier must not request, require or allow a driver to drive and a driver must not drive after the driver has accumulated 14 hours of on-duty time in a day.

Drivers have also complained that the Company is shortchanging their drivers' by skimming their tips; which has recently resulted in several class-action lawsuits filed in Boston and San Francisco. The lawsuits claim that Uber treats its workers unfairly and doesn't properly pay them the money they earn during shifts. Drivers also claim that Uber misleads customers into thinking that a gratuity is included as part of the fare which results in many customers not tipping, which is customary in the taxi industry.

In their defense, the Company claims they are helping people to become small business owners. In their response to the concerns raised in the previously noted report on 'Review of Smartphone Applications Options' presented to the Council of the City of Calgary, Uber stated:

"UberX driver partners are small business entrepreneurs demonstrating across the country that being a driver is sustainable and profitable."

The company cites a Chicago case study:

- The median driver on UberX who lives in Chicago earns more than \$16/hour, almost twice the local minimum wage. 59% of UberX drivers in Chicago earn more than the median hourly wage in their neighborhoods.
- If you look at residents of communities with a median hourly wage of less than \$15/hour; 92% of UberX drivers earn more than the median hourly wage.

While the Company cites examples where UberX drivers earn a sustainable income, the outstanding class-action lawsuits in San Francisco and Boston and the unfair labour practices being voiced by drivers in some parts of the country paints a different picture on the treatment of UberX drivers and their struggle to make their small margins worthwhile.

5.0 ADVOCATES OF RIDE-SHARING SERVICE

Advocates have lauded the rider-sharing being offered by service providers such as UberX, Lyft, or SideCar, as a low-cost measure to ease city traffic and speed up taxi wait times, while driving down taxi prices.

Some are of the opinion that Uber's business model will eventually breakdown the monopoly the traditional taxi industry has and will allow for alternative modes of public transportation, moreover, that Uber and others within this highly competitive sector, will do to the taxi industry what Napster did to the record music industry and Craigslist is doing to newspaper advertising.

5.1 *Legalization of Transportation Network Companies Business Models*

Cities, such as San Francisco, Minneapolis, and Seattle have legalized transportation network companies like Uber, and have adopted digital ride-share service; while others have adopted aspects of this new business model. For instance, New Orleans's lawmakers have cleared Uber to offer luxury taxi-like services in the city. Under the new ordinance, Uber will be allowed to provide its UberBLACK service, which enables passengers to connect with drivers of luxury cars via their smartphone app. The New Orleans Council, however, did not vote whether to authorize popular and less expensive ridesharing services like UberX, which have been the focal point of legal challenges from taxi associations, companies and regulators.

In 2014 June, Minneapolis legalized the operation of 'transportation network companies' like Uber and Lyft, under the condition they follow many of the same requirements as taxi companies. City officials have modernized the City's taxi ordinances making transportation network companies the licence holder for all activity tied to their licence application. Drivers are not required to get a special licence from the network companies, and the City will perform audits and inspections of the companies, drivers and vehicles. Also, both taxi and transportation network companies will pay an accessibility surcharge to provide incentives to licenced para-transit providers.

In 2014 July, Seattle City Council legalized ‘transportation network companies’ (TNCs) and provided a new regulatory framework for their legal operation. Initially, City Council wanted to place a 150 vehicle-cap on each transportation network company, but a groundswell of public pressure largely from Uber and its customers, convinced them to allow an unlimited number of transportation network company drivers to operate within Seattle. With legalization, it has been reported that more than 2,000 Uber cars have flooded the roads since legalization of the ride-share service. The new regulations basically established TNC insurance requirements, gave more rights to ‘for-hire’ companies, set a 10% surcharge on each ride to fund wheelchair-accessible taxis, and will add 200 taxi licences over the next four years.

5.2 Cited Benefits of Ride-sharing

Advocates argue that Uber, in particular, has a team working on dispatch algorithms to produce a predictive heat-map that helps local car companies and their drivers anticipate rider demands. They argue that Uber is a ‘learning company’ that is figuring out how to preposition cars in neighborhoods in anticipation of demand; something they claim taxi companies are not doing. Advocates believe that this type of change has potential to reduce the average wait time for an Uber car to respond to a request for service.

It is also argued that there are societal benefits from alternative transportation options some of which include:

- **Efficiency:** It is argued ride-share allows people to get around cities where the service is offered much faster, thereby increasing productivity.
- **Reliable:** It is argued that taxi companies will not commit to sending out a car when the prospective passenger is not at a fixed address because they assume the passenger may hop in a roaming taxi before the ordered taxi arrives. It is also argued that because Uber lets the passenger rate the ride and also lets the driver rate the passenger, it increases the reliability of both the driver and passenger, which means fewer taxis chasing passengers who aren’t there and fewer passengers left stranded by untrusting dispatchers.
- **Fewer cars:** It is argued that people are more likely to get out of their car (or not own one at all) if they know they have reliable transportation alternatives. When readily available, public transit and ride-share services offer important alternatives.
- **Greener:** Pre-positioning cars in neighborhoods where you can predict demand could mean fewer cars trolling for fares. In addition, because cars are nearer to their fares, Uber cars may be more efficient which could translate into fewer carbon emissions.
- **Serve more neighborhoods:** It is argued that when you can reasonably predict demand, which is of high importance to Uber, it allows the Company to better serve the ‘under-served’ suburban neighborhoods, rather than having traditional taxis that chase fares in the busiest part of town.

- **Convenient:** It is argued that using the Uber app is easy and efficient. A prospective passenger can order a taxi in a noisy bar or restaurant without having to talk and be misheard by a traditional taxi dispatcher. Moreover, when a passenger books a car, they get to see exactly where it is and they do not have to rely on the dispatcher to convey how long before the car arrives.

5.3 Uber Cited Benefits for Cities

In their response to the concerns raised in the noted report on ‘Review of Smartphone Applications Options’ presented to the Council of the City of Calgary, Uber cites several benefits of their service.

- **Affordability:** Uber claims that the UberX business platform is cheaper than the traditional taxi service because of the ‘network’ effect of Uber’s business model. The Company notes that more cars and drivers means that there is better coverage and quicker pick-up times; and shorter pick-up times means better economics for drivers. The Company also states that on average, across all Uber cities around the world, UberX is 26% cheaper than a taxi. In Toronto UberX is 40% cheaper than a taxi.
- **Lower Drunk Driving:** Uber claims that their presence lowers incidents of impaired driving; that the availability and affordability of rides on the Uber network provide residents and visitors of Uber cities with an important alternative to drunk driving.
- **Lower Taxi Crime:** Uber claims that the Company offers a transportation service that depends entirely on a cashless, electronic payment system.
- **Chicago study:** Compared to the 300 days before Uber entered the market, the rate of taxicab located crimes decreased by 20% in the 300 days after Uber entered Chicago.
- **Jobs and Economy:** Uber claims that at its current rate, the Uber platform is generating thousands of new driver jobs every month in the United States and Uber’s contribution to the economy is growing every year. They note that based on a Chicago study the total gross impact on Chicago’s economy of Uber’s operations was \$46K in 2013.
- Uber is also associated with the equivalent of 1,049 new jobs in Chicago in 2013. (Uber does not employ drivers; this figure captures the new direct jobs created last year for transportation providers with whom Uber partners).

6.0 LAWFUL ESTABLISHMENT AND OPERATION OF A TAXI SERVICE

To establish a lawful taxicab service within the Province of BC and in particular, the City of Burnaby, the following are the basic legal requirements for providing a recognized ‘taxi service’ including licencing, permitting, public safety and protection and insurance. These basic requirements as prescribed in various legislation and bylaws are generally not met under the existing UberX business platform.

Under the Burnaby Cab Regulation Bylaw 2009, the UberX ride-share service would be considered to be a “Cab” which is defined as a “motor vehicle used for carrying, transportation or conveyance of person for Hire”.

Cabs (taxis) are not defined under the Passenger Transportation Act however generally the Board considers a vehicle a taxi if a licence allows the:

- Pick-up of passengers who hail or flag the vehicle from the street
- Use of a top light
- Use of a taxi meter
- Use of a vehicle that can carry a driver and no more than 7 passengers

6.1 Examples of Legislative and Bylaw Requirements to Operate a Taxi Service

The City of Burnaby requires that:

- All cab drivers within the city require a valid Chauffeur’s Permit (as per the Motor Vehicle Act) issued by the Chief of Police, who will conduct a criminal record check
- All cab companies require a valid Burnaby Business Licence and a Passenger Transportation Board Licence for the taxicab company or taxicab vehicle owner
- All cab companies must have a Cab Premise within Burnaby
- All cabs must have a licence plate or decal issued by the Chief License Inspector
- All cabs must be submitted for inspection annually
- The age of a cab cannot exceed seven years and ten years for dual use
- All cabs must be visibly identified as “Taxi” or “Cab” as per Motor Vehicle Act Regulations
- All cab drivers must hold a Taxi Host Level 1 or Taxi Pro certification or equivalent certification issued by the Justice Institute of British Columbia
- All taxicab companies must not have less than 15% of their taxi fleet operating as Dual Taxicabs – accessibility for handicap and disabled
- Cab companies and drivers must adhere to the Motor Vehicle Act Regulations on the maximum number of daily hours driving on on-duty time

The Passenger Transportation Board requires that:

- All taxicab companies or owners require a passenger transportation Licence to operate a taxi service in BC – licences are issued based on established criteria.
- Applicants must have appropriate insurance coverage, vehicle safety measures such as vehicle cameras (Lower Mainland only) and financial wherewithal.

In reviewing PTB licence applications, the PTB will consider:

1. Is there a public need for a new taxi service?
2. Is the applicant a fit and proper person and capable of providing a taxi service?
3. Would approving the application promote sound economic conditions in the transportation industry?

The Insurance Corporation of BC requires that:

- All ‘taxicab’ drivers must have at a minimum a Class 4 commercial driver’s licence which allows the driver to drive up to 10 persons including the driver.
- Commercial liability insurance based the on use of vehicle.

The Ministry of Transportation and Infrastructure – (Motor Vehicle Act) requires that:

- Vehicles operating under the authority of the Passenger Transportation Act require semi-annual commercial vehicle inspections by government certified shops.
- Taxicab drivers require a National Safety Code Safety Certificate and abide by the National Safety Code Rules and Regulations.

Appendix A provides a comparison between what Uber requires of its UberX drivers to the established legal requirements to operate a ‘taxi service’ within the Province of BC and the City of Burnaby.

7.0 RECOMMENDATION

This report is provided in response to Council’s request for information on the Uber ride-sharing service. The information contain in this report is based on data found on the Uber website, government reports and newspaper articles found on the internet and information obtained from the Passenger Transportation Board. Staff have made contact with the City of Vancouver to request a copy of the study that is currently underway on ride-share programs.

To: City Manager
From: Director Finance
Re: Uber Ride-Sharing Service
2014 October 22 Page 14

To date, the Burnaby Licence Office has not received any complaints or any other indication that suggests Uber (or any other similar ride sharing program) is active within Burnaby. Staff will continue to monitor the situation and will maintain communication with licenced taxi operators within the City in order to keep apprised of any potential changes. Should there be any changes staff will report back to Council.

It is recommended that Council receive this report for information.

Denise Jorgenson
DIRECTOR FINANCE

DJ:DL/ml

Attachment: Appendix A – Comparison Table

APPENDIX A

COMPARISON BETWEEN UBERX BUSINESS MODEL AND BRITISH COLUMBIA / CITY OF BURNABY TAXI SERVICE LAWS AND REGULATIONS

	UBER PER WEBSITE / PUBLIC STATEMENTS	CITY OF BURNABY CAP REGULATION BYLAW, 2009	PASSENGER TRANSPORTATION BOARD (PTB)	ICBC	MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE
GENERAL REQUIREMENTS	At least 21 years old, with a valid drivers' licence, personal car insurance, a clean record, and a car. No special drivers' license or previous experience required. Car must have 4 doors and meet your city's requirements (usually 2005 or newer)	Numerous taxicab, driver and vehicle requirements as per Burnaby Cab Regulations Bylaw			
LICENCES & PERMITS					
Drivers Licence	Standard Drivers Licence			Class 4 - Commercial Vehicle Licence	
Passenger Transportation Board Licence	Uber maintains that the laws and regulations governing taxis to not apply as the company is a technology start-up and not a taxi service	Receipt of a PTB Licence as a condition for being granted a Business Licence	PTB Licence for Cab company or individual 'taxicab' driver		
Taxi Decal		Inspector issued plate / decal			
Business Licence	Uber maintains that the laws and regulations governing taxis do not apply as the company is a technology start-up and not a taxi service	-Business license, -Cab Premises in Burnaby			
Commercial Vehicle Licence	No Requirement Stated	Issued decal	Must comply with jurisdictions taxi operate will operate in	Licence plate designated for taxis	
Chauffeur Permit	No Requirement Stated	Issued by Chief of Police			
INSURANCE					
General	Website only states that UberX driver requires personal vehicle insurance.			Personal vehicle Insurance	
Third-party Liability	\$1 million of liability coverage per incident; and \$1 million of uninsured /underinsured motorist bodily injury coverage per incident		PTB requires commercial liability insurance prior to issuance of PTB Licence	Commercial liability insurance based on driver 'taxi rate class'	

**COMPARISON BETWEEN UBERX BUSINESS MODEL AND
BRITISH COLUMBIA / CITY OF BURNABY TAXI SERVICE LAWS AND REGULATIONS**

	UBER PER WEBSITE / STATEMENTS	CITY OF BURNABY TAXI REGULATION BYLAW, 2009	PASSENGER TRANSPORTATION BOARD (PTB)	ICBC	MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE
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SAFETY & PROTECTION					
Criminal Record Checks	Website states drivers need a clean record. However, Uber has publically stated the company requires: -criminal background checks, -local police checks -sexual offences background checks -DUI background check -Traffic offence check	Criminal record check formally undertaken by the Burnaby Chief of Police			
Vehicle Inspection	No Requirement Stated	Annual inspection conducted by City staff	Requires that taxicabs have semi-annual government inspections		Commercial vehicle inspection conducted semi-annually by government authorized shop
Driver Safety Certification	No Requirement Stated		Must have a National Code Certificate number prior to submitting application		National Safety Code Safety Certificate
Age of Vehicle	Website states that the age of driver's vehicle must be based on municipal vehicle age requirements	Age of taxicab cannot exceed seven years / ten for dual use	Must abide by jurisdiction the taxicab operates		
Identification of Taxicab	No Requirement Stated	As per Motor Vehicle Act, 'taxicab' must be identified as such through illuminated sign and exterior signage	Applicant must indicate on application whether taxicab will have a top light; will accept street hail for a taxi etc.		
Daily Driving and On-Duty Time	No Daily Driving and On-Duty Time Limitations Stated	Maximum number of daily driving and on duty time is limited to Motor Vehicle Act Regulations	Must abide by Section 37 of Motor Vehicle Act		
TRAINING	Training on use of Uber APP	Taxi Host Level 1 or Taxi Pro certification or equivalent certification from the Justice Institute of British Columbia	National Safety Standards training required		
ACCESSIBILITY	No Requirement Stated	Taxicab companies must have no less than 15% of their taxicabs operating as 'Dual Taxicabs'	Applicant must indicate whether taxicab will be conventional and/or wheelchair accessible.		