
TO: EXECUTIVE COMMITTEE OF COUNCIL **DATE:** 2015 May 13

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

SUBJECT: UBER RIDE-SHARING SERVICE DELEGATION

PURPOSE: To provide staff recommendations resulting from a presentation to the Executive Committee by Uber Ride-Sharing Service.

RECOMMENDATIONS:

1. **THAT** Council advise Uber Ride-Sharing Service that their current business model does not comply with Burnaby Cab Regulations Bylaw 2009 and therefore their company would not be eligible for a business licence within the City of Burnaby.
2. **THAT** a copy of this report be forwarded to Mr. C. Schafer of Uber Public Policy Manager-Canada.

REPORT**1.0 BACKGROUND**

In response to a 2014 October 22 Council report on Uber Ride-Sharing Services the Executive Committee of Council extended an invitation to the organization to appear as a delegation before the committee at their 2015 March 19 meeting. The purpose of the invitation was to provide an opportunity for Uber to explain how their current business model would comply with Provincial and City requirements in the event that they began offering local taxicab services in Burnaby. Uber's Public Policy Manager-Canada, Mr. Chris Schafer attended the meeting on behalf of the company.

Resulting from that presentation the Executive Committee of Council expressed concerns about the following:

- Uber's failure to commit to the licencing requirements of the Burnaby Cab Regulations Bylaw 2009 and the Passenger Transportation Act
- Public safety and security in Uber operated vehicles
- The availability of accessible (dual-use) taxicabs provided by Uber's business model
- Compliance with the standards of service contained in the Bylaw
- Complaint follow-up.

This report summarizes these concerns and the City's Bylaw requirements in relation to these areas.

2.0 FAILURE TO COMMIT TO THE LICENCING REQUIREMENTS

The Passenger Transportation Act is the provincial legislation which governs taxicab operations in British Columbia. The act defines a “commercial passenger vehicle(s)” as a “motor vehicles operated on a highway by or on behalf of a person who charges or collects compensation for the transportation of passengers in that motor vehicle”. The act requires that any person operating a commercial passenger vehicle obtain a Provincial licence and comply with all applicable laws. The Burnaby Cab Regulations Bylaw 2009 requires that before being granted a required municipal business licence for a taxicab, applicants must satisfy the Inspector that they have complied in all respects with all applicable provisions established under the Passenger Transportation Act, Motor Vehicle Act, Transportation Act and any other applicable laws.

When asked if Uber would operate in compliance with the licensing requirements of both the Burnaby Bylaw and the Passenger Transportation Act, in the event they were to undertake operations within Burnaby, the representative was non-committal. Instead, he took this as an opportunity to call in to question the relevancy of the current regulations for taxicab operations in the Province.

Uber has an established history of non-compliance and has met global resistance for its practice of quietly entering into markets illegally, without regard for local taxi service laws and regulations. Critics of Uber claim that by avoiding the costs associated with implementing the same rigorous standards as other local taxi companies Uber begins its business operation with an advantage not afforded to their competitors to secure market share based on price points lower than those charged by their competitors.

3.0 PUBLIC SAFETY AND SECURITY

During the presentation the Uber representative claimed that the company’s commitment to public safety and security often exceeds the standards typically found in the traditional taxi industry. He claimed that every driver applying to the ride share company must satisfy a comprehensive reference check, provide proof of \$5,000,000 liability insurance, and submit their vehicle to a comprehensive 26 point safety inspection. As further evidence of their commitment to public safety and security, Uber’s policies of not accepting anonymous flagged trips and that drivers only accept payment electronically (thereby eliminating the need to carry cash) were also noted.

3.1 Driver Qualifications

To determine if a driver is fit to operate a taxicab in Burnaby the City’s bylaw relies on the issuance of a chauffeur’s permit. Under section 3(1) of the bylaw “No person shall drive or operate a cab in the City without holding a valid and subsisting Chauffeur’s Permit issued by the Chief of Police”. The process for successfully receiving a permit includes RCMP review of the applicants driving record, undertaking a criminal record check and proof of successful completion of the Taxi Host program at the Justice Institute of BC. All applicants found to be unfit are denied the required permit. The fitness of any operator is determined by their ability to meet the requirements of the Chauffeur’s Permit not by criteria established by their employer.

3.2 Insurance Requirements

The Insurance Corporation of BC (ICBC) requires that persons offering to drive passengers for payment have, at minimum, a Class 4 commercial drivers' licence issued under the Motor Vehicle Act. A Class 4 commercial drivers' licence allows someone to drive up to ten passengers, including the driver. The owner of the vehicle used for this purpose must also declare how they plan to use the vehicle so that the insurance can be properly assigned a specific taxi or limousine rate. ICBC also requires the vehicle owner have licence plates specifically designed for taxis and limousines.

ICBC states that if a driver were to be involved in an accident without completing all of the necessary requirements, serious financial consequences could result. This could include potentially having to repay the full value of all claims that arise and forfeiting coverage for any injuries that the driver may sustain, as well as, damage to the vehicle. The \$5,000,000 insurance coverage referred to by the Uber representative may be invalid if their drivers are not properly licensed.

3.3 Vehicle Inspections

The Commercial Vehicle Safety and Enforcement is the Provincial body authorized by the Ministry of Transportation to enforce and inspect mandatory maintenance standards for all commercial vehicles operating under the authority of the Passenger Transportation Act, including limousines, buses and taxis. All vehicles subject to inspection in British Columbia are required to be inspected at designated inspection facilities holding a valid licence issued by Commercial Vehicle Safety and Enforcement, Vehicle Inspection and Standards Program.

In addition to the Commercial Vehicle Safety and Enforcement inspections, the Burnaby Cab Regulations Bylaw 2009 requires all taxicab operators to submit their Burnaby licensed vehicle(s) for inspection by Licence staff when requested to do so. An annual inspection of all 124 taxicabs currently operating in the City is performed by staff to ensure that the vehicles appearance and cleanliness, taxi meter accuracy and other minor issues (e.g. seat belt function, lights, trunk, tire tread, horn, etc.) are being maintained. These inspections confirm that all Burnaby cabs are held to a very high standard. Any vehicle found to have a serious violation is immediately removed from service. Those with a minor infraction are normally given a brief time frame in which to bring the vehicle in to compliance and to submit the vehicle for a required re-inspection.

During these inspections accessible cabs are given particular attention in order to ensure that all necessary restraint equipment is present and operational and that the operator is sufficiently trained in its use.

3.4 Flagged Trips and Electronic Payments

Suggested as a prudent step to ensure driver safety, Uber's practice of not accepting flagged trips and only accepting electronic payment via credit card could result in service limitations. Persons without access to a credit card or to electronic (even temporarily) means of payment would not

qualify for service. Also persons, such as tourist, that attempt to flag an Uber cab out of convenience would not be serviced.

3.5 Availability of Accessible (Dual Use) Taxicabs

When questioned whether Uber offers accessibility taxicabs for persons with disabilities, the representative did vaguely claim that the service is normally offered in areas in which they operate. There was no mention in terms of an established minimum number of accessible vehicles in operation at any given time.

Uber's operations in the City of Toronto were provided as an example of the company's commitment to providing this service. According to the representative in Toronto all Uber operators are required to submit a portion of their fares into a reserve fund that is then used to subsidize operators who may choose to convert their vehicles to accessible cabs. Again, no figures were provided on the number of accessible cabs currently in operation, the number of operators who have taken advantage of this plan or the subsidy amount offered for the conversion.

Section 6(2) of the Burnaby Bylaw requires that any company licensed to operate in Burnaby establish a minimum of 15% of the entire cab fleet as dual use (accessible) taxicabs. These vehicles can be used by able body passengers as well, but the bylaw requires that if a person identifies themselves as one who requires this service owing to a disability, that they be given priority over others.

3.6 Standards of Service

Similar to advertisements which suggest that potential operators are free to "only drive when it makes sense for you", the Uber representative offered this notion as a benefit to the community. It was claimed that this flexibility is a primary reason why so many drivers are willing to sign on with Uber as operators. However, while this perspective may have merit in consideration of the convenience to drivers, it fails to recognize the needs of those citizens who have come to rely on the existing taxicab service as a necessary means of transportation.

Burnaby's Bylaw contains standards of service regulations to ensure that reliable service levels are maintained for our citizens 24 hours per day, including accessible services. It recognizes that businesses operating taxicabs in Burnaby provide a vital community service. The provision of this service must strike a balance with the needs of the community and the interests of the operator.

3.7 Complaint Follow-Up

Since 2010 January 01, the City's Licence Office has received eight complaints about taxicab service in Burnaby. In every case the complainants' concerns were successfully resolved once the Licence Office staff contacted the management of the established taxi company. The existing taxi service provider has historically been very cooperative with staff and citizens when faced

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with complaints. However, in the event this was not the case, the bylaw does provide some regulatory strength.

The business licensing regulations contained within Section 4(2) of the Bylaw require that in addition to a licence for each taxicab, any taxicab company operating within Burnaby also maintain a licensed “cab premises” where all books and records pertaining to the operation are to be kept. The Bylaw further requires the holder of a taxicab premises licence to permit an inspection of the premises, or any taxicab. Additionally, all licence holders must provide the Inspector with any information that is deemed to be “relevant to the maintenance” of the licence upon request to do so. Failure to comply with any of these regulations could result in suspension or cancellation of the business licence.

4.0 RECOMMENATIONS

The provisions contained in the Burnaby Cab Regulations Bylaw 2009 are in place to ensure that an enforceable regulatory frame work exists to safeguard public safety, confirm that sufficient customer service levels are upheld and that all taxicabs are identifiable, well maintained and presentable. Only those taxicab operators that have met City requirements and demonstrated compliance are issued a City business licence. If the business, operator or vehicle should ever be found to be in violation of the Bylaw, they risk having their licence suspended or revoked.

During Uber’s presentation to the Executive Committee of Council, various provisions contained within the Burnaby Cab Regulations Bylaw 2009 were identified as regulatory requirements that have often been ignored by Uber in their operations in other cities. When questioned if Uber would comply with Burnaby’s Bylaw regulations should the company want to undertake operations in Burnaby Uber’s representative made no commitment to comply.

Staff recommend that the Executive Committee of Council receive this report for information and recommend Council advise Uber Ride-Sharing Service that the business model currently employed by the company, as described by their representative to the Executive Committee of Council on 2015 March 19, does not comply with the Burnaby Cab Regulations Bylaw 2009 and therefore the company would not be eligible to receive a business licence within the City of Burnaby.



Denise Jorgenson
DIRECTOR FINANCE

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cc: City Manager
City Clerk