



## Committee of the Whole Report For the Meeting of May 18, 2023

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**To:** Committee of the Whole **Date:** May 15, 2023  
**From:** Curt Kingsley, City Clerk  
**Subject:** Municipal Licencing of Passenger Directed Vehicles

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### RECOMMENDATION

That Council direct staff to:

1. Set a corporate rate for Passenger Directed Vehicles of \$140 for each operator up to a maximum amount depending on the number of operators in the Business Licence Bylaw.
2. Require a copy of each Passenger Directed Vehicle company's provincial authorization to operate and a copy of each operator's provincial Record Check Certificate when a business licence application is made.
3. Set a rate of \$30 for zero emissions vehicles and \$0 for wheelchair accessible vehicles in the Business Licence Bylaw tied to the proposed corporate fee structure.
4. Require monthly data sharing on the total number pick-ups and drop-offs occurring and the vehicle type in the Business Licence Bylaw.
5. Conduct a public notice process pursuant to section 59(2) of the *Community Charter* outlining a method for those who consider they are affected by the Business Licence Bylaw to make written submissions to Council.
6. Reduce existing duplication in the Vehicles for Hire Bylaw with provincial requirements.
7. Allow Passenger Directed Vehicles to drop off or pick up passengers in metered parking spaces for up to two minutes in the Streets and Traffic Bylaw.
8. Report back to Council if additional regulatory changes need to be made.
9. That this be brought forward to the daytime Council of May 18, 2023 for approval.

### EXECUTIVE SUMMARY

In 2019, the Province enacted the *Passenger Transportation Act* (the Act) to legalize ride-hailing services and to update taxi and limousine licencing and operating rules. Individuals and companies operating commercial passenger vehicles require a passenger transportation licence issued by the Province's Passenger Transportation Board. The Board sets driver and vehicle requirements for Passenger Directed Vehicles, which includes ride-hailing, taxis, and limousines. Companies that offer ride-hailing are referred to as Transportation Network Services.

Ride-hailing companies apply to provide services in an operating area set by the Province. The Capital Regional District is one of the designated regions for Transportation Network Services. Under this framework, the City retains the authority to issue business licences and to make some regulations; however, the City may not prohibit companies or vehicles from operating.

The City currently regulates Passenger Directed Vehicles under the Business Licence Bylaw, the Vehicles for Hire Bylaw and the Streets and Traffic Bylaw. The Business Licence Bylaw requires a \$100 licence for each company and a \$140 licence for each operator.

In late 2019, staff received direction from Council to undertake a comprehensive review of City bylaws to remove contradictions with provincial requirements and to undertake regulatory work for ride-hailing services as part of the GoVictoria sustainable mobility strategy.

In 2020, amendments to the Vehicles for Hire Bylaw established similar rules for taxis and ride-hailing. This removed some duplication with provincial requirements in the Bylaw, but some remain. Staff have also identified additional efficiencies that can be made to update City regulations.

## **PURPOSE**

The purpose of this report is to provide Council with lessons learned since the implementation of the Province's licencing requirements, including the introduction of ride-hailing, and to seek Council direction on updating the City's regulatory framework for Passenger Directed Vehicles.

## **BACKGROUND**

### **Provincial Framework for Passenger Directed Vehicles**

In September 2019, the Province enacted the *Passenger Transportation Act* (the Act) to legalize ride-hailing services and updates to provincial taxi and limousine licencing and operating rules. The Act establishes the Passenger Transportation Board (the Board), which reviews applications from ride-hailing companies.

The Board sets driver and vehicle requirements for Passenger Directed Vehicles (PDV), which includes ride-hailing, taxis, and limousines. The Board also licences ride-hailing companies to provide Transportation Network Services (TNS) in different regions throughout BC. The Capital Regional District is one of the designated regions for TNS. A licenced ride-hailing company may provide services in the entire region once it obtains a provincial special authorization licence, subject to additional municipal requirements such as obtaining a business licence.

The Board licences ride-hailing companies to operate in a region and PDV drivers apply with licenced ride-hailing companies to operate under their licences. Provincial rules require PDV drivers and vehicles to fulfil these requirements.

PDV drivers must meet the following requirements:

- Have a commercial driver's licence (Class 4).
- Be at least 19 years old.
- Complete a driving record check (annually).
- Complete a criminal record check (annually).
- Annual/semi-annual vehicle inspections.
- Vehicle model must be less than 10 years old (for ride-hail only).

Municipalities may regulate business operations of PDV through their general business licencing and regulating authorities. Municipalities may issue business licences, set business licence conditions, and regulate by bylaw. Municipalities may not prohibit PDV from operating, refuse to issue a business licence because they hold a business licence issued by another municipality, or regulate the number of PDV once they have obtained provincial approval.

The City has 1 ride-hailing company licenced and 16 ride-hailing operators licenced. The City has 3 taxi companies licenced and 385 taxi operators licenced. The Business Licence Bylaw requires a \$100 licence for each company and a \$140 licence for each operator. Currently, each operator pays for their own business licence.

### Previous Council Direction

At the December 12, 2019, Council Meeting, Council passed the following resolution:

1. *Bring forward amendments to the Vehicles for Hire Bylaw to Council that suspend taxi licensing conditions under Division 2, 3, 4, and 5, except section 70 and 71, of the Vehicles for Hire Bylaw.*
2. *Review City bylaws and bring forward bylaw amendments to align with provincial licensing requirements for taxis, limousines, and ride-hail vehicles.*
3. *Report back with further regulatory recommendations for passenger directed vehicles in conjunction with the Sustainable Mobility Strategy.*

In 2020, the City amended the Vehicles for Hire Bylaw to establish similar rules for taxis and ride-hailing. This removed some duplication with provincial licencing requirements, but some remain. With the implementation of provincial licencing requirements well underway, staff are ready to provide Council with proposed updates to City bylaws to reduce existing duplication, modernize the regulatory framework and better align it with the GoVictoria sustainable mobility strategy.

## ISSUES & ANALYSIS

### City Bylaws Related to PDV

The City regulates PDV through its Business Licence Bylaw, Vehicles for Hire Bylaw and Streets and Traffic Bylaw.

Table 1 outlines current City Bylaws and how they relate to taxis and ride-hailing.

**Table 1 – City Bylaws Related to PDV**

Bylaw	Related Authority	Does it apply to Taxis?	Does it apply to Ride-hailing?
<b>Business Licence Bylaw</b>	Sets a licence fee for a person owning or keeping a cab, motor car, automobile, or other conveyance or vehicle for hire, other than a school bus, for each conveyance or vehicle.	Yes	Yes (fall under the definition of "taxi")
<b>Vehicles for Hire Bylaw</b>	Establishes licencing, permitting, and operating conditions for taxis, limousines, and sight-seeing vehicles (including pedicabs, rickshaws, and horse drawn vehicles).	Yes	No (the Bylaw predates ride-hailing)
<b>Streets and Traffic Bylaw</b>	Regulates the use of curb space including designated areas for PDV.	Yes; provides taxi stands and allows taxis to drop off or pick up passengers in metered spaces for up to two minutes.	Yes; however, no provisions outlining areas where ride-hailing services can drop off or pick up passengers.

### Business Licence Bylaw

Under the Business Licence Bylaw (see Attachment A), the City has the authority to licence a business and any person who owns or keeps a "cab, motor car, automobile, or other conveyance or vehicle for hire, other than a school bus" for each vehicle or conveyance. The City uses this authority to licence and collect fees from ride-hailing, taxi, and limousine companies, and drivers.

Most business licences are issued to taxis, due to the limited number of TNS in the region. However, it is anticipated that if a multinational TNS was granted a licence to operate in the region, their fleet would be much larger than current operations.

### *Business Licence Fees*

Operating a PDV business can be costly and inefficient. PDV must obtain annual provincial approvals, separate business licences in each municipality they operate in, and high cumulative fees when fleets increase. It is also a cumbersome process for PDV companies and operators to apply for a City business licence as each operator must make a separate application and often repeat provincial processes.

To create a more efficient licencing scheme, staff propose establishing a corporate rate, which the company would pay instead of operators. This rate would vary depending on the number of operators with a Record Check Certificate (a certificate issued when an operator meets provincial requirements). Each company would pay a base fee of \$140 for each operator up to a certain amount depending on the number of operators. This would ensure all licencing information and fees can be collected at once.

**Table 2 – Proposed Corporate Fee Structure**

Current Fee Structure	Proposed Fee Structure	
<ul style="list-style-type: none"> <li>\$100 licence for each company</li> <li>\$140 licence for each operator</li> </ul>	1-49 operators	\$140 per vehicle to a max of \$5,000
	50-99 operators	\$140 per vehicle to a max of \$10,000
	100-149 operators	\$140 per vehicle to a max of \$15,000
	150+ operators	\$140 per vehicle to a max of \$20,000

Capping licence fees is done in many municipalities, including Port Coquitlam, Richmond, and Delta and range from \$1,500-\$4,000. The Province also caps taxi and limousine operator fees at \$5,000 for their annual licence renewal. The proposed fee structure is a hybrid of current requirements and a cap on fees. To ensure an accurate rate is collected, and that each operator meets provincial requirements, the City would require copies of each operator’s Record Check Certificate when the company applies for its business licence.

A tiered fee structure would result in an average decrease in fees paid per operator but would also result in a significant increase in a company’s upfront fee. The expectation is that companies would establish their own guidelines on how fees would be internally collected to cover the upfront cost. While this proposed fee structure would result in some City revenue lost, it would be offset as more companies and operators are licenced.

**Table 3 – Fee Structure Comparison**

PDV Company	Number of Vehicles	Current Fee (operator fee + company fee)	Proposed Fee	Difference in Revenue	Average Cost Per Operator (Proposed Fee)
Taxi Operator A	179	\$25,160	\$20,000	(\$5,160)	\$111.73
Taxi Operator B	126	\$17,740	\$15,000	(\$2,740)	\$119.04
Taxi Operator C	68	\$9,620	\$9,520	(\$100)	\$140.00
<b>City Revenue</b>		<b>\$52,520</b>	<b>\$44,520</b>	<b>(\$8,000)</b>	

### *Zero Emission and Accessible Vehicles*

The City’s licencing fee is a standard rate regardless of vehicle type. In Metro Vancouver, reduced licencing rates are offered to zero emission vehicles and wheelchair accessible vehicles. Metro Vancouver has an inter-municipal business licencing scheme for ride-hail that sets a \$0 fee for wheelchair accessible vehicles and a \$30 fee for zero emission vehicles. The City of Vancouver

also offers no fee for both wheelchair accessible and zero emission vehicles.

Offering discounted fees provides a meaningful incentive while acknowledging that vehicles do have an administrative cost and physical impact on streets. Wheelchair accessible vehicles are understood to be expensive to purchase and maintain, and municipalities want to encourage their participation as much as possible. Therefore, staff propose Victoria adopt a \$0 fee for wheelchair accessible and \$30 for zero emission vehicles. This would be tied to the other proposed changes.

A cost breakdown of this proposal is not possible until additional information such as the number of zero emission or wheelchair accessible vehicles is provided to the City. However, it is understood that some operators currently use both, which would result in additional savings for the industry.

#### *Data Monitoring*

The Branch requires comprehensive vehicle and trip data from companies. Additionally, Metro Vancouver makes it a condition in their business licence to provide monthly reports on the total number pick-ups and drop-offs occurring and the number and type of vehicles. To better understand the impacts of PDV in Victoria, staff propose an additional requirement when obtaining a business licence to provide the City with monthly access to trip data.

Access to detailed trip data is critical for municipalities in understanding the impact of PDV in their communities at both the system-wide and street levels. At the system-wide level, it will assist in identifying changes in travel mode share like transit use, cycling and walking. At the street level, it can be used to establish solutions to mitigate congestion impacts and identify needs for future ride-hailing pick-up and drop-off zones.

#### *Legislative Requirements*

Under section 59(2) of the *Community Charter*, the City must give notice of its intention to make changes to the Business Licence Bylaw and provide an opportunity for persons who consider they are affected to make representations to Council. Staff recommend conducting a standard public notice process outlining a method for those who consider they are affected by the bylaw to make written submissions to Council.

#### Vehicles for Hire Bylaw

The Vehicles for Hire Bylaw (see Attachment B) establishes licencing, permitting, and operating conditions for taxis, limousines, and sight-seeing vehicles (including pedicabs, rickshaws, and horse drawn vehicles). It does not regulate ride-hailing as the Bylaw predates its arrival.

In 2020, the City made amendments to the Vehicles for Hire Bylaw, as per previous Council direction, to establish similar rules for taxis and ride-hailing. This removed some duplication in the Bylaw with provincial licencing requirements; however, some remains.

The Bylaw still outlines requirements such as being at least 19 years old and completing a criminal record check even though these are already provincial requirements. Additionally, when a business licence application is made, staff check for a Record Check Certificate, making the Bylaw redundant. To simplify the Bylaw, staff propose removing these provisions and instead codifying existing practices in the Business Licence Bylaw. Staff also propose moving provisions regarding taxi stands into the Streets and Traffic Bylaw. The Vehicles for Hire Bylaw will still provide unique requirements for sight-seeing vehicles (including pedicabs, rickshaws, and horse drawn vehicles).

#### Streets and Traffic Bylaw

The Streets and Traffic Bylaw (see Attachment C) regulates the use of City streets, including curb use. The Bylaw allows taxi stands in certain locations and allows taxis to drop off or pick up

passengers in metered parking spaces for up to two minutes. The City also has a commercial loading permit program that allows commercial vehicles less than six metres in length to pay \$100 per year to park at 20-minute meters.

Most municipalities do not allow ride-hailing to use taxi stands. While this gives taxis designated parking, it also allows them to turn off engines to reduce “deadhead” kilometres (distances travelled with no passengers). Information from Vancouver indicates that up to 50% of vehicle kilometres travelled by TNS carry no passengers, resulting in congestion and greenhouse gas emissions. Because Victoria’s data collection is currently limited, staff propose an interim amendment to the Streets and Traffic Bylaw to allow ride-hailing to drop off or pick up passengers in metered parking spaces for up to two minutes like taxis. Once staff have analysed trip data, it can be used to identify future pick-up and drop-off zone locations for both TNS and taxis. This could include expanding taxi stands, fire hydrant areas and hotel zones to include TNS if consumer demand justifies doing so.

#### GoVictoria – Sustainable Mobility Strategy

The City’s Sustainable Mobility Strategy (GoVictoria) was adopted in 2019 and confirms mobility values, policy positions, and key initiatives surrounding mobility. GoVictoria intends to address significant advancements occurring in the mobility space, such as new mobility modes, shared mobility services and, ride hailing. GoVictoria recognizes that if done well, increased services can provide enhanced mobility options for travellers of all types and improve household affordability, reduce parking pressures downtown, and improve the quality of life for riders through a convenient, affordable transportation service.

A few initiatives of GoVictoria are to “Rethink the Curb”, “Shift to Zero Emissions”, and “Harness Data and Technology”, which were developed in anticipation of TNS and increased competition for curb space, pick up and drop off zones and possible increases to traffic, congestion, safety pressures and greenhouse gas emissions. GoVictoria identifies the requirement to amend City bylaws and create incentives to reach these benefits without the risks. The recommendations in this report align with this strategy by providing incentives for zero emissions vehicles and requirements for data collection to inform future management of the City’s mobility networks.

#### Intermunicipal Business Licence Bylaw

Victoria is a member of the Greater Victoria Intermunicipal Business Licence (IMBL) Bylaw that allows some types of businesses to work across participating communities and to obtain only one business licence. Permitting PDV in the IMBL would be problematic. The IMBL is decentralized, meaning that any participating municipality can provide a business licence, which makes information sharing and data collection limited. This causes enforcement issues when Victoria is not made aware of bylaw offenders and the IMBL would not encompass the benefits of the City’s proposed licencing scheme.

Metro Vancouver has a more efficient IMBL system dedicated to ride-hailing only (does not apply to taxis and limousines). This system is centralized as the City of Vancouver processes licence applications on behalf of other municipalities. Vancouver collects enough revenue to cover the costs of issuing the licences and then the rest of the revenue is distributed across the region. Metro Vancouver’s IMBL was the creation of a collective effort by participating municipalities in a fast-tracked process convened by the TransLink Mayors’ Council on Regional Transportation. A similar IMBL to Metro Vancouver’s could be beneficial for the Capital Region, although it would require extensive collaboration with the Province and all municipalities.

#### **Recommended Approach**

Staff recommendations are to:

1. Set a corporate rate for Passenger Directed Vehicles of \$140 for each operator up to a maximum amount depending on the number of operators in the Business Licence Bylaw.
2. Require a copy of each Passenger Directed Vehicle company's provincial authorization to operate and a copy of each operator's provincial Record Check Certificate when a business licence application is made.
3. Set a rate of \$30 for zero emissions vehicles and \$0 for wheelchair accessible vehicles in the Business Licence Bylaw tied to the proposed corporate fee structure.
4. Require monthly data sharing on the total number pick-ups and drop-offs occurring and the vehicle type in the Business Licence Bylaw.
5. Conduct a public notice process pursuant to section 59(2) of the *Community Charter* outlining a method for those who consider they are affected by the Business Licence Bylaw to make written submissions to Council.
6. Reduce existing duplication in the Vehicles for Hire Bylaw with provincial requirements.
7. Allow Passenger Directed Vehicles to drop off or pick up passengers in metered parking spaces for up to two minutes in the Streets and Traffic Bylaw.
8. Report back to Council if additional regulatory changes need to be made.
9. That this be brought forward to the daytime Council of May 18, 2023 for approval.

#### *Accessibility Impact Statement*

The report outlines financial incentives in the Business Licence Bylaw for PDV to increase the number of wheelchair accessible vehicles in their fleet.

#### *Impacts to Financial Plan*

If Council caps PDV business licencing to a corporate rate depending on the number of operators, this may represent a slight revenue reduction. However, this may be offset by additional operators licenced.

## **OPTIONS & IMPACTS**

### ***Option 1 – That Council direct staff to bring forward bylaw amendments to update the regulatory framework for Passenger Directed Vehicles based on the recommended approach in this report.***

This option will direct staff to bring forward bylaw amendments as per the recommended approach.

Implications:

- Establishes a more efficient business licencing scheme.
- Establishes licencing incentives for environmental and accessible vehicles.
- May result in a slight reduction in annual business licencing revenue for the City.
- Increases access to transportation data for improved programming.

### ***Option 2 – Refer back to staff with direction on desired regulations.***

This option would direct staff to bring forward bylaw amendments after receiving direction from Council on desired regulations. It would require Council to provide direction on which components they would like to see implemented and which components they would not like to see implemented.

Implications:

- Requires additional staff time to develop a regulatory framework.
- Additional resourcing may be necessary to prepare Council's desired regulations.

### ***Option 3 – Maintain current regulations.***

Implications:

- Business licence application process will continue to be inefficient.

- Duplication with provincial licencing requirements will remain.
- Data collection on PDV in Victoria will be limited.
- No further resources required to develop a regulatory framework.

## **CONCLUSIONS**

This report seeks Council direction to modernize the regulatory framework for PDV. The recommendations update City bylaws and consider the GoVictoria sustainable mobility strategy. The proposed changes will establish a level playing field, reduce inefficiencies and incentivize sustainable and accessible alternatives in the vehicles for hire space.

Respectfully submitted,

Barrie Nicholls  
Legislation and Policy Analyst

Curt Kingsley  
City Clerk

Susanne Thompson  
Deputy City Manager/CFO

## **Report accepted and recommended by the City Manager**

### **List of Attachments**

Attachment A – Business Licence Bylaw  
Attachment B – Vehicles for Hire Bylaw  
Attachment C – Streets and Traffic Bylaw