

**TO:** Mayors' Council on Regional Transportation

**DATE:** January 30, 2020

**SUBJECT:** **Interim Intermunicipal Business License for Ride-hailing**

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**APPROVED RESOLUTION:**

That the Mayors' Council:

1. Endorse the principles and framework for establishing and administering an interim Inter-Municipal Business Licence (IMBL) included in this report;
  2. Urge municipalities within Region 1 to adopt the associated interim IMBL bylaw as quickly as possible;
  3. Request a meeting with the Passenger Transportation Board Chair to report on their response to matters of mutual interest;
  4. Urge municipalities within Region 1 to harmonize existing municipal fees on taxicabs with the fees proposed in the IMBL for ride-hailing;
  5. Urge the province and the Passenger Transportation Board to level the playing field between taxis and TNSs by:
    - a. reviewing taxi boundaries, fleet caps and insurance requirements, and
    - b. ensuring that a solid mechanism is put in place to subsidize those approved TNS vehicles or taxis that provide adequate accessible services for customers who rely on mobility devices such as wheelchairs and scooters.
  6. Release this report to the public at the same time as the Working Group completes its work.
  7. Receive this report.
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**PURPOSE**

To provide an update on the status of development of an intermunicipal business licence (IMBL) for ride-hailing and seek Mayors' Council endorsement on the principles and framework of the proposed interim IMBL.

**BACKGROUND**

At its December 12, 2019, the Mayors' Council discussed a report on Regional Coordination of Ride-hailing and directed TransLink staff to "facilitate the process to reach agreed upon terms for a draft bylaw for an interim Inter-Municipal Business Licence (IMBL) for ride-hailing in the South Coast Region (Zone 1) by January 31, 2020 for adoption by participating municipal councils". This was followed up by a report to the Joint Finance and Governance Committee on January 23, 2020 which provided information on progress made to date.

How Can Municipalities Licence Ride-Hailing?

When the Province finalized regulations for ride-hailing companies in July 2019, they confirmed that municipalities retain the ability to require transportation network services (TNS's) to obtain municipal business Licences, *in addition to* Licence to operate through the Passenger Transportation Board (PTB).

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Currently, 17 TNS companies have applied to the PTB for Licence to operate in Region 1, which encompasses Metro Vancouver, Fraser Valley Regional District and Squamish-Lillooet Regional District. To date, three companies have been granted Licence to operate by the PTB – Uber, Lyft and Whistle.

Once awarded Licence by the PTB, a TNS will need to determine which municipalities it intends to operate in within Region 1 and apply for business Licences with those municipalities.

Municipalities have several options in terms of establishing municipal business Licence requirements:

- 1) **Establish their own business Licence requirement**, independent of neighboring municipalities. With dozens of municipalities in Region 1, if every city elected this option, a patchwork of regulations could quickly form.
- 2) **Decide not to establish a business Licence requirement for TNSs**. In some cases, a municipality may elect not to require a business Licence and defer entirely to Provincial regulations for management of ride-hailing. Ideally, this would be communicated to the industry to avoid confusion or creating a “grey” area with respect to municipal business licensing.
- 3) **Work with neighboring municipalities to create an Intermunicipal Business Licence (IMBL)**. This IMBL would create a single administrative point to obtain a Licence which would be valid for operations across all the municipalities participating in the IMBL. This is the option that the Mayors’ Council endorsed in December 2019.

#### What is an IMBL?

An IMBL is usually an add-on to a municipal business licence that allows mobile businesses (e.g. contractors, caterers, transport providers) to operate across participating municipalities with the purchase of one IMBL. It is formed through a common bylaw enacted by each participating municipality. For ride-hailing, the IMBL would work as the sole licence required for all participating municipalities, rather than an add-on to a municipal business licence.

For each IMBL, participating municipalities work together to determine:

- the types of businesses eligible to be covered under each IMBL (e.g. trades/construction);
- how much to charge for an IMBL;
- the model for collecting and sharing revenue from the sales of the IMBL (e.g. seller retains revenue from sales or cost sharing among jurisdictions); and
- the terms of the draft bylaw to be enacted by each participating municipality.

In Region 1, there are 4 existing sub-regional IMBL groups: Fraser Valley, Metro West, North Shore and Tri-cities that cover mobile businesses such as trades, constructions, and catering. None of these existing IMBLs apply to vehicles for hire or any other transport services.

For an IMBL to be effective, it requires participating municipal councils to independently adopt the IMBL through their regular bylaw adoption processes. The Region 1 TNS IMBL process is based on an opt-in principle, whereby each Region 1 municipal council has the option to opt into adopting this bylaw following its completion on January 31, 2020. Municipalities who do not adopt the IMBL have the other two options available that are described above.

## DISCUSSION

Mayors' Council direction from December 12 has initiated an expedited process which has spurred a number of developments over the past month:

### IMBL Working Group

Formation of a working group to move the interim IMBL process forward, including adoption of a Terms of Reference and participating membership (see Appendix A for Terms of Reference). The working group met weekly through January 2020 to reach agreed-upon terms for an interim IMBL and endorse a draft bylaw for an interim IMBL by January 31.

### Shared Principles

The IMBL working group has adopted a set of draft principles for an IMBL including an additional set of principles specific to the interim IMBL. See Appendix B for the full set of draft Shared Principles.

### Framework for Interim IMBL and Licence Authority

Consistent with the shared principles for an interim IMBL, the working group developed a framework for the interim IMBL which capitalizes on past work and existing authority.

To that end, City of Vancouver proposed to act as the licensing authority on behalf of all participating municipalities. Under this system, the City of Vancouver will:

- administer the interim IMBL on behalf of participating municipalities;
- take payments and receive data from ride-hailing companies to share with participating municipalities.

The working group endorsed this framework as being an efficient and cost-effective (leveraging the work Vancouver had already initiated in support of their municipal bylaw) solution for the interim IMBL. The participants of the IMBL working group can explore different options for the permanent IMBL, including potentially a role for TransLink, which would require changes to the *South Coast BC Transportation Authority Act*.

The framework for the interim IMBL will contain three key elements:

- 1) Licence Fee
- 2) Data Requirements
- 3) Enforcement provisions

#### **1. Licence Fee**

The working group endorsed a Licence fee structure for the interim IMBL which is modeled after the City of Vancouver, and which the group believes, will balance the need for cost recovery of the most significant administration costs, while ensuring that fees are not cost prohibitive for a nascent industry.

The endorsed fee structure for the interim IMBL is as follows:

- Base fee of \$155 per ride-hailing company per year;
- Per-vehicle fee of \$150 (to be charged to the ride-hailing company), with the following incentives:
  - The fee for wheelchair accessible vehicles will be \$0;
  - The fee for zero emissions vehicles (ZEV) will be \$30;
- Fees will be pro-rated on a monthly basis;
- Fees paid to municipalities prior to adoption of IMBL will count towards the cost of the IMBL.

The working group also endorsed a revenue-sharing system whereby the City of Vancouver retains a base amount of the revenue to cover costs of administering the interim licence program, including managing fees administration, building a data warehouse and managing data collection. Any revenues received above that base amount will be shared between participating municipalities based on the pickups and drop-offs occurring within that municipality.

## **2. Data Requirements**

The working group recently endorsed a set of data requirements and a data process flow for collection and redistribution of data.

TNS operators will be required to submit trip-level data for all trips originating or ending in the participating IMBL municipalities. This specification is based on provincial standards with fields irrelevant to municipalities removed (e.g. driver's licence information) and a couple of additional fields added (e.g., the field "zero emission vehicles" is added to facilitate discounts). Maintaining consistency with Provincial data requirements will make compliance simpler for TNS operators. Geographic data will need to include 6 decimals of accuracy (which equates to 12 cms), to enable curbside management.

City of Vancouver will receive the data from each ride-hailing company, ensure that data format is correct, and redistribute each municipality a subset of the data which has a trip origin or destination within that municipality. Data will be expected monthly within 5 days of the end of the previous month.

This data sharing process is subject to approval by the BC Privacy Commissioner; hence it may be several months before municipalities will receive data from the City of Vancouver. This has been flagged as a concern by working group members.

## **3. Enforcement**

Enforcement of the IMBL is the final issue to be resolved the working group by the January 31 deadline. It is expected that enforcement provisions will apply only to enforcement of the IMBL itself, and not local streets and traffic enforcement, which remains outside of this process and up to each individual municipality to manage as they see fit.

The working group supported establishing a framework for enforcement which involves a procedure of escalation. This enforcement procedure remains to be finalized by the working group, but contains steps involving notification of working group members and PTB, prior to consideration of Licence revocation.

## Coordination with Taxis and Limo Sectors

Due to the short timelines, the interim IMBL is scoped solely around ride-hailing, as this industry is currently facing a potential gap in regulation. The working group expressed concerns with fairness with taxi and limo sectors and intends to explore inclusion as part of the permanent IMBL process. One option that municipalities could consider to address inequity in the short-term is to adjust municipal taxi Licence fees to better match TNS business Licence fees. Additionally, a number of taxi companies are organizing as TNS operators and have applied for Licence to operate as TNSs. This gives taxis the potential to operate as TNSs across the region, unbounded by municipal boundaries, while maintaining the ability to pick up street hails and accept cash, which is not available to non-taxi TNSs.

## Industry Input on Framework

The working group was challenged with finding a channel to inform the ride-hailing industry and seek input given very tight time constraints. To that end, the working group held an info session on January 22, inviting all TNSs who applied to the PTB to operate in Region 1. Participants were all required to sign non-disclosure agreements, which enabled an open discussion about the proposed IMBL framework, including specifics, such as fees and rates. Fourteen of the 17 companies invited sent representatives.

Participations were also invited to submit written comments by January 27 on the content of the info session for working group for consideration.

Industry, stakeholders and the broad public will have an additional opportunity for input as part of each participating municipal council's bylaw adoption process.

## Next Steps

The following are some key milestones for the next few months:

- **Jan 31 IMBL Working Group Meeting:** Barring any significant concerns from industry, the IMBL working group is currently on track to endorse a draft IMBL bylaw for consideration by respective councils by January 31.
- **Media Release:** The Mayors' Council will issue a media release to announce the outcomes of the IMBL process shortly following the January 31 deadline.
- **Feb-March Bylaw to Councils:** Over the course of February and March, staff from participating Region 1 municipalities will bring the proposed IMBL bylaw to councils for consideration.

In the interim period before the IMBL is fully in place across the region (which is estimated for late March or early April), TNS operators may seek to obtain a municipal business licence individually for the municipalities in which they plan to operate. Some municipalities may elect to waive the requirement for a licence or not enforce the need for a business licence on a temporary basis. Operators are urged to contact those municipalities to seek clarification.

Following adoption of the interim IMBL, the process will move into the next phase which is to develop a permanent IMBL. TransLink has initiated conversations with the BC Ministry of Municipal Affairs and Housing on exploring changes to legislation which would enable TransLink to be an option for administering a permanent IMBL. A more detailed report to come.

## APPENDIX A – Region 1 Ride-Hailing IMBL Working Group Terms of Reference (updated December 20)

### RIDE-HAILING REGION 1 INTER-MUNICIPAL BUSINESS LICENCE WORKING GROUP TERMS OF REFERENCE

DATE: December 20, 2019

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#### 1.0 PURPOSE

The purpose of the Ride-Hailing Region 1 Inter-municipal Business Licence Working Group (working group) is to:

- Develop an inter-municipal business licence (IMBL) for ride-hailing for Region 1, including making decisions regarding agreed upon terms for a draft bylaw.
- Ensure that participating municipalities' concerns regarding the IMBL are reflected in the discussion and decision-making of the working group
- Jointly prepare a draft bylaw and supporting documentation such as sample staff reports to be used by participating municipalities.
- Present the draft bylaw to each of the participating municipal councils.
- Jointly develop common messaging for use by working group participants in their respective communications materials.
- Provide updates to councils, staff and political committees (i.e. RTAC) on progress made by the working group.

#### 2.0 MEMBERSHIP AND REPRESENTATION

2.1 **Categories of membership:** There are two categories of representation on this working group:

**1. Voting members:**

- These members vote on recommendations on process and key elements of the IMBL and terms of the draft bylaw.
- Are comprised of any municipalities within ride-hailing Region 1 who wish to participate in the IMBL.

**2. Observing members:**

- These members observe the process and provide input only, but do not vote.
- These include other levels of government within Region 1, and institutional members within Region 1.

2.2. **Representation:** Each member of the working group shall designate one staff member to be their primary representative on the working group, and one representative to serve as an alternate. No more than one representative from each municipality shall attend any meeting in person unless as an invited speaker or on an as-needed basis. An unlimited number of staff members from each municipality shall be able to participate on the email distribution list.

2.2. **Secretariat:** TransLink and the Ministry of Municipal Affairs and Housing will jointly fulfil the role of the working group secretariat. The role of secretariat includes organizing and circulating agendas, organizing meeting logistics, minute-taking, recording of resolutions and vote outcomes, actioning follow-up items and reminders, and circulating items to working group members. The current membership list is attached as Appendix A.

## **2.3 Guidelines for Participation:**

Working group members are asked to observe the following guidelines for participation:

- Keep discussions and information shared within the working group confidential;
- Represent the interests of their respective organizations, keeping in mind the interests of all those affected;
- Work toward developing consensus decisions with other working group members;
- Provide their professional and technical recommendations, analysis, and advice to support the development of the draft bylaw and supporting documentation;
- Before meetings, review any background information or draft documents that are distributed;
- After each meeting, meeting notes and follow up materials which require action to be taken on the part of the participating municipalities will be distributed. Working group members are responsible for carrying out action items as required in between meetings, such as obtaining appropriate feedback and soliciting endorsement from their respective organizations so that discussions at meetings are productive and lead to decisions being made which advance the progress of the working group towards its common purpose;
- Working group members will make their best effort to attend all scheduled meetings (in person and via telephone conference/skype). If a working group member is unable to participate in a scheduled meeting, the member will arrange for another representative from their organization to participate in the meeting in their place; and
- Working group members are to be aware that the work, decisions, reports, or other products of the working group are subject to freedom of information protocols. While working group members will necessarily need to share these materials within their respective organizations, they agree to keep these materials from being distributed publicly.

## **3.0 ORGANIZATION**

### **3.1 Chair and Vice Chair**

- Selection of Chair and Vice Chair
- Proposed term: from December 18, 2019 until the working group votes to cease operations.

### **3.2 Reporting**

- The secretariat will draft regular updates to share with voting members and observing members to share as they wish internally.
- The updates provided by the secretariat will focus on the process and progress of the working group's activities and not the content and nature of its discussions.

## **4.0 PROCEDURES**

### **4.1 Meeting Dates and Locations**

- Half-day meetings will occur on a weekly basis in January 2020 and become less frequent after the working group approves a draft bylaw.
- January 2020 meetings will include an in-person location in Region 1, along with teleconference and/or video conference capabilities.
- In-person meeting locations will be in close proximity to a SkyTrain station.

### **4.2 Agendas**

Agendas shall be prepared by the secretariat in consultation with the chairperson, designated members and alternates. Agendas and supporting documents shall be circulated at least two days ahead of the meeting date.

#### 4.3 Chairing

The duties of the chair include:

- Seeking approval by resolution and vote for the adoption of the agenda and the previous meeting minutes.
- Adhering to the items and time allotments as per the approved meeting agenda.
- Administering votes when resolutions are proposed.
- Ensuring that there is fulsome participation by all attending working group members (or alternates) during the course of a meeting.
- Ensuring that meeting decorum and an environment of professionalism and mutual respect are maintained at all times.
- Liaising with other regional committees and working groups (such as the Regional Planning Advisory Committee) on an as-needed basis, to share information and coordinate on priorities.

In the absence of the chair, the vice chair will administer the meeting and fulfil the duties of the chair. In the absence of both the chair and vice Chair, the meeting attendees will select by consensus at the start of the meeting an attending member as acting chair for the duration of the meeting.

#### 4.4 Meeting Quorum

Proposed: Quorum shall be established as the participants attending meetings in person and by telephone conference/Skype.

#### 4.5 Resolution and Votes

- Each voting member will have one vote.
- A 2/3rds majority will be required to proceed with a resolution.
- In order to cast a vote, voting members must be present at a meeting, either in person or via teleconference or video conference (e.g. Skype).

#### 4.6 Meeting Minutes

The meeting minutes shall be compiled by the secretariat, reviewed by the chair and vice-chair, and circulated to the members and alternates for review and comments within two days of the date of every meeting. Every meeting will include the approval of the minutes from the previous meeting. Every meeting will include a reporting out on any action items recorded in the previous meeting minutes and not yet addressed. The secretariat shall keep a record of all meeting minutes.

### 5.0 REVIEW

The working group will review its terms of reference as-needed to ensure relevancy.

### 6.0 TERM

The working group shall continue to operate until such time as the working group votes to cease operations.



**Appendix A - REGION 1 IMBL WORKING GROUP MEMBERSHIP LIST – January 6, 2020 UPDATE**

**Voting Members**

Chair, Zachary Mathurin	Maple Ridge
Abbotsford	Mission
Anmore	New Westminster
Belcarra	North Vancouver (City)
Bowen Island	North Vancouver (District)
Burnaby	Pemberton
Chilliwack	Pitt Meadows
Coquitlam	Port Coquitlam
Delta	Port Moody
District of Lillooet	Richmond
Electoral Area A	Squamish
Harrison Hot Springs	Surrey
Hope	Tsawwassen First Nation
Kent	Vancouver
Langley (City)	West Vancouver District
Langley (Township)	Whistler
Lions Bay	White Rock

**Observing Members**

FVRD	Squamish-Lillooet RD
MVRD	TransLink
Vancouver International Airport	UBC
Province of BC (Ministry of Transportation)	Province of BC (Jobs, Trade and Technology)
Province of BC (Municipal Affairs and Housing)	

**APPENDIX B – SHARED PRINCIPLES FOR A REGIONAL IMBL (Updated December 31, 2019)**

Essential Principles for Ride-Hailing IMBL	
<b>IMBL Structure</b>	
1.	Ensure consistency with practices and policies across participating municipalities <i>The administration, conditions, enforcement, and implementation of the IMBL should be consistent with the practices of member municipalities.</i>
2.	Communicate a transparent governance approach <i>The reasoning for the IMBL and its features and conditions should be clearly communicated to the public, transportation network services, municipal councils.</i>
3.	Balance need for sustainable funding for administration with affordability for small operators <i>Fees should cover the cost of administration for the issuing authority while enabling small operators to compete in the market.</i>
<b>IMBL Conditions</b>	
1.	Obtain data that enable auditing, enforcement, planning, and management of streets and curbs. <i>Municipalities should receive data from operators that respects user privacy while enabling staff to conduct necessary work relating to auditing, enforcement, and planning in their community.</i>
2.	Develop regulations that support climate goals, accessibility, and safety <i>Additional regulations within the IMBL should support regionally endorsed priorities relating to climate action, accessibility and equity, and safety of drivers and passengers.</i>
<b>Transportation Concerns</b>	
1.	Frame ride-hailing within a spectrum of transportation options <i>The IMBL should contextualize ride-hailing within a range of transportation options and define its relative position within the transportation network hierarchy.</i>
2.	Address congestion and mitigate impacts of ride-hailing on the transportation network <i>Manage congestion impacts and other aspects that shift trips away from other modes toward ride-hailing.</i>
3.	Ensure a minimum level of service in underserved communities and during off-peak times <i>Ride-hailing can positively complement the transportation network and serve areas, communities, and times of the day when other options are infrequent, unsafe, or unattractive to the travelling public.</i>
Additional Principles for Ride-Hailing IMBL	
<b>Customer Experience</b>	
1.	Maintain affordability for users <i>Additional regulations and IMBL fees should not overly burden transportation network services or users in such a way as to prevent the service from operating.</i>
2.	Ensure secure data protections for drivers and passengers <i>Safeguard data that are collected from transportation network services and work with TNSs toward full compliance with FIPPA, PIPA, and other legal obligations regarding privacy protection in Canada.</i>

New PROPOSED Principles for Interim Ride-Hailing IMBL	
<b>Expeditious</b>	
1.	Simple <i>Rely on existing legal and organizational structures to the extent possible to expedite the approval process.</i>
2.	Temporary <i>The interim IMBL is intended to be replaced with updated requirements which will be informed by real life data. The interim IMBL is therefore temporary. Complex or contentious issues which are not deemed essential shall be deferred to the full IMBL discussion, so as not to violate this principles.</i>

**Affordable**

1. Affordable to industry

*The interim IMBL shall consider affordability to an industry that is nascent in our region and set fees accordingly.*

2. Affordable to government

*The interim IMBL shall consider affordability to government and shall aim to recover most of the known costs associated with data collection and administration and some costs associated with enforcement. Many of the municipal costs associated with managing TNS operations is as yet unknown, therefore the permanent IMBL will endeavor to more fully cost recover.*