

CITY OF BURNABY

FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

Re: SHARED-RIDE CONCEPT

RECOMMENDATIONS:

1. **THAT** Council support in principle both the "local" and "urban sub-regional" shared-ride models outlined in Section 6.1 of this report, subject to ratification of the shared-ride concept by the TransLink Board.
2. **THAT** Council forward a copy of this report to Pat Jacobsen, CEO of TransLink requesting that TransLink develop a formal policy statement on shared-ride for the consideration of their Board.
3. **THAT**, pending Council approval, a copy of this report and the considerations raised within Section 3.0 of the *Shared-ride Considerations Discussion Paper* be forwarded to the Motor Carrier Commission (MCC) on or before their hearing of 2002 March 15 regarding application #1043/00 to serve as input in their deliberation of the Bonny's Taxi shared-ride MCC application.
4. **THAT** Council request the Motor Carrier Commission to defer the approval of all shared-ride applications which propose to operate in Burnaby, until they receive a formal policy response from the TransLink Board on the potential introduction of shared-ride service(s) within their transit service coverage area.
5. **THAT** Council forward a copy of this report to Mr. Harry (Harmikpal) Jawandha, President and Director of Bonny's Taxi, Mr. Traz Benning, Marketing Manager, AirportLink Shuttle (Cheam Tours Ltd.), and Mr. Robert Anderson, Farris, Vaughan, Willis & Murphy Barristers and Solicitors, Counsel for EasyLINK.

REPORT

The Finance and Economic Development Committee at its meeting held on 2002 March 4, received and adopted the attached report responding to the Motor Carrier Commission's request for the City of Burnaby's position on the Shared-ride concept.

Respectfully submitted,

Councillor D. R. Corrigan
Chair

Councillor D.N. Johnston
Vice Chair

Councillor N.M. Volkow
Member

: COPY - CITY MANAGER
- DIRECTOR ENGINEERING
- DIRECTOR FINANCE

TO: FINANCE AND
ECONOMIC DEVELOPMENT COMMITTEE

2002 February 29

FROM: DIRECTOR PLANNING AND BUILDING

OUR FILE: 08.211

SUBJECT: SHARED-RIDE CONCEPT

PURPOSE: To respond to the Motor Carrier Department's request for the City of Burnaby's position on the shared-ride concept.

RECOMMENDATIONS:

1. **THAT**, Council support in principle both the "local" and "urban sub-regional" shared-ride models outlined in Section 6.1 of this report, subject to ratification of the shared-ride concept by the TransLink Board.
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REPORT

1.0 INTRODUCTION

To date, Council and the sub-committees of Council have received letters and delegations from several different potential shared-ride service operators, namely *Airport Link Shuttle* (formerly *Super Shuttle Ltd.*) in 1999 and 2002; *Bonny's Taxi* in 1999, 2000 and 2002; and

EasyLINK in 2001. The two most recent were: (1) a delegation by Airport Link Shuttle appearing before the 2002 January 9 meeting of the Traffic and Transportation Committee (Transportation and Transit Division) requesting a letter of support from the City of Burnaby; and (2) a delegation from Bonny's Taxi appearing before Council at its regular meeting of 2002 February 11 requesting support for two MCC applications (#1043/00 for shared-ride and #1042/00 for 10 accessible taxi licences) currently before the MCC. It should be noted that the issue of the 10 accessible taxi licences will be addressed in a separate report to the Finance and Economic Development Committee. The purpose of this report is to provide a series of generic considerations related to shared-ride as input to the Motor Carrier Commission for their consideration during the Bonny's Taxi shared-ride application hearing and all subsequent shared-ride applications which reach the hearing stage of the approval process.

2.0 OUTSTANDING MCC APPLICATIONS

To our understanding, the status of the MCC applications varies for each of these three applicants. The *EasyLINK* application was rejected by the MCC on 2001 June 19 and a subsequent reconsideration hearing has been set for 2002 March 7th and 8th; the *Bonny's Taxi* shared-ride MCC hearing has been initiated and is scheduled to be concluded on 2002 March 15. *Airport Link Shuttle* has yet to submit their application to the MCC.

Moreover, all three applicants vary significantly in their approach to shared-ride. *EasyLINK* proposes to operate 100 vehicles carrying a maximum of six (6) to 20 people, with a service area including Vancouver, West Vancouver, the City and District of North Vancouver, Burnaby, Richmond, New Westminster and the University Endowment Lands. *Bonny's Taxi* proposes to operate 98¹ vehicles in their existing taxi fleet to carry a maximum of five (5) passengers between points within the City of Burnaby and also service the Vancouver International Airport (YVR). *Airport Link Shuttle* proposed to expand their current service coverage area to include the City of Burnaby to offer a fleet of 13 vehicles carrying a maximum of six (6) to 10 people primarily to and from YVR.

3.0 EARLIER REPORTS TO COUNCIL

On 1998 July 13, a Manager's report responding to a delegation from *Super Shuttle Ltd.* was received by Council for information.

¹ Bony's taxi currently has a separate application for the MCC to expand their fleet by 10 accessible taxis.

On 1998 December 14, a Manager's report on potential amendments to the *Burnaby Cab and Commercial Vehicle By-law* to permit shared-ride (mini-bus) service was tabled at the regular Council meeting and referred back to staff at the regular Council meeting of 1999 March 01.

On 2000 June 28, Council received a letter from the solicitor acting on behalf of *Bonny's Taxi* advising that an application had been made to the Motor Carrier Commission for a licence to charge fares on a shared-ride basis in addition to a request for ten (10) additional handicap accessible taxicab licences. This two-part request to the Motor Carrier Commission was the subject of a report that was tabled at the Finance and Economic Development Committee at their 2001 January meeting. This report concluded that, "*Until a more comprehensive zonal structure is established for the region, it is recommended that support for the shared-ride service (Bonny's) be reserved.*" Although the City Clerk made efforts on several occasions for Bonny's to appear before the Finance and Economic Development Sub-committee of Council, the invitation was never acted upon.

On 2001 April 02, Council adopted a report which put forward a number of considerations for input to the MCC regarding its consideration of the EasyLINK shared-ride application. An updated version of these considerations, entitled "*Shared-ride Discussion Paper*", has been provided to the members of the Finance and Economic Development Committee under separate cover for reference. A copy of this document is available at the Planning Department for public viewing. The MCC subsequently refused the EasyLINK application for 100 shared-ride vehicle licences. This decision was rendered on 2001 June 19 and was based on the following conclusion.

"Shared rides will probably be one of the future innovations in passenger transportation. As this is a new concept for this area, it is important that the first major licence granted by the Commission have a high probability of success. Otherwise, the whole concept will be tainted with failure. There is significant risk to the public, municipalities and transportation providers in granting a licence for a service that may not be implemented as described, or may cease after only a few years of operation.

EasyLINK has not satisfied the Commission that the extensive service it proposes will be viable. Finally, because of the vagueness of the actual implementation plan, the Commission has concerns that it could operate only in "premium" markets and, therefore, result in destructive competition with other carriers. For these reasons, the Commission refuses the application."

This conclusion will now be subject to the reconsideration hearing set to begin on March 7, 2002.

4.0 THE MOTOR CARRIER COMMISSION (MCC) CHANGES

Shared-ride services were starting to proliferate in the Lower Mainland under the municipal exemption that was present before 2001. The municipal exemption allowed shared-ride operators to set up businesses serving customers within the boundaries of a municipality with a municipal business license (i.e. a MCC license was not required). There were a range of shared-ride enforcement issues being experienced by other municipalities within the limited regulatory framework present at that time (i.e. concerns related to passenger safety and the crossing of municipal boundaries). In response to these issues, the MCC revoked the municipal exemption on 2001 March 15. This then forced all shared-ride operators to apply for MCC certificates if they wished to continue to operate. This legislative change greatly increased the authority exercised by the MCC over shared-ride operators.

5.0 BURNABY'S CURRENT PRACTICE AND FUTURE ROLE

5.1 Current Practice

A Burnaby business licence is required to operate a Burnaby based taxicab. The *Burnaby Cab and Commercial Vehicle Bylaw* currently limits the number of business licences for the operation of taxicabs in Burnaby to 102. Bonny's Taxi Ltd. has 98 licences and Burnaby Select Taxi Ltd. holds the remaining four (4). The City of Burnaby last issued taxicab licences in 1989 to these two companies. Moreover, the MCC currently has a moratorium on new taxicab licences in the Lower Mainland. It should be noted that six (6) of the existing 102 existing licences are designated as dual purpose handicap accessible service.

To our understanding, the private purchase of an individual taxicab within Burnaby typically involves a significant sum of money which includes the cost of the vehicle (including upgrades), portion of the assets of the cooperative or company, access to the dispatch, as well as all related contracts licences and certificates.

However, the direct cost to renew a Burnaby taxicab licence is \$198.00. This figure reasonably reflects the cost recovery to licence a taxicab, perform semi-annual inspections and to provide complaint resolution services. The perceived value of the business licence is difficult to quantify, however, it would vary widely with the potential to realize profits and the supply of licences within the region. Therefore, if shared-ride did undermine the existing taxi market to any extent, the market value of existing taxi businesses within Burnaby could be affected. In all, some thirteen (13) taxi companies, including Bonny Taxi Ltd., and the BC Taxi Association will be providing written and oral objections to the upcoming *EasyLINK* MCC reconsideration hearing. To our understanding, the issue of impact to the taxi industry has been and will continue to be a primary issue in the upcoming MCC shared-ride hearings.

5.2 Future Role

Should the MCC approve a shared-ride service which operates within the City of Burnaby, regardless of the type of service offered, a City of Burnaby business licence would be required. In the case of an existing Burnaby based business being awarded a MCC shared-ride certificate then an amendment to their existing business licence would be required. In this regard a number of regulatory amendments to the *Burnaby Cab and Commercial Vehicle Bylaw* would be required and will be the subject of a future report to Council.

6.0 SHARED-RIDE

6.1 Operating Models

As shown in **Table 1 (attached)**, there are a number of “models” under which a shared-ride service could be implemented in Burnaby. The first and most straight forward would be a shared-ride **airport only service** operating from “many points to one”. This type of service would offer door-to-door service between any number of locations within Burnaby to and from the Vancouver International Airport (YVR). A **local service** could offer a “many points to many points” service within one community. This service could offer door-to-door service between home and work if both locations were within Burnaby. An **urban sub-regional** service could offer “many points to a few points” service over a larger portion of the region. This would involve multiple pick-ups within Burnaby with one destination restricted to key major attractions, such as town centres, major transit exchanges or SkyTrain Stations whether they be inside or outside of Burnaby. Finally a **suburban sub-municipal** service could be offered which could provide service in areas that are too sparsely populated to sustain high frequency transit service. Within **Table 1 (attached)**, each of the service models are evaluated against the “issues for consideration” identified in Section 3.0 of the *Shared-ride Discussion Paper*. The issue of what proportion of total shared-ride market, as identified in the discussion paper, would be served by each operating model was also added to **Table 1**.

- **Airport Only Service:** This model may only service a small portion of the overall shared-ride demand but may impact the “premium” end of the local taxi market.
- **Local Service:** This model may better serve the local community where it is based, but offers no potential for direct connections to other regional activity centres (with the potential exception of YVR) outside of the municipality itself. Therefore, this option may prove to attract people to the rapid transit

network via shared-ride. If this model was implemented by an existing taxi company, there is the potential for it to strengthen the local taxi industry, however, customers may not always be clear on which product they are receiving (taxi or shared-ride) if both services are offered by a common fleet. Two restrictions have typically been given considerations in the MCC applications for shared-ride which offer a distinction between taxis and shared-ride: (1) a shared-ride trip must be booked 24 hours in advance; and (2) shared-ride can not be hailed on the street. Therefore, if both services were offered by a single fleet, if the vehicle is hailed on the street it would be a taxi fare. The only way to arrange for a shared-ride would be to book 24 hours in advance. The flip side of this is it may undermine the effectiveness of marginal local TransLink bus routes (eg. Capitol Hill or Big Bend).

- **Urban Sub-regional:** This service model would likely serve fewer destinations within Burnaby, but would offer direct connections to destinations outside of Burnaby (eg. Richmond Centre and Lonsdale Key). This model would not likely significantly impact local taxi or bus service but may impact longer distance (regional) taxi fares or regional transit service. If provided by a private company this model will likely gravitate to the largest market with the smallest service coverage area, likely Vancouver and a few of the surrounding semi-urban municipalities, including Burnaby.
- **Suburban Sub-municipal:** This service would likely only be offered by TransLink or with a significantly subsidy from TransLink as a more typical para-transit operation (eg. “dial-a-ride”). This type of service could complement regional bus service but would likely replace a local 40' bus service operating on a fixed route and a fixed schedule. If this model was implemented at the sub-municipal level it would likely have little impact on local taxi operators. As noted in the *Shared-ride Discussion Paper*, TransLink is considering launching a “dial-a-ride” service in White Rock in 2003.

The proponents of “local” and “urban sub-regional” shared-ride services typically promote different styles of fare zone tariffs. The “local” service providers seem to prefer a “micro” zone system as demonstrated by the shared-ride company who is using a 29 zone tariff to serve the north shore. Alternatively, one of the “urban sub-regional” shared-ride proponents is proposing a “macro” zone system of 20 zones for a service area that is proposed to include Vancouver, West Vancouver, the City and District of North Vancouver, Burnaby, Richmond, New Westminster and the University Endowment Lands.

The “local” and “urban sub-regional” operational models discussed would both serve a greater portion of the shared ride market with Burnaby than either “airport only service” or a “suburban sub-municipal” service. Within the four shared-ride operating models reviewed, the “local service” would appear to limit the impact on regional transit services but may still impact some taxi fares and some local bus services.

6.2 Issues Raised by Council

At their regular meeting of 2002 February 11, Council raised the following specific issues related to shared-ride.

- **TransLink:** As discussed in the *Shared-ride Discussion Paper*, TransLink staff has not and apparently does not intend to forward a shared-ride policy to their Board as TransLink staff view shared-ride as a complement rather than a threat to transit service. However, given the scope of shared-ride models presented in this report, TransLink should give some consideration to the wide range of potential shared-ride products and their potential associated impacts, if any, at this time as regulatory change may prove difficult once private companies have established businesses and have a significant investment in place and operating.
- **“New” Versus “Existing” Company:** All four (4) of the shared-ride models presented in this report could be provided by either an existing or a new company. If an **existing taxi company** within the City of Burnaby was also a shared-ride operator, it may have the potential to strengthen the taxi industry within Burnaby. If a large local taxi operator was to implement shared-ride, it would likely have the organizational capacity to implement such an operation within the economies of their existing business (i.e. they may not have to initially purchase more vehicles, expand service hours or staff up in a significant way). This could result in increased commercial viability at the expense of decreased competition. On the other hand, an existing taxi company providing shared-ride may result in customers being confused about which product they are receiving (taxi or shared-ride) if both services are offered by a common fleet. However, this shared-ride service would only be available through a 24 hour pre-booking process. A potential concern is that the base taxi market will likely remain more lucrative for the taxi operator and a shared-ride customer could find their pre-booked trip is temporarily deferred while the taxi operator serves a last-minute taxi fare.

If a **new company** were to operate any of the shared-ride models within Burnaby, there would likely be some degree of impact to the existing taxi operators. An airport only service may impact “premium” fares to the airport, a “local” service could reduce their neighbourhood fares and “urban sub-regional” model could impact longer distance taxi fares. One advantage of having a new company operate shared-ride would be the independent “branding” of a new product and likely increased competition with the market place. This advantage would only be realized only if the new company was using a completely independent fleet of non-taxi vehicles. However, this marketing advantage (product clarity) would come at the expense of having to operate a dedicated fleet which could in turn may make the shared-ride business financially less viable or unstable.

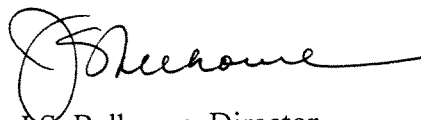
7.0 CONCLUSIONS

Currently the *Burnaby Cab and Commercial Vehicle Bylaw* restricts the number of taxis operating in Burnaby, makes no provision for shared-ride services and has overlap with MCC responsibilities. Currently, there are two active MCC shared-ride applications before the MCC which include Burnaby in their proposed service coverage areas and a third is anticipated shortly. The *Shared-ride Discussion Paper* highlights the potential markets for shared-ride, but also recognizes there are a number of potential impacts associated with shared ride.

A number of potential shared ride models were reviewed from the perspective of potential Burnaby customers. The “airport only” service would only serve a limited portion of the total shared-ride market and would likely impact the premium portion of the local taxi market. Therefore, it is recommended that Council not support this shared-ride model. The “suburban sub-regional” model would only likely be pursued by TransLink, therefore it does not require further consideration by Council at this time. However, the remaining two models (“urban sub-regional” and “local”) offer significant potential benefits and should be endorsed in-principle by Council subject to ratification by TransLink. The general endorsement of these two models recognizes the lead role that the MCC has in assessing the fitness of individual business plans as well as determining the potential impact to existing transportation service operators.

One possible perspective concerning this matter is that the City need not become involved as it is a market driven service regulated by the MCC. However, based on staff’s assessment, the “local” and “urban sub-regional” models appear to offer potential benefits to Burnaby citizens subject to their economic viability. The MCC will play a key role in making this assessment.

Should MCC shared-ride certificates be granted under both the “sub-regional” and “local” models potential shared-ride users would be offered the greatest range of services and there could be the additional benefit of increased competition in the market place. Moreover, the “local” model offers the local taxi industry a means to participate in this new market which may in turn help to strengthen the local taxi industry. However, to achieve an environment which would allow direct competition between a “local” and “urban sub-regional” providers both shared-ride services would have to operate under a common zone tariff system dictated by the MCC.



J.S. Belhouse, Director
PLANNING & BUILDING

Attachments (1)

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cc: City Manager
Director Engineering
Director Finance

Table 1

Comparison of Shared-ride Operating Models

	Airport Only Service	Local Service	Urban Sub-regional	Suburban Sub-municipal
Service Area	Lower Mainland	Municipality	Sub-region	Sub-municipal
Service Type	"many-to-one"	"many-to-many"	"many-to-few"	"many-to-few"
Zone System	macro	micro	macro	macro
Company	new or existing	new or existing	new or existing	new or existing
Shared-ride Market	○	●	●	○
Passenger Safety	◐	◐	◐	◐
Regional Zone System	●	○	●	○
Regional Access	○	◐	●	●
Commercial Viability	●	●	◐	○
Impact to Taxi Operations	○	●	○	◐
Impact to Transit	◐	○	○	●
Commercial Licenses	◐	◐	◐	◐

LEGEND: ● = Potential Benefit ◐ = Neutral ○ = Potential Impact

