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ADMINISTRATIVE REPORT

Report Date: September 19, 2011
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Meeting Date: October 4, 2011

TO: Vancouver City Council
FROM: Chief License Inspector
SUBJECT: Amendments to the Vehicles for Hire By-law regarding Carsharing

RECOMMENDATION

- A. THAT Council approve amendments to the Vehicles for Hire By-law to exempt the operation of carsharing vehicles.
- B. THAT Council instruct the Director of Legal Services to bring forward a By-law to amend the Vehicles for Hire By-law, generally in accordance with Appendix A.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the above recommendations.

COUNCIL POLICY

The Vehicles for Hire By-law licenses and regulates the owners and drivers of vehicles for hire in the city.

PURPOSE

This report provides recommendations which support and encourage carsharing organizations as an environmentally sustainable alternative to car ownership in the city by exempting carsharing vehicles from the regulations of the Vehicles for Hire By-law.

BACKGROUND

In recent years, rising vehicle operating costs, transit and bike related improvements in the city and strong support for environmental sustainability have resulted in more individuals seeking alternatives to private vehicle ownership. Along with transit, cycling and car-pooling, carsharing organizations have become a convenient and user-friendly form of transportation.

These organizations offer individuals the benefit of vehicle use without the associated costs and responsibilities of ownership.

The principle of carsharing is to provide access to a fleet of shared-use vehicles on an as-needed basis. Individuals/businesses can gain access to these vehicles through an organization that maintains a fleet of cars and/or trucks in various publicly accessible and geographically distributed locations throughout the city. Generally, insurance and fuel costs are included in the membership initiation fee, membership dues, or in the set rate charged to the member each time a vehicle is used.

There are many positive impacts directly resulting from carsharing which benefit both the individual user and society as a whole. "Common goals among North American car-sharing organizations [generally] include:

- 1) reducing congestion and auto ownership;
- 2) providing cost savings since customers pay per use, sharing the costs of the vehicle lease, maintenance, repair and insurance;
- 3) reducing emissions by lowering overall vehicle miles/kilometres travelled and employing clean fuel vehicles (eg. gasoline electric-hybrid cars);
- 4) facilitating more efficient land use (eg. car-sharing reduces the number of parking spaces needed); and
- 5) increasing mobility options (eg. low-income market segment) and connectivity among transportation modes."¹

"U.S. and Canadian data reveal that each car-sharing vehicle removes between 6 to 23 cars from the roads."² Carsharing organizations are also designed to be very user-friendly. Membership application forms can normally be completed on-line, with an access card mailed out shortly thereafter allowing members to reserve, unlock and drive vehicles. Some companies may provide a special gas card inside the vehicle for free fuel, comprehensive insurance is generally included as part of the charge out rate, and reservations may come with a set number of miles per day.

Current Licensing Provisions: U-Drive

Presently, carsharing vehicles are required to be licensed under the "U-Drive" vehicle for hire category in the Vehicles for Hire By-law. A "U-Drive" is defined as "a motor vehicle which may be hired or rented by the hour, day, week or month without a driver, but does not include a vehicle leased on a yearly basis or for a longer period." The annual vehicle for hire license fee for a U-Drive is \$42 for a vehicle with 4 or more wheels and \$12 for each other vehicle.

¹ Carsharing in North America: Market Growth, Current Developments, and Future Potential; Susan A. Shaheen, Adam P. Cohen, and J. Darius Roberts; University of California, Berkeley - Submission for the Transportation Research Board, November 15, 2005, Pg. 2.

² Same as above, Pg. 3.

Parking By-law and Street and Traffic By-law: Existing Carsharing Regulations

Presently, both the Parking By-law and the Street and Traffic By-law have carsharing regulations which support off-street and on-street carsharing, respectively.

The City's Parking By-law includes provisions to support carsharing by allowing development applicants to provide a carsharing vehicle and space (with an initial operating subsidy) as being equivalent to five parking spaces toward meeting the required parking. Typically, this substitution is permitted at a ratio of one carshare per 50 dwelling units, though higher numbers of carshares do occur, particularly for STIR projects located Downtown, where six carshares per 100 dwelling units is the specified ratio. Carsharing for new development may be prescribed as a requirement of a rezoning application, especially where there is mixed-use or where the number of dwelling units significantly exceeds the number of parking spaces provided.

The Street and Traffic By-law includes provisions to support carsharing as well. Vehicles from carsharing organizations can purchase an annual permit, equivalent to the cost at the upper end of the Resident Parking Permit scale, and gain entitlement to be parked within any zone reserved for those with RPP's. There are also provisions set out whereby on-street parking zones for the exclusive use of a carsharing vehicle can be installed, even where metering is pre-empted, according to a schedule of location-related fees.

The profile of carsharing activity in the city has evolved significantly over the last few years. At the start some six years ago, there was only one carsharing organization in the city and legal agreements associated with providing vehicles and spaces supported a particular model tailored to that organization. Beyond ensuring consistent nomenclature in referencing and legislating the program, a review of administration and other particulars of carsharing is needed to ensure transparency for applicants, confirm responsibility/authority, and provide suitability and fairness to the various carsharing organizations. The review is expected to be completed in the first half of 2012.

Research: Carsharing Vehicle Definitions

Appendix B provides a comparison of carsharing vehicle definitions for other large North American municipalities. This research found that many local governments have developed carsharing definitions/policy in the context of parking regulations, predominantly to provide some designated off and on-street parking space for carsharing vehicle use. Many of these jurisdictions have undertaken pilot programs in downtown areas to evaluate proposed carshare parking requirements. None of the municipalities researched have a vehicle for hire licensing fee for carsharing vehicles.

DISCUSSION

Council's Climate Change Action Plans

In 2005, Council adopted both a Corporate Climate Change Action Plan for City operations, and a Community Climate Change Action Plan (CCAP) for the broader community. These plans call for a significant reduction of carbon emissions over the next several years. Almost half of the targeted emission reductions will come from adoption of more efficient vehicle engine technologies, utilization of cleaner fuels, and implementation of optimized vehicle operator

practices. Wherever possible, the City encourages businesses and individuals to take the necessary steps in introducing lower carbon emission vehicles and provides assistance and advice with the operation of fuel-efficient vehicles in the community. Carsharing is also an important part of the Green Mobility and Clean Vehicle component of the EcoCity rezoning policy for sustainable large sites.

The City also considers a range of initiatives within its own vehicle fleets to significantly reduce carbon emissions in the near future, including the support of electric vehicles that will soon be available in the mainstream market. Another internal initiative involves an employee carsharing program providing a centralized pool of vehicles that can be booked by City staff working at City Hall campus as well as other work locations.

Vehicles for Hire By-law Amendments

Currently, there are three carsharing organizations operating in the city with a total of approximately 550 vehicles.

To support and encourage carsharing organizations in the city, staff propose exempting carsharing vehicles from the regulations of the Vehicle for Hire By-law. This would ensure that carsharing vehicles would require no license fee; something which is consistent with the other North American cities researched. Furthermore, in light of the environmental merit of using carsharing vehicles as an alternative to car ownership, the exemption should serve as a financial incentive for licensed carsharing businesses and encourage new carsharing start-up companies.

The proposed exemption of carsharing vehicles from the Vehicles for Hire By-law requires the creation of new “carsharing organization” and “carsharing vehicle” definitions.

Research pertaining to carsharing in other large North American municipalities has indicated a preference for the term “carsharing” as a label for companies in the business of providing shared vehicles at a set charge out rate. Staff has incorporated this term into a new definition which includes all the normal business practices of the average carsharing organization in order to differentiate from other similar operations, such as rental car establishments. The new carsharing definitions are as follows:

“Carsharing Organization” means a legal entity whose principal business is to provide carsharing vehicles, which are available 24 hours a day, 7 days a week, at publicly accessible locations, and which are charged out at a set rate, inclusive of insurance and fuel costs, to members who pay a membership fee to the organization.

“Carsharing Vehicle” means a four-wheeled automobile, van or pick-up truck owned and operated by a carsharing organization.

Carsharing organizations will be required to obtain an annual business license under the License By-law. Enforcement could be pursued under this license should the City receive any complaints or become aware of any operational problems with a certain licensed company.

Appendix A lists the proposed amendments to the Vehicles for Hire By-law.

CONSULTATION

Staff met with representatives of the three carsharing businesses in the city to discuss the proposed exemption of the operation of carsharing vehicles from the Vehicles for Hire By-law. The proposed amendments were supported unanimously.

FINANCIAL IMPLICATIONS

The exemption of carsharing vehicles from the Vehicles for Hire By-law will result in the elimination of approximately \$23,000 in revenue and the city will also forgo future revenue increases through additional cars.

ENVIRONMENTAL IMPLICATIONS

Carsharing organizations offer members a significant financial benefit by providing access to vehicles without having to bear the full cost of car ownership. "Carsharing results in reduced vehicle ownership and lower greenhouse gas emissions, as trips are shifted to transit, biking and walking. In Europe, carsharing is estimated to reduce the average user's carbon dioxide emissions by 40 to 50%. In addition, many carsharing organizations include low-emission vehicles, such as gasoline-electric hybrid cars, in their fleets. Carsharing members also report a higher degree of environmental awareness after joining a carsharing program."³

CONCLUSION

The social, environmental and financial benefits of carsharing vehicles as a sustainable alternative to car ownership have been clearly demonstrated throughout North America and Europe. To support existing carsharing organizations in the city and encourage further growth, these businesses must be defined and licensed accordingly. This report proposes amendments to the Vehicles for Hire By-law which define carsharing organizations and carsharing vehicles and exempt such vehicles from the regulations of the Vehicles for Hire By-law. Engineering will be reviewing its carsharing requirements under the Parking By-law and the Street and Traffic By-law and expect to report to Council in the first half of 2012.

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³ Carsharing in North America: Market Growth, Current Developments, and Future Potential; Susan A. Shaheen, Adam P. Cohen, and J. Darius Roberts; University of California, Berkeley - Submission for the Transportation Research Board, November 15, 2005, Pg. 3.

Draft Amendments to Vehicles for Hire By-law No. 6066

Section 2 - Definitions

1. Create the following definitions:

"Carsharing Organization" means a legal entity whose principal business is to provide carsharing vehicles, which are available 24 hours a day, 7 days a week, at publicly accessible locations, and which are charged out at a set rate, inclusive of insurance and fuel costs, to members who pay a membership fee to the organization.

"Carsharing Vehicle" means a four-wheeled automobile, van, or pick-up truck owned and operated by a carsharing organization.

In Section 4:

Include the operation of any carsharing vehicle as an exemption from the regulations of the By-law.

Municipal Comparison of Shared Vehicle Definitions

Municipality	Definition of Shared Vehicle Organization or Shared Vehicle	Vehicle Licensing ?
Toronto	An organization or company that provides pre-approved members with access to a car-share vehicle which is parked for convenient access at geographically distributed locations throughout the City for the payment of an hourly fee that includes the cost of fuel, maintenance and insurance	None
Portland	An organization that provides pre-approved members with access to a minimum of ten (10) self-drive vehicles at geographically distributed locations for an hourly rate that includes fuel, maintenance and insurance.	None
San Francisco	<p>An organization which operates in a manner that features all of the following characteristics:</p> <ul style="list-style-type: none"> • Member-based service, where such service is available to members only. Additional demonstration of membership may include annual or monthly membership fees, or membership cards. • Vehicles are available to members at unstaffed locations only, and members access vehicles without interacting with staff or filling out paperwork for each car usage. • Vehicles are accessible to members at all times, 24 hours per day, seven days per week. • Vehicles are available by reservation only. Reservations may be made by automated systems, such as via telephone or the Internet. • Vehicles are available for reservation at least on an hourly basis, or at smaller intervals. • Car-share service must provide insurance and maintenance of the vehicles fleet as part of membership at no extra charge. 	None
Chicago	<p>A membership-based entity engaged in the business of leasing or renting passenger automobiles to its members primarily on an hourly basis,</p> <ul style="list-style-type: none"> • Where the majority of the automobiles meet the federal Environmental Protection Agency's definition of an "Ultra-Low Emission Vehicle"; • Where all of the automobiles have a Greenhouse Gas Score of 5 or greater as defined in the United States Environmental Protection Agency's "Green Vehicle Guide"; • Where the automobiles are available to members through a self-service reservation system, without the need for a separate written agreement upon each use; • Where the entity provides all legally-required insurance as part of its initiation fees, membership dues or leasing or rental charges; and • Where the entity's annual membership dues area at least two times its average hourly leasing or rental rate. 	None
Seattle	<p>Car-sharing is a system in which a fleet of cars (or other vehicles) is made available for use by members of the car share group in a wide variety of ways. Car sharing provides an alternative to car ownership under which:</p> <ul style="list-style-type: none"> • persons or entities that become members are permitted to use vehicles from a fleet on an hourly basis; • vehicles are available to members in parking spaces at dispersed locations or facilities; and • no separate written agreement is required each time a member reserves and uses a vehicle. 	None, however, Washington State applies a car rental tax to shared vehicle users.
Philadelphia	A non-profit organization that is generally open to the public and that permits members to utilize vehicles available at publicly accessible locations on a pay per use basis.	N/A
Washington D.C.	Car-sharing vehicle is any vehicle available to multiple users who are required to join a membership organization in order to reserve and use such vehicle for which they are charged based on actual use as determined by time and/or mileage.	N/A
Los Angeles	Carshare Vehicle shall mean a motor vehicle that is operated as part of a regional fleet by a public or private car sharing company or organization and provides hourly or daily service.	None