

Moore-Love, Karla

From: Raye Miles [rmiles@broadwaycab.com]
Sent: Wednesday, March 06, 2013 12:36 PM
To: Moore-Love, Karla
Cc: 'Stephen Kafoury'
Subject: Appeal Statement for Broadway Cab

Attachments: 20130306115504522.pdf



201303061155045
22.pdf (1 MB)

Attached please find our statement for the appeal hearing this afternoon at 2pm.

I will also bring hard copies to the Council Meeting as I know this is reaching you rather late.

Thank you and please let me know if I need to do anything else.

Raye Miles
Broadway Cab



March 6, 2013

Mayor Charlie Hales
1221 SW 4th Ave, Room 340
Portland, OR 97204

Commissioner Nick Fish
1221 S.W. 4th, Room 240
Portland, OR 97204

Commissioner Amanda Fritz
1221 S.W. 4th, Room 220
Portland, OR 97204

Commissioner Steve Novick
1221 S.W. 4th, Room 210
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Commissioner Dan Saltzman
1221 S.W. 4th, Room 230
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Ken McGair, Deputy City Attorney
1221 SW 4th Ave., Rm 430
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Karla Moore-Love, Council Clerk
1221 SW 4th Ave., Rm 140
Portland, OR 97204
Karla.moore-love@portlandoregon.gov

Re: Broadway Cab Appeal

Broadway is appealing the Private For Hire Transportation Board's ("Board") Dec. 12, 2012 decision to issue permits to Radio Cab, Green Cab, and Portland Taxi. Broadway is challenging the decision to increase permits to other companies because it is not supported by substantial evidence, because faulty logic led to flawed conclusions, because the Bureau and Board failed to follow the established process to determine whether additional demand exists, and because inadequate process deprived stakeholders of adequate notice and opportunity to meaningfully respond.

This permit increase is a sharp departure from the Bureau's and Board's past policy. This change requires a careful, deliberate, and transparent process. Both bodies relied on seriously flawed reasoning, and did the single most damaging thing they could do by increasing competition for fares among the drivers. These permits, in addition to new company permits

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approved, net a permit increase of at least 20%¹. The market will not support this, and it is the driver who will suffer the consequences. The city's goals to improve driver working conditions are laudable, but the path it is taking to get there is fatally flawed. (See Opinion Letter of Dr. Ray Mundy, Director of Center for Transportation Studies, University of Missouri – St. Louis, attached as Exhibit 1).

Up until September 26, 2012, the City gave no indication that the process was headed in this direction. City staff gave assurance after assurance, in public meetings no less, that an increase in permits was not warranted. (See, e.g., Board meeting minutes, March 30, 2011, Item 9; July 13, 2011, Item 5, Jan. 25, 2012, Item 4). The tone changed to a wait-and-see approach, but that approach counseled status quo over this abrupt departure from past Bureau and Board policy. (See e.g., Board meeting minutes, Nov. 9, 2011, Item 6; July 25, 2012, Item 6). Had there been adequate notice that this was the direction the process was headed, taxi companies such as Broadway could have provided meaningful input to assist in the Bureau and Board in making a fully-informed decision.

What Should Have Happened

A well-reasoned approach would do the following:

- 1) Determine whether there is sufficient demand to warrant increased supply based on standard industry criteria, facts, and logic.

Existing data can give an accurate picture of current demand. This would include current utilization patterns, gleaned from dispatch data and electronic trip data, which can show how fares are allocated among types of trips and length of trips. It would include a thorough analysis of the status and use of public transportation. It should also include detailed inquiry into tourism, population income levels, and auto ownership levels.

- 2) Determine how much supply is necessary to meet that demand.

Existing data from taxi companies can also show whether current utilization patterns demonstrate effectiveness of current permit usage. This would include a capacity analysis to determine whether current permit holders are fully utilizing the permits and whether these companies have the ability to increase the effectiveness of existing permits.

- 3) If 1) and 2) are demonstrated, use an equitable process to distribute the necessary amount.

Bureau staff should use readily available data and concrete criteria to provide a transparent and fair process. The reasoning should include an analysis of how alternatives may address the goal, such as the adoption of industry performance standards. It should also include

¹ While we believe the Board approved Radio Cab's permits for the first year, and not subsequent years, the Board minutes reflect only that it accepted the recommendations from the Bureau. See PFHT Board minutes, Dec. 12, 2012, p. 5. The Bureau recommended Radio Cab be given 38 additional permits over three years. When combined with those issued to Green Cab, Portland Taxi, and Union Cab, the total increase would be closer to 30%.

a thorough exploration of the possible detrimental effects of the path chosen, and an explanation of why the merits outweigh the drawbacks.

What Did Happen

- 1) The decision was based on unsupported beliefs that demand will increase, ignoring contrary indications.

In lifting the moratorium, the Bureau and Board concluded that there is sufficient demand to increase supply by finding: a) a general trend toward 2008 levels of demand criteria, though not yet actually at or above those levels; b) service demands are not being met, based on unspecified, anecdotal claims and c) that increased supply will result in increased demand, based on belief, but not supported by evidence.

- a) Growth trends do not yet support the addition of more taxis.

The Bureau and Board relied on a flawed analysis of market demand indicators. It is not based on readily available utilization pattern data. Nor is it based on the market as it exists now. It is based on the hope of what the market will become, if current trends extend into the future. The data does not currently support this, however.

First, among the "seven demand criteria," only two are trending up: airport passenger volume and airport passenger utilization of taxis. Passenger volume is not yet at even 2005 levels, however. Taxi trips per day are more now than in 2008, but it is unknown how they compare to the 2005 – 2007 levels. Even if these indicators had been at banner year levels, there is a serious problem with relying on airport passenger volume and airport taxi utilization. The Port of Portland has found that there are far too many taxis waiting for fares, and has had to limit their numbers. (See Statement by Port of Portland, attached as Exhibit 2). Thus, the evidence leads to only one conclusion: PDX passenger volume and utilization of taxis does not currently support an increase in permits.

The other demand criteria demonstrate that taxi demand levels have not yet returned to pre-downturn numbers. For instance, data given shows the number of convention visitors decreasing for five years in a row. Elderly and disabled trips have decreased for three years in a row. Transit ridership, on the other hand, has remained fairly steady.

The additional indicators considered also counsel against increased permits. For instance, employment levels have not yet reached 2008 or even 2007 levels. Radio Cab dispatch volume is considered only for the month of April, and does not present an accurate depiction of demand for the year. Nor was this data collected from any other applicant or considered by the Bureau and Board. It is also inaccurate to look at fares picked up at PDX for the months of April and the passenger volume for the month of July, particularly when the annual numbers reveal that, regardless of what transpired in one month, the annual average does not show the same increase. Overnight visitor volume has increased since 2008, but private home visitor increases were triple that of hotel visitor increases. There was no analysis of whether these private home visitors are more or less likely to utilize taxis.

And finally, the ratio of population to taxis was erroneously heavily weighted in the analysis. As pointed out by an industry expert, the ratio does not provide an accurate indicator of demand. (Opinion letter of Dr. Mundy). It was once popularly believed so, but it has since been deemed unreliable by industry experts. Rather, cities look to more correlative factors, such as current utilization patterns and other such factors cited by Dr. Mundy.

The Bureau Staff Recommendation did not provide any discussion of present utilization patterns, however. In the absence of demonstrated citywide demand, and/or conditions on new permits to ensure citywide service (such as can be achieved with certain dispatch systems), newly permitted cars will congregate around the airport and downtown stands. There is insufficient demand in these areas already. The Board heard testimony from the Port of Portland that, due to a glut of taxis waiting in the airport backfield, they had to ratchet down the number of airport permits and divvy them among alternating days. First, this indicates that PDX passenger volume does not warrant an increase in permits. Second, if airport permissions are reduced to every third day, for instance, due to an expectation that 20-30% more taxis should be allowed to take this most profitable fare, the average driver income will go down further yet.

Additionally, the Recommendation ignored the status and use of the public transportation system. There were no findings that public transportation is failing to serve the City's transportation needs, particularly with airport accessibility and downtown coverage. Although the end of Fareless Square was mentioned as a factor at the Board meeting, no evidence showed that taxi requests have increased in the former fareless area. The former fareless customer would need to be motivated by something beyond economics, because public transportation is still less expensive than taxis; what that motivation might be was not addressed.

b) Allegations of current unmet demand were not supported with specific facts.

The conclusions of currently unmet demand were based purely on undisclosed anecdotes, purporting to demonstrate that certain instances of poor service equated to an alleged general unmet demand for service. Dropped fares or long wait times may very well be a result of the call being undesirable or not profitable. For instance, the call may be for grocery trips in an outlying area. Simply increasing the number of permits is not going to result in this fare being picked up with greater speed or frequency. In fact, studies show that increasing taxi supply without correlative demand will slow down response time. Taxi drivers at lower income levels have no tolerance for these types of unprofitable trips, because they are already facing decreased profits from market over-saturation. (See opinion letter of Dr. Mundy).

c) No analysis was made of underlying causes of the alleged poor service

These alleged dropped fares or long wait times could also be a result of companies understaffing at certain times, or in certain areas, or providing inadequate dispatch services. Again, adding taxi permits will not fix this other likely cause of the problem. The goal should

not be to have sufficient coverage for all peak times. This will result in oversaturation for all other times. Drivers cannot subsist on peak fares alone.

The Board can only meaningfully consider this demand data if it is provided to them. No exhibits, reports, witness statements, studies, surveys, or bibliography accompanied the Staff Recommendation, aside from what the Bureau selectively included in its graphs and non-specific anecdotal summaries. No complaints were detailed. No summary of the Bureau's own field work was provided. Because details of these bases were not provided, stakeholders lacked adequate notice and an opportunity to respond.

- d) The conclusion that increased supply will result in increased demand is fatally flawed.

The market demand indicators and unmet service claims are set forth to bolster the primary finding of what Bureau purports to be driving down demand: lack of adequate supply. As Dr. Mundy points out, taxi service is a derived demand, inasmuch as increasing supply does not increase demand. (See opinion of Dr. Mundy). This would have been readily apparent to the decision-makers had anyone attempted to engage the expertise of professionals in the field, such as Dr. Mundy. The Board's chosen path to meet the purported goal is contraindicated by consistent failure of this approach in other markets.

- 2) The amount of increased supply is unrelated to demand.

The City's conclusions are not supported by substantial evidence. Based on similar attempts in other markets, the evidence points only to the conclusion that an increase of supply without corresponding demand lowers the number of fares per driver, and in turn lowers the average hourly driver earnings. This further increases the price of fares and lowers the quality of service to customers. (See report of Dr. Ray Mundy). These assertions are supported by specific examples of failure. The assertion that increasing supply will result in increased demand is not supported by any specific examples of success.

- 3) Permits awarded are based on number of permits requested, versus amount deemed necessary to meet demand, or necessary to achieve desired driver working conditions.

- a) Radio Cab's alleged unmet demand was not substantiated.

The lion's share of the permits are going to Radio Cab. The reason given was that "drivers fare better under driver-owned business." However, whether that may be true of the driver-owners, the same cannot be said of the drivers who are leasing permits from Radio Cab. No attempt was made to determine what percentage of Radio Cab's permits are leased to non-owner drivers, or how those leasing drivers' working conditions compare to the average. There was testimony before the Board that Radio Cab lessees pay the highest amount in kitties of all the cab companies. No evidence was offered to the contrary. The permits awarded to Radio Cab have no conditions attached to them that will ensure that the new permits go to owner-drivers as

opposed to leasing drivers. Without assurances from past data or future promises, the Board has no means of ensuring that the results will meet their objective in issuing this very large increase.

The Recommendation makes conclusory statements that Radio Cab submitted evidence of unmet demand, including contracts for service it alleged could not be met with existing permits. The Board was not provided the data that supports this, such as patterns of utilization and copies of the contracts. No evidence was submitted to the Board which demonstrates the reason for the gaps in service, notwithstanding the usual suspects such as poor scheduling, under-utilization of permits, or an increase in undesirable fares. Without the ability to consider the evidence that supports Radio Cab's assertions, the stakeholders likewise did not have notice and a meaningful opportunity to respond.

Other companies, including Radio Cab, were prompted for last-minute requests for additional permits. There is no procedure for such amendments. This opportunity was not afforded to all companies, and is indicative of the unfairness inherent in this process. This further evinces that permit issuance is unrelated to demand.

b) Portland Taxi and Green Cab did not demonstrate unmet demand.

Portland Taxi and Green Cab were awarded more permits largely by the fact that they were smaller companies, and the City expressed a desire to give these companies a stronger competitive edge. Again, the competition that will result is that more drivers will be competing for fewer fares. This will not result in better working conditions for drivers, but exactly the opposite. There is simply no support for the City's conclusion.

Portland Taxi, in its initial application, admitted to dispatching fares to illegal companies. They should not be rewarded for it.

Green Cab was lauded for being the first company to install back-seat credit card machines in all vehicles², but no attempt was made to see how Green has measured up to other standards, such as utilization patterns, average driver wages, environmental stewardship, etc. In its application, Green Cab dispatch levels revealed that it dispatched only four calls per cab per day.

Several important factors should be considered for each company, such as those indicating the history of the company's service to the customer and driver, including an equitable dispatch system resulting in better citywide service, robust advertising leading to a high percentage of dispatched fares, legal compliance, technological innovations, voluntary ADA accessibility, and voluntary environmental standards. Whatever the standards considered, they need to be the same for all companies in order to ensure an equitable process.

It appears from the Staff Recommendation, adopted by the Board, that there is an objective to decrease the market share of Broadway Cab, but no reasoning or facts are provided in support thereof. Broadway offered to provide any data or records city staff needed. *None* was

² Broadway Cab was actually the first company to install a back-seat credit card machine, prior to Green Cab.

requested. It is unclear what the decision is based on, in the absence of real data. This is not the kind of complete and transparent process that results in a fully-informed decision.

What Is the Harm?

The harm if the Board's decision is upheld is clear: substantially increasing competition among taxi drivers will drive down the drivers' income. See report of Dr. Ray Mundy.

On the other hand, there will be no harm to the drivers if the Board's decision is reversed and remanded for reconsideration. The companies whose permits were approved are expecting more profit from charging kitties to additional drivers, but holding off pending further data -- and a sounder process -- will simply maintain the status quo for these companies.

If the City's goal is to improve working conditions for drivers and quality of service to customers, the industry reforms stand a better chance at accomplishing it. In the meantime, data from companies and drivers can be gathered to inform the City whether more accurate indicators of demand show that additional permits are merited.

Proposed Remedy

Reverse the Board's decision and re-impose the moratorium pending the industry reform recommendations to become fully effective. In the meantime: 1) require the necessary data to be gathered and considered 2) require a demand study that incorporates industry-accepted practices, and 3) if the study finds demand for additional permits exists, establish an equitable process for soliciting applications and evaluating criteria to issue such permits necessary to meet that demand.



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5 March 2013

Opinion Letter to Portland City Council

Dear Members of City Council:

This opinion letter and documentation is in response to an inquiry by Broadway Cab which requested that I review the recommendations and foundations contained within the Staff Recommendation Report (for) the City of Portland regarding Taxi Vehicle Permits, dated September 26, 2012. The opinions contained within this letter are solely those of myself and given in the spirit of improving the municipal management of public taxicab systems. I have not accepted any compensation for these views.

I am the Director of a Center for Transportation Studies at the University of Missouri-St. Louis and for thirty-five years have studied and published reports and articles dealing with privately provided public transportation systems—primarily taxicabs. I am one of only a few researchers and writers in the United States who has published a textbook dealing with the social implications and regulations of taxicabs. (*Taxi! Urban Economics and the Social and Transport Impacts of the Taxicab*, 2010, Ashgate Publishing Limited, Surrey England.) Within the past fifteen years I have personally conducted more than a dozen city-wide taxi studies for communities just like Portland, Oregon. A list of these studies and my qualifications to provide this opinion are provided in Appendix A: Scope of Ray A. Mundy's Services for Taxi Industry

The discussion of the taxicab industry contained within the Staff Recommendation Report had some very good and correct recommendations regarding the taxicab industry, such as requiring electronic data collection, back seat credit card machines, and more ADA wheelchair services among them. I am flattered that the report cited some of my testimony regarding taxicab regulations before the Colorado Public Utilities Commission and noted a few of my municipal taxi studies. It is additionally laudable that the staff report indicated a desire to improve the working conditions of the city's taxicab driver core and improve the service at the same time.

However, I must confess complete confusion with the reasoning behind the recommendations to increase the number of taxicab permits by over 34% in three years, including a new taxi company. These two actions alone would severely decrease the incomes of the existing hard working taxi drivers and decrease the level of service at the same time—just the opposite of the stated goals of the staff report.

Further recommendations that the City begin training for the drivers and even consider dispatching are also steps in making the City of Portland the personnel department for the City's taxi drivers. Following the path set forth in these recommendations, the City would be responsible for screening the drivers, training them, disciplining them setting their fares, and controlling their incomes. In doing so, the City could then find itself facing the prospect of a labor issue as drivers contend they are really employees

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of the City and have the right to collective bargaining with the City, as well as effectively putting the City at risk for litigation regarding the actions of taxi drivers and accidents.

While no city as yet to be facing such a labor issue, the Baltimore International Airport's taxi management company recently received an adverse NLRB decision indicating their evening shift taxi drivers were employees not independent contractors and could organize for the purses of collective bargaining. (Gus G. Senteimentes, The Baltimore Sun, June 11, 2012)

Finally, recommendations for substantial new fees from the taxi drivers and dispatch companies would be extremely difficult at a time when their respective incomes would be decreasing by as much as 20% in the first year. Such recommendations are internally conflicting and the City should demand more information before embarking on such costly recommendations.

The research literature and practical experiences of countless U.S. cities that have tried the approach made by this report are well documented by several comprehensive studies and other researchers who have studied these issues. Authors who advocated the increasing of taxi permits and new companies, often argued that the competition will force improved services, lower fares, and improved incomes for the drivers. Subsequently though, they publicly admitted that increased permits and more competitors caused fares to go up, not down, service levels to deteriorate, not improve, and drivers to lose income and were forced to work longer hours. A brief review of these studies and reports can be found in **Appendix B: Taxi Deregulation Results in Other Cities.**

The foundation for some of the recommendations contained within the Staff Report should be considered weak, at best. Many of the staff recommendations stem from an earlier report, "Preliminary Findings Taxi Driver Labor Market Study: Long Hours, Low Wages January 2012", City of Portland Revenue Bureau, Office of Management and Finance. This report is seriously flawed for several reasons. First, none of the city taxi reviews utilized by leading researchers and consultants in this field use internal revenue tax records for estimating taxicab driver incomes.

Taxicab drivers in almost all U.S. cities are independent drivers, dealing primarily in a mixture of cash, credit card fares, and gratuities. Even their credit card fares can be, and often are, processed by third parties, so actual total income of drivers is extremely hard to determine. And, taxi drivers may also keep very poor records. What they do report is self-reported income with little or no documentation. This is not an indictment of the honesty of taxi drivers - one can only imagine what the revenues to U.S. Treasury might be if all taxpayers were able to report only what they thought they made or what they felt like reporting. Thus, income estimates based on these self-reported incomes can and are mostly understated.

A second research flaw in the Taxi Driver Labor Market Study was the reliance on driver interviews conducted primarily on drivers who had time and wished to be interviewed. These were apparently drivers in line at the airport, on hotel stands, or those who had time to meet with the interviewers. From considerable experience in interviewing and surveying taxicab drivers, we have reached the conclusion that the results of such interviews highly skews the results if these data are extended to represent the entire driving core.

Our numerous research studies from actual dispatch and electronic taxi meter data shows there is a large range in the number of trips and, therefore, the incomes of taxi drivers. There are a significant number of taxi drivers who prefer to sit at the airport for hours at a time waiting on a single fare while there are other drivers preferring instead to work their dispatch systems, have numerous personals, or simply know how to get the most out of their taxi lease or "kitty" payment as it is known there in the City of Portland.

These drivers never take the time to talk to interviewers, complete surveys, or otherwise get involved because they are too busy making money. Time is money to these drivers and they are simply not included in many taxi studies, but yet they will represent up to a third of the driving core and in many

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cases are the very drivers one wants to keep. They serve the grocery trips, the local doctor trips, the school children runs, the early morning runs to the airport, etc. These are the very drivers that will be financially harmed if 20% new taxi permits are suddenly introduced into the Portland taxi market as staff recommends for 2013.

Perhaps the most serious flaw in both the Labor Report and the Staff Recommendations is the lack of any real analysis of the capacity of the existing taxi industry in the City of Portland. Neither report attempts to determine how effectively or ineffectively the current taxi permit holders are using their permits to meet the various taxi market demands of the City. Are the current fleets of taxis by company being utilized well and is there capacity to do more? Should a taxi company that generates one or two trips per day per taxi permit be receiving an increase in the number of taxi permits? Or, should the taxi company that is generating one or two trips per hour by dispatch, vouchers, contracts, wheelchair service, etc., be granted more permits because they provide more service per permit than others?

Finally, the whole economic argument that more permits and even a new underfunded taxi company will generate more taxi demand is simply misguided and ill-conceived. Taxicab service is a derived demand. Taxi trips are the result of needing to be someplace else – the doctors' office, the airport, the grocery store. Typically, no one goes out and decides to take one more taxi ride because there are more taxis available. Such might happen if there was a serious shortage of taxis but there is no evidence of this reported in either the labor report or the staff recommendations – some anecdotal comments, but no real data demonstrating proof of need.

What is offered as "proof" that the City requires more taxis is the very old myth that the number of taxis should be a function of the city's population. It was reported that the City of Portland has only 382 taxis for its population which is 6.6 taxis per ten thousand population – that cities compared in the report have many more. One of the foremost early researchers in this area of determining the correct number of taxis for a city was Bruce Schaller, Journal of Public Transportation, Volume 8, No. 5, 2005, who offered the visual comparison depicted in Appendix C: Comparison of Population and Taxi Permits

As his depiction shows – there is no correlation between city population size and the number of taxi permits authorized. Taxi demand is much more a function of tourism, auto ownership, transit available, income levels, types of trip lengths, and a host of other variables rather than city population. Thus, using an argument that a city needs more taxis because it has less than comparable populations, is completely without foundation and merit.

The staff report did use other taxi demand factors in their analysis such as airport deplanements, employment, convention activity, visitors, etc., but their interpretation of this data indicated serious errors and a bias. For example, the airport increase in taxi trips just barely made up from decreases in the previous two years. Other demand indicators indicated that the City of Portland is probably at about the level it was in 2005 and 2006 – hardly changes that would translate into a need for a one-third increase in the number of taxis over three years.

The only way of determining the real number of taxi permits for a city to authorize is to examine both supply and demand, for the geographic markets being served by taxis. This would include the airport, downtown, major commercial areas, and the suburbs at a minimum. With modern taxi dispatch and electronic metering systems this can and should be done before authorizing a significant number of taxi permits which could harm the industry, decrease driver income, deteriorate the service, and require fare hikes to maintain a larger driving force.

In conclusion, it is my opinion that the City of Portland should not approve the current recommendations of Staff for more taxi permits. As substantial research and the experience of other cities have shown such recommendations have not improved taxi services or driver incomes but have increased substantial time and cost to the cities for greater oversight and enforcement of its taxi regulations. Rather, City Council should request that the staff probe more deeply into the existing supply of taxi services; what taxi companies are providing in the way of dispatched and other trips to their

drivers in return for the "kitty" they pay, and if new permits are warranted, award them only for market segments that are proven to be underserved. The cost to the City of Portland will be in the hundreds of thousands of dollars spent on training, more taxi inspectors, and poorer service if the recommended path is followed with such little justification.

Should you have any questions or need for clarification of this opinion letter, please do not hesitate to call me.

Sincerely,

Ray A. Mundy, Ph.D.
Director, UMSL Center for Transportation Studies

Appendix A

Scope of Ray A. Mundy's Services for Taxi Industry

Dr. Ray A. Mundy has conducted a full range of economic, regulatory, managerial and physical studies specifically aimed at taxi services in metropolitan areas. He has over thirty five years of conducting such studies in over thirty U.S. and Canadian Cities. His major areas of service have been:

- Conducting taxi industry seminars and position papers for the Taxi, Livery, and Paratransit Foundation in the areas of Marketing, Human Resources, and Technology, Dealing with the Media, the Use of Independent Contractor Drivers, and Economic Regulation of Taxicabs. Dr. Mundy has been under contract with the Transportation Management Institute of the TLPI to plan and implement a minimum of three seminars or position papers per year.
- Evaluating current operations: Analyzing the current performance of existing taxi operations, their economic conditions, administrative procedures, and regulatory environment. Studies include all forms of taxi vehicles including taxi, sedan (black car), van, limousine, minibus, and bus in all forms of operating modes - demand responsive, door-to-door shared-ride and premium ride, and line haul.
- Simulation of vehicles necessary to serve demand: Analyzing passenger demand, number, and operational configuration of vehicles necessary to service that demand in whatever waiting time the airport of city administration would set as contract specifications.
- Development of remote taxi terminals: Analysis of positive and negative effects the evolution of remote airport taxi terminals would have on airport revenues, traffic congestion, curb utilization, and parking.
- Curb prioritization and concession fees: Analysis of appropriate fees to charge various taxi providers given industry and local regulatory practices and how these services should be offered and marketed.
- Analysis of administrative/regulatory options available to managing taxi: Analysis of federal, state, and local transportation legislation as it applies to a specific cities. State and local laws, regulations, and ordinances are not uniform and often must be altered to initiate new types of taxi services.
- Expert witness services: Provide technical and analytical assistance as well as courtroom testimony on taxi industry practices, policies, and standard operating procedures.

Dr. Mundy maintains a comprehensive specific knowledge of the taxi industry primarily through numerous municipal taxi studies and his position as Executive Director of the Airport Ground Transportation Association. Among his Association activities, Dr. Mundy is the Editor of the AGTA Newsletter which summarizes current newspaper articles, technical studies, and major industry trends. He also conducts two national conferences each year, a portion of which is dedicated to the administration and regulation of taxis. In addition, Dr. Mundy's files at the University of Missouri - St. Louis, Center for Transportation Studies contain taxicab ordinances and regulations on the largest 100 U.S. and Canadian cities.

Additionally, in his capacity as the Barriger Professor of Transportation and Director of the Center for Transportation Studies at the University of Missouri-St. Louis, Dr. Mundy has developed an ongoing research program into the provision of public transportation services with private ground transportation providers.

Dr. Mundy maintains an ongoing survey of all taxi firms listed in the U.S. Yellow Pages as providing airport taxi services. Annually, he updates these files for fees paid, insurance required, and other operational requirements of taxi services at North American Airports.

Dr. Mundy is a major contributor to the literature. He is well-known for his pioneering work in the urban transportation field, but more specific to this proposal are his published articles on taxicab simulation, remote airport taxi terminals, regulation of Full Service taxi firms, and the management of independent owner operator taxis. He is regularly a featured speaker at both taxi operator national trade conferences and major airport association meetings. Recently he coordinated six national seminars for the Taxi, Livery, and Paratransit Foundations (TLPF) on issues such as taxi maintenance, responding to the media, and marketing. His most recent textbook, in cooperation with Dr.'s Cooper and Nelson, is entitled, *"Taxi! Urban Economics and the Social and Transport Impacts of the Taxicab"* 2010, Ashgate Publishing Limited, Surry England.

Recent Relevant Research Projects/Experience of Ray Mundy as Principal in Analysis of Taxicab Operations and Regulations

- Nashville, Tn. 2012 (In cooperation with Nelson/Nygard) (2012) City Taxicab Study
- Austin, Texas - (2011) - City Taxi, Pedicab, and LSEV Study
- San Antonio, Texas - (2010) - City Taxi & Horse Drawn Carriage Study
- Saskatoon Saskatchewan- (2010) - City Taxi Study
- Regina, Manitoba (2009) - City Taxi Study
- Anaheim, Calif. (2009) - City Taxi Study
- San Diego, California - Expert Witness, Taxi Driver Classification
- Winnipeg, Canada (2009) - City Taxi Study
- LAX Taxi Dispatch System (2008)
- Denver, Colorado (2008) - City Taxi Study
- Anchorage, Alaska (2008) - City Referendum on Taxi Deregulation Study
- Coachella Valley (Palm Springs) (2007) - Area Wide Taxi Study
- City of Hampton, Va. (2007) - City Taxi Study
- Salt Lake City (2005 - 2009) - City Taxi Study
- Miami-Dade County Taxi Study (2006) - City Taxi Study
- San Francisco Int'l Airport (2006) - Analysis of Airport Taxi Incentives
- Ft. Myers - Exclusive Airport Taxi Concession (2006)
- Hillsborough County - Expert Witness, Taxi/Limo Suit (2005)
- Taxi Seminar Series - TLPA 2004 - 2005 - Developer & Director
 - Maintenance
 - Marketing
 - Technology
- City of Dallas (2003) - City Taxi Study
- Indianapolis Airport (2003) - Analysis of Taxi Operations
- Raleigh/Durham Airport (2002) - Analysis of Taxi Operations
- City of Orlando (2001) - City Taxi Study
- DFW Airport (2000) - Analysis of Curb Placement for Taxis
- City of Portland, Maine (1999) - Airport Taxi Analysis
- MSP Airport (1999) - Airport Taxi Analysis

APPENDIX B

Taxi Deregulation Results in Other Cities

(Reprinted from Denver Metropolitan Taxi Study, pp. 89-92, TTLF, 2008)

Comparison with Other Cities

The failure of the U.S. taxicab industry open entries deregulation is well documented. Dr. Sandra Rosenbloom of The University of Texas, and Dr. Roger Teal of The California State University have separately concluded that taxi deregulation has failed to demonstrate any substantial benefits to drivers, taxi firms, or users.^{1,2} Dr. Paul Dempsey, in summarizing the empirical data from these researchers' studies and other commissioned studies³, listed the results of taxi deregulation in 21 major U.S. cities prior to 1983. These were:

1. A significant increase in new entry;
2. A decline in operational efficiency and productivity;
3. An increase in highway congestion, energy consumption and environmental pollution;
4. An increase in rates;
5. A decline in driver income;
6. A deterioration in service; and
7. Little or no improvement in administrative costs.⁴

Other notable authors having once advocated taxi deregulation by removing the maximum number of cabs authorized to provide service and recognizing a single owner/drivers as a cab company have since changed their minds based on the empirical evidence and the failure of their own recommendations.

"The taxicab industry has undergone significant changes in the last decade or so. It passed from a regulated industry to a deregulated one in many cities and municipalities and back again to the regulated environment. A lot of economists who were arguing that regulation causes perverse effects on taxicab industry performance have changed their minds after having observed this industry operating without entry and fare regulations and have invoked back the regime of regulation."⁵

¹ Rosenbloom, Sandra *The Taxi in the Urban Transport Systems*, The Private Challenge To Public Transportation (Charles Lane, ed., 1984)

² Teal, Roger & Berglund, Mary, *The Impacts of Taxicab Deregulations in the U.S.A.*, Journal of Transportation Economics of policy, Volume #37, (Jan. 1987)

³ Dempsey, Paul Stephen, "Taxi Industry Regulation, Deregulation & Regulation: The Paradox of Market Failure" *Transportation Law Journal*, University of Denver, College of Law, Denver, Colorado, Volume 24, #1, Summer 1996, p.102

⁴ Dempsey, Op. Lite, p. 102

⁵ Gentzoglani, Anastassios, "The Taxicab Industry: Theoretical and Empirical Evidence from (De) Regulation," *Proceedings; International Conference on Taxi Regulation*, Montreal, Canada, 1992, p.57

An entry proponent of taxicab deregulation, Professor Teal writes:

"By the late 1980's, the returns were in on the taxi deregulation experiences. These took two forms. The first was actual data on the post-deregulation experiences, obtained in part through studies sponsored by the U.S. Department of Transportation (Gelb, 1982; Gelb, 1983a; Gelb, 1983b; Teal et al., 1984). The second involved the responses of the local governments which had initiated the regulatory changes, namely continuation, modification, or abandonment of these policies.

"Both analytically and politically, economic deregulation fared relatively poorly, particularly compared to the expectations of its proponents. The local governments which had adopted the most far-reaching forms of deregulation eventually either completely abandoned this policy or sharply scaled back the most significant features of deregulation. In addition, the only comprehensive empirical study of the deregulation experiences came to the conclusion that the benefits of deregulation were "insubstantial" in most locales (Teal and Berglund, 1987). While some economists continue to argue on theoretical grounds for deregulation, apparently not willing to concede to the empirical evidence (Frankena and Pautler, 1984 is an early example; Travers Morgan, 1988 a more recent example), the political debate appears to be largely over. **No large American city has deregulated its taxi industry during the past several years, and the issue has essentially disappeared from the active urban transportation policy agenda.**"⁶ (Original citing from 1992, but is still viable today.)

The deregulation and then re-regulation of taxicabs in the city of Seattle is indicative of the taxicab deregulation experienced by many major U.S. cities. James J. Buck, Manager of Seattle's King County Division of General Services, writes:

"In 1979, the Seattle City Council adopted legislation which eliminated the population ratio as an entry limitation for taxicab licenses. You could license as many cabs as met the licensing requirements, i.e., application fee, insurance, inspected and approved vehicle and taximeter, approved name and color scheme, and approved ownership. At the same time, rates were whatever the licensee filed with the City, as long as the rate followed the prescribed form and was reflected on the taximeter.

"Did the market regulate entry and rates? NO. Were there problems? YES. Rate gouging. Short haul refusals. Surly and discourteous treatment of passengers. Fights at cab stands at the Airport. Experiential data concerning accidents and safety became very damaging, impacting insurance rates and coverage. Government regulators were constantly barraged by industry complaints that "deregulation" wasn't working, they couldn't make any money, unsafe vehicles on the street, tension and animosity among drivers with the potential for violence, etc. Pleas for reviews were frequent."⁷

⁶ Teal, Roger F., "An Overview of the American Experience with Taxi Deregulation" Proceeding IATR, Montreal, Canada, 1992, p. 123

⁷ Buck, James J., "The Seattle U-Turn" Proceedings, International Conference on Taxicab Regulation, Montreal, Canada, 1992, p.141-142

By 1984, taxicab deregulation in King County was dead -- completely reversed with fixed limit on taxicab licenses.

By far the most comprehensive analysis of taxicab deregulation and re-regulation was prepared by Price Waterhouse's Office of Government Services.⁸ Six U.S. cities which had deregulated their taxicab previously through open entry were examined in depth. The executive summary of this Price Waterhouse report concludes:

"Deregulation introduced several immediate changes in taxi supply, price, and service quality in the six cities for which detailed case study information is available (Berkeley, Oakland, Phoenix, Portland, San Diego, and Seattle.) The experience of these cities generally indicates that the benefits of deregulation were devalued by unanticipated and unattractive side effects:

"Although the supply of taxi services expanded dramatically, only marginal service improvement were experienced by consumers. Within a year of deregulation, the supply of taxi services increased an average of 23%. Because most new entrants were independent operators and small fleet owners with limited capability to serve the telephone-based market, most new service was concentrated at already well-served locations -- such as airports and major cabstands. Customer wait times at these locations, already short, were reduced further. Response times in the telephone market were similar to pre-deregulation performance. **Trip refusals and no-shows, however, increased significantly.**

"Prices rose in every instance. Paradoxically, the influx of new entrants did not invoke the price competition typically experienced in other newly-deregulated industries. Prices rose an average of 29% in the year following deregulation. There appear to be two sources of this unexpected event. First, fare increases prior to deregulation had consistently lagged cost increases. Veteran operators thus corrected prices at the first opportunity. Second, new entrants generally charged higher fares than the veteran operators. The cabstand markets on which these operators focused their services are generally price insensitive and, because of the first-in first-out nature of taxi queues, comparison shopping is discouraged. For these reason, the new entrants had no incentive to introduce price competition.

"Service quality declined. Trips refusals, a decline in vehicles age and condition, and aggressive passenger solicitation associated with an over-supply of taxis are characteristic of a worsening in service quality following deregulation.

"The negative aspects of deregulation were especially evident at airports and major tourist attractions. As a result, deregulation often acquired the enmity of the business community and adverse media coverage. **These effects were most closely associated**

⁸ Analysis of Taxicab Deregulation and Re-regulation, Price Waterhouse, Office of Government Services, Washington, D.C., 1993

with cities that implemented an "open entry" policy that enabled influx of independent owner-operators that were unaffiliated with companies or taxi cooperatives.

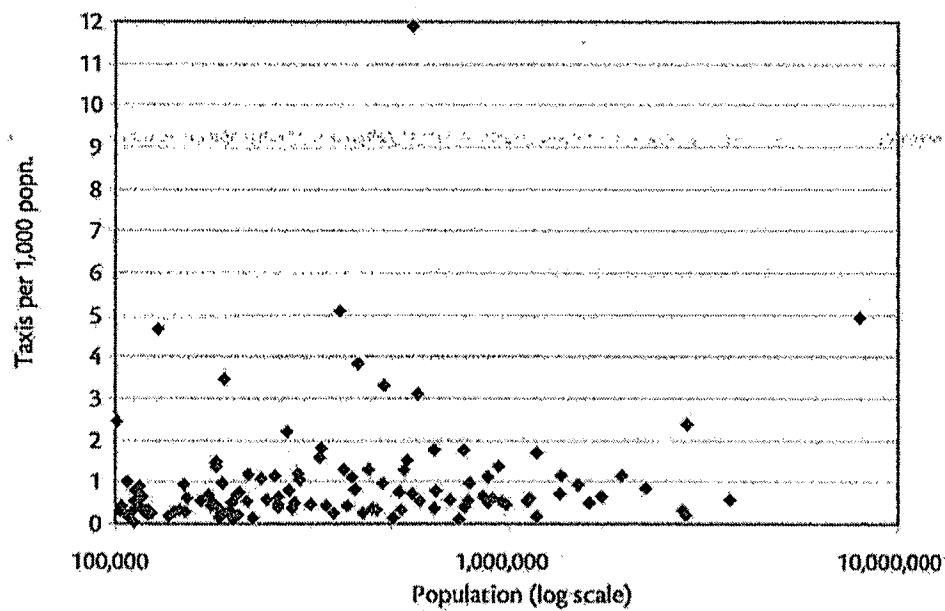
The airport taxicab system might have an impact on low-income and residential users - the primary market for non-airport taxicabs. Professor Gorman Gilbert, one of the country's foremost writers on taxicabs and former Commissioner of the New York City Limousine and Taxi Authority writes the following:

"The increase in taxicab fares in residential areas produces a particularly bitter impact on low-income persons. A major and increasing proportion of residential taxicab business originates in low-income or minority neighborhood....this is not surprising since residents in these areas are often dependent on taxicab service for mobility. These trips are for essential purposes, such as trips to grocery stores and medical factories. In contrast, the trips from airports and downtown hotel stands are made by persons who are clearly more affluent businesspersons, vacationers, and conventioners.

"Increasing fares to residential areas means that the impact of more taxicab is borne disproportionately by low-income persons. In other words, *those who can least afford to pay would be charged the most*...Those who follow the academic argument of 'letting the market decide' taxicab fares are really 'letting the poor pay more.'"⁹

⁹ Gilbert, Gorman, Effect of Open Entry and Variable Fares on the Cost of Taxicab Service to Residential Areas, 1984

Appendix C: Comparison of Population and Taxicab Permits



**Port of Portland
Comments Regarding Recommendation to Add Additional Taxis**

On September 26th, 2012, the City of Portland ("City") presented its recommendation to add additional taxis to the Portland market. The focus of discussions has primarily surrounded improving driver living conditions, including a living wage, health, wellness benefits, and working conditions. The recommendation to add additional taxis does not address these issues, but rather adds more competition to the marketplace.

The Private for Hire Transportation Board ("PFHT") has not had enough time to evaluate the City's recommendation nor does it have access to all the files and notes presented to the City as they have not been made available for a thorough review. Within the documents provided, there are several discrepancies in the logic relied upon to determine which taxi/companies get new permits.

Concerns exist with the addition of permits to meet the City's needs. Where will these taxis stage? Taxi stands are already beyond capacity. Will taxis circle the streets looking for an available taxi stand space, park illegally, or leave the City? There has been no side-by-side evaluation of the data provided to the City by PFHT members. The information provided by each company in their respective applications varies greatly. There was no clear expectation presented to the companies on what documents were required to be provided.

The City stated that this recommendation would only consider the original requests made April 2011 to the PFHT (Introduction, 7th paragraph, page 3). Other requests are to be reviewed at a later date. In Radio Cab's original application, received by the City on April 8, 2011, only eight (8) additional taxi permits were requested. Its request was later amended to add thirty eight (38) additional taxis and was subsequently granted by the City.

Always Taxi was denied permits because it was not compliant with City code and continued to operate without the proper authority. Portland Taxi was awarded permits, but in its application was able to demonstrate that it met demand by dispatching fares to Americab, an unpermitted taxi company. It also explained that it dispatched a number of fares to Radio Cab and Broadway during non-peak periods. Further, per City Code 16.40.270, "Minimum Standards of Service for Taxicab Companies", companies are to provide "service city-wide, 24 hours a day, 7 days a week. If more than 65 percent of the company's permitted taxicabs are found within 1 mile radius of the Portland International Airport's main entrance road at any given time (not including any taxicabs at a company headquarters), a rebuttable presumption exists that the company is not providing city-wide service." Portland Taxi documented that during the month of March 2010, it provided 1646 PDX trips while only providing 150 "total number of pick-ups citywide". This far exceeds City code yet it was rewarded with additional permits.

Exh. 2

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In February 2010, the airport completed an extensive review of airport taxi activity, conditions in the backfield, and cost of operating the facilities for all ground transportation operators. It was revealed that it was common for taxis to wait in the airport backfield for 4-6 hours for fares, causing the roadways to backup and become congested. Airport Police were often called to assist with traffic control and many taxis were instructed to leave the airport. As a result of the airport's review, no additional airport taxi permits were considered as daily demand is met with fewer taxis. The airport has denied requests for additional permits based on these factors.

The airport has now instituted an alternating day permit process where only half of the already permitted taxis operate at the airport on any one day. The other half of the permitted taxis operate on the alternating day. If a driver wanted to continue to earn money on the day they are not permitted to operate at the airport, he or she must work in the downtown or surrounding area. This change in operation added an additional 128 taxis to the downtown market. These additional taxis are not accounted for in the City's recommendation.

In Union Cab's proposal, it makes reference to assisting passengers load and unload at the airport, making the assumption it will be permitted at the airport. As airport demand is already being met by the current number of permitted taxis, Union Cab needs to be able to demonstrate how it plans to service the City demand.

The City asserts that the ratio of taxis to citizens is far below other cities. Portland is unique in its transportation needs and not similar to other cities of like size. Portland has an extensive public transportation system, including light rail service that spans the area and continues to grow each year. Light rail service to the airport arrives and departs every fifteen (15) minutes and serves seven percent (7%) of the airport passengers-a number that grows every year.

With driver issues still unresolved, the City needs to work to understand and work cooperatively with the companies and drivers to come to workable solutions. Evaluating who is intended to benefit from the City's recommendation and how will they benefit. There are existing waiting lists for drivers. Adding more taxis gives jobs, under those same conditions, to these drivers.

Adding more taxis does not result in more customers and higher wages for drivers. The airport will not be voting with the recommendation at this point. More must be studied by all of the PFHT members before a recommendation to support the addition of taxis to the Portland market can be made.