



Staff Recommendation Report
City of Portland Taxi Vehicle Permits
September 26, 2012

City of Portland Revenue Bureau
Office of Management and Finance

Table of Contents

Introduction	4
Requests from Currently Permitted Companies for Additional Taxi Vehicles	5
Requests for New Taxi Companies.....	6
Taxi Driver Labor Market Study.....	7
Public Comment Process	8
Summary of Written and Online Comment Forms.....	9
Private for-Hire Transportation Board Meetings and Workshops	10
Regulation of Taxi Numbers: Background.....	12
Discussion of Demand Factors	15
Additional Factors Considered	26
Conclusions.....	29
Recommendations	32
Other Options Considered.....	38

Introduction

The City of Portland Revenue Bureau has received new taxi vehicle permit applications from all six taxi companies currently permitted to operate in the City of Portland. It has also received applications for new taxi company and vehicle permits from three proposed start-up taxi companies. Both application processes are governed by Portland City Code (PCC) 16.40.

When the Bureau receives a request to start a new taxi company, the Private for-Hire Transportation Administrator is charged with making a written report, first to the Private for-Hire Transportation Board, then to the City Council, with a recommendation for approval or denial of the new company request. The Board is also charged with making a recommendation to the Council. The Council then holds a public hearing and determines whether to approve the new company, and, if approved, how many taxi vehicle permits are approved.

The Administrator is also charged with making recommendations to the Private for-Hire Transportation Board regarding applications to add additional taxi vehicles to the fleets of existing Portland permitted taxi companies. In the case of already permitted companies, the Board has the authority to approve or deny applications for additional vehicles after hearing the Administrator's recommendation, but any taxi company aggrieved by a Board decision may appeal to the City Council.

The Bureau published a report in January 2012, the Taxi Driver Labor Market Study, finding that many contracted taxi cab drivers in the City of Portland work for low wages, under poor working conditions. The study confirmed Portland taxi drivers' reports of long hours with low net income after expenses. Most drivers work without benefits, vacation, medical or accident insurance. The impacts of these working conditions are not limited to drivers and their families: the study also noted that passenger safety declines and costs to the community increase when drivers work long hours for inadequate wages.

The Bureau engaged in an extensive public comment process after release of the Labor Market Study, and the comments are summarized in this report. The potential impact of proposed new company and vehicle permits was a frequent topic of comments and workshop discussions, as were several other factors generally agreed to impact driver income and working conditions.

In addition to the recommendations on new permit requests included in this document, the Bureau is also proposing additional recommendations for private for-hire industry reform (see Recommendations for Taxi Industry Reform, September 2012). These are designed to address a broader group of issues identified during the Labor Market Study and the comment period that followed.

The April 2011 requests to the Revenue Bureau for taxi vehicle permits include requests from new company permit applicants for 90 new taxi vehicle permits, plus requests from existing permitted companies for 167 new vehicle permits, for a total of 257 pending requests for additional taxi vehicle permits. (Additional new requests for taxi company permits were received after the Labor Market Study was released, but the Bureau is completing the postponed recommendations from the April 2011 group of requests prior to consideration of requests received during subsequent application cycles.)

The purpose of this report is to make recommendations to the Private for Hire Transportation Board of Review and the Portland City Council regarding the April 2011 taxi company and vehicle applications, while

taking into consideration the impact of additional permits to the economic and working conditions faced by Portland taxi drivers.

Requests from Currently Permitted Companies for Additional Taxi Vehicles

Figure 1, below, illustrates the relative number of taxi vehicle permits issued to each of the permitted taxi companies. The six currently permitted Portland taxi companies—Broadway, Green, New Rose City, Portland, Radio, and Sassy's (which is now wholly owned and managed by Broadway) have been issued the same number of vehicle permits per company each year since 1998. The overall number of taxis—382—has remained unchanged for 14 years.

Figure 1: Current Taxi Vehicle Permits by Company, 1998-2012

Taxi Company	Permits	Percent of Current Permits*
Broadway	136	36%
Green	48	13%
New Rose City	19	5%
Portland	26	7%
Radio	136	36%
Sassy's	17	5%
Total Taxi Vehicle Permits Since 1998	382	

*Numbers may not total to 100 due to rounding.

Until 1998, there were four taxi companies: Broadway, New Rose City, Portland, and Radio; each operated in Portland for many years, with some ownership changes. These four companies requested and were denied additional vehicle permits in 1998. Two new companies, Sassy's and Green, were first granted City of Portland permits in 1998.

Broadway purchased Sassy's in 2007, and currently operates and manages Sassy's on the same premises as Broadway. Broadway and Sassy's combined are issued the largest number of permits, 153, approximately 40% of the total. Radio has been granted 136 vehicle permits to date, and is the only driver-owned company of the six, and is cooperatively managed by the owner-drivers.

In April of 2011, all currently permitted taxi companies requested additional vehicle permits as displayed below in *Figure 2*. Several company applications—from Green, Portland, and Radio--cited an inability to respond to customer calls for service with the current number of permits. Managers at Green and Radio also stated that they found it difficult to meet current and prospective customer contracts because of the limited number of Portland-permitted vehicles in their fleets.

Figure 2: Current Taxi Company Permits and Request for Additional Permits

Taxi Company	No. of Current Taxi Vehicle Permits	No. of Additional Vehicle Permits Requested by Permitted Companies	% Increase in Requested Permits Over Current Permits
Broadway	136	30	22%
Green	48	32	67%
New Rose City	19	30	158%
Portland	26	24	92%
Radio	136	38	28%
Sassy's	17	13	76%
Total	382	167	44%

Requests for New Taxi Companies

The Revenue Bureau was contacted in January 2011 by representatives of Solidarity Cab Cooperative d/b/a Union Cab regarding their request to apply for permits for a new taxicab company. They requested 50 new taxi vehicle permits. The cooperative is made up of a group of currently permitted Portland taxi drivers. Union Cab representatives were advised by the Revenue Bureau to make an official application for company and vehicle permits, which was submitted. Per City Code, review of applications for new taxi permits begins in April and September of each year.

Also in April of 2011, two additional applications were received for new taxi company permits. Portland Electric Cab, LLC, founded by a former owner of Broadway Cab, initially requested a company permit and 50 vehicle permits, all to be managed and operated by Broadway. The request was subsequently changed to a request for 25 vehicles.

Always Cab Company, LLC, also submitted a request for a new taxi company permit and 15 new taxi vehicle permits.

See *Figure 3* for the number of vehicle permits being requested by proposed new companies.

Figure 3: New Taxi Company Requests for Vehicle Permits

Taxi Company	No. of Vehicle Permits Requested
Always Cab Company, LLC	15
Portland Electric Cab, LLC	25
Solidarity Cab Cooperative d/b/a Union Cab	50
Total	90

Taxi Driver Labor Market Study

In early 2011, representatives of Union Cab also contacted Mayor Sam Adams and Portland City Commissioners with concerns about poor working and economic conditions of Portland taxi drivers. As part of the evaluation of the requests for new company and vehicle permits, Mayor Adams directed the Revenue Bureau to review the working and economic conditions of Portland taxi drivers.

The Revenue Bureau report Preliminary Findings: Taxi Driver Labor Market Study: Long Hours, Low Wages, was issued in January of 2012. The Labor Market Study found that developments in the taxi industry in recent years have led to deteriorating working and economic conditions for taxi drivers. This is a problem nationwide, not just in Portland. Many factors have contributed to changes in the taxi industry, but the relationship between stagnant vehicle permit caps and poor driver conditions is of particular interest to the evaluation of requests for new taxi company and vehicle permits.

The Labor Market Study found that the oversupply of drivers relative to the limited number of tightly held permits creates artificially poor market conditions for drivers. This problem is exacerbated during times of high unemployment, when the potential pool of drivers increases. Unless the company's level of service to the driver is considered when issuing permits, the system contains too few incentives for all companies to provide excellent services to drivers at reasonable cost.

The Study also found that a major contributing factor to drivers' low income is the size of the daily, weekly or monthly "kitty" payments to the company. Taxi companies in Portland are prohibited from charging the driver for the use of the permit itself. The kitty payments are ostensibly charged for services provided by the company—dispatch, insurance, credit card payment processing, advertising and vehicle equipment—but there are no City regulations regarding the type, quantity or value of services that must be provided to the driver. Kitty payment amounts do not deviate substantially at the non-driver-owned companies, yet there is significant variation in the quality and quantity of services provided.

City Code does not contain specific regulations prohibiting administrative fees, penalties or other miscellaneous charges to drivers. In some cases, these charges also significantly detract from the driver's ability to make reasonable wages in proportion to hours worked. Independent contractor drivers, with little job security, often find it difficult to demand more for their money. Companies can be sure of a steady flow of driver payments, even when it means that drivers work long hours for little compensation, or when company services are lacking.

The potential imbalance in the company/driver market relationship created by tight permit caps is made worse by the absence of adequate performance measures for the companies holding the permits. In Portland, taxi permits have been issued to the same six companies over a period of many years without formal evaluation of the services provided to drivers or the effects of this permit distribution on driver conditions or earnings.

Under this system, the taxi driver often does not have the ability to choose a company based upon the level of services or equipment offered. With limited permit numbers and high unemployment, the potential taxi driver may have to accept, and hold on to, any available driver slot. Competition amongst companies for drivers is insufficient. The resulting value of services offered by companies is not always proportionate to the amount of money charged to drivers. The best solution to this market imbalance will introduce more

competition for drivers amongst permitted companies, while simultaneously holding the companies accountable to provide good value for the kitty payments made by drivers.

Public Comment Process

The Labor Market Study was released in late January 2012, and was widely distributed and publicized. The Revenue Bureau initiated a public comment process after release of the study, described below.

- 1) The Study was sent directly via email to a list of 1,128 stakeholders who regularly receive email notification of Private for-Hire Transportation (PFHT) meeting agendas, minutes, reports and program changes. This group included members of the PFHT Board; attendees at previous Board or Committee meetings who have provided email contact information; permitted company owners, managers and drivers; contacts at area hotels and others in the tourism industry; interested representatives of labor unions and other driver advocacy groups; as well as any members of the press or the public who requested notification on the Labor Market Study results, or other for-hire transportation issues. Written comments were solicited.
- 2) The Study was posted on the Revenue Bureau website. An easy-to-use comment form was provided, which could be filled out online or printed and mailed.
- 3) Copies of the study were distributed to taxi drivers at the Driver Standing Committee, at other meetings with drivers, at the airport backfield, and as drivers visited the Bureau for permit renewal.
- 4) The report findings were discussed at the January 25, 2012 and February 22, 2012 PFHT meetings. These meetings were well attended, with many comments from taxi drivers and other members of the public interested in the issue.
- 5) A series of six workshops was held by the PFHT Board, to discuss specific topics related to the Labor Market Study. Several hundred drivers attended these workshops, which included long public comment periods, and discussions with Board members and staff.
- 6) Several taxi company owners and managers provided written feedback on the Study, and met with staff to discuss some of the issues that had been raised.
- 7) The Bureau consulted with the Office of Equity regarding the taxi industry generally.

259 completed comment forms were received online and 580 paper forms were received. Company managers sent separate letters of comment about the study, as did several taxi drivers. Written comments were also received at several of the Board meetings and workshops.

Summary of Written and Online Comment Forms

839 completed Labor Market Study comment forms were returned to the Bureau. Respondents using the comment form self identified as 135 taxi drivers, 514 members of the riding public, and 16 company managers and owners. 133 respondents did not self identify, and 41 selected a category "other." To help the reader gauge the relative frequency of a given theme or sentiment, we will use quantifiers such as "most," "many," "some," and "a few."

Labor Market Study Written Comment Form Response Themes

- 1) Most people agreed with the general findings of the Labor Market Study.
- 2) Most people called upon City officials to take action to improve conditions for taxi drivers.
- 3) Most people expressed approval and support for the attention given by City officials to taxi driver economic and working conditions.
- 4) Many people said they support driver cooperatives, driver-owned companies, or other means for the driver to have more control over taxi permits and working conditions.
- 5) Many people specifically asked the City to grant permits to the new driver-owned cooperative, Union Cab.
- 6) Some people stated that the City needs more taxis.
- 7) A few people favored deregulation of taxi permit numbers.
- 8) A few people stated that they do not believe taxi driver conditions or income are as bad as described in the Labor Market Study.
- 9) A few people commented that the Labor Market Study incompletely or inaccurately described the reasons for poor driver conditions.

Private for-Hire Transportation Board Meetings and Workshops

Following the release of the Labor Market Study, the Private for-Hire Transportation Board held a series of workshops designed to obtain public comment and foster discussions related to the findings. The workshops were scheduled with suggested general topics, but discussion at each workshop included a range of topics. The workshop dates and suggested general topics were:

The question of health insurance and other benefits for taxi drivers

February 29, 2012

The meeting was attended by taxi permit applicants, Board members, company managers, drivers, and members of the insurance industry. Drivers spoke of the lack of adequate health insurance, sick time, vacation, and resources for retirement planning. Several drivers complained about the requirement at some companies that the driver continue to make weekly kitty payments when sick, even if they are unable to work. Drivers spoke of working when quite ill for this reason. Drivers who wish to take vacation time off must also sometimes pay the kitty to the company for weeks that they do not work.

An important insurance issue discussed was the lack of accident/injury/medical expense coverage for taxi drivers involved in a vehicle accident while working. City Code currently requires that companies provide accident and liability insurance, but it has not been industry practice to cover drivers for medical expenses incurred as the result of accidents. State of Oregon insurance regulations require that every motorist is covered for accident/injury, but there is a longstanding exception for taxi drivers. After a serious accident, in addition to potential loss of vehicle and livelihood, taxi drivers have few resources available to pay for necessary medical care. Sometimes the medical care is not obtained, and sometimes other drivers donate funds to help cover medical expenses.

Issuing taxi operating permits directly to drivers

March 6, 2012

This meeting was very well attended by taxi drivers. Increasing driver control of the taxi permits, and thus working and economic conditions, was the theme of the meeting. The overwhelming majority of drivers spoke in favor of increasing driver control. Three main options were favored by drivers: switching to a medallion system, granting taxi drivers the ability to move the permit to the company of their choice, and granting the permit application for the proposed driver-owned company. There was much discussion of the potential benefits of allowing the drivers to have a say in the distribution of permits, as well as the potential benefits of adding more slots at a driver-owned company. While drivers generally spoke in favor of increasing driver control, consensus was not reached on a preferred model.

Capping the kitty or other limits on payments required from drivers

March 8, 2012

This meeting was also well attended by drivers, Board members and company managers. The large kitty payments were described by drivers as a significant factor in keeping driver income low. Some drivers spoke of having to work many hours or days just to pay the kitty before reaching the break-even point. Drivers also complained of requirements for additional payments, including penalties for violations without any appeal process, or fees charged just to investigate the validity of customer complaints. After some discussion, drivers and company owners agreed that only the City should issue penalties for Code violations, which allows the driver to appeal to the Code Hearings Office. It was also suggested that other types of fees should be reviewed by the City, and companies should not be able to charge extra fees, unrelated to services, without City review.

When a possible cap on kitty payments was discussed, City staff mentioned that analysis showed this would have a disproportionate effect upon the smaller taxi companies, already struggling to compete because of lower numbers of permits issued to them. Many drivers favored City review of kitty payments. Several company managers suggested that the City should review the value of services that drivers receive in return for the kitty, as this information is more relevant to the driver's income. Drivers at companies providing strong marketing, advertising, dispatch and other services might better absorb the cost of a higher kitty. Meeting attendees generally agreed that driver payments to the company must be evaluated in proportion to services the company provides to the driver.

Comparison of methods and standards for issuing new taxi permits

March 12, 2012

Attendees revisited topics from previous meetings, including the medallion system and other methods for the driver to have more control over the permit. Several drivers pointed out that the proliferation of permits in other market sectors, while taxi permits remained stable, had negatively impacted the number of fares available to taxi drivers. Several drivers discussed problems with the separation of the specially assisted transportation fares covered by taxi companies.

Taxi company performance standards

March 14, 2012

The necessity to more rigorously evaluate the performance of taxi companies was the main topic of conversation. Many drivers spoke of the lack of performance indicators related to how well the company provides services to the driver, and other factors related to overall driver satisfaction. The amount of dispatch business provided by the company was considered important by company managers and drivers alike. Several managers at the smaller companies noted the difficulty of providing consistent service with small numbers of permits. It was generally agreed that driver satisfaction and services to drivers should be included as an additional performance indicator for taxi companies and that taxi permit issuance should be directly related to company performance standards.

Open Topic

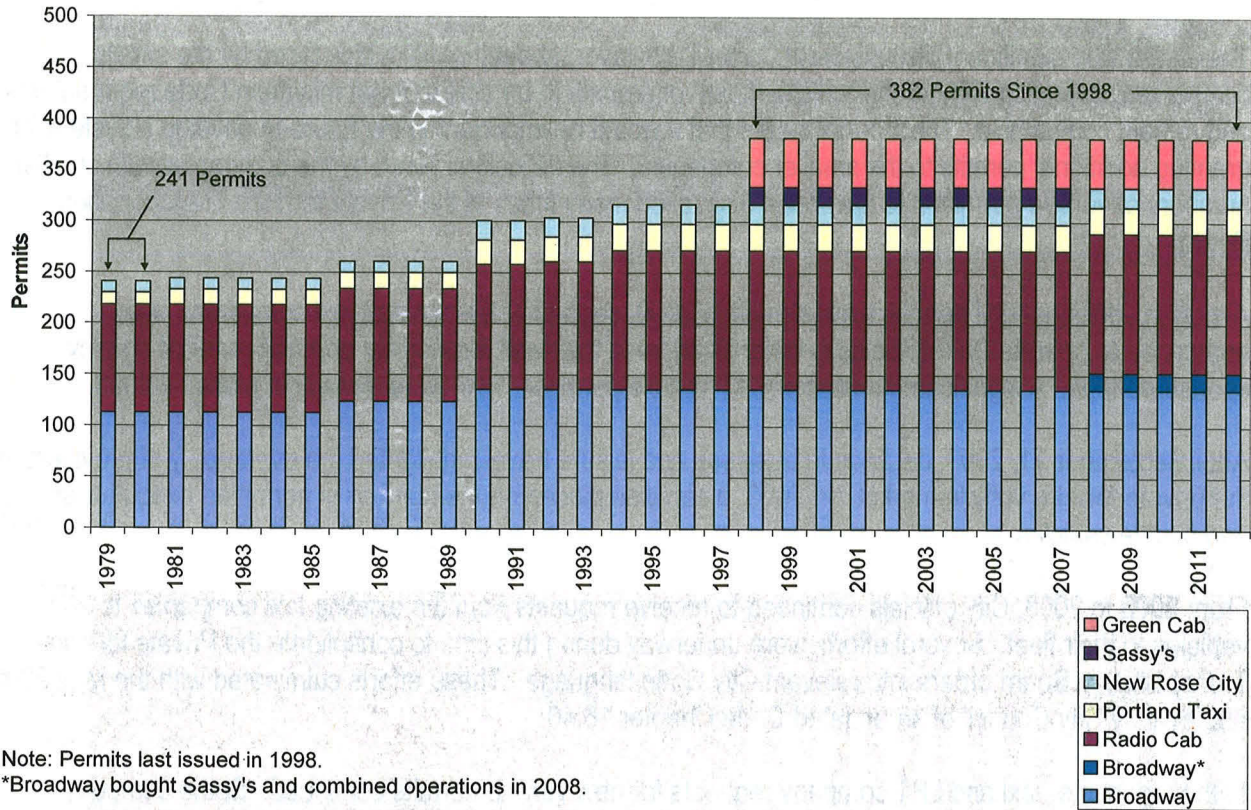
March 22, 2012

Drivers discussed many of the issues from previous meetings, such as high kitties, no time off, and lack of coverage for medical care. Many drivers spoke in favor of the current comment process and noted that the workshops had been a very important opportunity to bring issues to the attention of City staff. Drivers strongly favored more direct contact with City staff. Company managers and drivers alike favored regular, direct training from City staff for taxi drivers. Additional comment was received about the current requests for additional taxi permits. Most drivers spoke of the need for additional control and better conditions for drivers.

Regulation of Taxi Numbers: Background

Taxi vehicle permits in Portland have been capped for many years. Figure 4 (next page) shows the number of permits approved for each taxi company over the period from 1979 to 2012. As noted above, Green and Sassy's first received permits in 1998. During the same year, the four existing companies were denied additional vehicle permits requested.

Figure 4: Taxicab Permits, 1979-2012



Note: Permits last issued in 1998.

*Broadway bought Sassy's and combined operations in 2008.

Each of the taxi companies presented requests for additional taxi vehicle permits during the 10-year period from 1998 to 2008, but, despite some indicators of growth in demand factors for taxi vehicles, no new taxi permits were issued during that time.

Two years after the new companies were added, at a Council hearing in 2000, recommendations regarding additional requests for more taxi vehicles were considered. It was noted in the Administrator's report to Council that there was ongoing growth in non-taxi categories of service providers. Specially assisted transportation vehicles (SATs), executive sedans, and shuttles were increasingly competing with taxis. Those market sectors (described in City Code as limited passenger transportation or LPTs) were not yet subject, in 2000, to a cohesive set of City regulations.

Since 2003, companies and vehicles in the LPT category are required to have City permits, and, in some sectors, permit numbers are capped. Prior to these caps, non-taxi vehicles were considered in overall permit numbers when determining how well taxi numbers matched increasing demands for service. The grouping of non-taxi vehicles into the taxi category when calculating demand may be one of the reasons Portland has fallen behind other cities in the number of taxi vehicles compared to population and other statistical indicators of demand.

Several other factors were cited in the Administrator's 2000 recommendation against more taxi permits: The number of taxi permits had recently increased significantly in 1998. Along with the proliferation of LPT

vehicles, there were mass transit options. Concerns were voiced at Council about the lack of specific criteria with which to assess company performance and the potential negative impacts to driver income.

There was also significant discussion at Council, however, about the difficulties faced by the smaller companies, operating without the “critical mass” of permits to be able to meet minimum Code requirements and remain competitive. The Council noted that it would be important in the future to develop a system for granting additional permits to the smaller companies. The difficulties faced by the companies with smaller numbers of vehicle permits has also been discussed many times at the Private for-Hire Transportation Board.

Although additional taxi permits were denied in 2000, soon after this several taxi companies were authorized to operate SAT vehicles in order to address the need for medical and non-medical agency sponsored trips. A significant number of SAT vehicle permits—184--were already in place by 2003.

After September 11, 2001, declines in business and leisure travel highlighted the oversupply of providers in the private for-hire vehicle market. In 2003, a cap was placed on the number of permitted executive sedan and shuttle vehicles.

From 2003 to 2008, City officials continued to receive requests from the existing taxi companies to add vehicles to their fleet. Several efforts were underway during this time to consolidate the Private for-Hire Transportation Board orders into relevant City Code language. These efforts culminated with the May 2009 approval by City Council of an updated Code Chapter 16.40.

In the meantime, taxi and LPT company requests for new vehicle permits continued. Some company owners and drivers complained that they were unable to meet growing demand for their services from tourists and other customers. This eventually led to the commissioning of the 2008 Demand Study.

In 2008, Revenue Bureau staff noted that population and Portland International Airport passenger volume indicated growth, but taxi caps remained at 1998 levels and LPT caps remained at 2003 levels. A number of additional unassigned executive sedan and shuttle permits were administratively issued in 2008, as an interim step until the Demand Study could be completed, although LPT numbers remained within the caps set in 2003. At this time, all existing taxi companies asked for additional permits as well, but action on these requests was postponed until the Demand Study could be completed.

The final Demand Study Report, issued to the Board in March of 2009, recognized some limitations of the statistical indicators previously used to judge demand for taxis in Portland. Sorin Garber, the consultant who wrote the Demand Study Report, also confirmed the relevance of several factors already in use to estimate demand for taxis: employment data and airport passenger volume.

Garber also noted that data submitted for Radio Cab trip volume correlated to Portland International Airport trip data, and was another reliable data source. Radio has a very high percentage of trips dispatched from customer calls, with no drivers waiting for fares at the airports, and relatively few waiting for on-demand fares at taxi stands.

The 2008 Demand Study also made an important new analysis of the specific demands for service type: Garber analyzed the demand for taxi service separately from the demand for executive sedans. From the data available regarding taxi volume and executive sedan trips from Portland International Airport, Garber

estimated demand for executive sedans at 4%, compared to 96% demand for taxi service. The current executive sedan permit cap is 183 and the taxi vehicle cap is 382, a ratio far removed from the demand percentages Garber estimated. Garber also suggested that shuttle service demand could be most directly related to airport passenger volume.

Garber noted that several key indicators for taxi demand indicated growth during the period from 1998 to 2008, and that no new taxi vehicle permits had been issued during that time. Portland was licensing just one taxi per 1,487 residents, already lagging behind other cities in 2008 in the number of taxis per population. Concern was growing about inability to meet the needs of tourists, business travelers, the elderly, and other passengers with special needs. Some of the additional demand had been met by SAT, executive sedan, and shuttle providers during these years, but the percentage of passengers requesting taxis was not reflected in the distribution of permits.

Garber's analysis of key indicators, and of the distribution of permit numbers amongst industry sectors, would likely have led to an increase in taxi permit numbers, were it not for the economic downturn that occurred while the study was in progress. Key indicators that showed consistent growth from 2003 through 2008 began to show reversing trends, and Garber recommended that no new permits be issued until key indicators rebounded. These numbers had not rebounded when requests for more permits were received in 2010, and no new permits were recommended at that time.

Current review of key indicators shows consistent improvement, and all indicators have now moved beyond the levels reached prior to the economic slowdown.

Discussion of Demand Factors

In past years, the Private for-Hire Transportation program has used a particular set of data to estimate the potential demand for taxi service. Demand factors have included population growth, employment growth, airport trip volume, convention travel, agency-sponsored trips and transit ridership. Each has a role to play when assessing taxi market trends and service levels.

The recent trends and percentage changes in seven criteria utilized by the Private For-Hire Transportation Program since at least 1997 to assess demand for taxis and town cars are illustrated in Figures 5 and 6 on the next page. The seven key indicators of demand showed significant overall increases since 2001, even with the losses during 2008-2009. Most key factors show a steady increase until 2008, a loss for several years, and a return to steady increase from 2010 to 2011. In 2011, we are clearly moving beyond the losses of 2008-2009. All categories except the number of convention visitors are significantly increased over 2004 levels.

Figure 5: Trends in Seven Demand Criteria, 2004-2011

	2004	2005	2006	2007	2008	2009	2010	2011
Population								
City of Portland	550,560	556,370	562,690	568,380	575,930	582,130	583,776	na
Portland Region	1,522,400	1,543,910	1,569,170	1,593,370	1,614,465	1,631,371	1,641,306	na
Elderly/Disabled Trips								
Portland Region	958,248	1,026,156	1,050,144	1,084,056	1,122,036	1,088,446	1,072,704	1,063,942
Transit Ridership								
Portland Region	88,863,600	91,071,600	95,826,000	96,918,000	99,098,400	101,466,746	99,337,044	100,002,660
PDX Airport Passengers								
Boardings	12,660,351	13,507,515	14,036,985	14,287,906	14,895,926	13,301,955	12,937,792	13,492,720
Convention Activity								
Number of Conventions	327	318	369	361	410	344	339	359
Number of Convention Visitors	230,056	305,930	320,670	312,506	283,031	261,742	243,360	225,453
Taxi Supply								
Number of Permitted Taxicabs	382	382	382	382	382	382	382	382
Portland Population per Taxicab	1,441	1,456	1,473	1,488	1,508	1,482	1,528	na
PDX Airport PFH Utilization								
Taxi Trips/Day	650-700	650-700	650-700	650-700	766	638	720	790

na: not available.

Figure 6: Percentage Changes in Seven Demand Criteria, 2004-2011

	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009	2009 to 2010	2010 to 2011
Population							
City of Portland	1.06%	1.14%	1.01%	1.33%	1.08%	0.28%	na
Portland Region	1.41%	1.64%	1.54%	1.32%	1.05%	0.61%	na
Elderly/Disabled Trips							
Portland Region	7.09%	2.34%	3.23%	3.50%	-2.99%	-1.45%	-0.82%
Transit Ridership							
Portland Region	2.48%	5.22%	1.14%	2.25%	2.39%	-2.10%	0.67%
PDX Airport Passengers							
Boardings	6.69%	3.92%	1.79%	4.26%	-10.70%	-2.74%	4.29%
Convention Activity							
Number of Conventions	-2.75%	16.04%	-2.17%	13.57%	-16.10%	-1.45%	5.90%
Number of Convention Visitors	32.98%	4.82%	-2.55%	-9.43%	-7.52%	-7.02%	-7.36%
Taxi Supply							
Number of Permitted Taxicabs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Portland Population per Taxicab	1.06%	1.14%	1.01%	1.33%	1.08%	0.28%	na
PDX Airport PFH Utilization							
Taxi Trips/Day	na*	na*	na*	na*	-16.71%	12.85%	9.72%

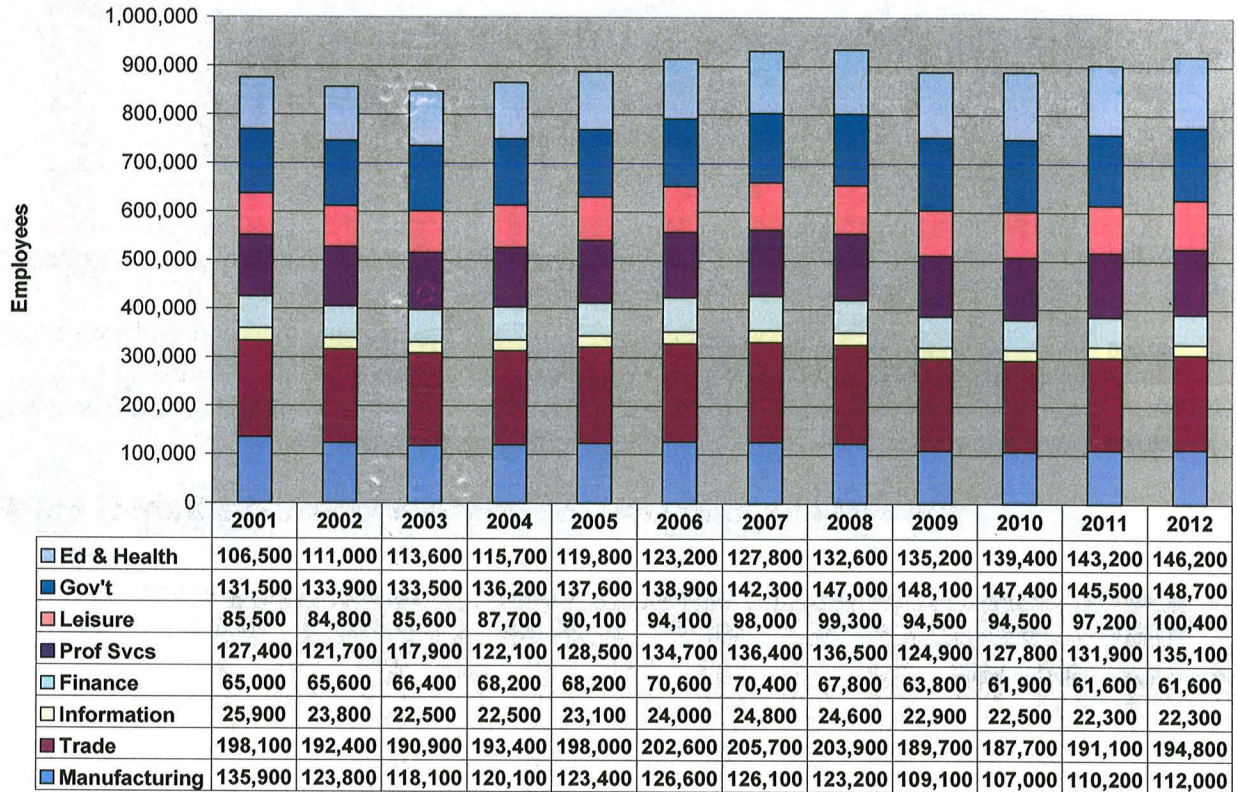
na: not available.

*Previous years taxi trips per day were estimated at 650 to 700. We do not have figures for these years representing actual numbers of trips.

The 2008 Garber Demand Study suggested that employment data and Portland International Airport passenger data are particularly significant indicators.

Overall growth in non-farm employment since 2001 is illustrated in Figure 7. Recent trends indicate slow but steady growth, and, again, levels increased steadily over the period 1998-2008, and have recently exceeded previous highs.

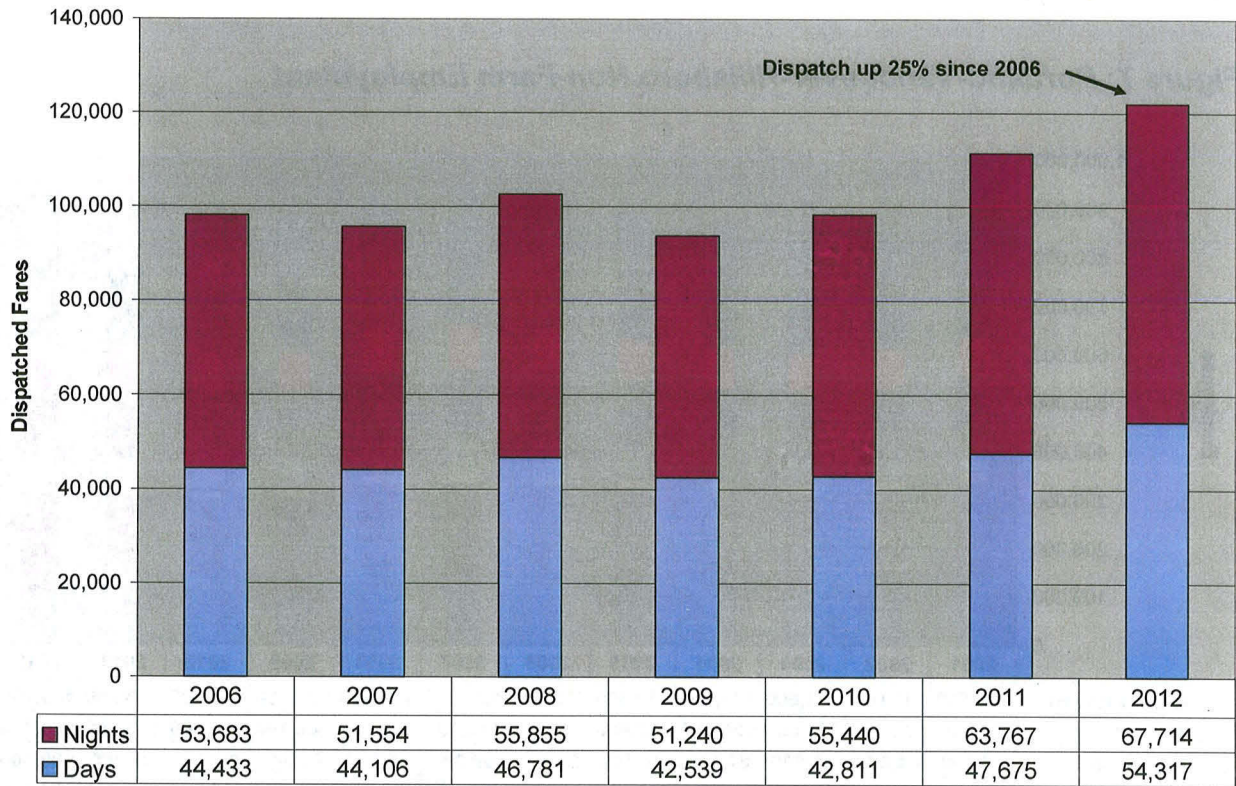
Figure 7: Portland-Vancouver-Hillsboro Non-Farm Employment



Source: Oregon Employment Department.

Garber concluded that employment levels also correspond to reported Radio Cab passenger volume (see Figure 8), which also shows a steady increase since 2009.

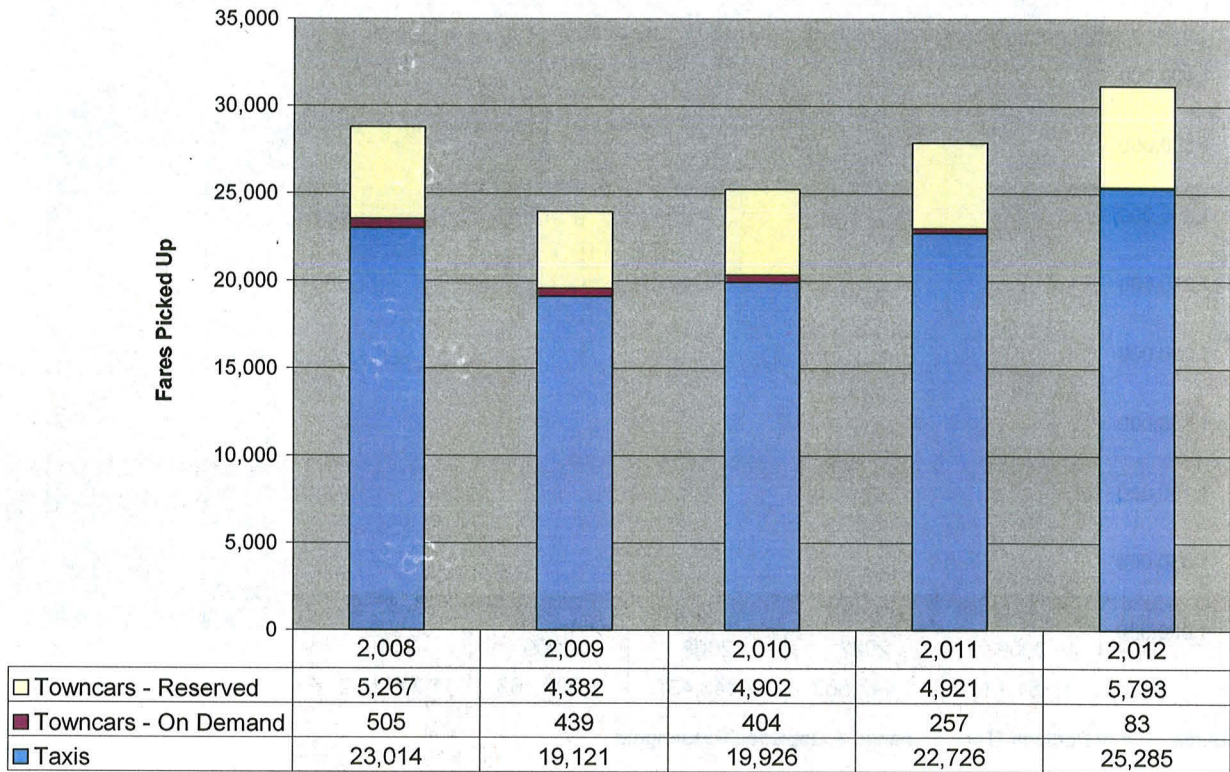
Figure 8: Radio Cab Dispatched Fares During the Month of April, 2006-2012



Source: Radio Cab Company.

Figure 9 illustrates the steady increase in taxi and executive sedan pickups recorded at PDX since 2010. Recent numbers for 2012 show a sharp rise in PDX passenger volume over 2008 levels.

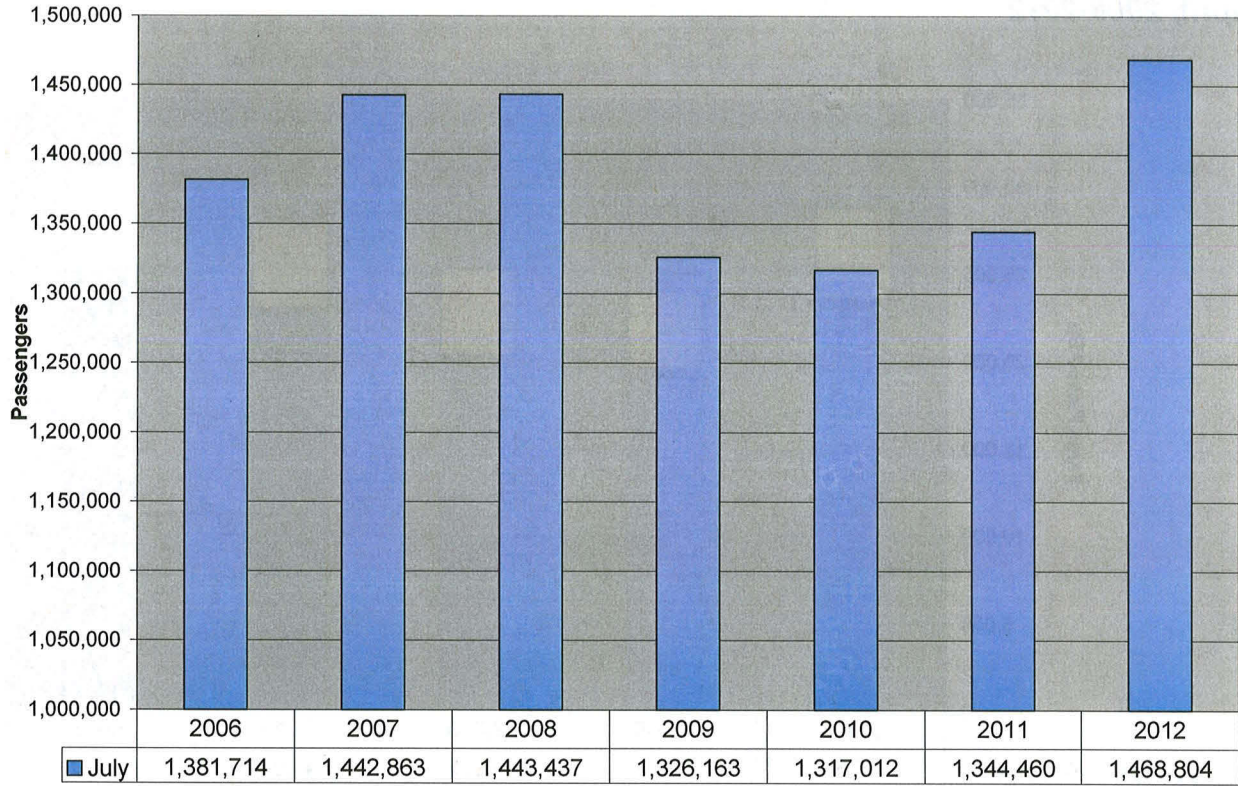
Figure 9: Private for-Hire Fares Picked Up at Portland Airport During the Month of April, 2008-2012



Source: Port of Portland "Ground Transportation Statistics."

Passenger volume at Portland Airport has now exceeded that of any previous year (see Figure 10).

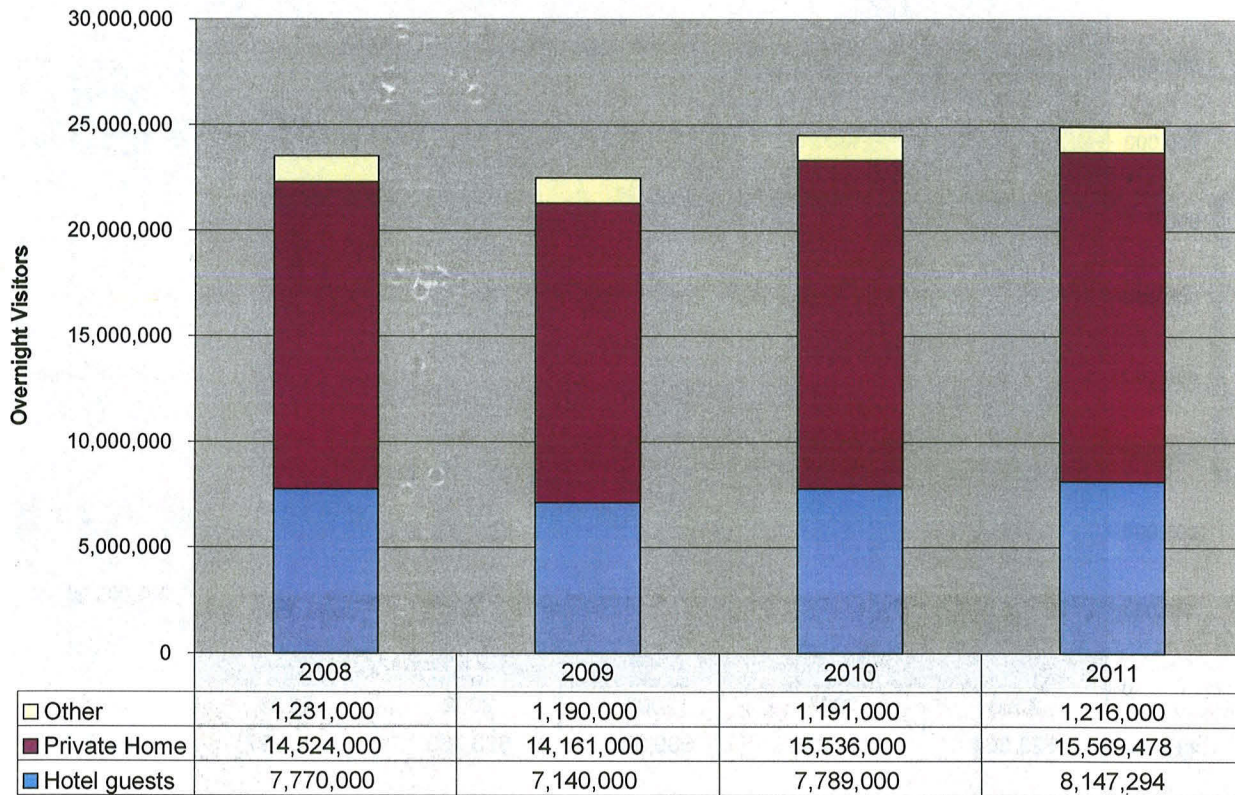
Figure 10: Portland Airport Passengers During the Month of July, 2006-2012



Source: Port of Portland "Total Enplaned & Deplaned Passengers."

The increase in airport passenger volume corresponds with information provided by Travel Portland showing that tourist trips are also rebounding since 2009, with overnight visitor volume increasing in 2010 and 2011 (see Figure 11).

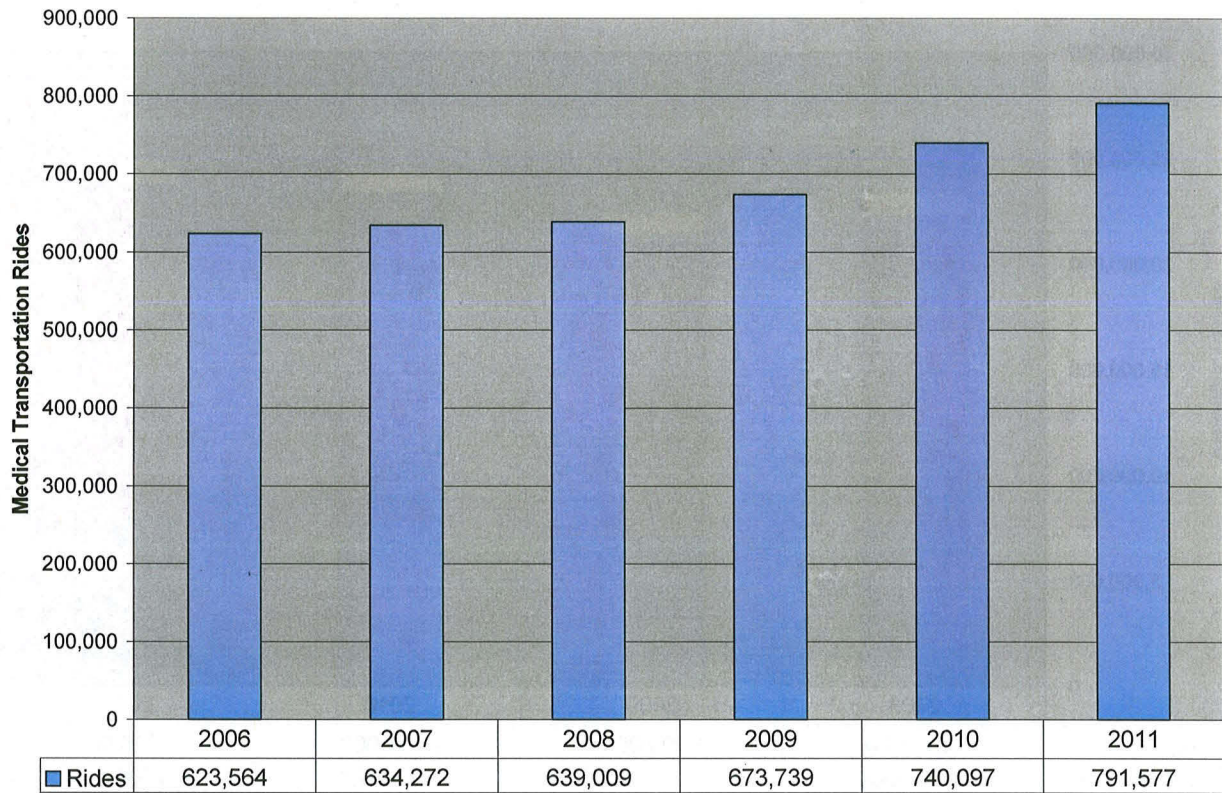
Figure 11: Portland Overnight Visitor Volume



Source: Travel Portland.

Figure 12 illustrates the steady increase in medical transportation rides, again rebounding from 2008 forward.

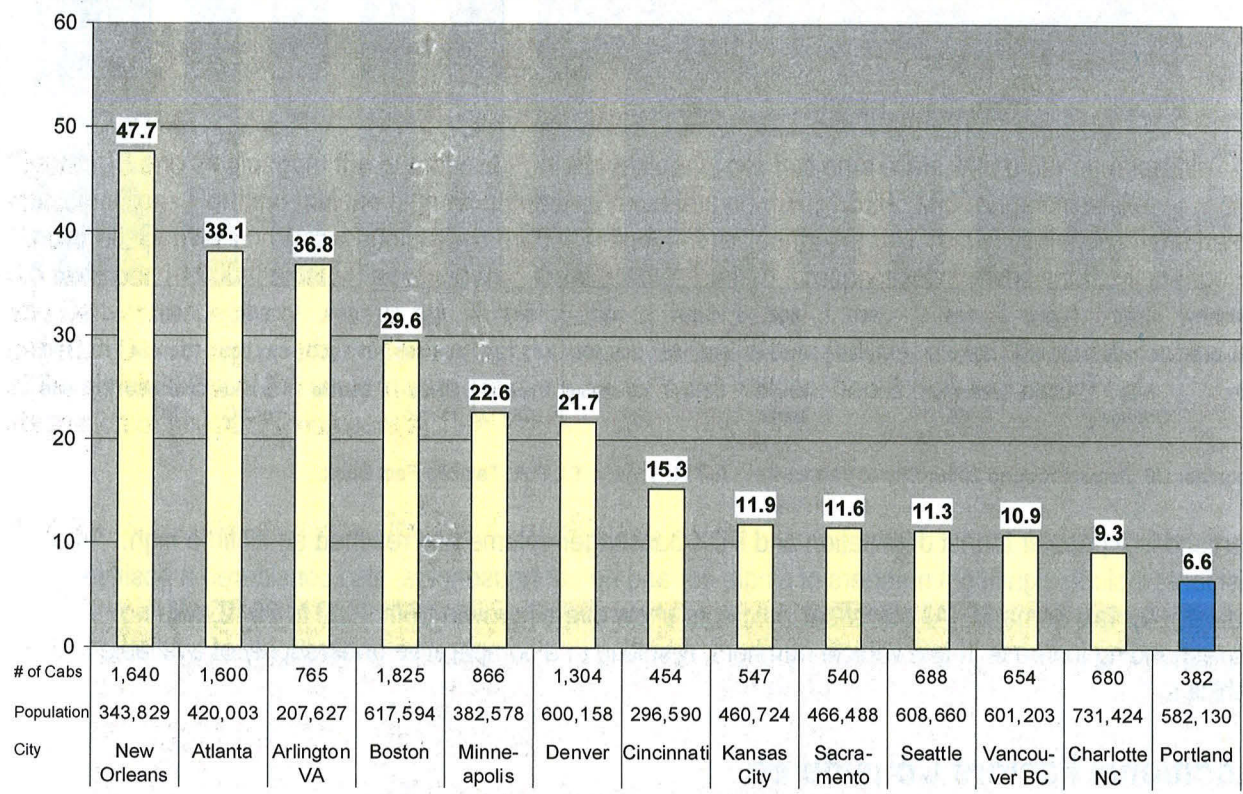
Figure 12: Medical Transportation Program Rides



Source: Gail Bauhs, TriMet.

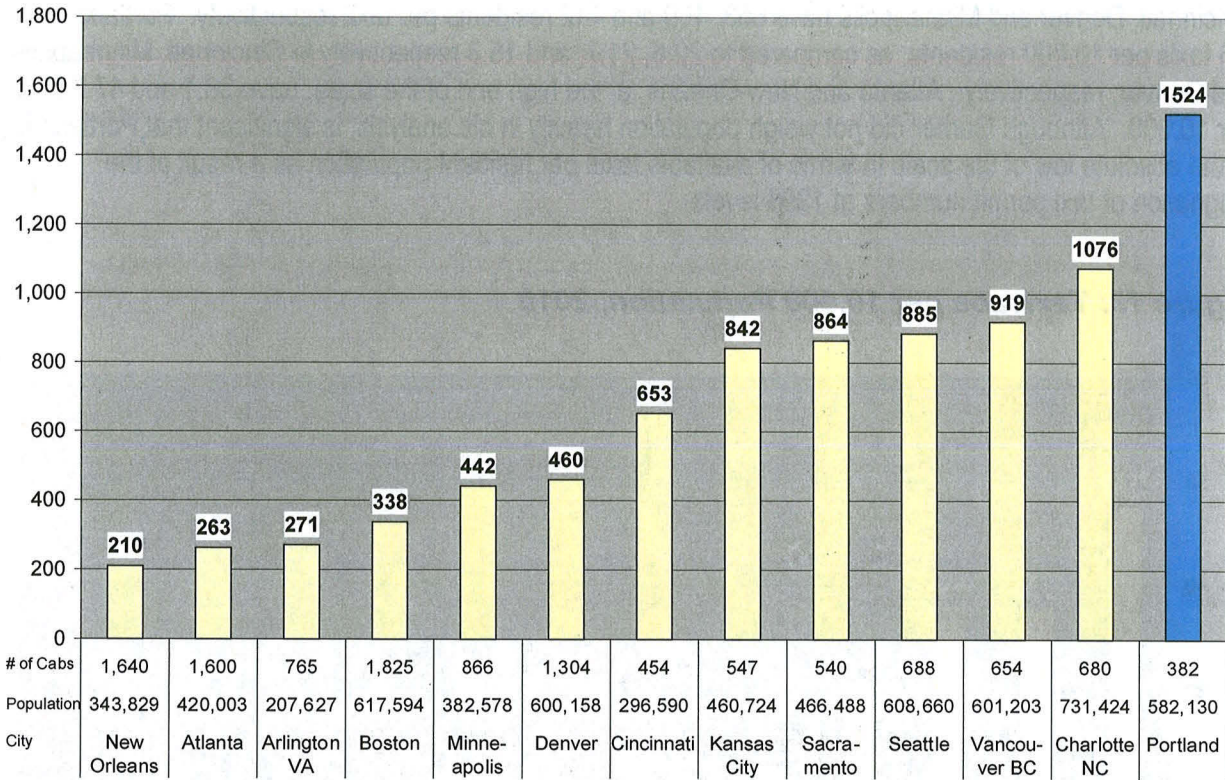
Figures 13 and 14 illustrate the number of Portland residents per taxi on a scale with other comparable municipalities. Portland has the highest number of residents per taxi, 1,528. Mid-range cities like Cincinnati, Denver and Minneapolis have 653, 460 and 442 residents per taxi, respectively. Portland has 6.5 taxis per 10,000 residents, as compared to 22.6, 21.7, and 15.3 respectively in Cincinnati, Minneapolis and Denver, respectively. Atlanta and New Orleans, at the high end of the scale, have 38.1 and 47.7 taxis per 10,000. Although Garber did not weigh population heavily in his analysis, it is significant that Portland is at the absolute low of the scale in terms of available taxis per resident population as a result of the stagnation of taxi permit numbers at 1998 levels.

Figure 13: Taxicabs per 10,000 Population, 2010



Sources: US Census Bureau 2010; City of Vancouver; I.A.T.R. survey; T.L.P.A. Taxicab Fact Book.

Figure 14: People per Taxicab, 2010



Sources: US Census Bureau 2010; City of Vancouver; I.A.T.R. survey; T.L.P.A. Taxicab Fact Book.

Portland is a popular tourist destination and PDX passenger volume has reached an all time high. Area residents include significant numbers of single car and no car households, also considered a positive indicator for taxi demand. All statistical indicators show overall growth from 2003 to 2012, with no corresponding increase in taxi vehicle numbers, resulting in a comparative undersupply of available taxi vehicles.

Additional Factors Considered

Some demand consultants, transportation, regulatory and industry professionals have discussed the ways in which restrictive taxi permit caps may depress calls for taxi business and depress taxi driver income over time because:

- 1) Long wait times and dropped calls drive potential passengers to other markets;
- 2) Illegal operators fill the unmet need when taxi companies are not allowed to expand their fleet in response to need (to the detriment of customer safety);
- 3) Other market segments also fill the unmet need for taxis, thus further shrinking the market for taxi business;

- 4) The inability of innovative companies to expand their fleets results in a disincentive to improvement of service, again depressing demand for taxis; and
- 5) Demand studies cannot adequately measure the many additional factors that should guide issuance of permits, such as innovations that meet community standards, service accessibility, and the quality of service to taxi passengers.

We also noted that traditional demand studies do not consider that the taxi driver has become the primary customer and revenue generator of the taxi companies. Nor has traditional demand methodology considered the potential benefits of driver-owned companies, or other innovations that promote good services and benefits for taxi drivers.

The general purpose of regulating taxi numbers is to provide stability and predictability of service, while avoiding the congestion and other problems resulting from oversaturation of the market. When supply of taxis lags too far behind demand, long wait times and lack of permitted taxis available may drive potential taxi customers to unpermitted (and potentially unsafe) operators or other for-hire industry segments. This creates a downward spiral for taxi demand and further erodes potential earnings for taxi drivers.

In Portland, after several requests for additional taxi permits were denied in 2000, the SAT (specially assisted transportation) permits were authorized in response to unmet medical and other special needs transportation services. Broadway Cab has utilized this permit category since 2001 and currently holds approximately 91 SAT vehicle permits. Green recently also added 6 SAT permits. A total of approximately 390 SAT vehicles currently provide for-hire trips in Portland.

Recent regulatory decisions in Oregon and nationwide have called into question the definition of taxi drivers as independent contractors. In Portland we've seen TriMet recently require that all medical transportation providers contracted with them to provide service under their Medical Transportation Program must treat drivers as employees rather than independent contractors, based upon decisions regarding driver status by the Unemployment Tax Division of the Oregon Employment Department. TriMet has allowed taxi companies operating SAT permits to be exempt from this requirement until pending appeals with the State of Oregon are resolved, which may take several years. In the meantime, several outstanding issues regarding the operation of SAT permits by Portland taxi companies must be resolved. (Driver-owned and managed taxi companies were recently granted exemption from unemployment insurance requirements by the State legislature.)

As shown in the section on taxi demand, many indicators showed that demand for private for-hire transportation services was on the rise from 1998 to 2008, yet, during that time, no new taxi vehicle permits were authorized in Portland. While customer demand was clearly increasing, taxi numbers remained the same. The entry by increasing numbers of LPT vehicles—SATs, executive sedans and shuttles—was in response to the unmet demands for service.

Some LPT companies operated within City regulations and defined service areas. Some operators, however, worked outside the regulations, providing non-reservation taxi service without permits or taxi meters, and without other consumer protections required when on-demand service is offered. The executive sedan and shuttle permit categories were increasingly regulated to provide consumer protection and safety regulations for those burgeoning industry segments.

Unlike the taxi vehicle category, non-taxi vehicle categories have grown substantially since 1998, and, by 2009 the Regulatory Division had issued 399 SAT vehicle permits, 183 executive sedan permits, and 99 shuttle vehicle permits. See Figure 15 below for a comparison of various market segments.

Figure 15: Vehicle Permits by Market Segment as of September 9, 2009

Market Segment	No. of Permits	Percent of Total Market
Executive Sedans	183	17%
Shuttles	99	9%
SATs	399	38%
Taxis	382	36%
Total	1063	100%

Thus, by 2009, there were nearly twice as many LPTs as taxis operating in Portland.

Growth in population, employment, PDX trip volume, medical transportation trips, and other indicators from 1998 forward suggests a need for additional taxi permits to cover customer demand. Several consistent, though less well-documented observations also point to a need for additional taxi vehicles: unmet demand at peak times, customer complaints about wait times, difficulty in hailing a cab, and intrusion of unpermitted operators into the market. From 1998-2008, taxi companies often cited increased demands for service when requesting additional permits.

The smaller companies, in particular, find it necessary to refer a significant number of potential customers to the larger taxi companies. Several of the smaller Portland taxi companies complain of an inability to grow and compete, despite significant investment and improvements, and a resulting increased demand from customers for their particular services. Executive sedan and shuttle companies have a viable method for obtaining additional vehicle permits when they can show contracts or other evidence of demand for their company's particular services. This same possibility must apply to requests for taxi vehicle permits for the existing small taxi companies.

Without more vehicle permits, these smaller taxi companies have also fallen behind industry standards because of insufficient capital to keep up with advances in equipment and technology. In 1998 and 2000, the City Council recognized the need to provide opportunities for additional vehicle permits amongst these smaller taxi companies.

When customers experience long wait times or are unable to easily hail a taxi, they seek alternative transportation options. Thus, insufficient numbers of taxis, ironically, can become a contributing factor to a downward spiral in demand for taxi service.

Managing taxi numbers is a delicate balance. When it is too difficult to increase taxi numbers, whole segments of the customer base may be forced into other segments of the industry or pushed toward illegal on-demand operators. Smaller companies may be hampered in their efforts to provide better dispatch, marketing and equipment for drivers. These unintended consequences of stagnant taxi permit caps make it increasingly difficult for the taxi driver to earn sufficient wages to cover costs within a reasonable number of working hours.

Conclusions

The purpose of the Private for-Hire Transportation Code chapter 16.40 is stated at the outset: "The purpose of Chapter 16.40 is to provide for the safe, fair and efficient operation of private "for-hire" transportation services. The industry should be allowed to operate without unnecessary restraint. However, because the industry constitutes an essential part of the City's transportation system, and because transportation so fundamentally affects the City's well being and that of its citizens, some regulation is necessary to insure that the public safety is protected, the public need provided, and the public convenience promoted. It is not the purpose of Chapter 16.40 to displace competition with regulation or monopoly public service."

It is recognized in this purpose statement of City Code Chapter 16.40 that taxi service is an essential transportation mode. Tourists and business travelers rely upon taxi service for transportation to and from the airport, meetings, attractions, meals and nightlife. Taxis provide service to physician's offices, pharmacies, supermarkets and other essential destinations for the elderly and those with special transportation needs. There is increasing recognition amongst transportation professionals that reliable taxi service provides a necessary, cost effective and supportive extension to other public transportation modes. Commuters may be more likely to depend upon train or bus service if efficient taxi service is provided at either end of the trip.

Municipalities routinely enact taxi permitting standards related to consumer safety and protection: requirements for driver criminal background and driving record checks, vehicle condition and mechanical inspection, and minimum insurance requirements. Minimum service standards are also common, promoting better access to taxis by requiring companies to provide reasonable response times and round the clock service, and prohibiting refusal of fares. Overall taxi permit numbers are commonly regulated to prevent congestion and promote stability.

Regulations pertaining to safety, consumer protection and convenience, and market stability are key regulatory considerations, and provide the foundation for Portland's taxi permitting requirements. The final sentence in the Purpose Statement of Chapter 16.40 provides confirmation that regulation of taxi market entry must be carefully balanced with the positive effects of competition. The Administrator is directed to consider requests for additional taxi company permits from a broad and varied perspective:

16.40.160 B: Recommendation Factors. The Administrator's recommendation will be based upon the requirements of Chapter 16.40, any regulations established by the Board pursuant to Section 16.40.050, and the following additional factors:

- 1) The current status of the public transportation system in the City;
- 2) The current and future ability of the public transportation system to provide the timely and effective movement of persons;
- 3) The ratio of population within the City of Portland to the number of taxicabs currently in operation;
- 4) The demonstrated need for additional taxicab service in the City that is not accomplished by existing companies, as shown by the applicant;

- 5) The present utilization patterns of taxicabs currently in operation;
- 6) The interests of the applicant in establishing a local business to legitimately serve the citizens of this City.

Similar recommendation factors have been applied to past requests for additional taxi vehicles for existing companies. Current administrative rules provide for utilization of similar factors when considering requests from existing companies for additional LPT (executive sedan vehicles) above the current permit.

As is common amongst municipalities regulating taxi permit numbers, Portland officials have often used some type of "demand" study to prepare recommendations for Council regarding requests for additional taxi vehicles. Studies designed to assess demand traditionally analyze various types of data that might correlate to the actual customer demand for taxi service. When assessing taxi demand, it is also common to examine population, tourism, airport, and employment statistics. It is also common to consider unmet demands for service. Private for-Hire Transportation Program administrators, the Private for-Hire Transportation Board, and the Council have considered all of these factors when making decisions on taxi permits in past years.

The Taxi Driver Labor Market Study recognized several negative impacts of stagnant taxi permit caps upon driver working and economic conditions. Due to changes in the taxi industry, it has become important to consider the new role of taxi drivers, who now serve as the primary paying customer of the taxi companies. Drivers are the main source of company revenue, primarily through daily, weekly or monthly payments. Therefore, when considering demand for taxis, it is now equally important to consider the needs of the primary taxi company customer—the taxi driver.

We did consider the current requests for additional taxi vehicle permits in light of the factors traditionally used to assess taxi demand in Portland, but we have also considered demand from several additional perspectives. We have reviewed the requests for new permits in light of the potential effects of increased choice for taxi drivers, and how this might impact working conditions and potential income. We have also examined the unintended consequences of permit caps that have been stagnant since 1998.

Particularly in light of recommendation factors 1, 5, and 6; the Revenue Bureau has incorporated the findings of the January 2012 Taxi Driver Labor Market Study into the consideration of requests for new taxi company permits and additional taxi vehicle permits for existing companies. Our approach was informed by a series of discussions (both before and after release of the study) with taxi drivers, company managers and owners, Private for-Hire Transportation Board members, Company and Driver Standing Committees. A series of six workshops was held in February and March 2012 to explore particular aspects of the Study findings. Additional public comment was received in writing and online in the weeks following release of the Study.

Considering permit requests under the broad outline of factors described in City Code, and as a result of the input received during and after the Labor Market Study, we reached the following conclusions:

- 1) Relevant statistical demand indicators provide support for issuing additional taxi vehicle permits.
- 2) Portland lags far behind comparable cities in numbers of taxi vehicles per population, and this has a negative impact on response times and quality of service.

- 3) Regulation of taxi vehicle numbers must also be balanced with the legitimate needs of the smaller companies to expand to meet changing industry, regulatory, and customer requirements.
- 4) The taxi passenger is not the only taxi company customer. The independent contractor taxi driver is the primary source of revenue for taxi companies. In addition to traditional taxi customer demand indicators, the demands for better conditions and services for taxi drivers themselves (the other taxi company customer) is a key factor that must be added to our consideration of permit requests.
- 5) Stagnant permit caps provide too few incentives for companies to provide adequate services at reasonable costs to drivers. Reissuing the same number of taxi vehicle permits to the same companies for many years, without sufficiently broad and rigorous company performance standards, has contributed to an artificial imbalance in the company-driver market relationship.
- 6) Legitimate public interest guides minimum standards for taxi market entry and performance. Requirements should be periodically reviewed and updated to reflect current community, regulatory, and industry standards. Regular opportunities should be provided for elected officials to review the factors considered when issuing and renewing taxi permits.
- 7) Competition between taxi service providers improves innovation, value and service to the public, and should be encouraged within the regulatory framework.
- 8) Improvements to Portland's taxi permit system and any necessary increase of taxi vehicle numbers should be implemented gradually so as to maintain as much stability as possible, while providing avenues for positive growth and change.

The impacts of additional taxi permits on potential driver income and working conditions is a primary consideration. It is common when new taxi permits are proposed for drivers to be concerned about a lower volume of business available for each individual driver. There may be some short term adjustments in the taxi market as new permits are introduced. The longer term impacts of additional permits, however, if introduced gradually and combined with other recommendations for reform, are likely to benefit driver net income and working conditions.

Positive Impacts on Taxi Driver Income and Working Conditions

- More choice of company for drivers
- More competition by companies to provide good conditions for drivers
- More competition amongst companies puts downward pressure on kitty fees
- Improved availability of permitted taxis helps drive out illegal operators
- Taxis will be available to provide trips previously lost to other market segments
- Shorter wait times improves customer perception and increase business for taxi companies
- Smaller companies are better able to obtain contracted business – more dispatched calls
- Adding a second driver-owned company gives drivers more control of industry standards
- Growth of the smaller companies puts them in better position to offer incentives to drivers
- More taxis are available to provide service as the rail free zone downtown is discontinued

- More visible presence of taxi vehicles promotes acceptance and more street hail trips

Recommendations

The following section discusses the Bureau's recommendations regarding new and existing taxi permit requests from April 2011. The Bureau is recommending an additional 132 vehicle permits for the Portland market phased in over the next three years. Figure 16 provides a summary of the numbers of vehicle permits each company would have if the recommendations are implemented.

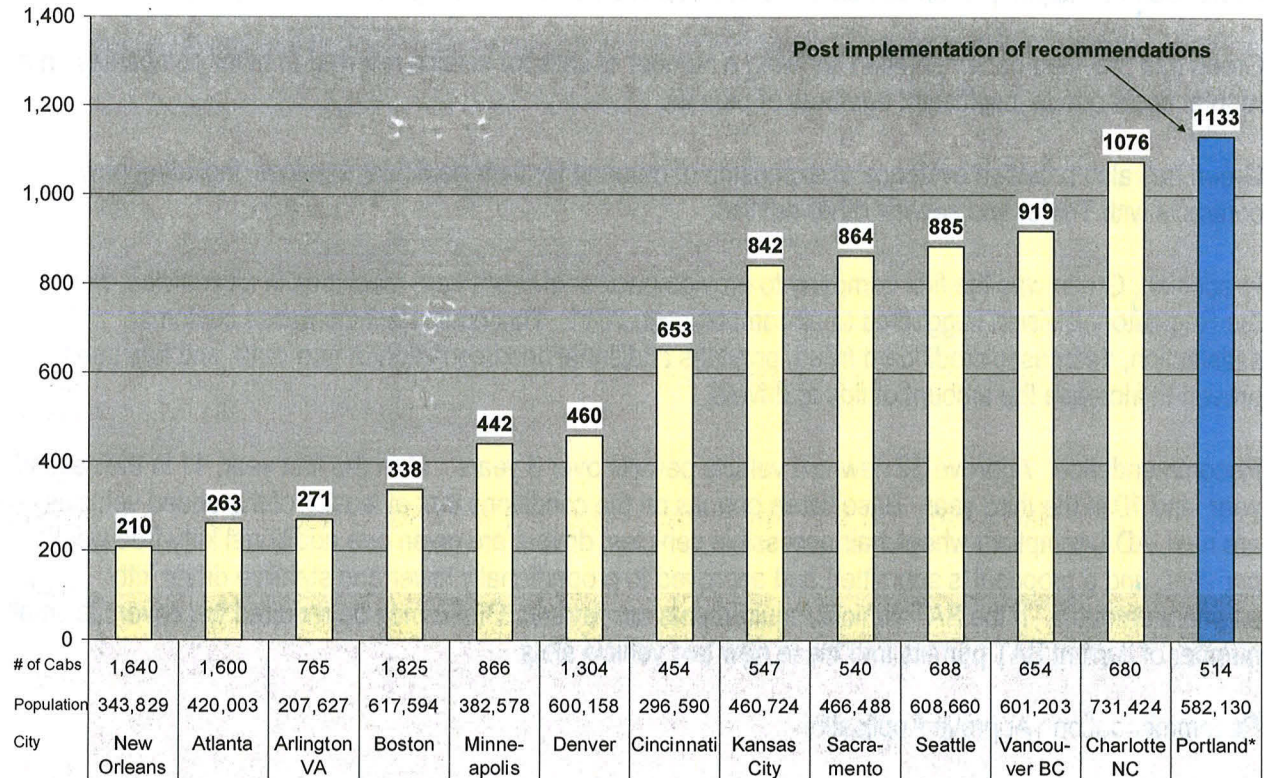
Figure 16: Recommendations on Requests from Existing and New Companies

Taxi Company	Current	Requested	Approved			Total
			2013	2014	2015	
Broadway	136	30	0	0	0	136*
Green	48	32	11	11	10	80
New Rose City	19	30	0	0	0	19
Portland	26	24	4	4	4	38
Radio	136	38	13	13	12	174
Sassy's	17	13	0	0	0	17
Always Cab Company, LLC	0	15	0	0	0	0
Portland Electric Cab, LLC	0	25	0	0	0	0
Solidarity Cab Cooperative d/b/a Union Cab	0	50	50	0	0	50
Total	382	257	78	28	26	514

*Revision of SAT permit regulations for taxi companies may result in recommendations for additional taxi permits for Broadway.

Figure 17 illustrates how Portland would compare to similar jurisdictions if the recommendations are approved.

Figure 17: People per Taxicab if Recommendations are Implemented



*Portland, post implementation of recommendations.

Specific Recommendations for Existing Companies

Broadway

Broadway Cab has applied for an additional 30 permits, but has provided no evidence of unmet demand for their taxi services. In addition, several issues regarding SAT permit and utilization are being reviewed by staff and may result in a recommendation to convert SAT permits to taxi permits, based upon demand.

Broadway has been recognized for several years as a high-volume taxi company provider of specially assisted transportation (SAT) Tri-Met contracted trips. This type of fare provides a consistent source fares for drivers. However, SAT vehicles have been operating outside strict conformance with City code limitations, and some drivers report that they are inappropriately asked to absorb the additional administrative and operational costs of these trips. Current review of these issues may lead to a recommendation to convert SAT permits held by taxi companies into taxi permits. Broadway currently holds approximately 91 SAT permits. Until this issue is resolved, consideration of any additional permits would be premature.

Recommendation: Deny Application

Green

Green Cab has applied for an additional 32 permits, to be added over a period of three years.

Green has provided documentation showing a number of calls for service referred to other companies on a regular basis due to insufficient numbers of permits.

Green has also provided evidence of expansion of demand for their particular services, including new contracts with TriMet and several other entities.

In addition, Green was the first company to provide back-seat credit card machines in all vehicles, which the Regulatory Division suggested to all companies in 2011. This equipment increases customer satisfaction, decreases credit card fraud, provides additional documentation of fare data, and has been proven to increase the amount of tips to drivers.

Recommendation: Approve 32 new taxi vehicle permits over 3 years: 11 in the first year, 11 in the second year, and 10 in the third year. Base these permits on the conditions that at least 7 of the added vehicles are new, ADA-compliant wheelchair accessible vehicles; drivers are given one additional kitty-free week per year; and a proposal is submitted and approved to proportionally lower and stabilize driver kitty payment amounts. If the SAT vehicle requirements are revised, Green may be required to convert its small number of current SAT permits into these new taxi vehicle slots.

Recommendation: Approve Application

New Rose City

New Rose City: New Rose City has applied for 30 additional permits, but they have provided no evidence of increased demand. Review of company records shows that New Rose City dispatches relatively few fares to drivers, who obtain most fares at the airport or waiting at hotel stands.

It is recognized that the lesser number of permits at the smaller taxi companies can limit company growth and innovation, however, the small number of permits alone is not sufficient reason to grant additional vehicles. Evidence of demand for a company's specific services has been a guideline applied to requests from existing companies for additional vehicles. Future requests should also provide evidence of investment in advertising and promotion, and other improvements to increase dispatched calls and services to drivers.

Recommendation: Deny Application

Portland

Portland Taxi Company has applied for 24 additional vehicle permits. Like Green, they have provided evidence of a significant number of calls for service referred to other companies because of insufficient numbers of vehicle permits.

Portland has provided improved technological and administrative support in the few years since the new owner has supervised the company.

Recommendation: Approve 12 additional permits over 3 years: 4 each year. Base these permits on the conditions that at least 3 of the additional vehicles are new, ADA-compliant wheelchair accessible vehicles; drivers are given one additional kitty-free week per year; and a proposal is submitted and approved to proportionally lower and stabilize driver kitty payment amounts.

Recommendation: Partially Approve Application

Radio

Radio Cab Company's documentation of dispatch and contractual business shows evidence of need for additional permits.

Radio shows clear evidence of steady increases in calls for service and significant private contracts that they are unable to fulfill with current taxi vehicles. Radio invests heavily in marketing and advertising, thus providing strong support for good driver wages/hour worked. Average hours worked by drivers are lower, and average income is higher, as compared with drivers at other companies. Radio is driver managed, providing significant control by drivers of company policy. Increasing permits at Radio will increase opportunities for drivers to find positions that provide a reasonable wage for reasonable working hours.

Recommendation: approve 38 additional permits over the next 3 years: 13 in the first year, 13 in the second year, and 12 in the third year. Permits issued on the condition that 8 are new, ADA-compliant wheelchair accessible vehicles.

Recommendation: Approve Application

Specific Recommendations for New Companies

Always Cab Company, LLC

Always Cab Company, LLC has requested a company permit and 15 vehicle permits.

The proprietor of this company has been operating and advertising taxi service for several years without the required company and vehicle permits. Several penalties have been issued, and were upheld by the Code Hearings Officer. The company was advised that continuing to operate without permits, and failing to pay penalties, would provide disqualification of any application. He continued to operate without permits and has not paid penalties. Company is not eligible for permits.

Recommendation: Deny Application

Portland Electric Cab, LLC

Portland Electric Cab, LLC has requested a company permit and 25 vehicle permits. The company founder and owner, a former owner of Broadway Cab, proposes that the company would be operated and managed by Broadway. The proposal is to operate a company with all-electric vehicles.

We have previously discussed the need to introduce changes to the permit numbers as gradually as possible. Requests for additional permits from the existing companies are longstanding and deserve primary and serious consideration. The promotion of environmentally sustainable vehicles is certainly in keeping with Portland's sustainability goals. Providing environmentally sustainable taxi service, however, can be promoted through incentives and requirements attached to already existing company and vehicle permits.

In the absence of an operating model or other changes benefitting drivers, the overall impact of approval would be to further dilute the number of fares available to current taxi drivers. The Union Cab application was received prior to this request. Union has been founded and will be operated by current Portland taxi drivers. Given recommendations for approval of the Union Cab application, and recommendations for additional permits to existing companies, a second new taxi company should not be approved at this time.

Recommendation: Deny Application

Solidarity Cab Cooperative d/b/a Union Cab

Union Cab has requested a company permit and 50 vehicle permits. The company is made up of a group of current City of Portland permitted taxi drivers. Union Cab applicants have been working in the Portland market for several taxi companies, some of them for a number of years, and would like the opportunity to improve their working conditions and their income by operating a cooperative company. They assert that the introduction of a new, driver-owned company will improve conditions for all Portland taxi drivers by increasing competition for drivers amongst the permitted companies.

Union Cab proposes to operate a driver-owned cooperative, and aims to provide health insurance and paid vacation time for drivers. They have committed to strong investment in advertising and marketing in order to promote business for their drivers. Reasonable driver wages and conditions are the foundation of all efforts toward a more sustainable taxi permitting model in Portland. Many connections have been made between improved driver conditions and improved service and safety for passengers.

The addition of a second driver-owned company as an option will provide a higher number of better positions for drivers at driver-owned companies. It is also likely to spur more competition amongst the non-driver-owned companies for drivers. In other cities, this has resulted in reductions in the kitty for all drivers.

Union Cab has presented a well-thought out plan for entry into the taxi market. They have gathered an impressive amount of documented support for their application amongst community members and the riding public.

Union Cab has committed to meeting performance standards for underserved areas and times, as well as goals to increase wheel-chair accessible and environmentally sustainable vehicles. Combined with more

rigorous performance standards for companies, Portland taxi drivers and customers stand to benefit from the Union Cab's entry into Portland's market.

Recommendation: Approve Application

Other Options Considered

Switch to a Medallion System and Issue Medallions to Directly to Drivers

This option was discussed at length at Private for-Hire Transportation Board meetings and workshops. A significant number of drivers spoke in favor of a medallion system at the workshop meeting dedicated to discussion of driver-controlled permits.

A review of the experience in other cities, however, shows that a medallion system does not provide better economic conditions for drivers. Medallion owners may monopolize the available permits and often charge high fees to the actual taxi drivers. Driver entry into the system often becomes more costly each year, as medallion prices rise.

In cities with medallion systems, there are frequent problems with taxi coverage of the trips that are considered less lucrative to the individual taxi-medallion owner because they provide lower fares in proportion to expenses or include additional administrative costs. These can include agency-sponsored medical transportation, wheelchair accessible trips, short trips to local destinations, or calls for service outside the downtown core. Communities rely upon taxi drivers to transport the elderly and those with special transportation needs on short trips to the doctor's office, the pharmacy, the supermarket, and other essential locations. The individual medallion owner has fewer resources than the taxi company with which to compensate for the costs of providing these essential trips. This often results in the loss of service to less lucrative markets in medallion cities.

The medallion system also requires significant additional administrative resources of regulators. In Portland, the six permitted companies monitor and report to the City regarding many requirements of Portland City Code. Companies compile and report trip volume. They provide training and customer feedback to drivers. They are responsible for maintaining the required insurance documentation for all vehicles. They frequently monitor and repair necessary safety and mechanical equipment. A change to a medallion system in which permits were issued directly to drivers would result in significant increased responsibilities for City staff and resulting increases in program costs.

Proposal for Permits Issued Directly to Drivers

The current taxi driver representative on the Private for-Hire Transportation Board has suggested an alternative to the medallion system, the Prodan Legacy Permit. This proposal addresses some of the most common problems with medallion systems by suggesting that the permits be issued only to working taxi drivers, and that each driver receive no more than one permit.

The Prodan Legacy Permit system generally contains several constructive suggestions for managing a medallion system to bring more benefit to drivers, however, with current taxi permit caps, only 382 of the current 1,100 Portland taxi drivers would be eligible in the proposed lottery for a permit. Drivers who have depended upon work as a taxi driver to support their families for years would potentially be unemployed as the result of the lottery system.

Several other problems with the medallion system also occur under the proposed system. Taxi companies would potentially have less investment in administration, monitoring and reporting, and the regulatory burden to City staff, and costs of the program, would increase. With the increasing necessity for City regulators to oversee driver call response, service to some customers might suffer.

An analysis of the current Portland system of issuing permits to companies, and relying upon the company to provide certain services and standards, likely provide the highest potential for excellent customer service. The individual medallion owner has fewer resources with which to compensate for the less lucrative, but necessary, fares. Communities rely upon taxi drivers to transport the elderly and those with special transportation needs on short trips to the doctor's office, the pharmacy, the supermarket, and other essential locations. Taxis provide many agency-sponsored medical transportation trips.

The individual medallion owner may have insufficient administrative resources to adequately compensate for the higher costs of these fares, resulting in the loss of service in less lucrative areas. With performance standards in place, issuing permits to the taxi company, who in turn provides the necessary dispatch, equipment, insurance, administrative resources and other support services for the drivers, is likely to provide better overall community service.

Additionally, while the medallion system has its benefits and its proponents, experience has shown that gradual change in the structure of taxi permit regulation is preferable over abrupt and sweeping changes. Moving to performance standards and other reforms for companies, while providing additional competition with a new company, is a more stabilizing path than changing to a completely different system. The medallion system and other systems that issue permits to drivers directly are definitely worthy of additional analysis and consideration in the future. Of particular interest are current trials in some cities that issue a small number of permits to a limited number of full-time existing drivers with longevity.

Developments in the industry should be monitored, and the effect of introducing driver-owned permits should be re-evaluated, along with the effects issuing new permits.

Cap on Driver Permits

This could mitigate any potential negative effects on driver earnings arising from issuance of additional permits. All currently working drivers would be given preference for the new slots, thus further encouraging competition amongst companies for drivers.

The practical and logistical problems with this approach, however, argue against it. The taxi driver population is somewhat fluid, with significant numbers of part-time drivers filling in the gaps in demand for service. Creating delays in a company's ability to fill these slots could easily result in a negative impact on customer service for taxi users.

We were unable to identify any municipality that has tried a cap on taxi driver permits.

Status Quo (no new taxi vehicle permits)

It is common when regulators consider increases in taxi permit numbers that existing drivers and companies oppose increased permits for competitors. Portland is no exception, and we heard testimony from some drivers and company managers that increased taxi permits would result in decreased fares available to each driver.

The taxi demand indicators we considered, however, as well as consistent reports of long wait times and inadequate service, led us to the conclusion that Portland has insufficient numbers of taxi vehicles available. Although there may be some short term readjustment as new permits are added, the potential benefits of increased permits outweigh the potential negative impacts, which are likely to be short-term. As taxi service improves, so too will the demand for taxi service. The addition of performance measures will help guarantee that the drivers working are receiving adequate numbers of fares from the company.

The lack of adequate numbers of permitted vehicles has meant that some existing taxi companies are unable to keep up with market demand for their services. It has also contributed to gaps in service, the prevalence of illegal and potentially unsafe operators, and longer wait times for customers.

Additionally, when the taxi driver is considered as a customer of the taxi company, the argument is strong for the need for the competition that can be provided by adding a new company. The Taxi Driver Labor Market Study discusses the way in which stagnant permit caps, with the same number of permits issued to the same companies without performance measures, has contributed to the lack of options for taxi drivers. Additional incentives are needed for companies to provide adequate services at reasonable cost to drivers. Additional permits will stimulate competition for drivers and provide some of this incentive.



Private For-Hire Transportation Program
Recommendations for Taxi Industry Reform
September 26, 2012

City of Portland Revenue Bureau
Office of Management and Finance

Table of Contents

Background	3
1-Specific Performance Standards for Taxi Companies.....	3
2-Provide a Mechanism for Accident Insurance Coverage for the Driver	3
3-Add Pay-for-Fare Prohibitions to City Code	4
4-Require Up-to-Date Dispatch Equipment.....	5
5-Require Review and Approval of All Charges to Drivers	5
6-Require Back Seat, Customer-Operated Credit Card Processing.....	6
7-Institute Procedures and Add Staff Capacity for Regular Analysis of Key Indicators	6
8-City Sponsored Driver Training	7
9-Raise Taxi Meter Rates	7
10-Raise Fees for Taxi Company and Vehicle Permits to Increase Oversight	8
11-Clarify Regulations for Non-Taxi Providers	8
12-Clarify Specially Assisted Transportation (SAT) Operations for Taxi Companies	8
13-Criminalize Unpermitted Taxi Companies from Operating in Portland	9

Background

The Revenue Bureau released a report titled *Taxi Driver Labor Market Study: Long Hours, Low Wages* in January, 2012.¹ This report detailed the many challenges faced by Portland taxicab drivers and in particular, long hours worked for low net income. To address the issue of poor driver working conditions and low net pay, as well as other issues identified during the public comment process following the release of the report, reform of Portland's taxi regulations is necessary. This is especially so as the City seeks to expand the number of permitted vehicles operating in Portland. This document outlines recommended changes to the City's regulation of the taxi industry. Some of the recommendations may need further review by the City Attorney.

1-Specific Performance Standards for Taxi Companies

More specific performance standards are needed to improve taxi service in Portland. The Portland City Council has recognized in several past discussions of requests for new permits that there is need for more specific measures of good performance. Staff agrees that specific performance standards for companies should be linked to the renewal of permits and the ability of existing companies to obtain additional vehicle permits.

We recommend a biennial evaluation of the performance of each company, based upon measurements related to safety, excellent service to drivers and taxi customers, and alignment with other community goals and values. Some examples of performance standards discussed include: relative value of services provided to drivers, taxi customer telephone and taxi wait times, condition of vehicles and equipment, availability of hands-free dispatch equipment and GPS tracking, availability of customer-operated credit card payment machines, service of broad trip type (including "short trips") and trips outside the downtown area, level of dispatch business provided to the driver, level of driver satisfaction with services provided by the company, taxi customer service satisfaction, company complaint investigation procedures, investment in wheelchair accessible vehicles and sustainable fuel vehicles, compliance with reporting requirements, innovation and response to transportation needs of the community.

The Bureau recommends a process whereby each renewing company would be eligible for a certain number of renewal permits if they meet the minimum standards in place. The companies would also be awarded additional vehicle permits sought based upon their score on a matrix of performance standards. The City Council should be provided regular opportunities in the future to review the performance standards, and add new standards or eliminate standards that no longer apply. This allows for consistent policy input from elected officials regarding the desired community standards and services for taxi companies.

2-Provide a Mechanism for Accident Insurance Coverage for the Driver

Insurance coverage is one of the costs often assessed to the taxi company, and recognized in the industry as one of the main benefits (along with advertising and dispatch) provided to the driver in return for the payments made to the company. Portland City Code requires the company to provide liability insurance, accident and vehicle insurance. All motorists in Oregon are required to

¹ The full report can be found on the Revenue Bureau website at <http://www.portlandonline.com/omf/index.cfm?c=57849&a=397492>.

carry accident and injury insurance for all passengers, but longstanding exemptions in State law allow taxi vehicles to operate without this coverage. It has been industry practice in Portland that insurance coverage to pay for medical expenses does not include coverage of medical expenses related to driver injuries resulting from accidents.

This puts the driver at great risk of serious financial difficulty should an accident occur, and makes it difficult for drivers to obtain the care they need to recover from an accident. An injury accident can be devastating for a taxi driver, who may lose the use of the vehicle and may be unable to work for a time. The contract with the company may be terminated if the driver is unable to make weekly payments. Taxi drivers who are in a serious accident may incur significant medical costs not covered by insurance.

The Revenue Bureau recommends review of the feasibility of requiring that injury/accident/medical insurance be required for taxi drivers, along with exploration of potential sources of funding for this coverage. We propose to work with Oregon insurance regulators, the Private for-Hire Transportation Board (PFHT Board), the Company and Driver Standing Committees, as well as insurance company representatives, to close this loophole in accident coverage for taxi drivers.

3-Add Pay-for-Fare Prohibitions to City Code

In 2011, the PFHT Board held public hearings and discussed the problem of hotel valets and dispatchers requiring payments in return for the more lucrative taxi fares. Long trips, particularly from hotels to the airport, are considered to be the "best" fares by taxi drivers.

When a cash payment to a valet for a taxi fare occurs, the choice of a service provider is no longer dependent solely on the quality, safety or promptness of the service provider. Rather, rides are given to those operators who provide payments to the valet, and, in the past, this has sometimes meant that passengers are placed in unpermitted and potentially unsafe vehicles.

Customers are also denied the service provider or service type they ask for as a result of the payments for fares. PFHT program staff has verified complaints that some valets refused to place customers with the taxi company or driver of their choice, or provided an executive sedan or shuttle when the customer specifically asked for a taxi. This practice has also resulted in customers witnessing disputes on the street between drivers. Customers may also experience delays as the valet waits for a paying taxi driver to appear, even if non-paying taxi drivers are nearby.

A great deal of testimony was received at several PFHT Board meetings regarding the problems with this practice. Many drivers confirmed that they cannot obtain airport fares at many downtown hotels unless they agree to make a \$5 or \$10 payment for each fare to the hotel valet. These payments contribute to taxi driver loss of income. Drivers may be more likely to take longer routes to the airport than necessary in order to make up these payments. Many drivers claim that the same problem exists with some of the dispatchers at the taxi companies, but this claim has not been confirmed by the Bureau.

Several other cities have prohibited the practice of giving or receiving payments in return for taxi fares. Staff has reviewed these ordinances, and prepared language for a similar prohibition. The PFHT Board has recommended that this ordinance go forward for Council approval.

4-Require Up-to-Date Dispatch Equipment

The Taxicab, Limousine and Paratransit Association² has recognized that the “dispatch system is a major factor in the provision of quality of service.” Computer dispatch should be capable of automatically tracking all taxicab vehicles, dispatching the most appropriate, responding to distress signals from the driver, and maintaining dispatch records. Two-way radios and cell phones are inferior methods for dispatching taxi service. Systems that track the driver provide enhanced driver safety. Systems that track the fares provide important reporting for regulators, and, in some cases, expose overcharging or other problems. Up-to-date equipment, with GPS tracking, is also important to providing excellent customer response times and improving driver income.

Portland must increase the requirements for the company dispatch systems. We recommend working with the PFHT Board, the Company Standing Committee, the Driver Standing Committee, and other stakeholders to develop and propose reasonable standards for taxi company dispatch equipment.

5-Require Review and Approval of All Charges to Drivers

Portland City Code prohibits companies from charging drivers a fee for the use of the permit itself. However, companies in Portland charge drivers daily, weekly or monthly “kitty” payments in exchange for the company providing services to drivers, and these charges are often regarded by drivers as a charge for the permit itself. Reasonable and appropriate charges related to the use of a taxi cab include dispatch of taxi fares, insurance coverage, marketing and advertising, vehicle equipment, and credit card/charge account administration and processing.

Throughout the work on the Taxi Driver Labor Market Study, and the series of workshops afterward, it was apparent that companies are charging many other types of fees beyond those listed above. Some examples of other charges include customer complaint fees and some types of company operating costs.

Customer Complaint Fee: Drivers in some Portland taxi companies are charged fees when a customer complaint is filed against them, merely for the investigation of the complaint. Drivers are assessed penalties for City Code violations and this occurs in the absence of notification to City personnel. Drivers report that penalties are sometimes issued without an adequate appeal process being provided. Companies have been advised to refer suspected Code violations to the appropriate PFHT program staff, but currently this is not required in City Code or Administrative rules. No driver should have to pay an “investigation fee” simply because a complaint is received. Penalties for Code violations should be issued by City staff, and include the robust appeal process provided by the Code Hearings Office.

Company Operating Costs: Companies also sometimes pass along company operating costs—such as vehicle permit fees—that should remain with the company (the permitted entity). Although PFHT staff have advised companies that this is evidence of a potential Code violation—charging for the use of the permit—this prohibition should be explicitly provided in Code. Additional

² See <http://www.tlpa.org/>.

clarification of insurance requirements is needed. Companies routinely require the driver to pay deductibles, and expectations regarding these charges should be clarified and standardized.

We recommend that Code include a specific prohibition against taxi companies assessing any fee types to the driver without a specific approval for each fee type and an approved rational basis for the amount charged. Code language should specifically indicate the company services that are expected in exchange for regular driver payments. Additional fees should be reviewed as proposed by the company. This type of restriction is already in place in other cities, including Seattle and San Francisco.

Because the City Code prohibits companies from charging drivers directly for the use of vehicle permits, and because the company is empowered to levy other contractual costs onto drivers *as a function* of holding the permit, and because these charges directly impact the net income of all drivers, the City must more closely regulate and monitor all such charges.

The company performance standard evaluation process proposed above will also provide for a regular evaluation of the services the company is providing to the driver in return for the driver payments

6-Require Back Seat, Customer-Operated Credit Card Processing

While credit card acceptance is currently mandated, it can be inconvenient to use credit cards in some of Portland's taxis. Only one service provider has implemented the back seat, customer operated credit card equipment recommended by the Private for-Hire Administrator.

Several cities have begun to require that credit card processing is provided with customer activated back seat swipe devices, so that the customer does not have to hand over their card or personal information. These machines are now widely available. Field experience has shown that they provide the added bonus of increasing the overall amount of driver tips. Customers express strong satisfaction with the convenience and safety of these machines. These systems also provide the added benefit of a receipt for the transaction that is linked to the meter fare.

We recommend that a timetable be developed, in cooperation with the PFHT Board and Company Standing Committee, to require implementation of these devices in all permitted taxis.

7-Institute Procedures and Add Staff Capacity for Regular Analysis of Key Indicators

Reliable, quality taxi service has been recognized as an important component of the tourist and business traveler experience, as well as being necessary to provide needed transportation to the elderly and others with special transportation needs. Taxi service is increasingly recognized as a key adjunct to public transportation, and quality taxi service is frequently needed at both ends of other modes of transportation. Taxis have been shown to provide less expensive alternatives in many cases to agency-provided transportation.

Taxi customer call and service wait times have long been recognized as key indicators of the quality of taxi service. The 2008 Demand Study recommended that these items be more carefully analyzed in the future, to provide information regarding demand, as well as customer service.

Because of ongoing shortages in available PFHT program staff for many years, there has been insufficient analysis of these key indicators. Currently, much of the data collected relies upon company self-reports.

We propose that two additional program staff be dedicated to routine monitoring of taxi company telephone busy signals and on-hold times, taxi service wait times from different locations and at different times of the day for each different day of the week. Sufficient staff should be in place to allow this monitoring to become routine and be documented each month. These objective reports will allow for a more accurate assessment of the performance of each company.

Several avenues should be created for evaluating the quality of taxi service, including customer satisfaction surveys, and other methods to increase taxi consumer awareness and input. We propose requiring each permitted vehicle to post a "Passenger Bill of Rights" prominently visible to back seat passengers, as is required in several other municipalities. The "Passenger Bill of Rights" will be provided by the City of Portland, with the seal of the City of Portland and a place to fill in the cab number, and company complaint telephone number, accompanying the City Complaint line phone number.

8-City Sponsored Driver Training

All permitted Portland companies provide training to their drivers, but the content and quality of these training programs is inconsistent. Standards for driver training vary from one company to another. City staff members frequently provide drivers with descriptions of required knowledge that may not have been included in company training. Unfortunately, this instruction often comes after the driver has failed a knowledge test, or after a complaint has been received.

There have been calls for more robust driver training from drivers themselves, from representatives of the tourism industry, and from taxi company managers. Several municipalities have had success providing direct training to drivers. Drivers have called for more direct interaction from City staff on a regular basis. Training at the beginning of the permitting process provides the driver with key information regarding Code requirements and community standards.

We recommend that PFHT staff work with community partners, taxi company managers, drivers, the PFHT Board and Standing Committees, to develop a robust, standardized training program for taxi drivers. In partnership with community agencies, this type of program could well provide essential training in several areas, especially for new drivers that might increase income and job satisfaction.

9-Raise Taxi Meter Rates

The City of Portland has not raised the taxi meter rates since 2008. Temporary fuel surcharges are in effect. The fuel surcharge should be made permanent and rates should be slightly increased to account for inflation. This will translate to better income per hour worked for drivers. Additional review of taxi meter rates in similar jurisdictions must be undertaken prior to implementing this recommendation.

10-Raise Fees for Taxi Company and Vehicle Permits to Increase Oversight

Despite increases in company and vehicle permit fees in 2009, these taxi company permit fees are insufficient to fund the required regulatory oversight. As described in the Taxi Driver Labor Market Study, the average minimum revenue available to companies through driver "kitty" payments is \$26,000 per year, per vehicle. In comparison, taxi company permit fees are \$500 per year for the company, and \$180 per year for each vehicle.

An ongoing complaint of taxi drivers and companies alike is that there are insufficient City resources available to investigate and enforce against unpermitted and noncompliant for-hire transportation providers. In recent years, several staff members have been added, but the enforcement work required to appropriately administer the City's taxi program is greater than the current staff available. Additional staff resources are required to routinely evaluate company performance standards, conduct regular assessments of wait times and other service standards, provide adequate training and feedback opportunities for drivers, and provide adequate on-street enforcement of standards and permit requirements.

We recommend increasing taxi company permit fees to from \$500 to \$3000 per year for the company permit renewal, on a sliding scale, depending upon the number of permits held. We also recommend increasing taxi vehicle permit renewal fees from \$180 per year to \$600 per year. This change will provide increases proportionate to the number of taxi vehicle permits each company holds, thus indexing the increase to potential revenues. This increase can provide the funds necessary to obtain additional clerical and enforcement staff as discussed in this recommendation and recommendation 7 above.

11-Clarify Regulations for Non-Taxi Providers

The PFHT Board has approved new regulations for shuttle service providers, and has begun work on a set of regulations for limousine providers. Each regulated industry segment should be separately referenced and described in City Code.

12-Clarify Specially Assisted Transportation (SAT) Operations for Taxi Companies

As mentioned in the recommendations regarding new taxi permits, several taxi companies are simultaneously operating SAT permits and there are many areas of overlap with taxi service. City Code prohibits the use of meters in these vehicles, but reporting requirements makes the use of meters important to the contracting agency (TriMet). Drivers are sometimes shifted between SAT and taxi service contracts, and the differing work requirements between SAT and taxi service are related to the question of independent contractor versus employee driver. SAT fares provide reliable calls for service, may provide higher driver income when combined with other types of taxi service. The regulations for taxi companies providing SAT service must be clarified. Consideration should be given to converting some of the SAT permits currently held by taxi companies to taxi vehicle permits, based upon contracts and demands for service.

13-Criminalize Unpermitted Taxi Companies from Operating in Portland

Portland City Council passed Code changes July 11, 2012 that criminalized the operation of a taxi cab in Portland without the required permits. These code changes took effect August 10, 2012, and are noted here because it is expected to assist in increasing net driver pay by decreasing illegal taxi cab operation in Portland.



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

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Jack D. Graham, Chief Administrative Officer
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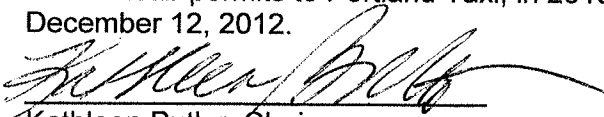
DATE: October 31, 2012
TO: Mayor Sam Adams
FROM: Frank Dufay, Private For-Hire Transportation Administrator;
Private For-Hire Transportation Board of Review
RE: Recommendations Regarding Applications for New Taxi Company Permits

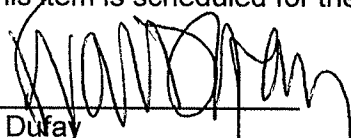
Please be advised that *Always Cab Company, LLC; Portland Electric Cab, LLC* and *Solidarity Cab Cooperative d/b/a Union Cab* (Union Cab) have applied to the City of Portland for Taxicab Company Permits. The Council is requested to decide whether these permits should be granted.

On September 26, 2010, the Revenue Bureau issued the Staff Recommendation Report: City of Portland Taxi Vehicle Permits (attached). The Private For-Hire Transportation Board of Review (Board), at a special Board meeting on October 10, 2012, voted to concur with the recommendations regarding new taxi company permit requests. The Board also voted to concur with recommendations for additional vehicles for existing taxi companies, but only for the first year's permits as proposed in the Report. The Board motion included a provision to evaluate the impact of additional permits and other taxi regulation reforms after one year, prior to recommending further additional permits for existing taxi companies in year 2 and 3, as suggested in the original staff recommendation. The Revenue Bureau supports the Board's recommendation to postpone consideration of year 2 and 3 permits for existing companies.

Therefore, the Board and Bureau jointly recommend that, in 2013, a new company permit and 50 vehicle permits be issued to *Union Cab*, and that no new company or vehicle permits be issued to *Always Cab Company, LLC* or *Portland Electric Cab, LLC*.

The Board has the authority to issue new vehicle permits to existing taxicab companies concurred with the Bureau recommendation for 13 new taxicab permits to Radio Cab, 11 new taxicab permits to Green Cab, and 4 new taxicab permits to Portland Taxi, in 2013. Action on this item is scheduled for the Board meeting on December 12, 2012.


Kathleen Butler, Chair
Private For-Hire Transportation Board of Review


Frank Dufay
Private For-Hire Transportation Administrator

TO THE COUNCIL:

The Mayor hereby transmits herewith the joint Bureau/Board recommendations, as approved on October 10, 2012 on the new taxi company and vehicle permit applications from *Always Cab Company, LLC; Portland Electric Cab, LLC; and Solidarity Cab Cooperative d/b/a Union Cab*.

Respectfully submitted,

Mayor Sam Adams

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

RESOLUTION No. 36978

Direct the Revenue Bureau and the Private For-Hire Transportation Board to prepare proposed changes to Portland City Code Chapter 16.40 and Administrative Rule changes, as necessary to implement the joint Bureau and Board Private For-Hire Transportation Program Recommendations for Taxi Industry Reform (Resolution)

WHEREAS, in April 2011, Mayor Sam Adams directed that the Revenue Bureau review the working and economic conditions of Portland taxi drivers; and

WHEREAS, the Bureau published a report in January 2012, the Taxi Driver Labor Market Study (the Study), finding that many contracted taxi drivers in the City of Portland long hours for low wages, without health care, retirement, vacation or sick leave; and

WHEREAS, the Study found a relationship between high payments to the taxi company and low net driver income; and

WHEREAS, the impacts of these working conditions are not limited to drivers and their families: the Study noted that passenger safety declines and costs to the community increase when drivers work long hours for inadequate wages; and

WHEREAS, the Study was widely distributed and publicized and the Bureau engaged in an extensive public comment process, including email distribution to 1,128 stakeholders, with 839 completed comment forms received; and

WHEREAS, the Board held a series of Board meetings in 2011 and 2012 to consider working and economic conditions of drivers and potential regulatory reforms, including a series of six interactive workshops in February and March 2012 following release of the Study; and

WHEREAS, on September 26, 2012, the Revenue Bureau issued thirteen Recommendations for Taxi Industry Reform (Exhibit A); and

WHEREAS, on October 10, 2012, the Board voted to concur with the thirteen Revenue Bureau recommendations for reform; and

WHEREAS, the Board also voted to review the impacts of all regulatory changes permits issued after one year's time; and

NOW, THEREFORE, BE IT RESOLVED that the City Council directs the Bureau and the Board to develop proposals for Portland City Code changes and Administrative Rules to implement the thirteen Recommendations for Taxi Industry Reform; and

BE IT FURTHER RESOLVED that proposals for the necessary Code changes will be brought forward to Council prior to December 31, 2013; and

BE IT FURTHER RESOLVED that the City Council directs the Bureau and the Board to report to Council regarding the status of the Private For-Hire Transportation Program no later than April 1, 2013.

Adopted by the Council: NOV 07 2012

Mayor Sam Adams
Prepared by: Kathleen Butler
Date Prepared: October 29, 2012

LaVonne Griffin-Valade
Auditor of the City of Portland

By 
Deputy

ORDINANCE NO. 185721 As Amended

*Authorize taxi company performance review for permit renewal process and for additional vehicle permit requests (Ordinance; amend Code Sections 16.40.170 and 16.40.210)

The City of Portland ordains:

Section 1. The Council finds:

1. The January 2012 Revenue Bureau Taxi Driver Labor Market Study found that taxi permits have been issued to the same companies for many years, with relatively few performance requirements.
2. The Study also found that there are too few incentives for existing taxi companies to provide adequate services at reasonable cost to drivers.
3. The City of Portland regulates taxi fares and the number of company and vehicle permits, but does not regulate the quality or quantity of services provided to drivers in exchange for substantial payments charged to each driver by the taxi company on a daily, weekly or monthly basis.
4. The Private For-Hire Transportation Board of Review (the Board) held a public meeting solely dedicated to consideration of taxi company performance standards on March 14, 2012.
5. The Revenue Bureau and the Board agree that sustainable conditions for drivers, as well as taxi customer convenience and safety can be improved by regular review of taxi company performance standards regarding: relative value of services provided to drivers, customer phone and taxi wait times, condition of vehicles and equipment, availability of hands-free dispatch and GPS tracking, availability of customer-operated credit card payment machines, levels of service to all trip types (including short trips and service outside the downtown area), quantity and quality of dispatch business provided to driver, level of driver satisfaction with services provided by the company, customer service satisfaction, company complaint procedures, investment in wheelchair accessible and sustainable fuel vehicles, compliance with reporting requirements, innovation, and response to transportation needs of the community.
6. At their meeting on October 10, 2012, the Board voted to recommend to that the City Council adopt of a process whereby each taxi company would be required to meet minimum performance standards as a condition of renewal of a minimum number of vehicle permits, and that addition or renewal of vehicle permits above the minimum will be evaluated in relation to the matrix of performance standards.
7. The City Council finds that regulation of taxi company performance standards is a necessary means of ensuring public safety and welfare with regard to private-for-hire transportation in the City of Portland by (1) protecting public access to modern,

convenient taxi service; (2) protecting the public from unsafe vehicles and drivers; (3) providing for the safe, fair and efficient operation of for-hire transportation services; and (4) recognizing that the industry constitutes an essential part of the City's transportation system and as such regulation is necessary to insure public safety is protected, the public need provided, and the public convenience promoted.

NOW, THEREFORE, the Council directs:

- a. Add PCC 16.40.170 G. as follows:
 - G. Company and vehicle permits will not be renewed if the company does not achieve the minimum score on the matrix of taxi company performance standards. The number of taxi vehicle permit renewals granted will be related to review of the performance standards. Taxi company performance standards will be described by administrative rule.
- b. Add PCC 16.40.210 E. as follows:
 - E. Board review of taxi company requests for additional vehicle permits will include evaluation of taxi company performance standards, as described by administrative rule.

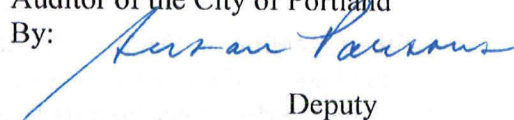
Section 2. The Council declares an emergency exist for the purposes of health safety of drivers and quality of life of drivers; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: NOV 07 2012

Commissioner: Mayor Sam Adams
Prepared by: Kathleen Butler
Date Prepared: October 25, 2012

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland

By:



Deputy

ORDINANCE NO. 185722

*Increase taxicab fare rates (Ordinance; amend Code Section 16.40.290)

The City of Portland ordains:

Section 1. The Council finds:

1. ORS 221.495 authorizes cities to regulate rates charged by taxicabs.
2. Portland City Code Chapter 16.40 regulates taxicabs operated within the City of Portland.
3. Portland City Code Section 16.40.290 Taxicab Fare Rates establishes the maximum meter rate which may be charged for taxicab service within City limits.
4. Current maximum meter rates adopted on April 9, 2008, allows for \$2.50 initial charge ("drop rate"), \$2.30 per mile, \$30.00 per hour waiting (stationary) time for one passenger, plus a \$1.00 charge for each additional passenger.
5. The Revenue Bureau is authorized by Portland City Code Section 16.40.290 to perform a rate study annually to determine appropriate maximum meter rates.
6. The City of Portland has not raised the maximum meter rate since April, 2008.
7. Since April, 2008, the consumer price index has increased 5.41%.
8. The Private-for-Hire Transportation Board is authorized by Portland City Code Section 16.40.070 to impose, modify and rescind fuel surcharges.
9. A temporary fuel charge of \$.10 per mile was approved by the Board in January 2011, was raised to \$.20 per mile in March 2011, and has remained in effect since that time.
10. The January 2012 Revenue Bureau Taxi Driver Labor Market Study found that many Portland taxi drivers work long hours for low wages, and that the average driver hourly wage is less than the Oregon Minimum Wage and the 2011 City of Portland Fair Wage.
11. The Taxi Driver Labor Market Study found that low pay and long hours for drivers are associated with decreased passenger safety.
12. At their meeting of October 10, 2012, the Private For-Hire Transportation Board voted to recommend to Council approval of an increased maximum meter rate to make permanent the current \$.20 fuel surcharge, as well as an additional slight increase to account for inflation.

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13. In conjunction with the Private For-Hire Transportation Board recommendation, Revenue Bureau staff conducted review of taxi meter rates in similar jurisdictions, and found the proposed increase to be comparable to current meter rates in these jurisdictions.
14. An increase to the maximum taxicab fare rates, in combination with additional regulation of taxi company charges to drivers, will contribute to an increase in net driver wages.
15. The City Council finds that the regulation of maximum taxi fare meter rates is a necessary means of ensuring public safety and welfare with regard to private-for-hire transportation in the City of Portland by (1) providing reasonable consumer information and protection to the travelling public; (2) protecting the public from unsafe drivers; (3) providing for the safe, fair and efficient operation of for-hire transportation services; and (4) recognizing that the industry constitutes an essential part of the City's transportation system and as such regulation is necessary to insure public safety is protected, the public need provided, and the public convenience promoted.

NOW, THEREFORE, the Council directs:

- a. PCC Subsection 16.40.290 A. 2 is hereby amended as follows:
 - A. 2. Subsequent to the initial charge provided for in Subsection 16.40.290 A.1., the maximum charges may not exceed ~~\$2.30~~ \$2.60 per mile; and

Section 2. This Council declares an emergency because it is necessary that these rates be established as soon as possible. Therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

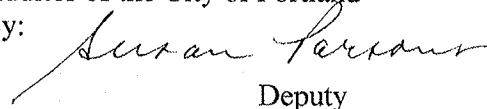
Passed by the Council: NOV 07 2012

Commissioner: Mayor Sam Adams
 Prepared by: Kathleen Butler
 Date Prepared: October 25, 2012

LAVONNE GRIFFIN-VALADE

Auditor of the City of Portland

By:



Deputy

ORDINANCE NO. 185720 As Amended

*Amend Private For-Hire Transportation Regulations to add new section Paid Passenger Referrals Prohibited (Ordinance; add Code Section 16.40.710)

The City of Portland ordains:

Section 1. The Council finds:

1. The Revenue Bureau and the Private For-Hire Transportation Board of Review (the Board) held a series of public meetings and workshops in 2010 and 2011 regarding the problem of payments that were being solicited or required from hotel staff, and in some case taxi company dispatchers, in return for steering the passenger to a particular taxi or executive sedan vehicle. Testimony was received at these public meetings and hearings from many taxi drivers, as well as from hotel valets and managers.
2. The Revenue Bureau and the Board agree that when a cash payment for a taxi fare is required, the choice of service provider is no longer dependent solely upon the quality, safety, or promptness of the service provider and the public is not served.
3. The Revenue Bureau and the Board have found that fares are sometimes assigned to unpermitted and potentially unsafe vehicles, and customers are sometimes denied the service provider or type they request, or are made to wait longer than they should, as a result of payments for fares.
4. Many taxi drivers testified to the Board, and many drivers have complained to Revenue Bureau staff, that they cannot obtain airport fares at many downtown hotels unless they agree to make a \$5 or \$10 cash payment for each fare to the hotel valet.
5. The practice of requiring payments from drivers in return for assigning fares results in higher taxi costs for taxi customers, who are often tourists and business travelers: the Board heard testimony that drivers may be more likely to take longer routes to the airport than necessary in order to make up these payments.
6. The requirement for payments to hotel valets contributes to driver inequities such as long hours for low pay, and lower net driver income, as documented in the January 2012 Taxi Driver Labor Market Study. Low pay and long hours for drivers are associated with decreased passenger safety.
7. Revenue Bureau staff obtained additional information regarding similar problems in other cities, and noted that several cities had existing prohibitions on such payment arrangements, and several cities had recently added prohibitions against this practice.

8. At their meeting on September 28, 2011, the Private For-Hire Transportation Board voted to recommend that the Council adopt a prohibition against the practice of accepting, soliciting, or requiring payment in return for fares.
9. At their meeting on October 10, 2012, the Private For-Hire Transportation Board voted to affirm their earlier recommendation.
10. The City Council finds that the prohibition of paid passenger referrals is a necessary means of ensuring public safety and welfare with regard to private-for-hire transportation in the City of Portland by (1) protecting the travelling public from inconvenience and illegal fare inflation; (2) protecting the public from unsafe drivers; (3) providing for the safe, fair and efficient operation of for-hire transportation services; and (4) recognizing that the industry constitutes an essential part of the City's transportation system and as such regulation is necessary to insure public safety is protected, the public need provided, and the public convenience promoted.

NOW, THEREFORE, the Council directs:

- a. Add Section 16.40.710 Paid Passenger Referrals Prohibited as follows:
 - A. All private for-hire transportation drivers are prohibited from providing payment to hotel staff, dispatchers, or any other person for referral of a passenger or passengers. The penalties for violation of Subsection 16.40.710 A. are as follows: \$1,500 for the first offense; \$2,000 and 10-day driver permit suspension for the second offense; and \$2,500 and driver permit revocation for the third offense.
 - B. It is prohibited for any person to solicit or accept payment for referral of a passenger to a motor vehicle for hire, or for any person or business, firm, association or corporation to act in concert with or on behalf of another person or persons to solicit or accept payments for the referral of passengers to a motor vehicle for hire. This prohibition does not include payment for legitimate advertising placement, such as placement of flyers or posters, or legitimate commissions provided by tour companies that do not operate on demand. Advertising or commission payments exempted herein must be documented, and said documentation must be provided to the Administrator when requested. The penalties for violation of Subsection 16.40.710 B. are as follows: \$1,500 for the first offense; \$2,500 for the second offense; and \$3,500 for the third and each subsequent offense.
 - C. It is prohibited for any person to solicit or accept gifts and/or gratuities or anything of value from any holder of a City of Portland company, vehicle or driver permit, except as authorized in this Chapter, in return

for any dispatch call, assignment, vehicle or shift. The penalties for violation of Subsection 16.40.710 C. are as follows: \$1,500 for the first offense; \$2,500 for the second offense; and \$3,500 for the third and each subsequent offense.


- D. If a limousine, executive sedan, taxicab, shuttle or other for-hire vehicle is in a marked hotel zone or loading/unloading zone, it is a rebuttable presumption that it is parked there to provide private for-hire transportation services that require a log book entry. Taxis, shuttles, executive sedans and limousines parked in a hotel zone must provide properly documented log book entry when requested by the Administrator. The penalties for violation of Subsection 16.40.710 D. are as follows: \$500 for the first offense; \$1,000 for the second offense; \$2,500 and suspension for the third and subsequent offenses.
- E. Other than for drop off, for-hire vehicles may not park in the hotel zone without a reservation or request for service. Per Section 16.40.460 limousine and executive sedan service must be prearranged. The penalties for violation of Subsection 16.40.710 E. are as follows: \$500 for the first offense; \$1,000 for the second offense; and \$2,500 and suspension for the third and subsequent offenses.
- F. Taxicabs may not park in the hotel zone or loading/unloading zone prior to 15 minutes before pick up for a dispatch or request for service. The dispatched call/request for service must be documented in the required log format, and available for review by any authorized enforcement officer inspecting logs in the field. The penalties for violation of Subsection 16.40.710 F. are as follows: \$500 for the first offense; \$1,000 for the second offense; and \$1,000 and driver permit suspension for the third offense.

Section 2. The Council declares an emergency exist due to a problem where towncars and taxis are getting payments in return for fares and this is undermining the ability of the intent of the laws related to taxis versus towncars and taxis selection based on availability as opposed to payment in return for favored treatment and it creates a safety issue; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: NOV 07 2012

Commissioner: Mayor Sam Adams
Prepared by: Kathleen Butler
Date Prepared: October 25, 2012

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland

By: 
Deputy

ORDINANCE NO. 185723

*Increase taxi company and taxi vehicle fees (Ordinance; amend Code Sections 16.40.590 and 16.40.430)

The City of Portland ordains:

Section 1. The Council finds:

1. Portland City Code Chapter 16.40 regulates taxicabs operated within the City of Portland.
2. Portland City Code Section 16.40.590 Fee Table establishes the application, permit, and renewal fees for taxi company and taxi vehicle permits. Currently, the permit fees for initial taxi company permits are \$1,250 per year and taxi company yearly renewals are \$500. Initial taxi company vehicle fees are \$225 per year, and renewals are \$180 per vehicle per year.
3. The January 2012 Taxi Driver Labor Market Study found that the average potential yearly income via taxi driver payments is \$26,000 per year per vehicle.
4. The Revenue Bureau and the Private For-Hire Transportation Board of Review (the Board) agree that, despite increases in 2009, taxi company permit fees and vehicle permit fees are insufficient to fund the required regulatory oversight, and that additional staff are needed to adequately enforce current ordinances and provide oversight and evaluation of permitted companies.
5. The Board voted on October 10, 2012 to recommend that Council approve an increase in taxi company permit fees, on a sliding scale from \$500 to \$3,000 per year renewal fee, depending on the number of vehicle permits held by the company, in order to fund additional clerical and administrative staff.
6. The Board voted on October 10, 2012 to recommend that Council approve an increase in taxi company vehicle permit renewal fees from \$180 to \$600 per year per vehicle, in order to fund two additional positions for the administration and enforcement of taxi regulations.
7. The City Council finds that the increase in taxi company permit fees is not meant to place an undue burden on taxi drivers in the form of increased daily, weekly or monthly "kitty" payments or other payments required by taxi companies.
8. The City Council finds an increase in taxi company and taxi vehicle permit fees, and the required review and approval by the Director or his or her designee of changes to fees and payments required from taxi drivers, are necessary means of ensuring public safety and welfare with regard to private-for-hire transportation in the City of Portland by (1) providing additional resources for monitoring compliance and

enforcement of regulations related to safety and convenience of the public; (2) protecting the public from unsafe vehicles and drivers; (3) providing for the safe, fair and efficient operation of for-hire transportation services; and (4) recognizing that the industry constitutes an essential part of the City's transportation system and as such regulation is necessary to insure public safety is protected, the public need provided, and the public convenience promoted.

NOW, THEREFORE, the Council directs:

a. PCC Subsection 16.40.590 A. is hereby amended as follows:

A. The following table outlines the fee costs associated with this Chapter.

PERMIT and APPLICATION FEES				
PERMIT TYPE	APPLICATION (nonrefundable)	INITIAL PERMIT	RENEWAL	REPLACEMENT
Taxi/LPT Driver	\$100	\$100	\$100	\$25
Pedicab Driver	\$25	\$25	\$25	\$10
LPT Company	\$250	\$500	\$500	\$75
Taxi Company < 25 permitted vehicles	\$250	\$1,250	\$500	\$75
Taxi Company 25-50 permitted vehicles	\$250	\$1,250	\$1,000	\$75
Taxi Company 50-100 Permitted vehicles	\$250	\$1,250	\$2,000	\$75
Taxi Company > 100 permitted vehicles	\$250	\$1,250	\$3,000	\$75
Pedicab Company	\$100	\$125	\$125	\$75
Taxi Vehicle	N/A	\$225	\$180 \$600	\$75
LPT Vehicle	N/A	\$225	\$180	\$75

Pedicab	N/A	\$25	\$25	\$10
GENERAL FEES				
Moving Decals or Taxiplates to Another Vehicle		\$150		
Temporary Decals During Vehicle Repair		\$25		

- B.** Fees are rounded up to a full monthly rate when being prorated for any particular decal, taxiplate or permit, regardless of what date of the month the fee is actually paid on.
- C.** For the purposes of this Fee Table Schedule, pedicabs are not considered to be LPT vehicles and are treated separately.
- b. Amend PCC 16.40.430 as follows:
- 16.40.430 Financial and Operating Restrictions ~~Data and Reporting~~
- c. Add Subsections PCC 16.40.430 D. – F. as follows:
- D.** All permitted taxi companies must submit to the Director, or his or her designee, a comprehensive accounting of all current payments required from drivers to the taxi company as of October 1, 2012;
- E.** Any payments or fees charged by taxi companies to drivers may not be raised or modified without the review and approval of the Director, or his or her designee, after receiving written application from the taxi company.
- F.** The Director or his or her designee will review the application in accordance with the criteria established in Administrative Rule.

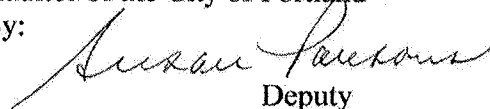
Section 2. The Council declares an emergency because it is necessary that these rates be established as soon as possible. Therefore, this ordinance shall be in full force and effect from and after its passage by the Council

Passed by the Council: NOV 07 2012

Commissioner: Mayor Sam Adams
 Prepared by: Kathleen Butler
 Date Prepared: November 1, 2012

LAVONNE GRIFFIN-VALADE
 Auditor of the City of Portland

By:


 Deputy



Preliminary Findings Taxi Driver Labor Market Study: Long Hours, Low Wages January 2012

City of Portland Revenue Bureau
Office of Management and Finance

Executive Summary

- The calculated average net hourly income of all Portland taxi drivers is \$6.22. These low hourly wages are consistent with those found in recent studies in other U.S. cities.
- Drivers at non-driver owned companies typically work long hours—often 12-14 hours per day, 6-7 days per week—to be able to meet the required company payments, expenses, and provide income for their families.
- Taxi drivers work as independent contractors. Low wages are not supplemented with health care or retirement benefits, paid vacation or sick leave.
- Large weekly payments from the driver to the company (the “kitty”) are a major factor in the low net income and long working hours of the professional taxi driver.
- There are no caps on the number of taxi drivers who may be permitted, thus creating a steady and unlimited pool of potential drivers, particularly in times of high unemployment.
- In contrast, the City permitting system limits the number of taxi vehicle permits and has reissued permits to the same companies for many years, with relatively few performance requirements.
- The oversupply of drivers relative to the limited number of tightly-held taxi permits creates artificially poor market conditions for drivers, with too few incentives for companies to provide adequate services at reasonable costs to drivers.
- Portland regulates taxi fares and the number of permits, but does not regulate the services the taxi companies provide to the drivers in return for the “kitty” payment. Current regulations are not sufficient to promote sustainable working conditions for drivers.
- Driver income at Portland’s one driver-owned taxi company is significantly higher than the average driver income at the non-driver-owned companies for all categories of drivers.
- The average weekly “kitty” payment for full-time drivers at non-driver owned companies is \$500 per week compared to a high of \$245 per week in the current fiscal year for the one driver-owned company.
- Lower kitty payments at the driver-owned company contribute to a fair wage and shorter working hours: an average 8 hour shift, 5.5 days per week.
- Long hours and low wages for taxi drivers are associated with poor customer service, unsafe driving, increased accidents, negative impacts to driver health and family life, as well as increased costs to the community.
- The three smaller Portland taxi companies have been unable to obtain sufficient taxi vehicle permits to adequately meet Code requirements for citywide service.

- Fewer vehicle permits available to these smaller companies makes it more difficult for them to finance technological improvements or lower the amount of driver "kitty" payments.
- The evolution of business models across the U.S and elsewhere is causing many jurisdictions to recognize a need for adjustments to taxi permitting systems, and to add regulations regarding taxi company performance and the driver-company relationship.
- Skillful company management and support to drivers plays a significant role in driver working conditions and profits, regardless of company size or ownership. Experience has shown that there is no "one size fits all" model for taxi permitting and regulation.
- Currently permitted drivers and companies alike deserve fair opportunities to meet the goals of safe, efficient and sustainable taxi service.
- The permit renewal and issuance process should evaluate taxi company performance related to driver working conditions and to the quantity and quality of services supplied to the driver.
- To balance current conditions, the Regulatory Division and the Private For-Hire Transportation Board should consider additional regulations designed to promote sustainable working conditions and fair wages for drivers.

Taxi Driver Labor Market Study

Table of Contents

Executive Summary	p. 2
Background and Methodology	p. 5
Part 1: Taxi Permitting Systems	p. 6
Part 2: Portland Taxi Companies	p. 8
Part 3: Taxi Driver Economic Conditions	p. 12
Part 4: Driver	p. 18
Part 5: Conclusions	p. 23
Part 6: Recommendations and Next Steps	p. 25
Appendix	p. 26

Background and Methodology

In May of 2011, a group representing 50 City of Portland taxi drivers forwarded a request for new taxi permits to the Regulatory Division. The Solidarity Cab Cooperative d/b/a Union Cab requested a company permit and 50 vehicle permits for a new, driver-owned taxi company. The request was also forwarded to the office of Mayor Sam Adams.

The Union Cab applicants cited poor economic and working conditions in their request to permit the new, driver-owned taxi company. They asked that the Revenue Bureau and the Private For-Hire Transportation Board consider issuing permits to their driver-owned cooperative in order that they might continue their work as taxi drivers under a more sustainable business model.

At the request of the Mayor, the Regulatory Division undertook a preliminary review of the current economic and working conditions for taxi drivers. The system used for granting taxi permits is a key factor affecting these working and economic conditions.

We requested and reviewed financial and operating data from the six Portland taxi companies. This data included financial statements and information regarding the calculation of the driver "kitty" payment amount. This data was supplemented with data available in our Business License Tax database, as well as the related copies of City and federal tax returns.

After review of the company submissions, we requested supplementary information, such as company-driver contracts, and met with company owners and managers to discuss the details of operations and finance. We also discussed the history of Portland taxi regulation, caps on the number of permits, and the working and business relationship between company owners/managers and drivers.

We reviewed City of Portland Business License tax-exemption and tax-return data for a representative sampling of taxi drivers, as well as the related City and federal income tax returns.

Regulatory Division staff conducted informal interviews and discussions with approximately 250 (out of approximately 900 currently working drivers). We met with groups of interested drivers and discussed their compensation, their working hours and conditions, and their ability to obtain health insurance and retirement benefits. Information gathered from drivers during permit renewal and vehicle inspections was included in our findings.

We compared the data and the information we received from company owners, managers, and drivers with the information reported in similar studies conducted in Austin, Texas; Chicago, Illinois; Denver, Colorado; Los Angeles, California; and Toronto, Canada. We also reviewed reports from the International Association of Transportation Regulators (IATR), the Taxi, Limousine, and Paratransit Association (TLPA); as well as additional recent reports relating to taxi driver working conditions and taxi permit systems.

Taxi Driver Labor Market Study

Part 1: Taxi Permitting Systems

In the U.S. and worldwide, taxi permits are issued by various jurisdictions (municipal, county, state, territorial, or national). The City of Portland regulates taxi companies, vehicles and drivers to promote safe, convenient, and adequate taxi service.

The Revenue Bureau Regulatory Division conducts driver background checks and driver testing, monitors for adequate vehicle maintenance and insurance, checks for compliance with various operating and safety regulations, investigates complaints, and is responsible for the enforcement of Code violations.

As do many U.S. cities of the same size or larger, Portland restricts the overall number of taxi company and vehicle permits issued. The reasons often cited for caps on taxi permits include:

- Caps on permits help promote a relatively stable taxi industry: Cities rely upon taxi service for transport from the airport for business and vacation travelers. Taxi service also provides transport to doctor's appointments, pharmacies and other necessary transport for the elderly, the ill, and others who may not be able to utilize other methods of public transportation. Deregulation in some jurisdictions led to destabilization of the taxi service.
- Limit congestion and pollution: In some cities, there has been concern that large numbers of cruising taxis created undesirable and unmanageable traffic congestion and vehicle pollution.
- Stabilize driver income: Limits on the number of taxi permits have also been thought to help maintain a stable level of income for permitted drivers by avoiding oversupply of taxis.

Limits on taxi vehicle permits are thought to benefit taxi drivers and customers alike. These considerations must be balanced with the desire to ensure that taxis are available and reasonably prompt in response to customer calls for service and the need to allow for industry growth and innovation.

Many jurisdictions have begun to grapple with the unintended consequences and unique problems created by the limits set on taxi numbers. Stagnant limits on vehicle permit numbers leaves some market segments underserved. Typical areas where there is insufficient service include wheelchair accessible vehicles, late night and peak hour service. Stagnant permit caps also prevent smaller companies from growing their businesses, and may contribute to the migration of business from the taxi sector to other, less regulated vehicle types.

Because taxi permit caps limit the number of available vehicles, but not the pool of drivers, stagnant permit caps may also inadvertently help create an imbalance in the relationship between companies and drivers. Total deregulation of permit numbers, however, can have negative impacts on company stability, driver income, and customer service.

There is no uniform method for determining the proper number of taxi vehicles, although it is typical to review several accepted measures of demand when measuring increases in demand. The Regulatory Division currently considers business and population growth, number of airport trips, and housing development when considering demand for taxis. Demand increases during peak hours and during hours when fewer taxi drivers are working (late night). Specialty needs, such as wheelchair accessible vehicles, service more distant from downtown, and late night service should be taken into consideration when setting the number of available taxi permits.

Taxi permitting systems can be divided into three main types:

1. Medallion systems: taxi permit is sold to the company or driver, and often is resold or released by the owner;
2. Non-medallion systems: the regulatory body retains ownership and leases the permit directly to the company or driver; or
3. Hybrid systems that include both medallions and leased permits.

In medallion systems, the driver or company owner of the medallion is eligible to buy and sell the permit to others, often through a highly regulated process. The owner may also lease the permit to drivers. The medallion system thus allows the purchaser to obtain a return on the initial investment. In medallion systems, the equity that accumulates in the permit is often considered an investment towards retirement for the driver.

Jurisdictions that retain ownership of taxi permits (non-medallion systems) have different methods for managing the distribution of the permits. Some lease the permit directly to the driver so long as the driver affiliates with an approved association or permitted company (Seattle). Some cities use a combination system to issue some permits to companies and some permits directly to drivers (San Francisco). And, as mentioned above, some cities have a hybrid system that includes both medallions and leased permits.

Part 2: Portland Taxi Companies

Portland has a non-medallion system and the City retains ownership of company and vehicle permits. Portland City Code prohibits the sale, lease or any other assignment of company or vehicle permits. A cap at the current limit of 382 taxi vehicle permits has been in effect since 1998, and, although the City retains ownership of the permits, the same number of permits has been assigned to each of the current companies since that time.

Portland taxi companies may charge a weekly, monthly or daily fee to drivers (the "kitty"), but, per City Code, this fee must be charged in exchange for services offered, not for the use of the permit itself. Company and vehicle permits are renewable on an annual basis. Renewal requires adequate insurance, vehicle inspection, and payment of permit fees.

Currently, company and vehicle permits are assigned to six* companies: Broadway, Green, New Rose City, Portland, Radio, and Sassy's. The breakdown of taxi vehicle permits is as follows:

Table 1: Taxi Vehicle Permits by Company

Company	Permitted Taxi Vehicles	Percent of Permitted Vehicles
Broadway	136	35.6%
Green	48	12.6%
New Rose City	19	5.0%
Portland	26	6.8%
Radio	136	35.6%
Sassy's	17	4.5%
Total	382	100.1%

Note: Percent total does not sum to 100% due to rounding.

*Broadway and Sassy's have been combined into one company for the purposes of the analysis in this study, as they are within the same ownership group.

Additional vehicle permit types operated by each company include:

Broadway/Sassy's Approximately 65 Specially Assisted Transportation (SAT) vehicles
 Green 9 Shuttle vehicles

Radio and Broadway are significantly larger than the other three companies. These two companies were able to expand their business, and the number of permits assigned to them, prior to the current system of permit caps. In addition, both Broadway and Radio operate a significant number of taxis outside the City of Portland, but within the Portland metropolitan area (metro taxis). These taxis are not currently issued City of Portland permits. Drivers using metro taxis are prohibited from picking up passengers within Portland city limits, but they may drop off passengers within Portland.

Green and Sassy's first received Portland permits in 1998, but the other companies each have longer histories of operation in Portland, although in some cases the ownership has changed. Several of the existing companies were denied additional permits in 1998 under the criteria in place at that time.

Broadway has 136 permits. Sassy's was first issued 17 permits in 1998 and Broadway owners were subsequently granted permission to purchase Sassy's. The Broadway/Sassy's group has the largest total

number of Portland City taxi permits, 153, as well as approximately 65 specially assisted transportation (SAT) vehicle permits. (The number of SAT vehicle permits is not currently capped and the number granted to Broadway/Sassy's fluctuates slightly as vehicles are added or taken out of service.)

Radio Cab holds the second-largest number of taxi permits, 136. Although it is a for-profit corporation, Radio drivers founded the company and have been shareholders since its inception in 1946. Approximately half of the Radio drivers are "owner-operators". The operating model and structure of driver payments to the company is significantly different at Radio Cab from all other currently permitted companies.

Green holds the next highest number of taxi permits, with 48 vehicles. Green was originally permitted as Smart Cab in 1998, to promote more innovative and varied taxi service in Portland, as well as increased opportunities for drivers.

Portland Taxi has also been operating for a number of years with a small number of permits—26—with some ownership changes in recent years.

New Rose City has been operating for 38 years. They started with 11 permits in 1974 and were granted 8 additional permits through 1996. The company has continued to operate with the smallest number of vehicle permits—19.

Portland City Code requires the following of all taxi companies:

- A dispatch system in operation 24 hours a day, providing "reasonably prompt" service;
- Acceptance of any request for service within the City;
- City-wide service 24 hours a day, 7 days a week;
- Less than 65 % of company's vehicles within a mile of the airport at any given time;
- A minimum fleet of 15 taxis;
- At least 2/3 of the fleet utilized and in service at all times.

There have been no increases in total taxi permits issued since 1998, and limited increases prior to that. It is difficult, if not impossible, for the smaller companies to meet the City Code requirement for 24 hour, citywide service with only 19, 26, or even 48 vehicles. This was recognized by the City Council in 2000, and has been discussed by the Private For-Hire (PFHT) Transportation Board several times since.

Portland City Code changes ratified in 2009 added a more accessible process for existing companies to request additional permits from the Board, but no taxi company has been granted additional permits under the new process.

The economic slowdown and lack of consistent indicators for increased demand have contributed to the PFHT Board's reluctance to approve additional permits, even for the smaller companies. At issue is the possibility of potentially decreasing the income of current drivers and companies by further diluting the available taxi fares amongst additional taxis.

Although traditional indicators have shown flat or decreased demand in recent years, resulting in no increase in taxi permits, there are pockets of unfilled demand for taxis. Underserved areas include wheelchair accessible taxi vehicles, late night and other peak demand service, and areas of the city farther out from downtown. Executive sedans and shuttles have filled in some of these gaps in service.

An inability to provide citywide service is not the only limitation caused by the size of the smaller companies. The payment from each taxi driver to the taxi company (the "kitty") is a major source of income for each of the companies.

For the sake of potential revenue comparison only, we can utilize an average \$500 per week per taxi vehicle permit issued in company revenue through driver payments. These are not actual numbers, but are used only to point out the differences in potential revenue related to the number of permits available to each company. It is important to note that in some cases, the revenue per permit may be less, especially where there is a lower "kitty" at the driver-owned company. In many cases, the kitty revenue will be more than this average figure, because more than one driver pays the company for a weekly shift on each vehicle and permit. Use of an average number protects the confidentiality of company financial information, and makes for a cleaner comparison and analysis of the revenue generating potential of the City issued vehicle permits.

Table 2: Average "kitty" income per company

Company	# of Vehicle Permits Issued	Average potential yearly kitty/vehicle	Average "kitty" collected per year from drivers calculated at \$500/week/vehicle permit
Broadway/Sassy's	153	\$26,000	\$3,978,000
Green	48	\$26,000	\$1,248,000
New Rose City	19	\$26,000	\$494,000
Portland Taxi	26	\$26,000	\$676,000
Radio	136	\$26,000	\$3,536,000

As Table 2, above, illustrates, there is a large disparity between the "kitty" income available to the smallest company, as compared to the largest company. Several smaller companies have served their clientele for many years without access to additional permits. Several of these smaller companies have also introduced moderate innovations and healthy competition to the Portland market, despite the lesser "kitty" revenue available to them.

All three smaller Portland companies are without automated dispatch systems, GPS driver tracking systems, and electronic credit card processing. These companies actively seek better services and equipment as less cost intensive options for smaller companies become available. Several of the smaller companies invest significant funds to improve business for their drivers—web advertising is an example—but, as time goes by without an ability to expand, it becomes increasingly difficult for these companies to keep up with technological advances and compete with the holders of larger numbers of permits.

The inability of these smaller companies to generate sufficient capital to add equipment upgrades is a serious concern. Municipalities have begun to require automated dispatch, GPS tracking, electronic credit card processing, mandatory customer receipt printing, and mandatory electronic reporting. These features add important public safety and consumer protections. Stagnant limits on the growth of permit numbers for the smaller companies has meant that it has been very difficult for them to generate the necessary revenue to incrementally add these service and safety improvements, much as they might want to do so.

As noted above, under Company Requirements, all permitted Portland taxi companies are required by City Code to maintain 24 hour a day, 7 days a week dispatch and service to the entire City. Customers may not be refused except for very special circumstances, and customers should not wait an "unreasonable" amount of time for response to a call for service. These minimum requirements are difficult, if not impossible, to meet currently with a fleet of 19, 23 or even 48 taxis in current-day Portland. It can also be difficult for these companies to meet actual demands for service, which damages their reputation.

The proportionally smaller amounts available to Green, Portland and New Rose City make it much more difficult to keep up with the technological advances expected by customers and regulators alike. It is also difficult to impossible for these companies to reduce the weekly "kitty" paid by drivers, even when there is a recognized slowdown in fares available to the driver.

The Colorado Public Utilities Commission noted in 2008 that the Denver experience suggests that there may be an "optimal size of operation that can . . . sustain profitable operations" and that it is up to the regulatory structure to take this into account when working to maximize market efficiency (Colorado Public Utilities Commission, p. 23). In San Antonio, the necessity for taxi companies to obtain a critical mass of permits and sufficient working capital in order to maintain safety standards and good customer service (Mundy, San Antonio Report, p. 53-54, 71).

In summary, a certain critical mass of vehicle permits is required for a company to adequately meet City Code requirements, provide innovation and efficient customer service, and provide sustainable income for drivers. It is likely that all three of the smaller Portland taxi companies have not yet reached that critical number of permits.

Part 3: Taxi Driver Economic Conditions

Changes in the taxi industry in most U.S. cities during the 1970s and 1980s led to a change in employment classification of taxi drivers. The relationship between companies and drivers shifted, and those drivers who had previously been employees of the company became "independent contractors". In Portland, Radio was the last company to make that shift, approximately 10 years ago.

The shift from employees to independent contractors removed benefits such as health insurance and vacation for many drivers, but also gave them more independence to set their own schedule and, potentially, to develop more of a personal repeat customer base.

Prior to the shift to an independent contractor driver, many companies used a system whereby some portion of the driver's daily income was paid to the company in return for services provided. That system of splitting the daily receipts to cover the services provided by the company has evolved into a system of flat payments from driver to company (per shift, per week, or per month). In Portland, this payment, most often made weekly, is referred to as the "kitty".

The amount the driver pays to the company is not relative to the amount of income the driver receives from fares, but is set at a fixed rate by contract for a set number of shifts. This becomes more problematic for the driver during times of decreased economic activity, when the amount of business per shift may decrease. This is particularly true for those drivers who are more heavily dependent upon airport or tourist fares.

Dispatching, insurance, equipment/vehicle rental and maintenance, charge/credit card processing, and advertising are some of the services historically provided by taxi companies to the drivers. Many of these services are still considered core company services throughout the industry, but some companies continue to shift service costs or responsibilities to the drivers.

To survey the current economics of driving a taxi in Portland, we compiled data from the Revenue Bureau Business License tax database and the Regulatory Division taxi driver database. Calculations were made to find the mean/median income for drivers. Data was extracted from the Revenue Bureau Business License tax database for exempt and non-exempt accounts. Federal income tax returns were examined for many of the accounts.

The data was normalized for obvious material errors. The drivers who have not filed a return with us since January 1, 2009 were removed from the analysis. The data does not include presumptive fee payers (those who did not file and are billed based upon a presumption of a certain income amount).

We only considered drivers with a gross income of at least \$9,000 in any analysis in order to remove from consideration the data for part-time drivers and drivers who only worked for a portion of a tax year. For many of our comparisons between gross yearly income and net yearly income, and for comparisons between companies, we utilized only the more detailed data available for non-exempt drivers (those drivers who file detailed returns because they make more than \$50,000 per year annual gross income).

When we include drivers who report less than \$50,000 per year gross income (a majority of drivers), the hourly and yearly wage figures are substantially lower. This difference should be held in mind when reviewing the income chart comparisons below.

In order to obtain results most relevant to more long-term, full time drivers, we included only drivers who had filed a return or exemption request for at least three consecutive years (2008, 2009 and 2010). We reviewed

the tax return for the 2009 federal tax returns on these accounts to ensure that the 2009 drivers were working for the full year.

Our analysis is an estimate based upon information available to us, as well as some assumptions about the information we compiled. We ascribe a high degree of reliability to information we receive as an income tax agency. This information is confidentially submitted and generally supported by federal and state income tax filings.

We also reviewed recent studies of taxi driver earnings in comparable municipalities, and those studies confirmed our findings and conclusions for Portland drivers.

Available Financial Data

Drivers who earn less than \$50,000 per year gross income are exempt from filing City/County tax returns. Our initial comparisons of the relationship between gross and net income for full time drivers were based upon the data for non-exempt drivers only. We examined the returns of these drivers in order to understand the relationship between gross income and net income figures.

Notable findings for all non-exempt (greater than \$50,000 gross annual income) drivers included in the analysis:

Net Income	Gross Income
\$17,600 = median	\$54,400 = median
\$19,200 = mean	\$60,800 = mean

Sizeable fixed driver expenses account for the difference between gross and net income:

Table 3: Typical Income Statement of a Self-employed Taxi Driver

Category	Amount
Revenue/Sales	\$43,000
Expenses:	
Vehicle Expenses ("Kitty" payments, repairs, insurance)	\$16,000
Fuel	\$9,000
Miscellaneous (Airport fees, driver permit fee)	\$1,000
Total Expenses	\$26,000
Net Income	\$17,000
Minus one half self-employment tax	\$1,200
Adjusted Net Income	\$15,800

Discussion of the Income Data

Businesses that are cash-intensive tend to be more prone to the underreporting of income to the IRS. Self-employed taxi drivers are generally considered to be cash-intensive businesses in the eyes of the IRS. Although there is no evidence that the City or federal tax returns examined by the Revenue Bureau were understating income, based upon our research, an "underreporting rate" of 15% is a reasonable high-end estimate for cash-intensive businesses.

The table below shows the average yearly wage drivers when the figures are corrected for potential 15% underreporting:

Table 4: Comparisons of Average Yearly Wage Driver-owned and Non-driver-owned companies For Non-Exempt Drivers, Adjusted Upward 15%

Wage Frequency	Driver-owned company	Non-driver-owned
Annual	\$29,454	\$17,580
Hourly	\$14.16	\$8.45

Even after adding in an additional 15% to taxi driver income as an estimated "undeclared taxable income" amount, the net income remains low. In addition, as independent contractors, drivers must pay the employer portion of social security. This effectively lowers their income to offset much of the gain they might have if underreporting is taking place.

The figures above do not include full-time drivers who are exempt from filing a tax return because they report less than \$50,000 gross income per year. Drivers who report less than \$50,000 gross income per year make up a significant portion of the total drivers: there were twice as many of these exempt drivers as there were drivers who reported \$50,000 or more gross income.

When these exempt drivers are included in the analysis, the calculated average hourly income of drivers at the driver-owned company drops from \$12.31/hour to \$7.95/hour. The approximate average hourly income of all drivers at the non-driver-owned companies drops from \$7.35/hour to \$5.39/hour. Drivers at the driver-owned company fare better in all categories.

Table 5: Portland Taxi Drivers – Average Hourly Income

	Exempt Drivers	Non-Exempt Drivers
Non-Driver Owned Company	\$5.39	\$7.35
Driver Owned Company	\$7.95	\$12.31

As shown in Table 5, above, when the drivers who are exempt from filing a City/County tax return are included in the calculation, the figures change dramatically. When all drivers are included, the resulting average hourly income of all drivers (exempt and non-exempt) at all companies is reduced to \$6.22 per hour.

Wage Comparisons

The factors discussed above, such as possible underreporting of income, allowance for social security withholding, and unknown actual income figures for exempt drivers are difficult to quantify. The actual data available for the non-exempt (> \$50,000 reported gross annual income) drivers is the most reliable. For the purpose of a simple, reliable analysis, we base some comparisons below on that data alone, but, when all drivers are included, actual income figures adjust downward.

Table 6, below illustrates the comparison between non-exempt driver income at driver-owned and non-driver owned companies as compared to the 2011 Oregon minimum wage of \$8.50/hour and the 2011 City of Portland Fair Wage (used for contracting purposes) of \$9.61/hour:

Table 6: Comparisons of Hourly Wage With Oregon Minimum Wage and Portland Fair Wage Non- Exempt Drivers Only (reporting greater than \$50,000 net income per year)

	Hourly Wage
Average Hourly Wage at Driver-Owned Taxi Company	\$12.31
2011 City of Portland Fair Wage	\$9.61
Oregon Minimum Wage	\$8.50
Average Hourly Wage at Non-Driver-Owned Taxi Company	\$7.35

These figures are slightly higher than the earnings self-reported in recent studies that were conducted in Austin, Texas; Chicago, Illinois; and Denver, Colorado. They are comparable to wages reported in Los Angeles, California.

Table 7, below, provides the same comparison when the exempt drivers are included:

Table 7: Comparisons of Hourly Wage For All Drivers, Exempt and Non-Exempt, With Oregon Minimum Wage and Portland Fair Wage

	Hourly Wage
2011 City of Portland Fair Wage	\$9.61
Oregon Minimum Wage	\$8.50
Average Hourly Wage of Portland Taxi Drivers	\$6.22

These very low figures for net income and are consistent with those reported in studies of taxi driver income in Austin, Texas (LAMP, 2010, p. 21-24); Chicago, Illinois (Bruno, 2009, p. 7-8, 13-14); Los Angeles, California (Blasi and Leavitt, 2008, p. 5, 26), and Toronto, Canada (Abraham, Sundar and Whitmore, January 2008, p 14-17).

Variations at the Driver-Owned Company

There is a substantial disparity in net income when comparing drivers at the one driver-owned company, Radio, with drivers in non-driver-owned companies. The average net income of the non-exempt drivers at the driver-owned company was \$25,612, which converts to an approximate hourly "wage" of \$12.31/hour. The average net income of the non-exempt drivers at the non-driver-owned companies was \$15,287, which converts to an approximate hourly "wage" of \$7.35/hour.

Table 8: Comparisons of Average Yearly Wage (Non-Exempt Drivers) Driver-owned and Non-driver-owned companies:

	Driver-owned company	Non-driver-owned
Yearly Wage	\$25,612	\$15,287
Hourly Wage	\$12.31	\$7.35

The average weekly "kitty" payment from a full-time driver to the non-driver-owned companies averages roughly \$500 per week, and this payment does not deviate substantially between various non-driver-owned companies. The average weekly payment for the driver-owned company fluctuates based on the needs of the company, but its highest weekly amount in the most recent fiscal year was \$245, approximately half that of the non-driver-owned companies.

The Radio owner-operators thus take part in ongoing profit sharing throughout the year, and are also able to receive a return on their investment when they leave the company. Although it is a for-profit company, Radio operates as a cooperative, providing services and profit sharing to owner-drivers at or below actual cost.

The higher kitty payments charged by non-driver-owned cab companies represents approximately \$13,000 per year and approximately \$6 per hour. This difference can account for substantially all of the net income difference between drivers at the two types of companies.

Sufficient investment in promotion and advertising is another factor that can strongly impact a driver's success in the market. Radio budgets significant expenditures for full time advertising staff, media and other promotions.

The "Kitty" and Other Payments from Driver to Company

"Kitty" payments are understood to represent payment for services provided: dispatch, insurance coverage, account and credit card payment processing, advertising, and vehicle equipment. Portland City Code clearly states that the payments made by drivers to Private For-Hire Transportation companies must not be payments in exchange for the use of the City permit itself:

16.40.240 A. Transfer of Decal, Permit or Taxiplate Interest Prohibited. All permits, decals and taxiplates issued by the City under the terms of this Chapter are City property and cannot be leased, sold, transferred or assigned in any manner.

The evolution of Portland's permitting system, however, has resulted in practices and perceptions that are not consistent with this code requirement, as is true in other cities that lease permits directly to the company. The City has limited the number of taxi permits and has reissued them year after year to the currently permitted companies. Over time, this may mean that the control of the permits is not seen as residing with the City, as intended, but is seen as having a value that the companies "own" and may thus lease to the drivers.

Currently, however, there is no regulatory mandate for the companies to provide a particular level or quantity of services. Nor is there any regulation of the types or amounts of charges that may be made by the company to the driver. Many drivers now own and maintain their own vehicles. The amount of dispatch calls provided and the amount of advertising support vary widely between companies, with no accompanying discount in "kitty" fees. Some companies provide fewer services to drivers and shift additional operating costs to drivers. Mundy notes the tendency of companies in the current environment to decrease or fail to evolve the services required to provide good support to drivers (Mundy, 2010, Saskatoon, p. 10).

The Colorado Public Utilities Commission has also noted the potential for little competition for drivers and high lease rates when taxi permits are concentrated within the hands of a few companies (Colorado Public Utilities Commission, p. 5-6, 40-42, 47). Potential drivers have a very limited number of options from which to choose. Competition between companies for drivers is diminished. There is less incentive for companies to provide better and lower cost services to the driver, except at a driver-controlled company. Stagnant permit distribution of a limited number of permits may thus put many drivers at a disadvantage.

It helps the overall stability of taxi service when there is a strong and diverse pool of potential drivers. And it helps create stability in the company's finances, if they have sufficient permits for the size of the area they are serving and in relation to the other companies. The problem comes in when there is strong regulation on one end of the system—a limited number of permits going to a predetermined set of companies—with no balancing regulation regarding the company's relationship with the driver.

All Portland taxi companies receive a set payment (the "kitty") from each driver for a set time period—typically a monthly, weekly or a daily shift payment. Overall, these payments from taxi drivers to the company have become the main source of income for Portland taxi companies.

"Kitty" amounts charged vary based upon the type of driving, ownership and the number of drivers per cab. The driver may decrease his weekly "kitty" payment by adding another driver to the vehicle on a second shift. This decrease, however, may have a minimal impact on the actual cost of payments to the company because of other additional administrative charges.

At some companies, there is only a minimal one-time payment required of the driver who adds a second driver to his or her vehicle. At other companies, although the first driver's weekly "kitty" is somewhat reduced, there are additional payments required every week from the original driver, as well as the second driver. Therefore, at some companies, adding more drivers to a vehicle does not result in a significant change of the average kitty paid on the vehicle, although it introduces slight variation in charges from one driver to another.

As discussed above, the average weekly payment from driver to company at non-driver-owned companies is roughly \$500 per week and this payment does not deviate substantially at the various non-driver-owned companies. This is substantially different from the average kitty collected at the one driver-owned company, which averaged \$245 in the most recent year, less than half the average "kitty" amount at the non-driver-owned companies.

In addition to the weekly (or per shift) "kitty" amount charged to drivers by taxi companies, some companies assess various other charges to drivers. These include penalty charges or administrative fees for processing complaints, incorrectly submitted receipts, late receipts or payments, and driver violations of City Code or company requirements.

Part 4: Taxi Driver Interviews

Drivers at the one driver-owned company, Radio, generally report satisfaction with income, which is significantly higher than the average at all non-driver-owned companies, as indicated above. The weekly "kitty" fees at Radio are charged and redistributed differently from any other Portland taxi company. The "kitty" or weekly payment amount from the owner-drivers to the company is adjusted downward throughout the year as company profits allow. Once operating costs are paid, profits are returned to the "owner-operator" drivers. The company administrative fee for second shift drivers is minimal.

Fees are also kept to a minimum for the lease drivers. Radio owner-operator drivers elect Board representatives and participate in the decision-making process regarding company policy. Although the profits of the owner-operator drivers at Radio are partially subsidized by part-time and occasional lease drivers, even non-owner-operator drivers at Radio benefit from lower payments to the company.

Drivers from the non-driver-owned and the driver-owned companies alike reported other benefits from the driver-owned structure, including high levels of company investment in advertising and other promotional methods to bring the drivers more business. Several drivers who had switched from non-driver-owned to driver-owned companies reported a much higher number of calls dispatched and thus higher earnings resulting from company dispatched calls, as opposed to driver-generated calls.

In general, there was a high level of consistency when speaking with the drivers at non-driver-owned companies about their concerns and the particular problems they experience under the current system. The problems cited were also highly consistent with problems cited during driver interviews in other cities (Abraham, Sundar and Whitmore, p. 5, 14, 22-23; Blasi and Leavitt, p. 5; Bruno, p. 13-14; Colorado Public Utilities Commission, p. 7-8; LAMP, p. 5, 17-31).

Although we found a very high degree of consistency across drivers, it is important to note that all the problems discussed do not necessarily occur at all companies. And, while drivers cited concerns with many similar issues across the non-driver-owned companies, the degree of dissatisfaction often varied depending upon differences between companies or between individual drivers.

Although we report below on the significant differences in driver compensation and working conditions at the one driver-owned company in Portland, it is important to note that driver share ownership is not a panacea, but one of several important factors. The problems that exist for Portland taxi companies and drivers are the outcome of numerous factors, including variations in company size. Sound company management is also a key factor to driver success.

The "Kitty"

Most drivers we spoke with expressed strong concerns and dissatisfaction related to the amount of the weekly payments required by the non-driver-owned companies. They complain that it is impossible to make a living wage and properly support themselves and their families after making the "kitty" and other payments to the company.

Drivers described the difficulty of having to turn over to the company \$500 or more per week even before beginning to cover operating costs (gasoline, airport fees and vehicle maintenance). The pressure increases

when drivers have one or two slow shifts in a week, or are faced with unexpected expenses, such as vehicle repairs.

Many drivers spoke of borrowing from other drivers, family or friends in order to pay their kitty and keep their contract current, and thus their space on the roster.

Drivers reported that at some companies they must meet the weekly payment even when they are unable to work and thus have no fares. A driver will often try to find another driver to take over scheduled shifts when ill or when there is a family emergency because they must continue to pay the "kitty" each week in order to avoid late fees and stay on the roster.

Sometimes there are additional fees to the company for any driver that is added, even further tightening the potential profits for the main driver. At some companies, the substitute driver also has to pay a "kitty" and additional fees.

Substantial late fees (\$50 to \$100) may be charged to the driver if their "kitty" payment is late.

The narrow margins of profit in any given week are further decreased by the general economic slowdown and decreased airport travel. The kitty amount at non-driver-owned companies has not come down to match the slowing economy. Only the driver-owned company, Radio, adjusts the kitty downward as company expenses are covered.

Other Driver Payments to the Company

In addition to the "kitty" for shifts worked, drivers may be assessed other types of charges by the company. The drivers point to various additional required payments charged by some taxi companies, and assert that the systems for issuing these penalties are sometimes unfair and excessive.

Typical additional fees range from \$10 to \$100 per incident and may include:

- Administrative fees to add a driver to an owned vehicle;
- Charges for investigating a complaint from a customer;
- Charges for investigating a complaint of a City Code violation;
- Administrative fee for extension of "kitty" payment deadline;
- Late fees for late "kitty" payments without extension;
- Fee for failure to pick up an accepted trip;
- Financial penalty for incorrect or late receipts;
- Fee for failure to inspect or maintain vehicle per contract;
- Financial penalties for accidents, unsafe driving or tickets.

Several companies have potential fees associated with serious complaints or safety violations, as well as fees for making late payments or turning in receipts late. At most companies, however, these fees are very rarely charged to the driver, who is often given an opportunity to present extenuating circumstances. At several companies, driver committees assist with decisions about whether or not to issue fees or penalties for particular incidents.

Many of the penalty types listed above are a significant source of company income only at Broadway/Sassy's, and are assessed to drivers much less frequently at the other Portland companies.

Drivers at several companies also mention fear of cancellation of their contract if they question company policies or fees assessed.

Working Hours and Time Off

Drivers cite long hours—often working 12 working hours per day, 6-7 days per week—to be able to meet the required company payments and provide income for their families. Drivers spoke about their inability to support themselves and their families, and meet the weekly payments for the “kitty,” gasoline, and vehicle maintenance, unless they work these long hours. This is consistent with taxi driver working conditions in other cities (Abraham, Sundar and Whitmore, p. 23; Blasi and Leavitt, p. 5, 21-22; Bruno, p. 7; LAMP, p. 3, 18-21).

Drivers report that it is typical for them to work without vacations for long periods of time, often years, because vacations (and days off) are not affordable under the current structure of the business. In addition to saving money for the vacation and other expenses during the time off, there is the challenge of meeting the “kitty” payment during their time off.

During interviews, numerous drivers expressed concern that these long hours do not allow them sufficient time to spend time with their spouse and children. They are unable to participate in school events or homework, or enjoy recreational activities or vacation breaks with the family.

Conversations with managers and owners of the non-driver-owned companies confirmed that 12 to 14 hour shifts are common at virtually all of the non-driver-owned companies.

Again, as with the income differences seen above, the situation is very different at the one driver-owned company. At Radio, an owner-operator average shift length is 7 hours and 57 minutes. A lease (non-owner) driver averages a shift of 8 hours and 27 minutes. Cabs at Radio are shared between two drivers, one working day shift and one working night shift. The average number of shifts per half cab is approximately 5.5 shifts per week.

Driver Health

Taxi drivers do not receive health insurance benefits. Drivers spoke of their concern about lack of access to health care and their inability to take time off when ill. Several drivers told of continuing to work while sick, which frequently resulted in more serious illness than if they had been able to seek treatment earlier. It was reported to us that drivers who are seriously ill, for example receiving chemotherapy or surgery, often continue to work more hours than advisable during treatment and recovery.

Drivers report sometimes making “kitty” payments for sick drivers, despite their own difficulties with meeting these payments each week. Drivers sometimes volunteer money or driving time to help meet the kitty and hold on to the company “slot” for a sick driver or a driver receiving ongoing medical treatment. Many of the drivers interviewed also talked about working while ill and seeing other drivers working while ill.

Several drivers reported that drivers injured in accidents have had their contracts immediately terminated by the company. The costs of their treatment are not paid by the company insurance. In several of the studies we reviewed, the issue of insurance coverage for driver injuries was highlighted as a major industry concern.

Portland, like other municipalities, requires companies to carry insurance coverage for bodily injury, but it has been industry practice to exclude the driver from this coverage. Nor is the independent contractor driver eligible for workers compensation insurance.

An accident or injury can thus be devastating to the independent contractor driver. The injured driver is without coverage to pay for the medical care necessary for recovery. He or she may also lose the contract with the company because of an inability to work and pay the weekly "kitty".

Many of the drivers with whom we spoke complained of a high incidence of serious disease and early death amongst local taxi drivers. They cited several specific examples. It is difficult to adequately assess the significance of this anecdotal information. We do note, however, that the documented long working hours, lack of time off, and lack of access to adequate health care put drivers at high risk for health complications, as has been noted in other studies of taxi driver working conditions.

Again, these same problems were reported in other cities (Abraham, Sundar and Whitmore, p. 22-23; Blasi and Leavitt, p. 5, 32-35; LAMP, p. 3, 25-27). Several taxi company managers also mentioned serious concerns about the lack of health care coverage and access for their drivers.

Retirement

The problem of insufficient retirement income is particularly grave for professional taxi drivers under non-medallion systems. As independent contractors making their own social security payments, it is often difficult for taxi drivers to also save additional funds for retirement. Unless they have been able to save for retirement on their own, professional drivers are often forced to delay retirement indefinitely.

Several drivers with whom we spoke are beyond the typical retirement age, but stated that they have trouble imagining how they could afford to retire and intend to continue to work as taxi drivers into the foreseeable future. Some cities regulate the upper age limit for taxi drivers, but Portland does not.

Some drivers who are nearing retirement age have called for a permitting system that would provide a return on the years of investment they've made, such as a medallion system.

At Radio, the owner-drivers have the ability to sell their share in the company when they wish to retire from the business. Although the value of this share is insufficient to cover retirement costs, it is some return on the investment made during the years of employment.

The Company-Independent Contractor Relationship

As mentioned above, in recent years, most taxi drivers were moved from classification as employees to independent contractor status. Many employment regulations do not apply to independent contractors and they may not form a union. Although some taxi drivers in recent years have begun to argue for status as employees, many drivers wish to retain their independent status. The State of Oregon has stepped into this issue, determining that many drivers are, in fact, employees. These determinations are currently under appeal.

Some drivers expressed strong concerns about how easy it is to lose their contract or their position in the rotation. We received reports of driver terminations that resulted from a driver questioning policy or disputing a financial penalty. Even without a full, independent evaluation of individual circumstances, it is worth noting that, as independent contractors, contracts may be cancelled without pre-notification or cause.

When termination of a contract occurs, the situation of the taxi driver is somewhat unique as an independent contractor due to the limitation set by caps on permits. Unlike other independent contractors, the taxi driver's only option is to contract within a small number of permitted companies. Even when a company may wish to hire an additional available driver, they may only do so if another driver leaves and makes a permit space available.

Driver contracts may also be immediately terminated when "kitty" payments are missed or when a driver is too injured or ill to work. Even if a driver finds a way to make the payments and pay the late fees, they may have lost a good position in the rotation that governs driver working days and hours.

Lack of Facilities

Drivers also reported suffering from a lack of facilities during the long hours in their vehicles and on the road. Many drivers expressed serious concerns about the lack of adequate facilities for shelter, rest and eating breaks. One particular example was the area at the airport "backfield," where drivers may spend hours waiting for each fare to downtown. There is a lack of indoor facilities, limited access to food or snacks, and very minimal rest room facilities. Drivers have few options for getting out of their vehicles to stretch or rest during wet or cold weather.

Impacts on Safety, Service and the Community

It is easy to recognize the potential risks to safety and service resulting from the long hours and financial pressure endured by taxi drivers (Blasi and Leavitt, p. 25). 12-14 hour shifts for prolonged periods are an obvious detriment to the alertness of drivers and their ability to respond well while driving. The pressure of large weekly "kitty" payments to the taxi company make it more likely that drivers will make less safe choices: driving while tired or disobeying traffic devices or speed limits. Schaller has documented the relationship between driver incomes and taxi crashes in New York City.

Drivers mentioned that long hours make it difficult for drivers to be involved a child's education or spend adequate time with the family. The lack of health insurance impacts not only the driver's health, but also the health of the driver's children. These negative effects family members are echoed in the driver comments from other cities (Blasi and Leavitt, p. 5, 23-25, 29-30; LAMP, p. 26). The lack of health care and retirement for taxi drivers surely contributes to additional medical and social service costs to the community (Blasi and Leavitt, P. 32-34, LAMP, p. 25-26).

Part 5: Conclusions

The calculated average hourly income of full-time Portland taxi drivers at non-driver-owned companies is \$6.22 per hour. These low hourly wages are consistent with those found in recent studies in other U.S. cities.

Taxi drivers work as independent contractors and low wages are not supplemented with health care or retirement benefits, paid vacation or sick leave.

High weekly payments to the taxi company (the "kitty") are a significant portion of driver expenses and a major contributor to the low net income and long working hours of the professional taxi driver.

The average income of full-time drivers at Portland's one driver-owned company is significantly higher than the average at all non-driver-owned companies.

Drivers at non-driver owned companies typically work longer hours—often 12 hours per day, 6-7 days per week—to be able to meet expenses and provide income for their families. Drivers at the driver-owned company work approximately 8 hours per day, 5.5 days per week.

All of the existing taxi companies in Portland should be recognized for their success throughout the years in growing and maintaining their businesses, undertaking substantial innovations and improvements, and providing taxi service and employment opportunities in a rapidly changing and unpredictable industry. It should also be noted that the two larger taxi companies were able to expand and obtain additional permits before the current system of taxi caps was put in place. Furthermore, it should be noted that "kitty" payments from taxi drivers constitute a primary income source for all Portland taxi companies.

The current City of Portland permitting system limits the number of taxi permits and reissues them yearly to the same companies. There is a relatively unlimited pool of those seeking work as taxi drivers, who must be accepted by one of the five established and permitted taxi companies to work within Portland. City Code regulates taxi fares, but says relatively little about the services the companies must provide to the drivers. Charges by the companies to their drivers are not limited or otherwise regulated. Tight regulations of permit numbers and fares, without corresponding regulation of the company-driver relationship, has created an imbalance that does not promote competition amongst companies to provide better services at lower cost to drivers.

Three out of five Portland taxi companies have significantly fewer permits than the two larger companies, and have been unable to obtain additional permits for many years. These smaller companies realize significantly less operating revenue, and are unable to lower the "kitty" payments required of their drivers without additional permits.

Portland is not alone in facing the need for regulatory reforms to keep pace with a rapidly changing market. Economic downturn and competition from other sectors have put increasing pressure on taxi companies and drivers alike. Companies have had to adjust their business models to deal with shrinking profits, but in many cases, without sufficient regulatory guidance.

The economic and working conditions creating problems for Portland taxi drivers are consistent with conditions found in other cities and counties. Changes in the taxi industry during the past several decades have created conditions that are not adequately managed by outdated taxi permitting systems and regulations.

The evolution of taxi business models across the U.S and elsewhere is causing many jurisdictions to recognize the need for adjustments to taxi permitting systems and additional regulations regarding the driver-company relationship. Strong regulation of some aspects of taxi service (permit distribution and fares) without adequate regulation in other areas (driver payments and working conditions) contributes to the poor working and economic conditions for professional, full-time taxi drivers.

To balance strong regulation of taxi fares and taxi permit limits, the City of Portland should consider additional regulation pertinent to the working conditions of taxi drivers, and the needs for growth, innovation and sustainability in the taxi market.

Skillful company management and support to drivers play a significant role in driver working conditions and profits, regardless of independent contractor status, company size or ownership. The longstanding contributions of Portland's currently permitted companies and drivers must be recognized. Their knowledge and expertise must inform our plans for solutions to current problems. Changes to regulations must provide opportunities for drivers and companies alike in order to meet the goals of safe, efficient and sustainable taxi service to the community.

Long hours, inadequate rest and health benefits, and the pressure for drivers to make large weekly payments to companies have negative impacts on customer safety and service, and may push the costs of medical and other services onto the community.

The current system of issuing taxi permits is lacking:

- Sufficient incentives to create sustainable working conditions for drivers;
- Adequate pathways for the existing companies to obtain an adequate number of permits;
- Requirements that promote community values, such as fuel-efficient vehicles; and
- Effective regulation of the payments from drivers to companies.

Some municipalities have begun to regulate the services that must be provided to the driver in return for the "kitty" payments, and to set limits on the types or amounts of charges to drivers. Others have begun to experiment with a limited number of permits issued directly to drivers, based upon longevity or other systems for making permits directly available to full-time career taxi drivers. Some systems allow drivers to move from one company to another, while requiring affiliation with a company that provides dispatch and other services, thus promoting better service and lower fees for drivers through company competition. All of these options deserve consideration in Portland.

Regulatory Division staff is currently reviewing possible changes to our regulation and permitting system that could improve the economic and working conditions for all taxi drivers in Portland. We also recognize the longstanding investment and services provided by Portland's existing taxi companies. We are focused on finding solutions that will allow these existing companies a fair opportunity to improve and expand their businesses in the context of new requirements.

Part 6: Recommendations and Next Steps

This is a preliminary report. We have surveyed and assessed the problems reported to us by taxi drivers in Portland, and explored the ways in which these problems are related to the system by which taxi permits are issued, the current number of permits held by each company, and the need to update and balance the Portland taxi regulations.

The Regulatory Division and the Private For-Hire Transportation Board should undertake an intensive period of comment from drivers, companies and other stakeholders. The Board should review and consider the options for regulations designed to improve driver conditions that might be relatively quickly implemented, including a temporary cap on the "kitty." In addition, the Regulatory Division and the Private For-Hire Transportation Board must consider and weigh the options for adjustments to the taxi permitting system that will promote more sustainable driver conditions and wages, as well as promote other community values.

The next steps include:

- 30-Day Formal Comment Period on this report: Taxi drivers, company representatives, and all interested parties are invited to submit written comments that may be added to our analysis. The comment form may be found online at <http://www.portlandonline.com/omf/index.cfm?c=57734>. We will also accept written commentary at the Revenue Bureau Office, 111 SW Columbia, Suite 600, Portland, OR 97201.
- A series of stakeholder meetings will be scheduled to occur within the next 60 days. These stakeholder meetings will be held at various locations and times, in order to allow the maximum participation and commentary by taxi drivers and company representatives as the Regulatory Division prepares recommendations regarding permit distribution and additional regulation.

This report was prepared for Mayor Sam Adams and the Private For-Hire Transportation Board by Kathleen Butler, Regulatory Division Manager, with the assistance of Scott Karter, Audit Supervisor, and under the direction of Thomas W. Lannom, Revenue Bureau Director.

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Appendix

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