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 3

Requests from Currently Permitted Companies for Additional Taxi Vehicles 4

Requests for New Taxi Companies 5

Taxi Driver Labor Market Study 6

Public Comment Process 7

Summary of Written and Online Comment Forms 8

Private for-Hire Transportation Board Meetings and Workshops 8

Regulation of Taxi Numbers: Background 10

Discussion of Demand Factors 13

Additional Factors Considered 22

Conclusions 25

Recommendations 28

Other Options Considered 33

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 drives 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.

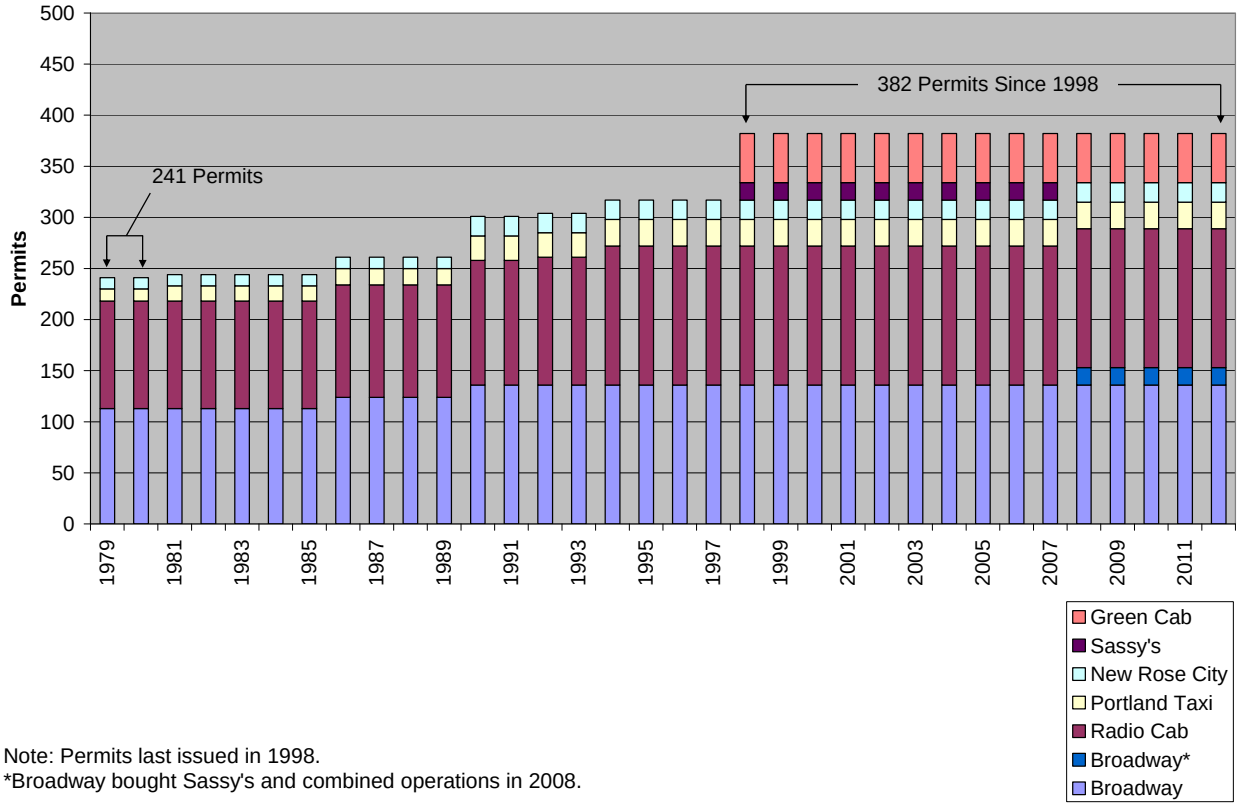
Open Topic March 22, 2012

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

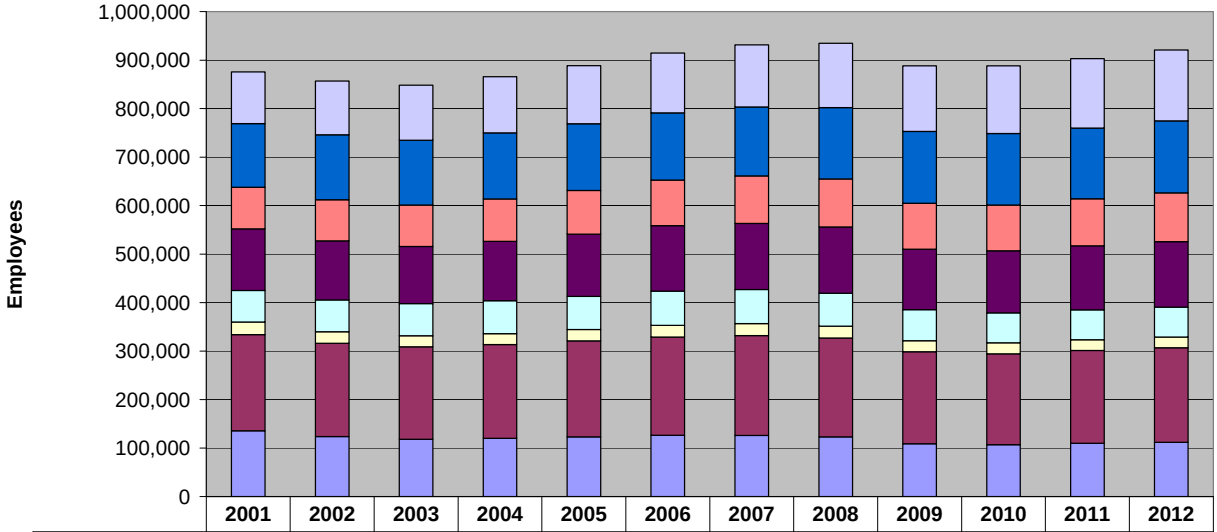
	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009	2009 to 2010	2010 to 2011
Population							
City of Portland	1.06%	1.14%	1.01%	1.33%	1.08%	0.28%	na
Portland Region	1.41%	1.64%	1.54%	1.32%	1.05%	0.61%	na
Elderly/Disabled Trips							
Portland Region	7.09%	2.34%	3.23%	3.50%	-2.99%	-1.45%	-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

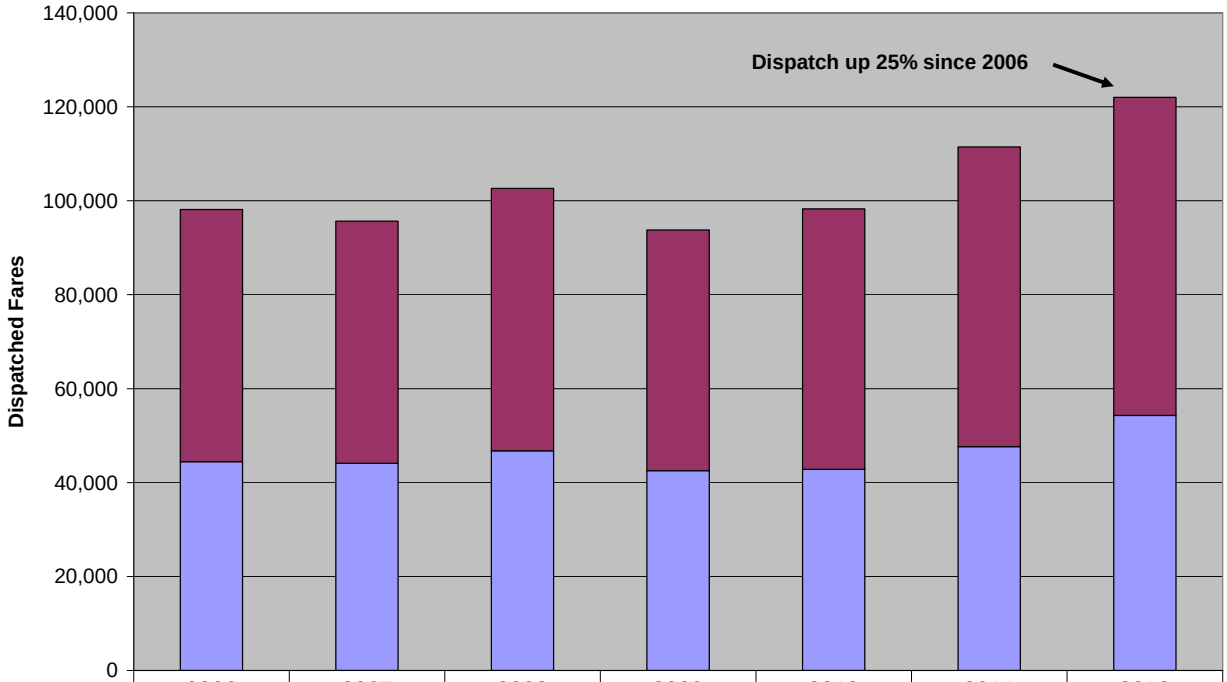


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Ed & Health	106,500	111,000	113,600	115,700	119,800	123,200	127,800	132,600	135,200	139,400	143,200	146,200
Gov't	131,500	133,900	133,500	136,200	137,600	138,900	142,300	147,000	148,100	147,400	145,500	148,700
Leisure	85,500	84,800	85,600	87,700	90,100	94,100	98,000	99,300	94,500	94,500	97,200	100,400
Prof Svcs	127,400	121,700	117,900	122,100	128,500	134,700	136,400	136,500	124,900	127,800	131,900	135,100
Finance	65,000	65,600	66,400	68,200	68,200	70,600	70,400	67,800	63,800	61,900	61,600	61,600
Information	25,900	23,800	22,500	22,500	23,100	24,000	24,800	24,600	22,900	22,500	22,300	22,300
Trade	198,100	192,400	190,900	193,400	198,000	202,600	205,700	203,900	189,700	187,700	191,100	194,800
Manufacturing	135,900	123,800	118,100	120,100	123,400	126,600	126,100	123,200	109,100	107,000	110,200	112,000

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

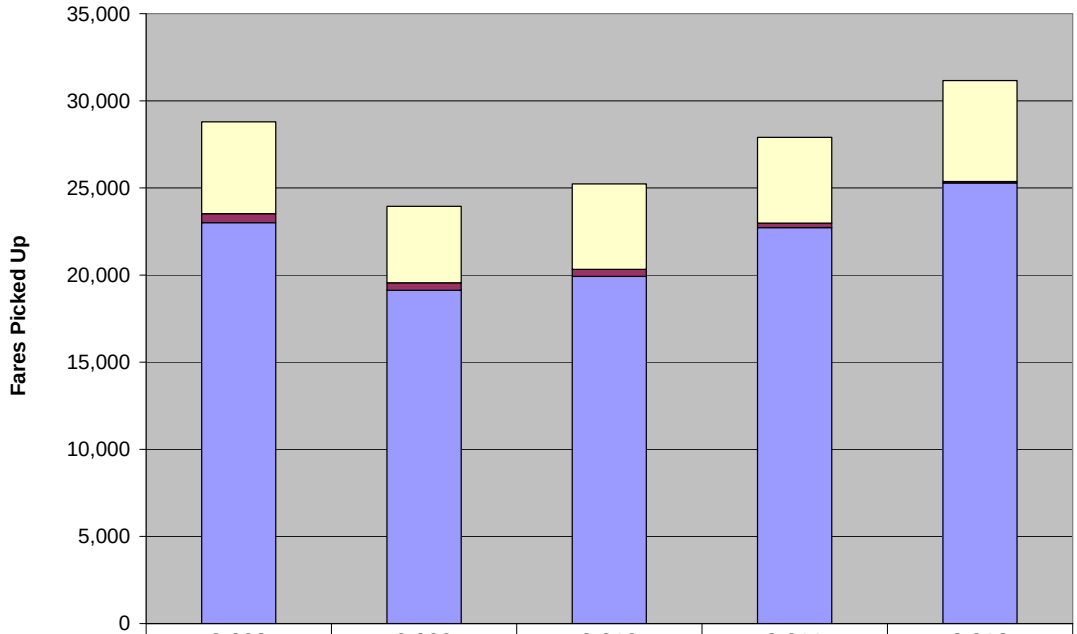


	2006	2007	2008	2009	2010	2011	2012
Nights	53,683	51,554	55,855	51,240	55,440	63,767	67,714
Days	44,433	44,106	46,781	42,539	42,811	47,675	54,317

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

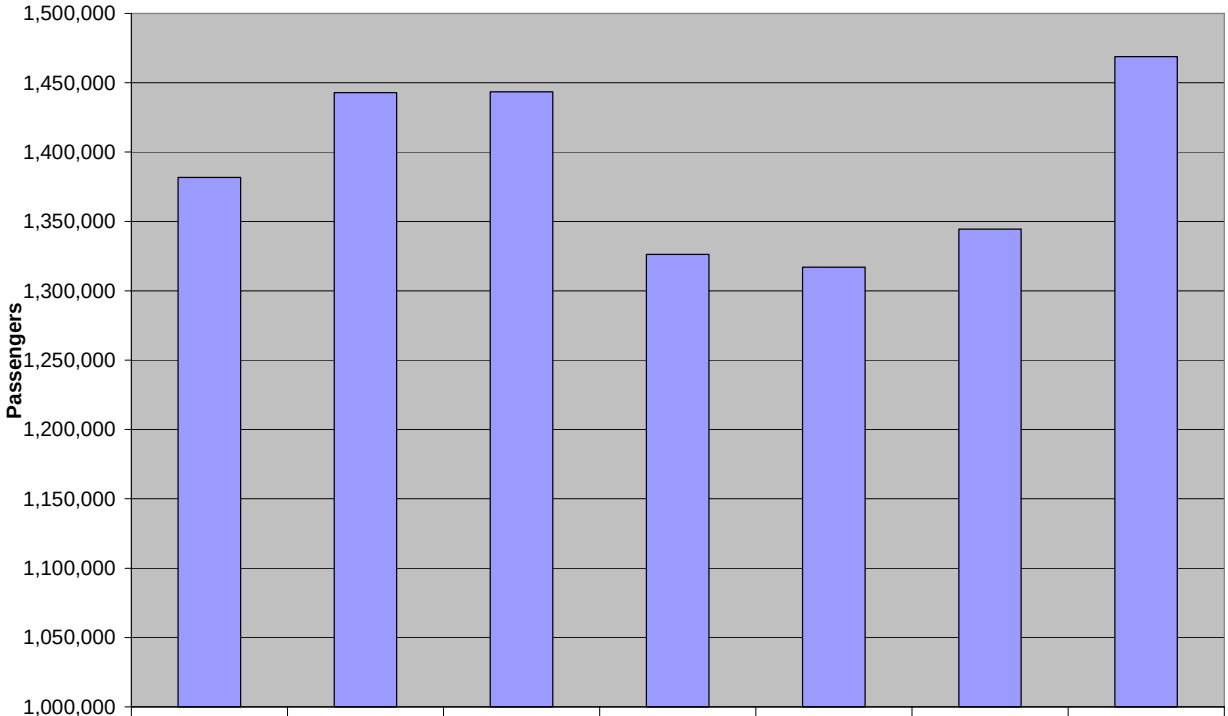


	2,008	2,009	2,010	2,011	2,012
Towncars - Reserved	5,267	4,382	4,902	4,921	5,793
Towncars - On Demand	505	439	404	257	83
Taxis	23,014	19,121	19,926	22,726	25,285

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

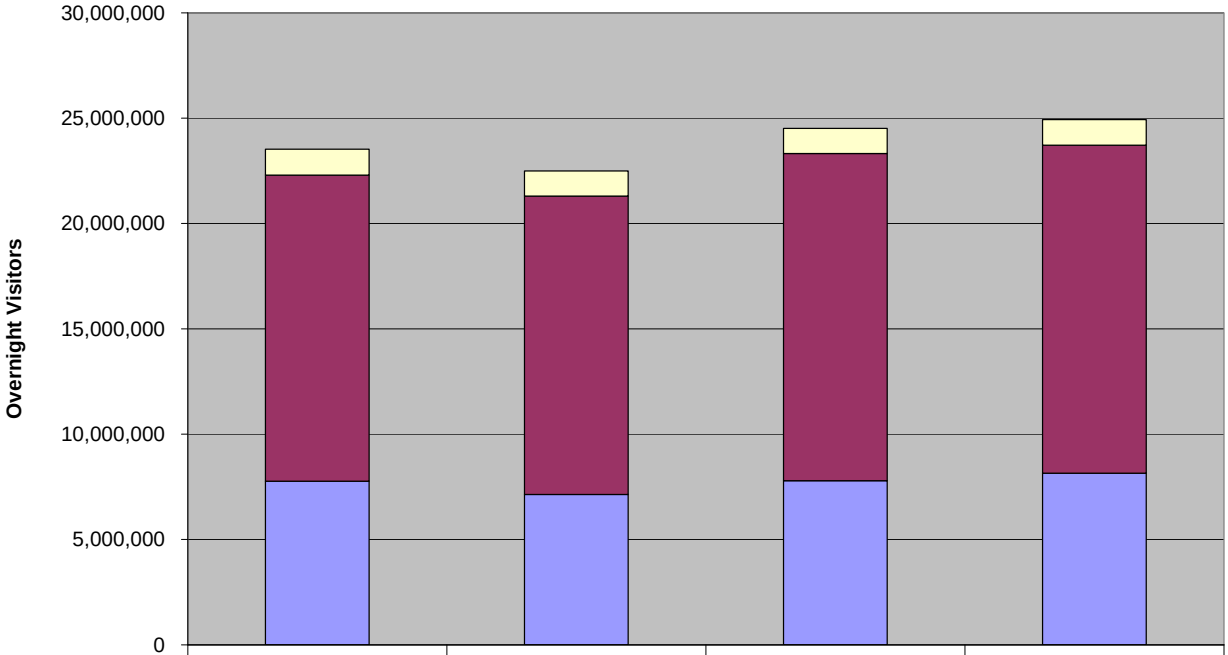


	2006	2007	2008	2009	2010	2011	2012
July	1,381,714	1,442,863	1,443,437	1,326,163	1,317,012	1,344,460	1,468,804

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

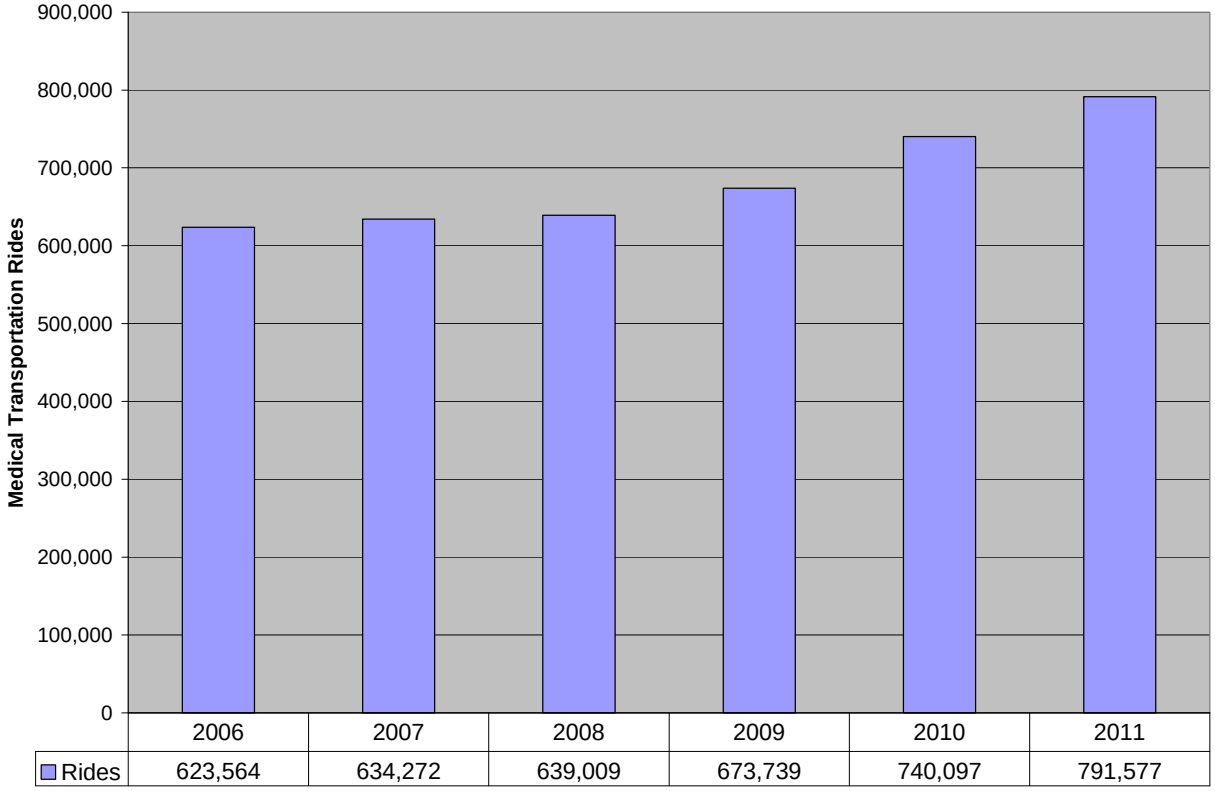


	2008	2009	2010	2011
Other	1,231,000	1,190,000	1,191,000	1,216,000
Private Home	14,524,000	14,161,000	15,536,000	15,569,478
Hotel guests	7,770,000	7,140,000	7,789,000	8,147,294

Source: Travel Portland.

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

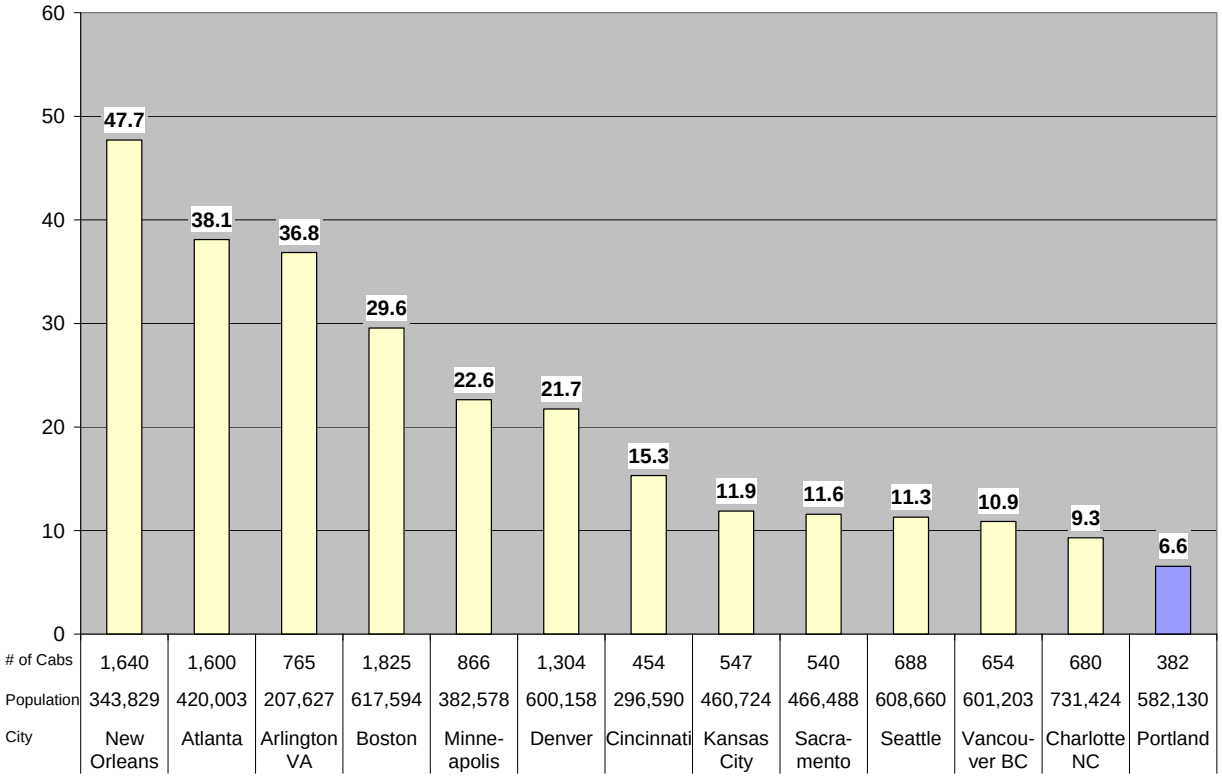
Figure 12: Medical Transportation Program Rides



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, 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.

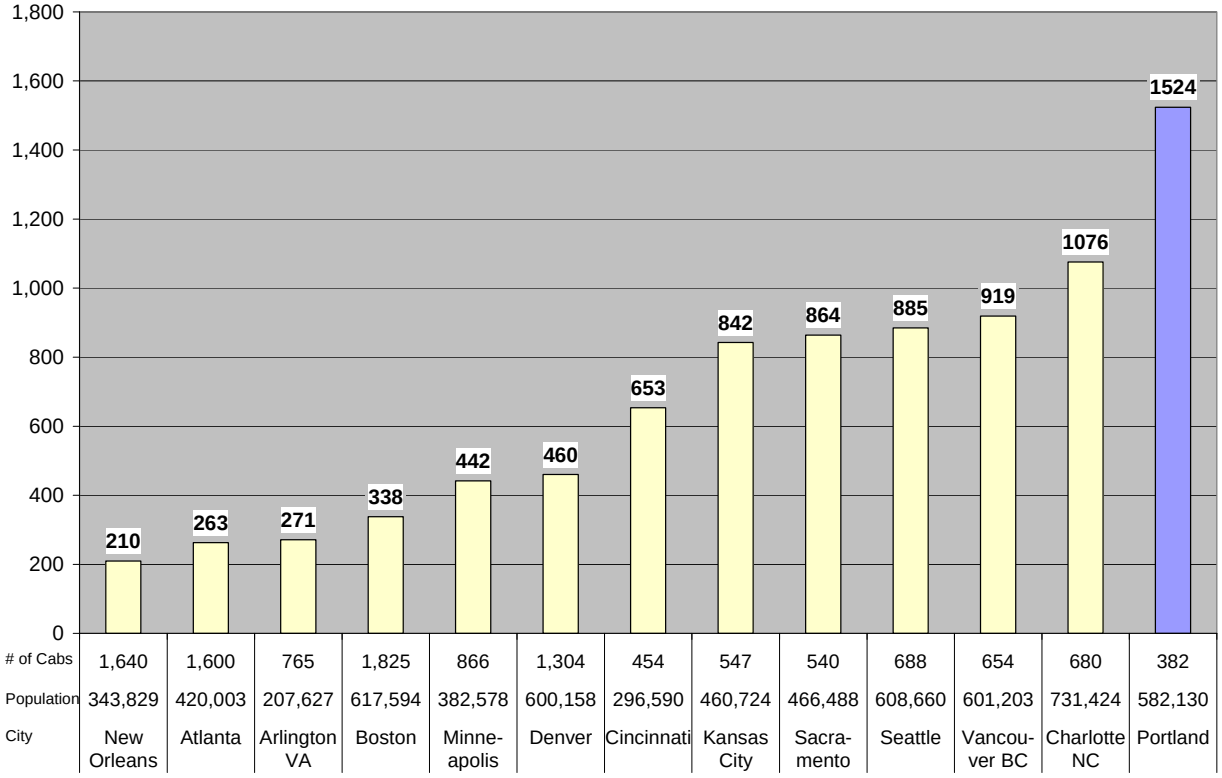
Figure 13: Taxicabs per 10,000 Population, 2010



City	New Orleans	Atlanta	Arlington VA	Boston	Minne-apolis	Denver	Cincinnati	Kansas City	Sacra-mento	Seattle	Vancou-ver BC	Charlotte NC	Portland
# of Cabs	1,640	1,600	765	1,825	866	1,304	454	547	540	688	654	680	382
Population	343,829	420,003	207,627	617,594	382,578	600,158	296,590	460,724	466,488	608,660	601,203	731,424	582,130

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.

<u>Positive Impacts on Taxi Driver Income and Working Conditions</u>

- 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.

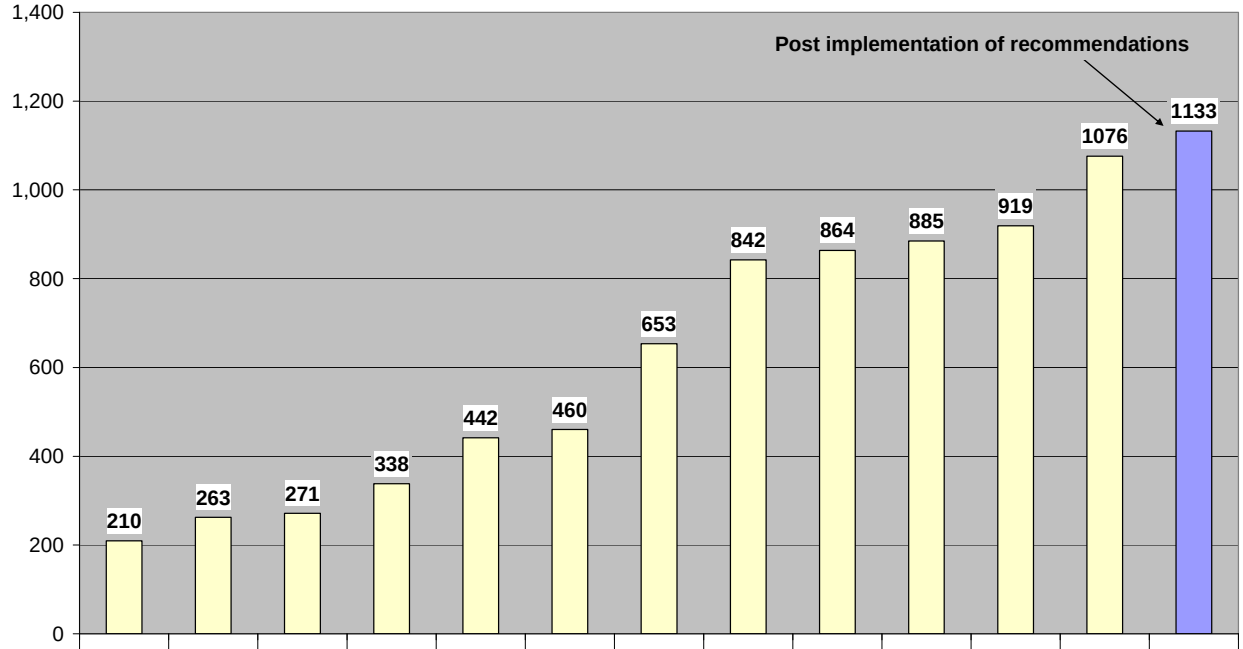
Figure 16: Recommendations on Requests from Existing and New Companies

			Approved			
Taxi Company	**Current**	**Requested**	**2013**	**2014**	**2015**	**Total**
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



	New Orleans	Atlanta	Arlington VA	Boston	Minne-apolis	Denver	Cincinnati	Kansas City	Sacra-mento	Seattle	Vancou-ver BC	Charlotte NC	Portland*
# of Cabs	1,640	1,600	765	1,825	866	1,304	454	547	540	688	654	680	514
Population	343,829	420,003	207,627	617,594	382,578	600,158	296,590	460,724	466,488	608,660	601,203	731,424	582,130

*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 3 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 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.