

City staff in Portland give green light to Union Cab Co.

Staff are recommending approval of a worker-owned taxi co-op, and sweeping reform of taxi rules

By **DON McINTOSH**
Associate Editor

City of Portland taxi regulators said “yes” Sept. 26 to a proposal for a new worker-owned and union-affiliated taxi company — pending approval from an appointed board and City Council. The recommendation is part of a sweeping set of proposed taxi industry reforms, which were drafted after a City investigation found deplorable conditions for the industry’s mostly-immigrant workforce.

That investigation found that Portland’s roughly 900 licensed taxi drivers work on average over 70 hours a week for what amounts to \$6.22 an hour. Taxi drivers are allowed to make less than minimum wage because they’re classified as independent contractors and thus are not technically employees of the cab companies. In fact, it’s the drivers who pay the companies — up to \$550 a week — even when drivers own the vehicles and equipment.

To free themselves from those conditions, a group of Portland taxi drivers joined Communications Workers of

America (CWA) Local 7901 last year, and developed a proposal for a union-affiliated taxi company — Solidarity Cab Cooperative, which would do business as Union Cab.

Oregon AFL-CIO President Tom Chamberlain was able to get drivers a meeting with Portland Mayor Sam Adams, at which they told the mayor about their working conditions. Adams ordered the City’s investigation, and then reportedly pushed taxi regulators to propose a solution.

Like many cities, Portland regulates the taxi industry, and limits the number of taxi permits, which are doled out to cab companies for a nominal fee. Portland’s 382 taxi permits are divided among five companies: driver-owned Radio Cab (136), where conditions are substantially better; Broadway/Sassy’s (153), reputedly the worst offender; and three smaller companies — Green (48), Portland (26); and New Rose City (19).

That arrangement creates a “market disparity” favoring the companies, attorney Cathy Highet told the Private For Hire Transportation Board of Review Sept. 26. The Board of Review is an appointed body advising City Council on taxi regulations. Highet, counsel for the Union Cab group, said Portland gives a limited number of cab companies long-term control of a limited number of vehicle permits, whereas the pool of



Union Cab chairman Kedir Wako tells the City of Portland taxi review board Sept. 26 about plans to form a union-affiliated driver-owned taxi co-op that would free drivers from exploitative conditions at several taxi companies.

drivers is nearly unlimited. City code says companies aren’t allowed to charge drivers simply for using the permits. The driver payment, known as the “kitty,” is supposed to pay for services like dispatch, insurance, advertising, and credit card processing. But Highet said the companies are, in reality, charging drivers for use of the permits. The proof is that the kitty is twice as high at the four companies that aren’t driver-owned — about \$500 a week — irrespective of the company’s size or the level of support it gives drivers. Drivers at the three smaller companies get few dispatch calls, and typically wait outside the airport and downtown hotels to find their own customers. In practice, the kitty is as high as the companies can set it and still have people willing to drive for them.

“\$500 a week is the price for access to work that provides on average \$294 net a week,” Highet said.

Suspense was high at the Private For Hire Transportation Board of Review’s Sept. 26 meeting — and drivers filled every seat and crowded along the walls. Would-be Union Cab drivers had

waited since April 2011 for an answer to their request for 50 permits. Other drivers had been waiting nearly as long for reforms that would free them from exploitation at the hands of the cab companies.

But in the end, the proposals drawn up by City taxi regulators addressed nearly everything drivers had been asking for.

Fifty new permits would be given immediately to Union Cab, which Kathleen Butler, in charge of the City’s taxi regulation, said has “a well-thought out plan for entering the market.” Butler also praised Union Cab’s commitment to provide health insurance and paid vacation.

Radio Cab also would be granted 38 additional permits, to be phased in over three years. Green and Portland Taxi would get 32 and 12 new permits phased in over three years, but only on condition that they reduce the kitty in proportion to the new permits, and give drivers one kitty-free week a year.

Proposals for more permits by Broadway and New Rose City were denied. Also denied was a proposal by

Sho Dozono, former Broadway Cab co-owner and 2008 mayoral candidate — for 25 permits for a new company that would use all-electric vehicles, with the cabs dispatched and managed by Broadway. Butler said there was no need for that service since nothing prevents existing companies from using electric vehicles.

Butler also presented reforms that would amount to a major overhaul of taxi regulations, to benefit drivers and the riding public:

- Future permit renewals would be based on how well companies met performance standards, including the value of the services they provide to drivers.

- Cab companies would be barred from charging any fee to drivers without City approval.

- The City would find a way to get driver insurance policies to cover personal injury of the drivers (right now if drivers are injured in an accident, they lose work and have to pay their own medical bills.)

- “Payment for fare” — an abuse in which hotel doormen and even taxi company dispatchers charge fees to drivers for referring passengers — would be prohibited.

- Taxis would be required to install back-seat credit card swipe machines.

- Taxi permit fees would be increased to pay for beefed up enforcement. Legitimate drivers face competition from a “proliferation of illegal operators,” unlicensed taxis coming in from the suburbs particularly on the weekends; City ordinance says taxis from other areas may drop off passengers in Portland, but not pick them up. The City has begun cracking down on the so-called “gypsy cabs” and criminalizing the offense and impounding vehicles.

The next step is that the Private For Hire Transportation Board of Review will discuss the proposals at an Oct. 10 meeting. Depending on what the Board decides to do, the proposals could then go to City Council. Financing is already lined up, said CWA Local 7901 President Madelyn Elder, so Union Cab could be up and running soon after City Council approves the permits.

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