



# CAMBRIDGE LICENSE COMMISSION CITY OF CAMBRIDGE

831 MASSACHUSETTS AVE., 1ST FLOOR, CAMBRIDGE, MASSACHUSETTS 02139 • TEL. 499-6140

JAMES THADDEUS McDAVITT  
Commission Chairman

ANTHONY G. PAOLILLO  
Chief-of-Police Department  
Commission Member

THOMAS V. SCOTT  
Chief-of-Fire Department  
Commission Member

RICHARD V. SCALI  
Commission Executive Officer

TO: Robert W. Healy, City Manager

FROM: James T. McDavitt, License Commission Chair *James T. McDavitt*

RE: Consultant's Report on Availability of Taxicabs

DATE: January 25, 1990

Enclosed please find the final report by outside consultants on the availability of taxicabs in Cambridge. The report was commissioned in 1988, in response to a City Council Resolution of that year.

Essentially, the report concludes that at the present time there is no need for the issuance of additional taxicab licenses, a.k.a., hackney medallions. The report also contains some guidance for the future in the event a perceived shortage of taxicabs should again be the subject of concern by the City.

The report was accepted on January 22, 1990 by the Cambridge Taxicab Advisory Committee by a 12-0 vote, with one person abstaining. The report was unanimously accepted by the License Commission on January 23, 1990.

There have been to date only two criticisms raised against this report. The first has come from Cambridge Checker Taxi. The owner of this company feels that the telephone tracking system of Checker's competitor, Ambassador/-Brattle/Yellow Radio Services, was singled out for praise on page 44 of the report. I would concur with this singular criticism by Cambridge Checker Taxi, and in this cover letter to the report I would expressly clarify that Cambridge Checker Taxi has also instituted new information systems which facilitate the tracking of telephone calls from consumers seeking cab service.

The second criticism comes from the Cambridge Hotel Industry which in the words of Sonesta Manager, Dan Little, perceives a need for "more seats to the Airport at rush hour." Although this perception is not substantiated by the report, in the spirit of cooperation with the Cambridge Hotel Industry, the Cambridge Taxicab Advisory Committee (CTAC) has set up a working subcommittee to determine whether and to what extent "more seats to the Airport at rush hour" are presently needed.

Robert W. Healy  
January 25, 1990  
Page Two

It should be pointed out that CTAC agreed in 1988 to look at the issue of medallion values once this consultant's report was finalized. Therefore, also be advised that CTAC has also set up a working sub-committee to address the issue whether and to what extent the current cap on hackney medallion values should be continued or discontinued.

Please advise if there are comments or questions.

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# **TAXI SERVICE IN CAMBRIDGE FINAL REPORT**

**December 15, 1989**

**Stephen Chait  
Peter Sheinfeld**

**Transportation Consultants**

**20 Lee Street  
Cambridge, MA 02139**

**Keith Forstall**

**Multisystems, Inc.**

**1050 Massachusetts Avenue  
Cambridge, Massachusetts 02138**

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## CHAPTER 1: INTRODUCTION

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### Purpose of This Report

This report describes the analysis, conclusions, and recommendations of a study that was commissioned to evaluate taxicab service in the City of Cambridge. The purpose of the data collection process was to help to evaluate four questions:

- 1) Whether or not there is a shortage of taxicab service available in the City of Cambridge,
- 2) If so, who is affected by the shortage,
- 3) Whether the shortage is one that occurs because the number of taxis available for service is inadequate, or the shortage occurs because the taxis are not where they are needed when they are needed,
- 4) What changes in regulatory policy should be adopted to address service problems that are identified.

The study was conducted because of a perceived shortage of taxicab service. An essential element of the study was to attempt to quantify the level of taxi service in Cambridge for a defined study period. This was done through observation of the taxicabs available for service at fifteen taxi stands, review of taxi waybills submitted by drivers for 180 of 248 taxis, and use of radio dispatch slips. Waybills were collected over a two week period; on-street observations took place for a total of twenty hours at various times of day on five separate days during this two week period. A summary of the data collection, results, and analysis is described in Chapter 2.

The data collected provides a factual basis for analysis, conclusions, and recommendations. There is a lack of adequate data about actual taxi operations in the national literature or for taxi service in the City of Cambridge. Although a telephone survey was conducted recently, the methodology was flawed and no conclusions can be drawn. Thus, this report breaks some new ground by having gathered data in a systematic manner.

This study focussed on passenger service and not on package service. Issues concerning package delivery are not addressed in this report.

## **Organization of This Report**

Chapter 2 provides a brief background on the issue of taxicab service levels and shortages as they relate to this study. Chapter 3 then describes the existing conditions in the taxi industry in Cambridge as revealed by the data collected for this study. Chapter 4 provides an analysis of the existing conditions in Cambridge based on the data described in Chapter 3.

Chapter 5 evaluates a number of the alternative regulatory changes proposed in Cambridge as a result of a number of hearings in 1988. Some alternatives can be rejected based on what is known about existing conditions. Other alternatives cannot be evaluated without more information; when this is the case, Chapter 5 identifies the type of data collection that would be needed, and how findings from such future data collection efforts might be used to evaluate the alternatives.

Chapter 6 summarizes the findings of the study. Additional supporting data tables are included in Appendix A.

## CHAPTER 2: BACKGROUND

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This study came about largely as a result of a concern over whether or not enough taxicab service was available in Cambridge.

Two indicators are commonly used by economists and planners as evidence to suggest that there may be an inadequate supply of taxicabs in a community:

- o there are complaints or other evidence of long waits for cabs.
- o medallions appreciate significantly in value.

For this study, a data collection effort was undertaken (as described elsewhere) to try to provide additional information that could be used to determine whether or not a shortage exists. This chapter looks at the evidence relative to each of the indicators identified above to determine the number of taxis available for service on the streets of Cambridge and whether or not a shortage exists.

### Service Complaints

Interviews with the License Commission suggest that there are shortages of taxis for phone service in some sections of town at certain times of day. Records of complaints to the License Commission are normally handled orally; therefore there is no written record to incorporate into this report. It has been suggested that service problems may be particularly likely to occur in neighborhoods remote from the sections of the city where business is best and in low income neighborhoods where crime is an issue. At least until the downturn in business occurred, this demand reportedly was being served largely by out-of-town cabs. The accuracy of these observations could not be determined within the context of this study. However, even if true, it must be noted that such provision of service by out of town cabs in response to telephone requests is legal and may in fact be providing an acceptable mechanism for ensuring service for residents in those neighborhoods. Complaints from the public concerning lack of cabs at hotel cab stands have also been reported by the License Commission. Notwithstanding, the License Commission and industry representatives agree that at the present time, service is generally good outside of peak hours.

## Medallion Values

If taxicab demand increases and supply (the number of licensed cabs) does not increase, there is more business -- and therefore more income -- for each taxi. As long as the cabs available are adequate to respond to requests for service, the industry enjoys a brighter financial picture with no harm to the riding public. At some point, however, demand may grow to the point where a fixed number of cabs may no longer be able to provide an adequate level of service.

Many economists feel that the value of a medallion is a reflection of how much business (i.e., income) there is for the taxicab. According to this theory, medallion values rise in a fashion which insures that monthly payments on loans are "what the traffic will bear". A rise in the daily/weekly/monthly amount that individuals are willing to pay to acquire a medallion suggests more revenue per shift, allowing higher lease rates and/or driver earnings. This is especially so in Cambridge; since the maximum term of a medallion loan has been held steady at seven years in the recent past, monthly medallion payments must have been increasing at the same rate as medallion values (adjusted for fluctuations in interest rates).

It should be noted that not all members of the industry agree that this economic model is a reality in Cambridge. It is correctly pointed out that medallion prices may change (increase) proportionally more or less than the change in base rates, due to changes in finance periods, interest rates, and general supply and demand for medallions. For example, the fragmentation of the market following breakup of the fleets may have opened up the market somewhat, perhaps resulting in a more even flow of medallions onto the market instead of many coming on the market all at once and very few being available the rest of the time. Also, the changing economy in terms of alternative business opportunities and the availability of new capital (e.g., from persons moving into the area from out of town) will affect medallion transfer prices. Acknowledging the influence of these other factors, the relationship between lease rates and medallion prices remains as sound economic theory.

If a Cambridge driver has less idle time per shift than before, it means that s/he can either make more money in a shift, or can make a comparable amount of money in less time. It is likely, given human nature, that there are both types of responses among those who drive cabs. Of course, for the lease driver, increasing lease rates can offset higher gross pay, and leave the driver with no net gain.

For the owner operator with a fixed medallion payment, however, revenue may improve over time due to fare increases and/or improving productivity. As it becomes possible to earn in less time whatever income a driver may be willing to work for, the availability of cabs may decrease for marginally desirable work -- for example, short runs or working rush hours when traffic congestion reduces the cabbie's ability to generate revenue, and working when business is slow.

Initially, rising medallion values may be good for the industry without any bad service impacts on the riding public. Ultimately, however, an inadequate supply of cabs may begin to occur at peak times, in bad weather, or for "unattractive" trips. As the problem

gets more severe, long waits for cabs can become prevalent more generally. With this in mind, the purpose of this study was to try to determine if service levels have deteriorated, causing problems for residents and visitors of Cambridge. If so, it is important to realize that the responsibility of the City of Cambridge is not only to regulate the total number of cabs, but also to encourage or enforce cabs to be available throughout the day in numbers appropriate to the fluctuating demand for service.

### Objectives of the Data Collection

In the absence of any prior evidence of significant service complaints, the data collection phase of this project was conducted to attempt to quantify information about service levels.

In essence, there are five rival contentions that were being tested:

1. There is currently no shortage of taxicab service.
2. There is a shortage of taxicab service resulting from growth in demand which has not been met by any increase in number of medallions.
3. There is a shortage of taxicab service at certain times of day resulting primarily from a shortage of drivers.
4. There is a shortage of taxicab service at certain times of day because operators lack adequate incentives to put their vehicles in service.
5. There is a shortage of service for certain types of trips because drivers shun these trips in favor of other business. Certain demand might be shunned because of fear of crime, unfamiliarity with the area, or because it would pull the driver away from the areas with the most business.

Thus, the data analysis was intended to answer how many taxis are available for work and whether or not there is a shortage of taxicab service; if so, whether this occurs generally or only at specific times; and generally whether shortages occur because of a shortage of medallions, a shortage of drivers, or a lack of adequate incentives to operate. Chapter 3 describes the data collection process and the conditions identified by this effort. Chapter 4 analyzes the available information to determine what conclusions may be drawn.

## CHAPTER 3: EXISTING CONDITIONS

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### Existing Conditions Summary

The City Manager through the License Commission has to determine whether or not the City of Cambridge should issue more taxi medallions. Data about the number of taxis on the streets has been collected to provide an factual basis for the City Manager's determination. To the consultant's knowledge, this is the first time such data has been gathered.

The collection of data about the number of taxis available for service on the roads in the City of Cambridge was the prime objective of the survey effort. The data collection involved three sources;

- 1) survey of the taxi stands in Cambridge,
- 2) waybills, trip lists kept by drivers, completed during the survey period, and
- 3) records from the radio associations, stand sheets and dispatch slips, for the survey period.

The stand survey was conducted on five separate occasions;

- 1) Friday, September 30, 1988 from 8pm to 2am,
- 2) Monday, October 3, 1988 from 6am to 1pm,
- 3) Thursday, October 6, 1988 from 6am to 1pm,
- 4) Tuesday, October 11, 1988 from 1pm to 8pm, and
- 5) Thursday, October 13, 1988 from 1pm to 8pm.

In the course of 20 hours of the taxi service survey (from 6am to 2am), a total of 242 taxis were available for service at one time or another. At 10:00am there were 139 taxis on the street or 56% of the 248 medallions. This was the greatest number of taxis available for service at any time during the survey period. The taxis available for service from early morning (6am) to mid afternoon (approximately 4pm) were not necessarily those available for service from mid afternoon to the early morning hours.

The number of Cambridge cabs available for service by hour during the survey is shown in Graph 1. The top line in this chart shows the grand total of available cabs, the next line down shows the number of radio cabs and the bottom line has non-radio cabs. The information in this chart was developed from the stand observation survey, waybills submitted by cab owners, and radio association stand sheets.

Assuming 2 shifts a day (4pm to 4am and 4am to 4pm) which is standard in the industry, 950 (54.7%) of the 1736 total possible shifts were covered. As reported on the waybills, 697 (40.2%) of the shifts were not covered due to the lack of drivers, and 89 (5.1%) of the shifts were not covered due to cab repair, driver being ill or on vacation.

Of the 3,258 jobs (taxis leaving a stand with a fare) observed at the stands during the survey, there were 23 ( less that .01%) jobs in which passengers had to wait more that 4 minutes for taxis. The survey was unable to determine similar information of taxi service requested by telephone. The average number of passengers per job was 1.2.

The data gathered in the survey effort showed that the majority of the stand, street pick up and radio work was in a central area of Cambridge, south and west of Hampshire Street to Porter Square following a line along Upland Road as though it continued on to the Mt Auburn Hospital. (See Map 1).

Survey data showed the following breakdown for the origins and destinations of Cambridge taxi trips;

46% of the taxi trips reported had origin in Cambridge and destination in the City of Cambridge or in the Cambridge/Somerville boundary area, for example Davis Square, Union Square and Teele Square.

49% of the trips had an origin in Cambridge and a destination outside of Cambridge, (38% in an area of Boston bounded by Brigham Circle and Longwood Medical Area on the West and Logan Airport on the East and 11% to Allston/Brighton, Jamaica Plain, Brookline or the eastern half of Newton.

5% of trips had an origin in Cambridge and a destination in West Somerville, Medford, Arlington, Belmont, Watertown, Waltham or the western half of Newton.

### Cambridge Taxi Industry Fact Sheet

248 licensed taxicabs (hackney carriages)  
204 radio equipped  
44 non-radio

Value of Medallion - approximately \$64,800

#### Taxi Fares

metered rates - \$1.00 drop  
.25 for each additional one  
seventh of a mile

\$17.00 per hour waiting time

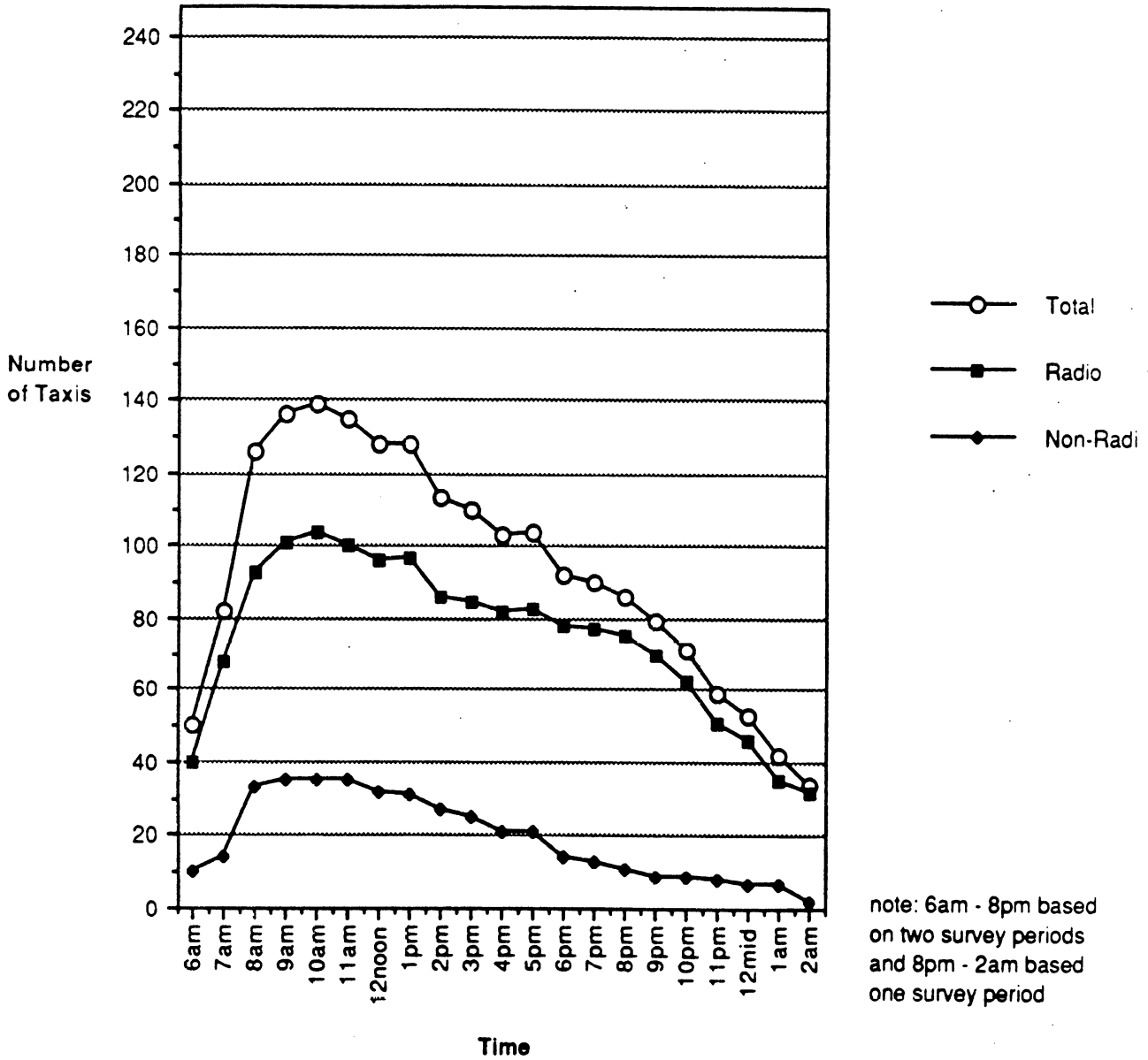
flat rate - For trips defined in the flat rate book  
\$2.50 per odometer mile

#### Regulation

City Ordinance NO. 1065 - Hackney Carriage Rules and Regulations are enforced by the Licensing Commission and the Police Department.

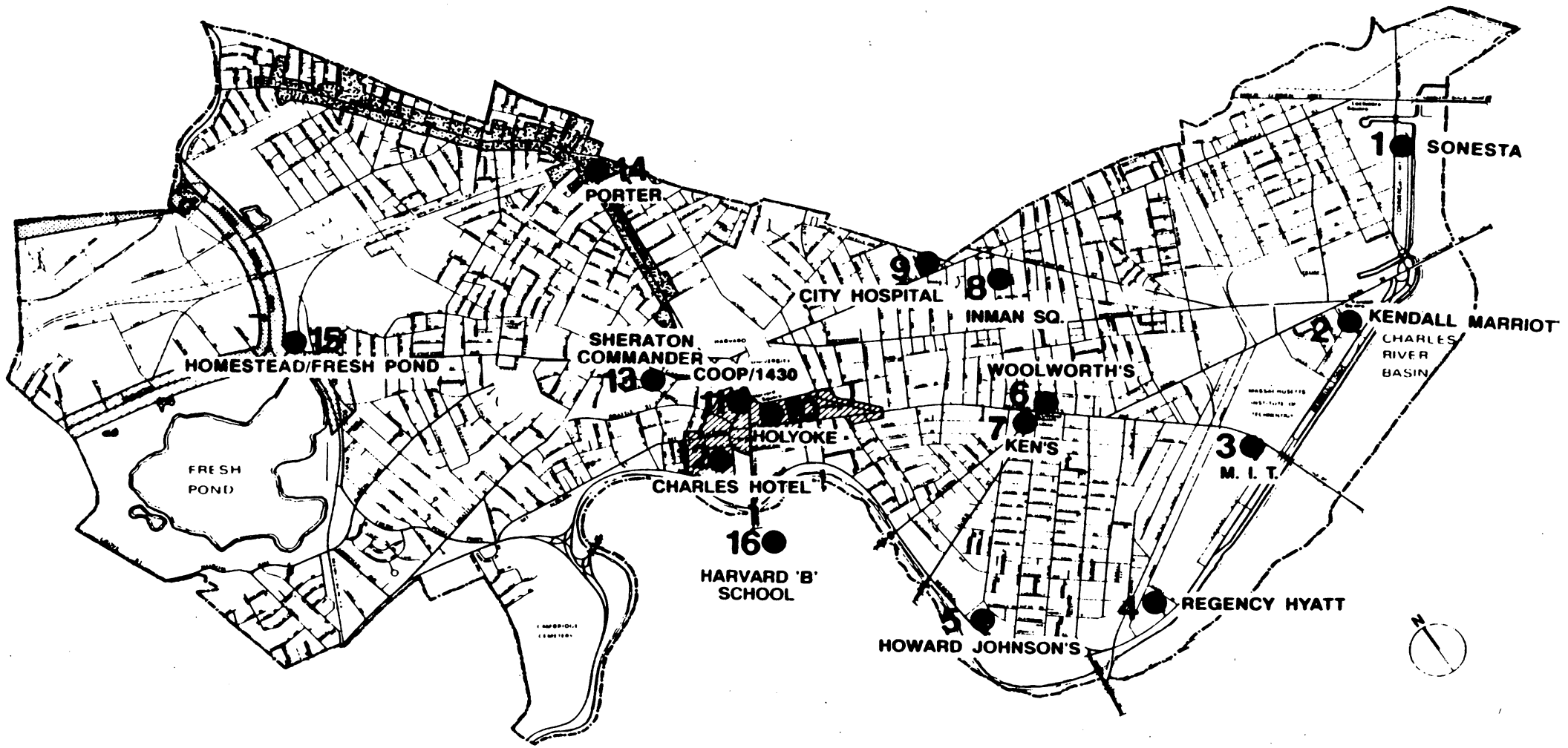
Drivers - approximately 700 licensed drivers.

## Number of Taxis Available for Service by Hour



Graph 1

-6-



# SURVEY CAB STANDS

# CAMBRIDGE



## Descriptions of the Cambridge Taxi Industry

There are 248 taxicab licences or medallions issued by the City of Cambridge Licensing Commission. This number has remained constant since the late 1940's. There is a private market for the sale and transfer of the taxi medallions. The current price of a taxi medallion is approximately \$64,800.

Each taxicab is equipped with a taximeter which is used to determine the fare for service. The current rates are \$1.00 for the first one seventh of a mile of the trip. This is known as the drop. Each additional one seventh of a mile costs 25 cents. The first mile of a trip costs \$2.50 and each additional mile costs \$1.75. To account for traffic delays or waiting time, there is also a charge for time - \$17 dollars per hour. The clock of the meter operates when the taxi is standing still or moving at a speed of less than 10 to 12 miles an hour. An incremental charge registers every 53 seconds or every one seventh of a mile.

The taximeter is used for all trips in the communities listed below.

Arlington	Milton
Belmont	Newton
Boston	Quincy
Brookline	Revere
Burlington	Saugus
Cambridge	Somerville
Chelsea	Stoneham
Everett	Waltham
Lexington	Watertown
Malden	Winchester
Medford	Winthrop
Melrose	Woburn

For trips to other destinations, a flat rate book is used to compute the fares. These fares are charged at a rate of \$2.50 per odometer mile.

Of the 248 taxis, 44 are not equipped with radios and 204 are equipped with radios and are members of one of the three radio associations in Cambridge. These are 1) Ambassador/Brattle with 93 members, 2) Yellow with 76 members and 3) Checker with 35 members. Ambassador/Brattle and Yellow radio services are owned by the same company and operate at 80 Hampshire Street. Passengers can telephone Ambassador/Brattle, Yellow or Checker taxi to request a taxi. The dispatcher uses the two way radio to give fare pick up addresses to the drivers. A driver of a radio equipped taxi has the choice of whether or not to use the radio.

The owners of the taxi medallions decide if they are to have a radio in their taxi and if so, which radio association they want to join. They pay a weekly charge for the use of the radio service and paint their vehicles in the colors of the radio association they join. The current weekly fee is \$60 to \$70.

If an owner operator leases his/her taxis, it can be for a twelve hour period, a day or a week. For example, an owner-operator with one taxi may drive the taxi during the day shift 4am-4pm and then lease the taxi to a driver for the night shift, 4pm-4am. For this shift, the driver pays the owner a lease fee, for example, \$42. The driver also pays for gas. The lease rate for a week is can vary from \$300 to \$450. All earnings are kept by the driver. The owner is responsible for the insurance of the vehicle and its maintenance. There is currently a pool of approximately 700 drivers in Cambridge.

At the time of the survey, owners of medallions could lease their medallion(s) to a driver who then provides the vehicle. The cost of medallion leasing is usually \$1,000 per month. According to the Licensing Commission records, sixteen medallions are leased.

All Cambridge taxicabs are entitled to use the taxi stands in the City. Drivers are supposed to keep a record of all trips. This list of trips, a waybill, provides information about the time of the trip, the origin and destination, and the fare.

### **Hackney Carriage Regulations**

In March 1988, revised Hackney Carriage Rules and Regulations took effect when Ordinance No. 1065 was passed. These rules and regulations govern the licensing of taxicabs, the number of licenses to be issued, the operation of taxicabs, the rates for service, the operation of radio associations and the sale, assignment or transfer of licenses. The table of contents for this ordinance is provided in appendix 1.

These regulations are enforced by the Licensing Commission and the Police Department. There is an inspection of all taxi vehicles twice a year. The number of people involved are as follows. The hackney carriage officers can give tickets for violations, or can remove medallions from taxis.

## Survey Method and Level of Taxi Service

The collection of data about the number of taxis available for service in the City of Cambridge involved three sources of data;

- 1) observation survey of the taxi stands in Cambridge,
- 2) waybills, trip lists kept by drivers, completed during the survey period, and
- 3) records from the radio associations, stand sheets and dispatch slips, for the survey period.

The stand survey was conducted on five separate occasions;

- 1) Friday, September 30, 1988 from 8pm to 2am,
- 2) Monday, October 3, 1988 from 6am to 1pm,
- 3) Thursday, October 6, 1988 from 6am to 1pm,
- 4) Tuesday, October 11, 1988 from 1pm to 8pm, and
- 5) Thursday, October 13, 1988 from 1pm to 8pm.

Prior to the survey, the use of five survey periods as agreed to by the Licensing Commission, the Cambridge Taxi Association and the consultants. One night (8pm – 2am) period was used in the stand survey process. It was assumed that Friday night would be a peak night of the week. Following the survey, waybills for Friday September 30th, and Tuesday October 4th were compared to determine if the Friday night survey was showing significantly more taxis available for service than another night of the week. Only eight more cabs were active for Friday night than for Tuesday night. Two survey periods were used for the morning (6am – 1pm) and the afternoon/evening (1pm – 8pm) survey periods.

During these time periods, survey team members were at the following taxi stands; (See Map 1)

- 1) Holyoke in Harvard Square,
- 2) Coop in Harvard Square,
- 3) Commander Hotel,
- 4) Charles Hotel,
- 5) Woolworth in Central Square,
- 6) Porter Square,
- 7) Kendall Marriot Hotel, and
- 8) Sonesta Hotel.

There was partial coverage at the following stands;

- 1) Kens in Central Square,
- 2) Inman,
- 3) City Hospital,
- 4) Howard Johnson,
- 5) Hyatt Hotel,
- 6) MIT and
- 7) Homestead at Fresh Pond.

The survey staff recorded medallion numbers of the taxi "playing" the stand, the time the taxi arrived and when it departed, the number of passengers leaving in the taxi if passengers were picked up, if the taxi left the stand empty, the number of taxis left on the stand, and the number of passengers left on the stand if taxis were not available. (See Appendix 2 for a copy of the survey form.)

Waybills were gathered for a two week period, from September 29 to October 15. The waybills for the five survey periods were selected for detailed analysis. Similarly, the radio dispatch slips and stand sheets were collected for the same two week period.

When a telephone operator takes a request for a trip, he/she records the address on a small slip of paper, the dispatch slip, which is then time stamped and passed to the dispatcher. In the process of giving out the address to the drivers, the dispatcher notes the medallion number of the taxi taking the job and files the dispatch slip. The dispatcher uses a stand sheet to record which taxi is available at each taxi stand.

The information gathered from each source is summarized below.

1. Stand Survey  
number of taxis at each stand by hour of the survey period, number of passengers carried at each stand by hour of the survey period, average number of passengers in taxis leaving the stand with passengers,
2. Waybills  
number of taxis providing waybills, number of trips resulting from radio, stand or street pick up, reasons for the taxi not being available for service, some information about the trip destination,
3. Radio Dispatch Slips  
check on the waybill figures on radio trips, total number of jobs put out over the radio for the survey period.

One must be careful not to sum up the total number of trips or passengers carried from the survey and waybill information. The sum of these parts would be greater than the whole due to double counting of trips and passengers.

Of the 248 Cambridge taxis, 242 were observed at least once during the five survey periods. The breakdown of number of taxis observed by survey period is as follows;

Friday, Sept 30 - 8pm to 2am	141
Monday, Oct 3 - 6am to 1pm	162
Thursday, Oct 6 - 6am to 1pm	187
Tuesday, Oct 11 - 1pm to 8pm	205
Thursday, Oct 13 - 1pm to 8pm	213

The average number of passengers per loaded taxi was 1.2. (See Table 1 - Stand Trip Summary)

Stand Observation Summary

Date	Total Taxis	Taxis with Passengers	Taxi left empty	Total Passengers	Passengers per Taxi
30-Sep	754	613	141	1026	1.67
3-Oct	633	479	154	485	1.01
6-Oct	701	507	194	538	1.06
11-Oct	974	803	171	865	1.08
13-Oct	1016	856	160	960	1.12
Totals	4078	3258	820	3874	1.19

Table 1

Of the 3,258 jobs (taxis leaving a stand with a fare) observed at the stands during the survey, there were only 23 ( less than .01%) jobs in which passengers had to wait more than 4 minutes for taxis. The survey was unable to determine similar information of taxi service requested by telephone.

Overall, the supply of taxis at stands adequately met passenger demand for service. During the off peak hours, the supply of taxis exceeded the demand for service.

Waybill were provided by 180 of the 248 taxis. Based on these waybills, which is a useful size sample, we have learned the following;

46% of the taxi trips reported had origin in Cambridge and destination in the City of Cambridge or in the Cambridge/Somerville boundary area, for example Davis Square, Union Square and Teele Square.

49% of the trips had an origin in Cambridge and a destination outside of Cambridge, (38% in an area of Boston bounded by Brigham Circle and Longwood Medical Area on the West and Logan Airport on the East and 11% to Allston/Brighton, Jamaica Plain, Brookline or the eastern half of Newton.

5% of trips had an origin in Cambridge and a destination in West Somerville, Medford, Arlington, Belmont, Watertown, Waltham or the western half of Newton.

The data gathered in the survey effort showed that the majority of the stand, street pick up and radio work was in a central area of Cambridge, south and west of Hampshire Street to Porter Square following a line along Upland Road as though it continued on to the Mt Auburn Hospital. (See Map 1). Relatively little of this taxi work was in the east or west portions of Cambridge as defined below. The designation of areas with a high concentration of service and a low level of service was the result of the analysis of the origins and destinations of taxi jobs.

Area with High Number of Taxis Available for Service - the middle of Cambridge south and west of Hampshire Street to Porter Square following a line along Upland Road as through it continued on to the Mt Auburn Hospital.

Areas with Low Number of Taxis Available for Service - the area of Cambridge north and east of Hampshire Street from Kendall Square to Somerville just north of Inman Square, and the area north and west of the line along Upland Road as though it continued on to the Mt. Auburn Hospital.

Based on the 180 waybills for the five survey periods there was a total of 3,575 jobs reported - 2042 of these were radio jobs, 1461 were stand jobs and 72 were street pick ups. (See Table 2) Applying 1.2 passengers per taxi trip from the stand survey to the information on the waybills, the estimated number of passengers carried during the twenty one hours covered by the survey is 4,290.

Assuming 2 shifts a day (4pm to 4am and 4am to 4pm) which is standard in the industry, the total possible shifts to be accounted for in the five survey periods is 1736

### Way Bill Trip Summary

Date	Total Radio Jobs	Total Stand Jobs	Total Street Jobs	Total Jobs	Estimates of Pass Carried (Total Jobs * 1.2)
30-Sep	126	96	9	231	277.2
3-Oct	620	401	14	1035	1242
6-Oct	556	405	19	980	1176
11-Oct	381	293	15	689	826.8
13-Oct	359	266	15	640	768
Totals	2042	1461	72	3575	4290

**Table 2**

if all 248 Cambridge taxis were in service. Waybills and stand observations account for 950 or 54.7% of these shifts. As reported on the waybills, 697 shifts were not covered due to the lack of drivers. 89 shifts were not covered due to cab repair, driver being ill or on vacation.

The radio dispatch slips proved to be an inadequate source of information. These were not always time stamped. Slips were provided by Ambassador/Brattle and Yellow. Checker did not provide the requested information. Thus it is difficult to draw any preliminary conclusions from the radio slips.

### Stand Observations

Of the three sources of information, the stand observations are the most reliable. Tables 3, 4, 5, 6 and 7 provide a summary of each survey period by stand. For each hour of the survey, the number of taxis at the stand are provided as are the number of passengers carried. The totals across provide the total number of taxis for each stand, the number of taxis that left empty and the total number of passengers carried. (See Graphs 2, 3, 4, 5 and 6.) The totals down provide the total number of taxis and passengers per hour for all of the stands.

As mentioned above, a total of 242 taxi medallions were observed in the five survey periods. Six medallions were not observed or reported at any time during the survey. Twelve of the medallions reported were only seen in one of the five survey periods and twenty two were reported in two of the five periods. Sixty eight medallions were reported for all five of the survey periods. Table 8 provides the actual number of times each taxi was seen during the stand survey periods. (See Column G)

Assuming that each observation of a taxi is an actual trip, then the average number of trips for the 248 Cambridge taxis is 17.7 during the survey period. The break down of observations in increments of ten is as follows.

Observations	Taxis
0	6
0-10	59
11-20	112
21-30	49
31-40	18
41 +	4

It is interesting to note that for the Sept 30th survey period the 141 taxis reported carried 1026 passengers. For the Oct 13 survey period 213 taxis carried 960 passengers.

The peak hours of taxi availability for each survey period was as follows;

1. September 30, 1988 midnight to 1am,
2. October 3, 1988 9am to 10am,
3. October 6, 1988 9am to 10am,
4. October 11, 1988 2pm to 3pm, and
5. October 13, 1988 6pm to 7pm.

The hours will be the least number of taxis available for service in each survey period were

1. September 30, 1988 9pm to 10pm,
2. October 3, 1988 6am to 7am,
3. October 6, 1988 6am to 7am,
4. October 11, 1988 4pm to 5pm, and
5. October 13, 1988 1pm to 2pm.

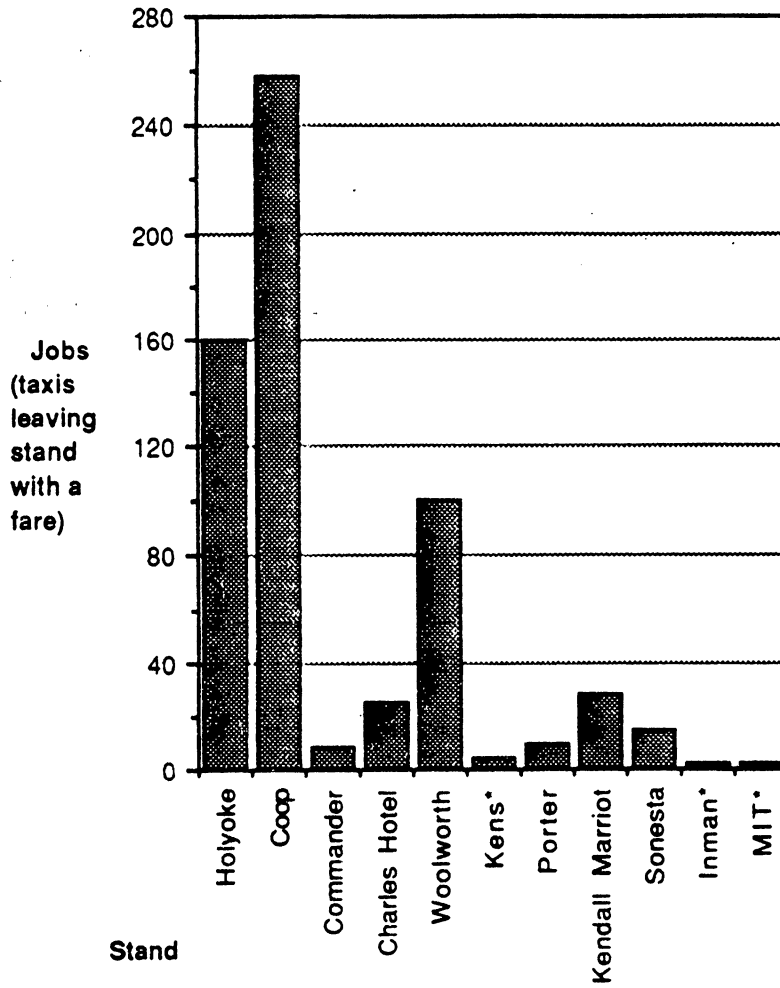
The weather during the entire survey period was seasonable and fair.

### Medallion Financing

Using the Licensing Commission records, information about medallion financing was collected for each medallion. The aim was to determine the monthly payments required to pay off outstanding loans for the purchase or refinancing of medallions. There are 33 medallions that have loans, that have been paid in full. For 70 medallions there was inadequate information to determine the monthly payments, if any. For the remaining medallions, the payments are summarized below.

Monthly Payment	Number of Taxis
\$200 - \$599	17
\$600 - \$999	86
\$1000 - \$1399	37
\$1400 - \$1799	4
\$1800 +	1

**Taxi Jobs by Stand**  
**September 30, 1988, 8pm - 2am**



note: \*partial  
survey coverage  
for these stands

Graph 2

Stand Survey Summary September 30, 1988 8pm-2am

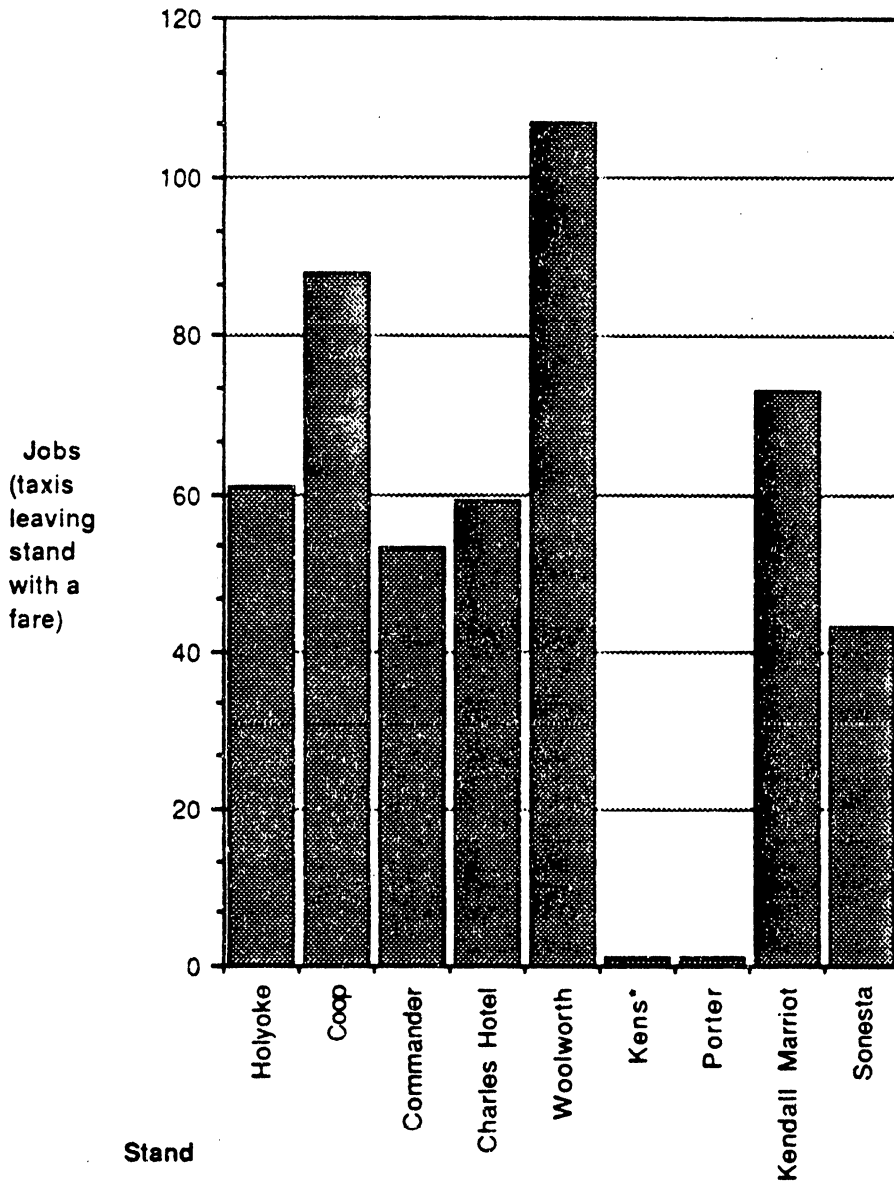
STAND	TIME														Total Taxi Left Empty	Total Pass	Pass per Taxi with Pass
	8-9pm		9-10pm		10-11pm		11-mid		mid-1am		1-2am		Total Taxis				
Holyoke	28	37	21	26	24	43	35	55	30	45	33	48	171	11	254	1.59	
Coop	31	45	40	51	38	60	40	65	61	101	64	122	274	16	444	1.72	
Commander	8	7	3	0	3	4	2	4	1	0	2	2	19	11	17	2.13	
Charles Hotel	14	24	2	4	12	9	5	9	9	11	5	1	47	22	58	2.32	
Woolworth	14	19	23	30	20	15	23	28	26	29	14	22	120	20	143	1.43	
Kens*	0	0	0	0	1	0	0	0	2	5	2	4	5	1	9	2.25	
Porter	1	1	6	7	4	3	1	1	4	4	0	0	16	5	16	1.45	
Kendall Marriot	5	4	12	12	13	10	6	0	10	8	9	3	55	27	37	1.32	
Sonesta	12	14	4	7	6	6	9	11	2	1	2	1	35	20	40	2.67	
Inman*	0	0	0	0	1	1	2	1	2	4	0	0	5	3	6	3.00	
City Hospital*																	
Howard Johnson*																	
Hyatt*																	
MIT*	0	0	1	0	1	1	1	1	0	0	0	0	3	1	2	1.00	
Homestead*	2	0	1	0	0	0	1	0	0	0	0	0	4	4	0	0.00	
Total by Hour	115	151	113	137	123	152	125	175	147	208	131	203	754	141	1026		

\*partial survey coverage of stand

141 medallions seen during this survey period  
 107 medallions not seen during this survey period

Table 3

**Taxi Jobs by Stand  
October 3, 1988, 6am - 1pm**



note: \*partial  
survey coverage  
for this stand

**Graph 3**

Stand Survey Summary October 3, 1988 6am-1pm

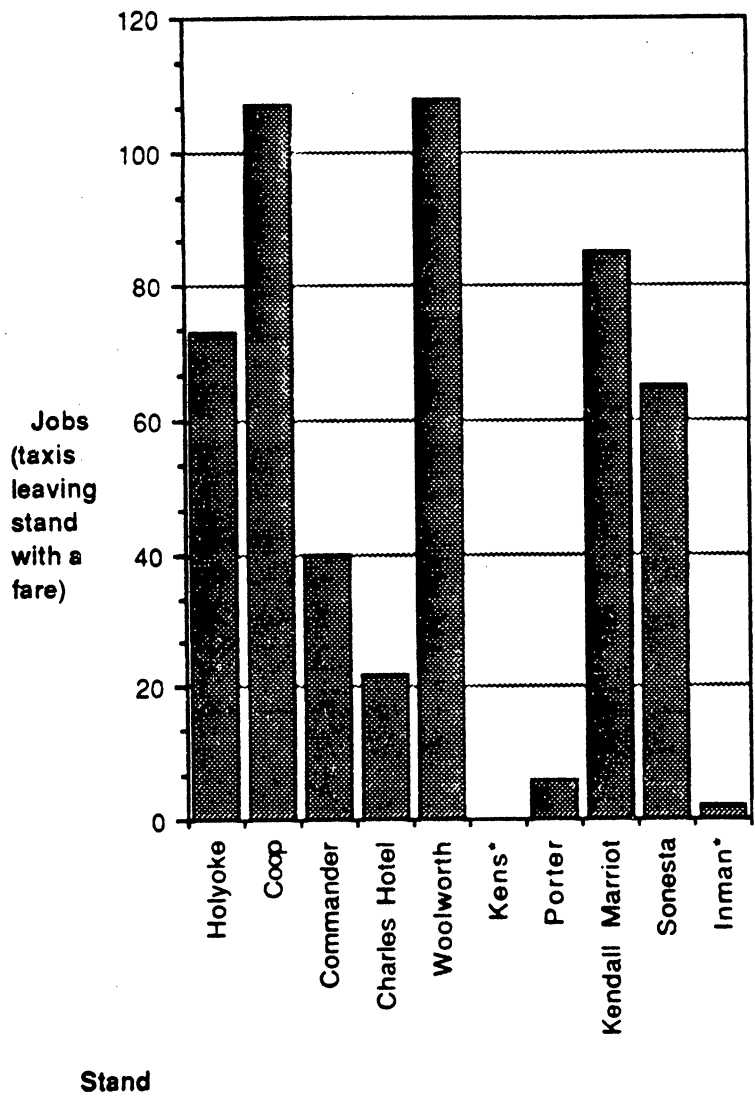
STAND	TIME																		Pass per Taxi with Pass
	6-7am		7-8am		8-9am		9-10am		10-11am		11-noon		noon-1pm		Total	Taxi Left	Total	Pass	
	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Empty	Pass		
Holyoke	5	2	13	6	4	5	26	17	17	11	15	8	16	13	96	35	62	1.02	
Coop	8	5	11	12	16	15	13	12	18	17	18	18	19	28	103	15	79	0.90	
Commander	7	5	14	8	14	12	17	12	12	10	8	7	8	10	80	27	54	1.02	
Charles Hotel	4	3	10	4	16	17	16	16	6	8	11	11	14	12	77	18	59	1.00	
Woolworth	5	5	15	16	13	12	22	21	24	21	24	22	26	24	129	28	97	0.96	
Kens*	0	0	1	0	1	1	0	0	1	0	1	0	0	0	4	3	1	1.00	
Porter	2	0	3	0	0	0	2	0	1	0	1	0	1	1	10	9	0	0.00	
Kendall Marriot	1	2	9	10	17	22	14	19	13	13	13	18	16	18	83	10	84	1.15	
Sonesta	3	7	11	9	9	13	6	7			12	13	10	10	51	8	49	1.14	
Inman*																			
City Hospital*																			
Howard Johnson*																			
Hyatt*																			
MIT*																			
Homestead*																			
Total by Hour	35	29	87	65	90	97	116	104	92	80	103	97	110	116	633	153	485		

\*partial survey coverage of stand

163 medallions seen during this survey period  
85 medallions not seen during this survey period

Table 4

**Taxi Jobs by Stand**  
**October 6, 1988, 6am - 1am**



note: \*partial  
survey coverage  
for these stands

Graph 4

Stand Survey Summary October 6, 1988 6am-1pm

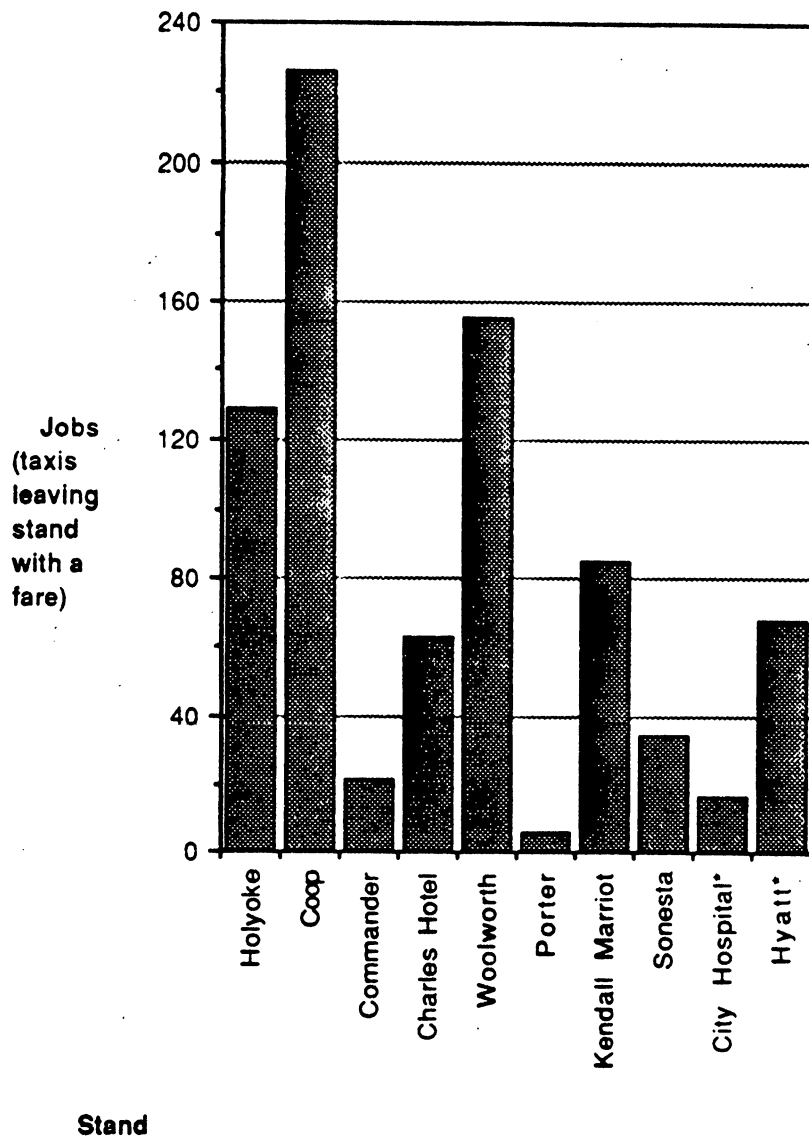
STAND	TIME																Taxi Left Empty	Total Pass	Pass per Taxi with Pass
	6-7am		7-8am		8-9am		9-10am		10-11am		11-noon		noon-1pm		Total				
	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis				
Holyoke	7	4	10	5	7	5	20	17	16	12	24	21	18	19	102	29	83	1.14	
Coop	6	6	13	10	26	24	23	22	17	14	18	16	22	24	125	18	92	0.86	
Commander			11	16	15	13	15	6	11	5	8	5	9	4	69	29	45	1.13	
Charles Hotel							11	6	8	7	14	11	11	5	44	22	24	1.09	
Woolworth	9	5	23	17	23	23	20	21	20	17	26	23	14	16	135	27	106	0.98	
Kens*					1	0										1	0	0.00	
Porter	1	0	2	0	1	0	6	2	5	3	6	1	3	1	24	18	6	1.00	
Kendall Marriot	11	9	16	22	21	25	19	23	12	11	17	12	15	15	111	26	102	1.20	
Sonesta	4	2	13	19	12	18	15	20	16	8	12	12	15	16	87	22	79	1.22	
Inman*	0	0	0	0	0	0	0	0	0	0	2	1	2	2	4	2	1	0.50	
City Hospital*																			
Howard Johnson*																			
Hyatt*																			
MIT*																			
Homestead*																			
Total by Hour	38	26	88	89	106	108	129	117	105	77	127	102	109	102	701	194	538		

\*partial survey coverage of stand

187 medallions seen during this survey period  
 61 medallions not seen during this survey period

Table 5

### Taxi Jobs by Stand October 11, 1988, 1pm - 8pm



Graph 5

Stand Survey Summary October 11, 1988 1pm-8pm

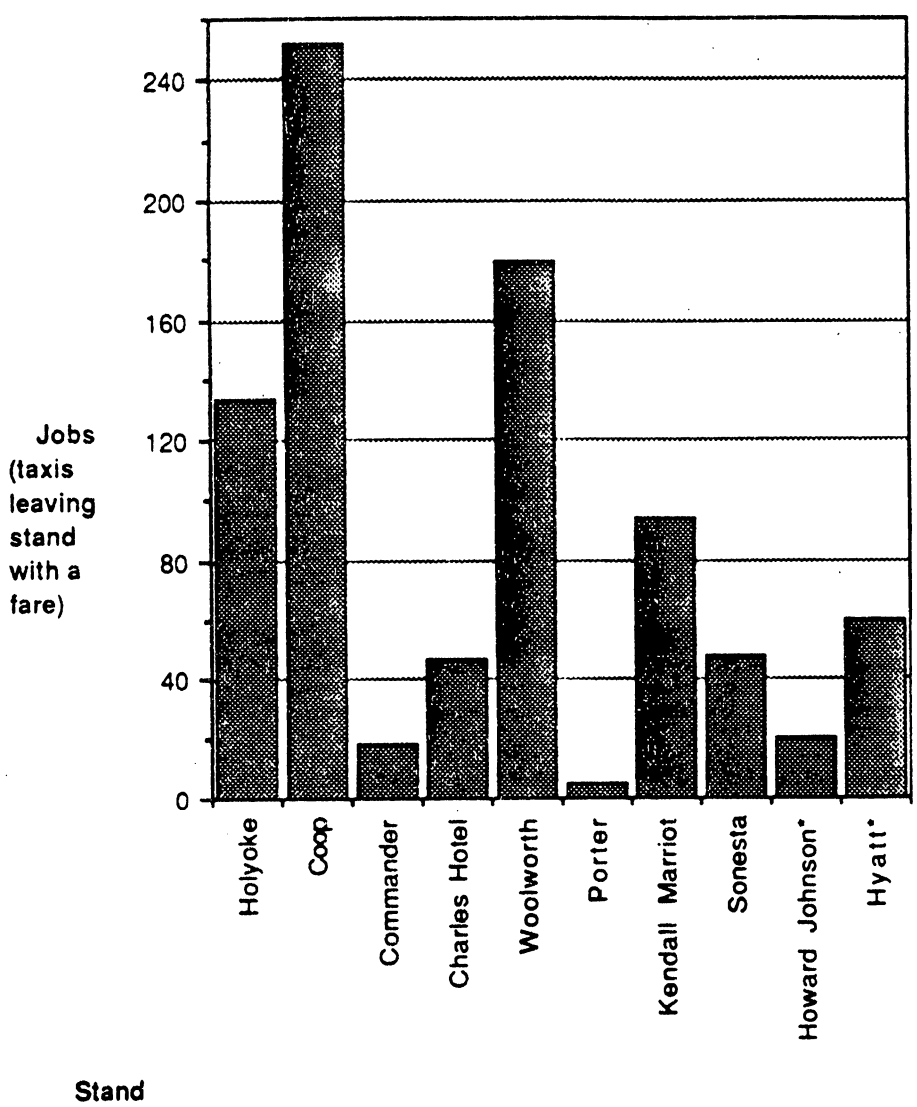
STAND	TIME																Total Taxi Left Empty	Total Pass	Pass per Taxi with Pass
	1-2pm		2-3pm		3-4pm		4-5pm		5-6pm		6-7pm		7-8pm		Total Taxi				
	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass					
Holyoke	22	20	19	20	26	22	13	16	18	17	26	29	18	19	142	13	143	1.11	
Coop	22	26	39	45	34	28	24	25	46	47	35	35	45	44	245	19	206	0.91	
Commander	7	5	6	2	5	0	3	1	8	5	7	8	6	6	42	21	21	1.00	
Charles Hotel	8	14	15	16	9	11	10	12	9	10	12	9	11	10	74	11	72	1.14	
Woolworth	33	30	30	37	34	28	23	28	18	21	25	25	24	22	187	32	169	1.09	
Kens*																			
Porter	1	1	2	2	2	0	0	0	2	1	3	3	0	0	10	4	7	1.17	
Kendall Marriot	14	12	20	18	11	12	14	9	15	14	19	31	19	29	112	27	96	1.13	
Sonesta	2	4	15	15	3	3	8	6	8	6	10	11	6	8	52	18	45	1.32	
Inman*																			
City Hospital*	6	5	9	5	5	0	6	3	3	3	2	3	2	1	33	17	19	1.19	
Howard Johnson*																			
Hyatt*	9	9	7	5	11	12	9	14	14	25	11	22	16	25	77	9	87	1.28	
MIT*																			
Homestead*																			
Total by Hour	124	126	162	165	140	116	110	114	141	149	150	176	147	164	974	171	865		

\*partial survey coverage of stand

208 medallions seen during this survey period  
 40 medallions not seen during this survey period

Table 6

**Taxi Jobs by Stand  
October 13, 1988, 1pm - 8pm**



Graph 6

Stand Survey Summary October 13, 1988 1pm-8pm

STAND	1-2pm		2-3pm		3-4pm		4-5pm		5-6pm		6-7pm		7-8pm		Total Taxis	Taxi Left Empty	Total Pass	Pass per Taxi with Pass
	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass	Taxis	Pass				
Holyoke	22	18	17	13	16	12	25	29	24	27	26	31	26	24	156	23	154	1.16
Coop	25	28	43	42	32	36	41	44	36	39	42	47	41	52	260	8	236	0.94
Commander	8	1	10	7	7	5	4	0	4	0	7	3	7	14	47	29	16	0.89
Charles Hotel			10	7	12	16	10	4	12	12	14	14	4	3	62	15	53	1.13
Woolworth	32	35	25	30	29	32	20	21	27	38	29	43	29	46	191	12	199	1.11
Kens*																		
Porter	1	0	2	0	1	0	2	1	2	1	2	1	4	2	14	9	3	0.60
Kendall Marriot	8	9	23	25	15	16	18	19	14	17	26	32	11	16	115	21	118	1.26
Sonesta	3	4	8	4	3	1	10	15	12	11	19	23	9	12	64	16	58	1.21
Inman*																		
City Hospital*																		
Howard Johnson*	10	4	5	5	4	2	5	3	5	7	6	9	4	3	39	19	30	1.50
Hyatt*	2	4	6	11	11	10	5	4	17	26	24	38	3	3	68	8	93	1.55
MIT*																		
Homestead*																		
Total by Hour	111	103	149	144	130	130	140	140	153	178	195	241	138	175	1016	160	960	

\*partial survey coverage of stand

214 medallions seen during this survey period  
 34 medallions not seen during this survey period

Table 7

**Table 8**  
**Taxi Activity at Stands by Medallion**

Medallion	Survey dates		6	11	13	Total
	30	3				Observations
1	5	6	4	5	3	23
2	9	3	0	2	4	18
3	6	0	1	5	7	19
4	0	2	6	3	8	19
5	1	3	2	5	6	17
6	0	0	3	6	1	10
7	4	3	1	3	3	14
8	0	0	1	1	0	2
9	8	9	7	4	4	32
10	0	0	0	5	4	9
11	6	0	5	2	1	14
12	7	9	7	9	1	33
13	7	0	0	1	3	11
14	0	4	1	3	3	11
15	5	1	1	1	10	18
16	0	0	1	1	6	8
17	0	6	0	5	3	14
18	0	1	0	10	10	21
19	0	1	1	5	8	15
20	0	6	8	2	2	18
21	0	7	1	4	0	12
22	3	4	0	8	5	20
23	0	7	7	0	1	15
24	11	0	2	8	5	26
25	7	2	1	6	10	26
26	0	2	1	1	5	9
27	5	4	2	2	6	19
28	4	6	6	6	5	27
29	2	4	1	3	3	13
30	7	4	1	0	5	17
31	8	0	3	16	14	41
32	0	6	3	3	7	19
33	0	3	5	2	7	17
34	1	1	2	8	13	25
35	2	0	1	4	7	14
36	2	5	4	0	4	15
37	0	3	1	7	3	14
38	2	1	0	3	5	11
39	4	0	0	0	0	4
40	2	0	0	7	5	14
41	3	5	4	4	0	16
42	0	4	3	11	11	29
43	7	0	1	5	7	20
44	0	0	5	7	8	20
45	12	4	4	5	9	34
46	0	9	8	3	3	23

Taxi Activity at Stands by Medallion

Medallion	Survey dates					Total Observations
	30	3	6	11	13	
47	8	0	1	3	5	17
48	0	0	0	6	10	16
49	15	7	8	10	6	46
50	2	1	1	0	1	5
51	4	3	3	7	3	20
52	9	1	3	2	4	19
53	6	0	0	0	1	7
54	0	3	1	2	7	13
55	0	2	3	5	2	12
56	6	0	1	9	7	23
57	0	0	0	2	0	2
58	8	4	2	3	3	20
59	0	2	2	4	4	12
60	0	8	9	6	8	31
61	0	1	4	0	4	9
62	7	4	2	7	5	25
63	3	1	0	2	0	6
64	0	1	0	1	1	3
65	4	5	3	0	7	19
66	5	0	4	2	4	15
67	0	5	0	0	5	10
68	0	4	2	3	1	10
69	8	1	0	0	0	9
70	0	1	2	2	3	8
71	3	10	1	3	2	19
72	0	0	0	3	1	4
73	7	0	0	1	0	8
74	0	0	9	9	9	27
75	10	6	5	9	6	36
76	3	1	3	0	4	11
77	2	4	4	8	6	24
78	0	8	4	7	7	26
79	0	4	4	0	2	10
80	0	10	10	6	3	29
81	4	0	6	8	8	26
82	3	0	1	3	4	11
83	4	0	0	3	1	8
84	0	1	0	0	0	1
85	9	0	5	3	5	22
86	0	6	9	3	8	26
87	0	3	0	5	2	10
88	7	0	0	5	6	18
89	10	6	6	5	6	33
90	4	2	4	5	7	22
91	7	5	2	3	0	17
92	4	6	6	0	0	16

### Taxi Activity at Stands by Medallion

Medallion	Survey dates					Total Observations
	30	3	6	11	13	
93	0	3	0	6	1	10
94	0	3	7	3	6	19
95	13	1	9	7	8	38
96	0	0	2	2	3	7
97	3	3	2	3	3	14
98	2	4	0	2	0	8
99	7	0	6	4	6	23
100	3	0	0	0	0	3
101	0	0	9	9	2	20
102	11	5	3	3	6	28
103	8	1	2	8	2	21
104	1	0	3	10	10	24
105	10	1	1	0	0	12
106	2	7	6	7	2	24
107	0	0	0	0	0	0
108	7	2	2	1	2	14
109	11	11	8	4	7	41
110	0	7	1	6	4	18
111	2	8	4	9	11	34
112	0	8	1	2	2	13
113	0	0	1	1	1	3
114	0	0	0	2	1	3
115	0	5	5	7	5	22
116	0	1	0	3	3	7
117	8	0	2	10	6	26
118	0	2	8	0	0	10
119	0	4	6	2	5	17
120	0	0	2	3	1	6
121	5	0	0	1	3	9
122	7	6	2	2	0	17
123	1	3	4	5	5	18
124	4	7	1	5	4	21
125	7	0	5	10	11	33
126	6	1	1	7	8	23
127	6	2	4	5	3	20
128	7	4	3	6	3	23
129	0	1	4	3	5	13
130	5	5	4	8	9	31
131	4	1	6	0	0	11
132	0	0	4	3	6	13
133	0	0	4	2	3	9
134	6	8	0	5	11	30
135	10	0	8	6	3	27
136	0	3	4	0	1	8
137	0	0	2	3	3	8
138	4	0	7	5	3	19

Taxi Activity at Stands by Medallion

Medallion	Survey dates					Total Observations
	30	3	6	11	13	
139	0	6	2	5	0	13
140	5	0	0	0	0	5
141	0	6	5	9	0	20
142	8	0	6	2	1	17
143	10	4	6	6	4	30
144	11	5	6	11	4	37
145	0	4	0	0	0	4
146	0	2	2	4	1	9
147	4	0	1	2	4	11
148	8	2	5	10	9	34
149	6	0	0	7	6	19
150	5	2	5	7	7	26
151	0	0	2	4	4	10
152	4	1	5	6	6	22
153	0	0	5	12	7	24
154	7	0	0	5	7	19
155	0	0	0	8	9	17
156	0	0	0	5	11	16
157	3	1	1	6	4	15
158	4	4	4	11	10	33
159	2	0	1	2	0	5
160	1	5	1	1	3	11
161	2	0	1	4	7	14
162	8	3	9	4	7	31
163	2	0	0	6	6	14
164	0	6	1	5	4	16
165	0	3	2	5	1	11
166	11	0	3	7	5	26
167	6	2	5	0	3	16
168	3	1	1	0	1	6
169	1	2	3	3	1	10
170	3	5	5	5	7	25
171	3	2	15	6	12	38
172	3	4	1	2	6	16
173	0	2	4	1	3	10
174	0	0	0	1	2	3
175	0	0	1	0	2	3
176	5	1	5	4	2	17
177	6	0	0	0	0	6
178	0	0	0	0	0	0
179	1	0	0	1	2	4
180	1	3	2	3	4	13
181	0	0	0	0	0	0
182	1	1	4	2	5	13
183	4	0	5	1	4	14
184	0	0	1	4	5	10

Taxi Activity at Stands by Medallion

Medallion	Survey dates					Total Observations
	30	3	6	11	13	
185	6	2	3	2	2	15
186	0	0	0	1	4	5
187	7	1	7	3	8	26
188	5	1	0	6	3	15
189	0	6	0	4	2	12
190	0	0	1	8	11	20
191	6	2	1	8	3	20
192	0	6	2	10	7	25
193	0	0	4	7	4	15
194	2	0	3	5	5	15
195	0	0	0	1	0	1
196	0	0	0	0	1	1
197	0	6	1	3	4	14
198	0	0	0	3	1	4
199	3	1	3	5	7	19
200	3	1	1	5	5	15
201	1	9	6	5	2	23
202	0	8	5	10	8	31
203	6	10	3	2	4	25
204	0	0	0	0	0	0
205	0	5	6	9	2	22
206	2	6	4	0	8	20
207	4	1	3	5	2	15
208	0	5	1	2	2	10
209	6	9	5	5	4	29
210	0	1	0	0	0	1
211	8	0	5	7	4	24
212	10	0	0	1	1	12
213	0	3	3	4	2	12
214	10	6	9	0	8	33
215	6	1	5	0	8	20
216	3	0	3	7	3	16
217	0	8	3	0	3	14
218	0	0	0	7	6	13
219	0	2	3	0	9	14
220	3	5	5	3	5	21
221	0	5	7	3	1	16
222	1	3	2	1	4	11
223	0	5	2	3	5	15
224	8	1	3	6	4	22
225	0	0	0	3	0	3
226	0	0	0	0	0	0
227	7	1	1	6	5	20
228	0	2	3	5	1	11
229	0	5	5	0	7	17
230	0	0	0	3	2	5

Taxi Activity at Stands by Medallion

Medallion	Survey dates					Total Observations
	30	3	6	11	13	
231	0	7	9	6	0	22
232	0	7	3	5	8	23
233	3	1	4	1	3	12
234	6	0	0	3	3	12
235	0	1	0	2	1	4
236	0	7	6	5	3	21
237	6	7	8	7	5	33
238	7	2	5	0	2	16
239	0	2	0	6	4	12
240	0	0	0	0	0	0
241	0	0	0	2	7	9
242	8	2	7	15	9	41
243	1	3	3	0	0	7
244	4	0	4	3	3	14
245	6	2	3	0	0	11
246	0	7	4	8	6	25
247	0	0	6	2	3	11
248	8	2	0	0	5	15
totals	756	632	703	976	1016	4083

## **CHAPTER 4: ANALYSIS OF AVAILABLE DATA**

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### **Is There A Shortage?**

Based on the analysis of the data collected during the two week period in the fall of 1988, there is no chronic shortage at taxi stands during any time of day. Adverse weather may produce temporary shortages, but these conditions were not experienced during the test period.

Comments by members of the industry in Cambridge and in Boston suggest that the past year has seen a significant downturn in business. The only quantitative source of data for the area is the Massport Ground Transportation counts of number of taxis through the airport. This data showed a 4.7% increase from FY87 to FY 88 and a 2.2% increase from FY88 to FY89. Notwithstanding, it is our judgement that the downturn in local demand for service in Cambridge is real, although it is impossible to accurately measure the extent of the downturn.

It is also not clear whether this downturn had already begun at the time of the data collection. However, unless demand exceeds the levels during the data collection period, the findings that stand service was adequate will remain valid.

Lack of necessary data precludes making a similar judgement regarding service levels with respect to the telephone request market for taxicabs. To secure the necessary data, formalized information systems would have to be set up, both at the radio service companies and at the License Commission.

Our conclusion is that shortages do not exist at taxi stands and presently we cannot show whether they do or do not exist for telephone customers. The study raises the question whether good service from stands may be at the expense of poorer response to telephone business, particularly if drivers on stands do not respond to the radio. If a future study should identify that a shortage does exist, there are some further insights from the existing data that might be useful at that time. The section below presents additional analysis that is supported by the data now available.

### **What Is The Cause Of Any Shortage That May Exist?**

At least two possible causes of any shortage that may exist have been identified through discussions with those familiar with the problem:

1. there is a shortage of drivers, resulting in cabs being idle. This may include difficulty finding driver applicants, or rejecting applicants as presenting too high a risk of damaging a vehicle (which might risk its being out of service during the primary shift)
2. the taxicab market is sufficiently profitable for some operators to allow them to idle their vehicles intentionally during periods such as:
  - when congestion cuts down on the ability to make money,
  - during periods when crime is a concern.

In order to analyze which of these competing explanations for the shortage is more valid, we have used a combination of economic and behavioral analysis. The analysis centers on the fact that the steady rise in medallion values over time has created significant disparities in costs among various medallion owners (although they will all generally experience similar costs for vehicles, insurance, maintenance, fuel, and other operating costs.) If the second explanation described above is valid, it should be possible to observe quantifiable differences in behavior between those with high medallion financing costs and those with low or no financing costs.

There is customarily a seven year maximum on the finance period for medallions. Therefore, many of those who financed their medallions more than seven years ago have no medallion financing costs, unless they have refinanced their medallion in the interim. Those who purchased their medallions within seven years have finance costs that are determined by the down payment, the lease term, the medallion price, and the interest rate. Of these factors, the medallion price is the most significant. Since virtually all financings take place at the maximum seven year period, the lease term has little impact on carrying costs. Interest rates vary somewhat from year to year, but more significantly they vary depending on whether financing was accomplished through a commercial lending institution or through a taxicab financing organization (which generally has significantly higher interest rates).

Medallion owners with lower financing costs, and especially those with no financing costs, enjoy an advantage over other owners: fewer hours need be worked in order to cover expenses plus some base level of net revenue. For these owners, a second shift may not be necessary to meet some acceptable return on investment. For those owners who have purchased their medallions more recently, two shifts may be much more necessary in order to attain the same net income.

If there is a driver shortage, this would tend to be felt uniformly by all owners, regardless of their costs of operation. Indeed, those who have lower costs might be able to lease at a lower rate and thus have a competitive advantage in attracting drivers. (Note, however, that owner operators in particular might not do so because of the added risks, e.g., of having a second shift driver damage the car and prevent it from being usable at all). If, on the other hand, the problem is not that there is a lack of drivers but rather that there is a lack of incentive to run a second shift (again, to avoid

the sort of risk just cited), then the data would be expected to show that vehicles with low finance carrying costs are significantly less likely to be on the street for as many hours of the day.

With this as a background, the analysis procedure was to make a list of the medallion numbers and to identify for each medallion what its financing costs are on a monthly basis. Then, for the analysis period, the percent of vehicles in each class that could be proved to be in service (either from street observations, radio room records, or waybills) was calculated. This was then plotted. The results are shown in Table 9.

As shown, there is no significant difference in the level of availability overall among each of the categories analyzed. This suggests that owners try to utilize their medallion just as much regardless of the medallion finance costs of the vehicle they operate. The evident reason for this is that lease rates do not vary much. Although it has already been demonstrated (as shown in Exhibit 1) that owner's financing costs may vary by a thousand dollars a month or more (roughly \$15 per shift), there appears to be very little price differentiation in lease rates (typically about \$42 per twelve hour shift).

If a driver shortage exists, it is because drivers can not earn enough income to attract them from alternative occupations. In that case, more income for drivers would be the minimum required to attract more drivers. To achieve this, lease rates would have to go down or fare revenue per shift would have to go up.

As to fare revenue, it would take action on the part of the City to allow selective fare surcharges to increase fare revenues during periods when shortages are felt to exist, or for segments of the market (e.g., phone business) that experience shortages. On the whole, this is likely to be a more flexible regulatory tool than controlling lease rates, since it can respond to specific segments of the marketplace that may be experiencing a shortage of service.

On the other hand, fare increases may fail to lead to any improvement in service levels. Without fear of new competitors, medallion owners have an incentive to restrict the number of vehicles on the road. This can be done simply by setting lease rates to the point where a slight driver shortage exists. This in turn allows owners to improve their profits by using fewer costly resources (vehicles and drivers) to serve existing demand.

With this in mind, the City may consider controls on lease rates to be a necessary regulatory tool in conjunction with its policy of closed entry. Regulating lease rates would prevent medallion owners from restricting supply by setting lease rates arbitrarily high. Without this control, a fare increase will normally result in lease rates going up and medallion prices increasing. The driver earns more and pays more; the medallion owner earns more and pays more. The ultimate loser is the riding public; the gainer is the medallion finance company. The end result is that a fare increase goes to pay for service of debt rather than service of passengers.

In fact, regulatory lease rates may provide a sufficient level of control to restrict significant increases in medallion prices. A medallion is only worth as much as the lease revenue (rate) it can generate. As an example, Cambridge has medallion prices

**TABLE 9**

**Cab Availability Analysis**

	Number of Cabs Not Recorded in Service					Total	Avg no. of pds. avail.	No, of cabs in sample
	8pm - 2am	6am - 1pm		1pm - 8pm				
	Fri	Mon	Thur	Tue	Thur			
Monthly Finance Cost								
0	16	10	7	3	5	41	3.76	33
\$200 - 599	6	5	7	4	3	25	3.53	17
\$600 - 799	14	12	16	9	9	60	3.60	43
\$800 - 999	17	15	8	9	6	55	3.72	43
\$1000 - 1399	19	14	3	5	2	43	3.84	37
\$1400 +	3	1	2	1	0	7	3.60	5
N.A.	<u>32</u>	<u>29</u>	<u>17</u>	<u>12</u>	<u>10</u>	<u>100</u>	<u>3.57</u>	<u>70</u>
Total	107	86	60	43	35	331	3.61	248

This Table shows an analysis of cab availability broken down by the monthly finance cost of the medallion. Statistics are reported for medallions in each range shown.

The last column shows the number of cabs falling in each range. The first five columns show the number of cabs (out of the total for the range) that were not observed (from any data source) to be available for service. The following calculation shows by example how the column labelled "Avg. no. of pds. avail." is calculated:

$$\frac{(\text{number of cabs in sample} \times \text{number of periods}) - \text{number not recorded}}{\text{number of cabs in sample}}$$

or

$$\frac{[(33 \times 5) - 41]}{33} = 3.76$$

This means that the cabs with no finance charge were available for service on average 3.76 out of the 5 observation periods, or 75% availability.

in the \$60,000+ range with a base rate ranging between \$40-\$45 per 12 hour shift. In neighboring Boston, the lease rate for a 12 hour shift is \$70 and medallion prices are correspondingly higher, in the \$90,000+ range. Boston currently regulates lease rates but not medallion prices. The success of this program (which was implemented very recently) should be studied very carefully; if it is successful it may provide a very good model for Cambridge, taking into consideration structural and other differences between Boston and Cambridge.

## CHAPTER 5: EVALUATION OF PROPOSED SOLUTIONS

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### Overview

This study follows deliberations by the License Commission during 1987 and 1988 concerning appropriate taxicab regulatory policy. The data collected for this study was intended to help in evaluating the merits of the various proposed regulatory alternatives. Owing to limitations of the data, it is not possible to make definitive statements regarding all of the options. However, from what has been learned, it is possible to eliminate some options as unsuitable. In other cases, it is possible to identify the conditions that might justify adopting certain regulatory policies, and to identify the data that would need to be obtained in a future study in order to determine whether or not these conditions exist. That analysis is the focus of this chapter of the report.

The objective of the Commission is presumably to balance the competing interests of the public and the industry, recognizing that whatever is bad for one side is in the long run bad for the other party as well. The Commission's goals should also include achieving a fair balance when the interests of owners and drivers within the industry conflict. Thus, the Commission must define some way to ensure that an adequate amount of service is available to meet all demand, and not just the business that is attractive to the individual driver or owner trying to maximize profit. Accomplishing this by creating a situation in which drivers will work to meet all demand when and where the public needs service may be necessary to serve the public interest.

Certainly, adding more cabs on the street tends to cause existing drivers to have to work harder to make the same amount of money, which may improve the availability of service at times that are relatively less profitable. At the same time, open entry would have its own set of negative consequences; for example, it would tend to drive out the more capable operators who would seek better forms of employment, while not driving away individuals relatively less qualified.

The merits of various public policies regarding regulation of entry control in the taxicab industry has been hotly contested over the last ten years. In part, this debate has taken place in the shadow of the national trend towards deregulation, including such transportation industries as the airlines. In fact, several cities have experimented with taxicab deregulation in various forms, with mixed results.

For example, one of the most extensively documented cases of deregulation occurred in San Diego. San Diego shifted from a closed entry and regulated fare system (similar

to what Cambridge now has) to a system of open entry and unregulated fares. This deregulation resulted in more cabs, fewer trips per shift, and higher fares. Regulated prices at the airport helped keep fares from going too high, owing to the difficulties of dual fare meters. There was more diversification of ownership, which likely explains the increased competition for drivers that helped hold lease rates down. Passenger queues at taxi stands (not a problem in Cambridge) were eased by the expanded number of cabs. The US Department of Transportation report on the San Diego experience also concluded that "There was also no evidence that taxi service to the city's ethnic minority areas changed significantly." (Effects of Taxi Regulatory Revision in San Diego CA, Final Report, U.S. Urban Mass Transportation Administration, May 1983, p. xxix)

In Seattle, entry and rate controls were also deregulated. Here again, the number of cabs on the street increased, but the increase in availability was significantly less than the increase in the number of licensed cabs, apparently reflecting lower cab utilization rates. (Effects of Taxi Regulatory Revision in Seattle, WA, Final Report, U.S. Urban Mass Transportation Administration, May 1983.)

A wide range of possible remedies to the perceived service problems in Cambridge has been suggested. These proposed solutions include:

- Issue new medallions

  - As values rise

  - As calls go unanswered

  - Until complaints drop to tolerable level

  - To a computed (demographics-based) ceiling

- Issue special "black car" permits for phone business only

- Allow out of town vehicles to pick up in Cambridge (currently allowed only for telephone requests)

- Implement shared ride service

- Provide incentives to increase the availability of existing vehicles (e.g., permit fare surcharges at certain times of day)

- Provide penalties for vehicles that are not in service

### **Evaluation of Options**

The following evaluation of these alternatives is based on the data analysis that has been conducted.

There is no basis at this time for recommending the issuance of additional medallions, since no service shortages at taxicab stands could be identified. It is clear that if

shortages exist, they exist only for telephone service and possibly even then only in limited instances in neighborhoods in which drivers may find it less profitable to operate.

This being the case, the City might still elect to consider the issuance of new medallions under certain circumstances that may be identified in the future. Since no correlation could be found between medallion prices and service shortages, escalation of medallion values to some target level is not recommended as a basis for lifting the cap. On the other hand, substantiated complaints of long waits for service could justify more service. If complaints are evenly distributed between telephone service and taxi stand customers, issuing more medallions would be a valid way of accomplishing this expansion of supply. If, on the other hand, shortages now or in the future are found to exist predominantly for telephone customers, then a more appropriate strategy would be to expand service by authorizing radio-dispatched "black cars" that are not permitted to operate from taxi stands. This would help ensure that there are operators available who have sufficient incentives to respond to a particular service need that would not otherwise be served adequately. Again, it should be emphasized that the current study has not shown whether such a shortage does or does not exist.

An alternative means of expanding service is to allow out-of town cabs to pick up the slack. In fact, it has been alleged that some Cambridge residents do call out-of-town cabs. If so, it should be possible to confirm this at least in a general way by observation in certain communities or at dispatch offices of taxi companies in neighboring towns. This would substantiate or refute observations of those persons who claim to have made such observations in the past.

Allowing out-of-town cabs to serve telephone business in Cambridge does not require any change in the current ordinance. In fact, if street observations coupled with a more formal complaint review process provide evidence that out of town cabs are adequately supplementing service by Cambridge taxis, no policy changes may be necessary. By the same standard, if this is the case, then the City must be careful not to limit the out of town cabs insofar as they are providing a necessary service to residents living outside the areas where cabs generally wait for calls and fares.

One associated problem that the Commission may have to deal with, of course, is that out of town cabs operating in Cambridge will be tempted to respond to street hails, which they are not permitted to do. It is difficult to control this behavior, even with out-of-town cabs that are in the City to drop off fares. It would also be difficult to control this behavior by any new "black car" operators that might be authorized. Regardless of how the City proceeds in resolving any telephone service problems that it may identify, it will always have this problem to some extent.

Another possible approach that the City might take if necessary to improve service for some customers is to allow surcharges under certain conditions.

Surcharges for service into certain neighborhoods are not recommended. In the first place, they would be discriminatory. Beyond that, they would likely be ineffectual if fear of crime, rather than economics, governs drivers' decisions to avoid serving the

community. A night surcharge in Boston ten years ago was discontinued after a year because it was not working. Also, passengers fares frequently treat a surcharge as the tip, leaving the driver with no economic incentive at all.

On the other hand, if telephone service is universally less responsive at certain times of day, time-sensitive pricing strategies may be appropriate. In this case, discrimination is not an issue. Surcharges can be tailored to apply at the times when the shortages occur (e.g., peak hour or late night). If service problems occur at night because of security concerns, however, surcharges may be ineffectual.

Surcharges may be most effective if service shortages are found to occur during peak periods. In this case, they would directly offset the lower vehicle productivities caused by traffic congestion. Review of Figure 1 shows, for example, that vehicle availability is almost 50% less during the afternoon peak than during the morning, and that vehicle availability is at a maximum immediately after the normal morning peak. Although, as noted, this does not show up as a service shortage at stands, it suggests that there may be an imbalance that is felt in the form of shortages at certain times of day for other customers. In fact, it suggests the possibility that cabs go into service in full force only as the morning rush hour traffic is abating, and steadily go out of service towards the 4 pm end of the day shift as traffic congestion (and presumably, taxi demand) again builds.

As already noted, surcharges for certain communities would be discriminatory and unacceptable. Also, to the extent that they resulted in higher fares in low income neighborhoods, they would be counterproductive from the standpoint of serving the public. An alternative possibility is to implement shared-ride service. For example, shared rides to the airport might reduce the number of cabs drawn out of local service. Shared ride service has worked in other communities, including towns such as Lawrence MA that have significant low-income areas.

A final regulatory option that has been suggested is the imposition of penalties on the industry for vehicles that are not in service during periods when shortages occur. While this can not be ruled out as ineffective, it would appear to be extremely difficult to carry out administratively. The data collection effort conducted for this study has illustrated the difficulties associated with trying to document the activities of cabs even when a major data collection effort is conducted. Clearly, this kind of effort is not sustainable as a long term oversight responsibility. Thus, it would seem impossible to effectively administer such a policy.

## CHAPTER 6: CONCLUSIONS

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The data collection and analysis conducted for this study has resulted in the following findings:

**Finding 1:** At the time of the study, there was no shortage of taxicab service at stands. Both cab representatives in Cambridge and the License Commission believe that demand is off significantly since the period in which the data were collected. If demand has indeed declined, no shortage at stands is likely to occur unless demand recovers and significantly increases beyond the level of October 1988.

**Finding 2:** Information systems were not in place at the time of this study's data collection phase to establish whether or not there is a significant level of complaints regarding taxi service levels. Thus, this is not a basis for drawing any conclusions regarding service levels. A formal complaint tracking procedure that categorized and quantified complaints as to severity, type of service (e.g., telephone, hail, or stand pickup), and location would be required if radio services and/or the Commission intended to use this as a source for monitoring service for policy-making purposes. The frequency and severity of complaints should be measured in relation to estimate of overall demand (e.g., "serious" complaints per 1000 rides). Overall demand could be measured by counting jobs from stands at predesignated periods and factoring by the Ambassador/Brattle/Yellow statistics on "stand percentage of total jobs". On a periodic basis, the City should review waybills and other raw operations data to monitor this taxi operations. This review should provide information on the number of taxis in service.

**Finding 3:** The data provided by the industry was not of sufficient quality to allow credible evaluation as to the level of service offered to telephone customers. Thus, this study could not establish whether or not a shortage exists for this type of service. Additional data collection would be required if the Commission wishes to further evaluate this. Such an analysis would be facilitated by innovations since the time that the data was collected for this study; the Ambassador Brattle and Yellow radio service has recently installed a new monitoring system that allows tracking of telephone calls. Even this new system is limited in one respect, however. It does not track the actual response time from the request until a cab makes the pickup. Finally, of course, while this system covers the largest radio service, it does not provide an industry-wide perspective.

**Finding 4:** In addition to the limitations noted above concerning Ambassador Brattle/Yellow's new system, another question left unanswered is how many people

don't even call a Cambridge taxi because of prior bad experiences. The only type of

data collection that can answer this question would be a statistically valid and scientifically administered random telephone survey of Cambridge residents asking questions about taxicab usage.

**Finding 5:** The data shows that there is no correlation between the percent of time that a taxicab is available for service and the underlying cost of financing the medallion. Differences in medallion financing costs amount to as much as \$15 per twelve hour shift (by comparison, lease rates are typically \$ 42 per shift), but these differences are not reflected in industry lease rates. This leads to the conclusion that as medallion prices increase, lease prices increase industry wide. Those who have paid off their medallion debt can and do charge the same lease rate as those paying off a medallion debt. This in turn means that fare increases alone are unlikely to alleviate any driver shortage as long as this practice continues. If the City of Boston's new program of regulating lease rates is successful in getting drivers to lease vehicles and in controlling escalation of medallion values, this should serve as a model for Cambridge, taking into consideration differences between the two cities.

**Finding 6:** Several regulatory alternatives that have been proposed in the past are unsuitable in the near term, based on the analysis possible from this study. The alternatives that would not be appropriate include issuance of new medallions, allowing street hailing of out-of-town taxis, surcharges for low-income neighborhoods, or penalties for vehicles that are not in service during periods when shortages occur.

**Finding 7:** Several other regulatory policies cannot be recommended at this time, but should be considered at a future date if additional data reveals certain conditions to exist. One of these is peak hour surcharges, which should be considered if shortages are found to occur during peak hours. Such surcharges should provide additional compensation for the lower productivities associated with peak hour traffic congestion. While it may seem counter-intuitive to charge more when it takes longer to deliver a customer to his destination, this may be better than customers not being able to obtain service at all. An alternative policy that might be considered is allowing shared ride service, which would allow the driver to collect more revenue without increasing the cost to the individual customer. Still another alternative policy would be to require all cabs, or certain designated cabs to operate during rush hours, weekends, or other times when available cabs are found to be insufficient in number -- the problem, as previously stated, is enforcement of such a requirement.

**Finding 8:** If shortages should be found to occur more universally for telephone "bell" customers, such that a substantial difference in service level exists between stand customers and telephone customers, two remedies might be considered. First, the License Commission should consider licensing and regulating the radio services. This is the most practical method of imposing responsibility on the industry for service quality on bell business. In part, this strategy would attempt to compensate to the extent possible for the loss of "self-regulation" within the industry that accompanied the breakup of the fleets and the move from waybill to lease drivers. Over time, regulation of radio services might be combined with a requirement that any medallion transfer require the new owner to install radio and associate with a radio company until some specified percentage of cabs (or all cabs) are radio equipped. This would have

personal safety benefits for drivers and passengers in addition to possible service benefits. As an alternative, the City could examine operating or contracting for a municipal dispatch system.

Second, issuance of restricted permits for so-called "black cars" should be considered. These permits would be restricted to operation of radio-dispatched service, which would ensure the availability of more service for telephone customers without diluting the market at stands for operators with full medallion privileges. Additional data would need to be collected before any conclusions could be made concerning this issue. In particular, there is anecdotal evidence to suggest that many black car operators focus on commercial accounts and do not accommodate residential demand as well as taxis. Such a service would not help residential customers.

**Finding 9:** The Commission should consider steps to encourage a wider availability of drivers. Three possible means of accomplishing this are as follows:

1. Encourage partial shift leases
2. Encourage more use of commission ("waybill") drivers
3. Place a cap on lease rates

The first two approaches are designed to open the market up to drivers that only want to work partial shifts. The third approach would attract more drivers by making a full shift more financially attractive. Any of these approaches might help to get more of the 700 or so licensed drivers out on the street.

**Finding 10:** The current study answered some questions and raised others. The study shows cabs adequately serve cab stands at Harvard, Central, and hotels along the river. Future studies of service levels should target specific neighborhoods where service levels are suspect, for example, because it is less economically efficient to dispatch a cab to a location that involves a long "deadhead" to the passenger's pickup. Data collection might include the following:

1. Identify a random set of residential and other addresses in communities where responsiveness to telephone business is questionable. Call for service enough times to get a representative measure of response times. Conduct similar tests at the same time in areas believed to have good service, and compare response times.
2. Monitor dispatcher radio channels from stands to identify response rate of cabs on stands to bell business in their area. Evaluate the generally accepted relationship of productive cab stands to service quality in the surrounding area.

3. Work with the radio companies to get data at different times of day on the time each call is received, the time it is put out on the radio, and the time the driver responds with a verified pickup. Compare response times between peak and offpeak periods.
4. Conduct a random telephone survey of Cambridge residents to identify where they live, how often they use taxis, how long they usually wait, and whether they use Cambridge or out-of-town cabs for telephone service.
5. Record all complaints to the License Commission. Set up a grading system to rank the severity of the complaint and track the number of complaints by sector of the city and severity of the complaint.

There is a suspected relationship between the quality of service in a neighborhood and the existence of an active stand in the vicinity. To test this the City should open a stand at the Lechmere station. The City should also evaluate whether other particularly active stands have adequate capacity.

In summary, the above findings focus on:

1. The need for additional information systems and data gathering to provide a clearer understanding of the existing situation as a basis for further decision making.
2. Regulatory changes.
3. Innovative approaches to expanding the availability of drivers.
4. Additional analysis of how to manage cab stands in the city.

## APPENDIX 1: HACKNEY REGULATIONS - TABLE OF CONTENTS

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# City of Cambridge

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In the Year One Thousand, Nine Hundred Eighty-Eight

## AN ORDINANCE

In amendment to an Ordinance formerly entitled "The General Ordinances of the City of Cambridge", as revised in 1972 and now designated as "The Code of the City of Cambridge".

*Be it ordained by the City Council of the City of Cambridge as follows:*

Chapter 16 Entitled "Public Transportation" is hereby struck and in place thereof the following chapter is inserted to take effect upon passage of this ordinance:

## CHAPTER 16.

### ARTICLE I. HACKNEY CARRIAGES.

- s16-1. Definitions.
- s16-2. License Required.
- s16-3. Issuance of License.
- s16-4. Application and Renewal of Licenses.
- s16-5. Drivers to Know English Language.
- s16-6. Registration.
- s16-7. Licenses and Permits Not to be Sold or Assigned Without Authority.
- s16-8. Number of Licenses.
- s16-9. Change of Address.
- s16-10. Non-motorized Carriages.
- s16-11. Police to Enforce Provisions.
- s16-12. Failure to Pay Fare.
- s16-13. Copy of License and Rates to be Carried: Overcharges: Refusing to Carry.
- s16-14. Certain Persons Not to be Carried: Disorderly Passengers.
- s16-15. License to be Carried.
- s16-16. Priority Rights of Passengers.
- s16-17. Property Found.
- s16-18. Soliciting Passengers: Riding in Front Seat.
- s16-19. Out of Town Hackney Carriages.
- s16-20. Obedience in Relation to Standing.
- s16-21. Conveyance of Persons with Contagious Disease.
- s16-22. Special Provisions.
- s16-23. Forms of License.
- s16-24. Rates.
- s16-25. Waiting Time.
- s16-26. Special Fares and Toll Charges.
- s16-27. Rate Reduction Plan.
- s16-28. Baggage.
- s16-29. Hiring by Hour or Trip or Mile.
- s16-30. Taximeter Attached to Taxicabs.
- s16-31. Inspection of Taximeter.
- s16-32. Taximeter to be Lighted at Night.
- s16-33. Hackney Carriage used for Funeral and Wedding.
- s16-34. Penalty.

### ARTICLE II. VEHICLES OPERATING ON FIXED ROUTES.

- s16-35. Rules and Regulations.
- s16-36. License Required.
- s16-37. Refusal to Carry Passengers.
- s16-38. Proper Service to be Maintained.
- s16-39. Manner of Solicitation.
- s16-40. Number of Passengers: Infants: Riding on Fenders, etc.
- s16-41. Discharge of Passengers from Cars in Motion; Smoking: Intoxicating Liquors.
- s16-42. Finding Property.
- s16-43. Stopping at Railroad Tracks.
- s16-44. Suspension or Revocation of License.

ARTICLE III. LIVERY VEHICLES.

- s16-45. License Required.
- s16-46. Number of Licenses.
- s16-47. Property Found.

ARTICLE IV. RADIO SERVICES AND SIMILAR SERVICES.

- s16-48. License Required.
- s16-49. Number of Licenses.

ARTICLE V. GENERAL PROVISIONS.

- s16-50. Seizure.
- s16-51. Arrest.
- s16-52. General Penalties.
- s16-53. Regulations and Conditions.
- s16-54. Sale, Assignment, or Transfer.
- s16-55. Licensees to Answer Questions.
- s16-56. Certain Persons Not to be Carried.
- s16-57. Copy of License to be Carried.
- s16-58. Licensees to Obey Directions.
- s16-59. Added Conditions, Suspension, and Revocation.
- s16-60. "License Commission" Defined.

**APPENDIX 2: TAXI STAND SURVEY FORM**

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Date \_\_\_\_\_  
 Time Started \_\_\_\_\_  
 Cab Stand \_\_\_\_\_

Surveyor \_\_\_\_\_  
 Time Ended \_\_\_\_\_  
 Sheet Number \_\_\_\_\_ of \_\_\_\_\_

	Location Number	Arrival Time	Depart Time	Cabs Left On Stand	Street Pickups	#People in Party	Left Empty	Radio Job	Package	Per. On St.	Notes
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
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27											
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29											
30											

Appendix 2

3



**CITY OF CAMBRIDGE**  
CAMBRIDGE, MASSACHUSETTS 02139  
TEL. 498-9011

EXECUTIVE DEPARTMENT  
ROBERT W. HEALY  
City Manager

RICHARD C. ROSSI  
Deputy City Manager

January 29, 1990

To The Honorable, The City Council:

Enclosed, please find a copy of the recommendation of the License Commission, relative to the Consultant's Report on Availability of Taxicabs.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Healy".

Robert W. Healy  
City Manager

RWH/mev  
enclosure



(3)

# CAMBRIDGE LICENSE COMMISSION CITY OF CAMBRIDGE

831 MASSACHUSETTS AVE., 1ST FLOOR, CAMBRIDGE, MASSACHUSETTS 02139 • TEL. 499-6140

JAMES THADDEUS McDAVITT  
Commission Chairman

ANTHONY G. PAOLILLO  
Chief-of-Police Department  
Commission Member

THOMAS V. SCOTT  
Chief-of-Fire Department  
Commission Member

RICHARD V. SCALI  
Commission Executive Officer

TO: Robert W. Healy, City Manager

FROM: James T. McDavitt, License Commission Chair *James T. McDavitt*

RE: Consultant's Report on Availability of Taxicabs

DATE: January 25, 1990

Enclosed please find the final report by outside consultants on the availability of taxicabs in Cambridge. The report was commissioned in 1988, in response to a City Council Resolution of that year.

Essentially, the report concludes that at the present time there is no need for the issuance of additional taxicab licenses, a.k.a., hackney medallions. The report also contains some guidance for the future in the event a perceived shortage of taxicabs should again be the subject of concern by the City.

The report was accepted on January 22, 1990 by the Cambridge Taxicab Advisory Committee by a 12-0 vote, with one person abstaining. The report was unanimously accepted by the License Commission on January 23, 1990.

There have been to date only two criticisms raised against this report. The first has come from Cambridge Checker Taxi. The owner of this company feels that the telephone tracking system of Checker's competitor, Ambassador/-Brattle/Yellow Radio Services, was singled out for praise on page 44 of the report. I would concur with this singular criticism by Cambridge Checker Taxi, and in this cover letter to the report I would expressly clarify that Cambridge Checker Taxi has also instituted new information systems which facilitate the tracking of telephone calls from consumers seeking cab service.

The second criticism comes from the Cambridge Hotel Industry which in the words of Sonesta Manager, Dan Little, perceives a need for "more seats to the Airport at rush hour." Although this perception is not substantiated by the report, in the spirit of cooperation with the Cambridge Hotel Industry, the Cambridge Taxicab Advisory Committee (CTAC) has set up a working subcommittee to determine whether and to what extent "more seats to the Airport at rush hour" are presently needed.

Robert W. Healy  
January 25, 1990  
Page Two

It should be pointed out that CTAC agreed in 1988 to look at the issue of medallion values once this consultant's report was finalized. Therefore, also be advised that CTAC has also set up a working sub-committee to address the issue whether and to what extent the current cap on hackney medallion values should be continued or discontinued.

Please advise if there are comments or questions.

Agenda # 3 **S-#66**  
Consultant's Report on Availability of  
Taxicabs.

In City Council,

January 29, 1990

Referred to the  
Traffic & Transportation  
Committee  
Copy sent to Committee  
on Traffic & Trans.  
1/30/90 @.