



Where Life is Sweet

Mayor and Members of the City Council

STAFF REPORT

For the Meeting of April 28, 2025

Title/Subject

Ordinance 2370- Regulating Vehicles for Hire within the City

Summary and Background

BACKGROUND

The City of Hermiston has a public safety interest in regulating the “vehicle for hire” industry, which has historically pertained mainly to taxis. Public interests in regulating the industry included ensuring the safety of passengers who are in a vulnerable/trusting position by receiving transportation from a driver, but also in ensuring a stable and solvent business environment for transportation operators such that the public is reasonably assured that transportation options will be available during reasonable times.

Historically, regulations on the industry took the form of granting an exclusive franchise to operate a taxicab business, which protected legitimate operators from being undermined by ‘poaching’ of rides during the most lucrative times of day, and ensuring taxi service availability during periods of low demand.

Although the technology which facilitates online ‘ride-sharing’ companies has existed for some time, it was unclear whether, in a market as small as Hermiston, opening the vehicle for hire industry to this option would be capable of sustaining reliable and affordable service throughout all times of the day and week. The ride-sharing ecosystem, like all industries, operates off of supply and demand, which means that to be successful, the system needs riders, but also drivers who are willing and able to provide rides during both the slow and peak times of day.

The COVID-19 pandemic accelerated adoption of various online services, such as food and grocery delivery in the Hermiston area. This trained a significant number of users (demand) with using online delivery services, but more importantly attracted a significant number of drivers (supply) willing and able to leverage their private vehicles and to go through the necessary requirements in order to provide these types of services. Therefore, it is staff’s opinion that the local community has reached a point where making this transition is feasible.

ORDINANCE 2370

This ordinance is modeled off of many similar vehicle-for-hire ordinances from around the state of Oregon. One of the benefits of making this shift now is that there appears to be a fairly clear and consistent 'template' which is being utilized by communities our size across the state. Some of the highlights:

- TNC's: The ordinance regulates all TNC's the same, which means that this would provide a consistent framework for any online ridesharing company which wishes to do business in Hermiston to do so.
- Background Checks: The ordinance outlines various background requirements for drivers to protect the public, and it then makes conducting those background checks a requirement for the transportation companies for them to be in compliance as a qualified "Transportation Network Company" (TNC). Disqualifying standards for drivers include:
 - o Being on a sex offender registry
 - o Felony Conviction within the previous 7 years
 - o Conviction within the previous 7 years for:
 - DUII
 - Crimes involving physical harm, or attempted physical harm
- Licensing: The ordinance requires obtaining a license through the City of Hermiston for both individual drivers as well as the TNC's. Copies of example licensing applications from the City of Pendleton, which is one of the cities whose code largely follows the same template as Ordinance 2370, are included in the packet. Pending approval of this ordinance, City of Hermiston forms will be developed.
- Fees/Charges: Ordinance 2370 does not establish a dollar amount for fees or charges, but references that fees will be established by resolution. If the ordinance is approved, then fees and charges will be brought forward as part of a future fee resolution. It is recommended that the fee/charge process follows a similar process as in Pendleton, which requires:
 - o \$50 per year per driver application fee (paid by the driver)
 - o \$1,000 per year per TNC application fee (paid by the TNC)
 - o Normal City of Hermiston Business License (paid by the driver)
 - \$100 per year

Tie-In to Council Goals

Transportation: Improve Mobility and Transportation

Fiscal Information

It is recommended that the fee structure be set up purely as a cost-recapture format as outlined above. Upon market stabilization, it is anticipated that this will generate somewhere in the range of \$5,000 to \$7,000 per year in revenue to offset the costs of administering the program. That would assume two TNC's and somewhere between 20 to 30 drivers.

Alternatives and Recommendation

Alternatives

1. Approve Ordinance 2370
2. Reject Ordinance 2370

Recommended Action/Motion

Motion to approve Ordinance 2370

Submitted By:

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