

Sea-Tac Airport On-Demand Services Solicitation Discussion

October 25, 2018

Meeting Outline

- Purpose and outcome for today
- Present anticipated schedule
- Review previous stakeholder outreach and feedback – October 2017
- Define On-Demand compared to Pre-Arranged GT Services
- Review Possible On-Demand Service Options
- Next Steps

Anticipated Schedule

- **September 25, 2018:** Commission briefing on ground transportation framework and GTAP study
- **October 25, 2018:** Follow-up outreach with ground transportation operators and discussion for on-demand service options
- **November 13, 2018:** Commission discussion/possible action for on-demand solicitation. Subject to Commission action, likely future schedule:
 - **January 30, 2019:** On-demand solicitation released
 - **June 30, 2019:** Sign new agreement and 90 day transition for 10/1 start
 - **September 30, 2019:** Current contract expires; contains two one-year extensions and month-to-month holdover provisions

Stakeholder Outreach -- 2017

Intent of outreach was to inform potential ground transportation strategies at the airport.

Meetings held the week of October 23, 2017, facilitated by Ricondo Associates and PRR, consultant team.

- 13 meetings – roundtable, town hall, Skype webinar, group breakouts
- 170 participants from the following groups
 - Taxi/flat rate organizations
 - Taxi/flat rate drivers
 - TNC drivers
 - TNC companies
 - rental car organizations
 - limo/town car drivers
 - courtesy shuttle operators
 - organized labor

Stakeholder Outreach 10/17 – Key Findings

Ground transportation access	• Travelers prioritize convenience and cost
	• Dissatisfaction with access to the Airport
	• Frustration because of lack of visibility for their GT services
	• Competition continues to increase between different types(e.g., taxis vs. TNCs vs limousines)
	• Heavy traffic congestion along Airport roadways, leading to a poor customer experience
	• Difficulty with passenger wayfinding to the GT provider locations

Stakeholder Outreach 10/17 – Key Findings

Relations with the Port

- Concern that immigrants and refugees are being exploited (drivers)
- Include restrooms and spaces to pray at TNC facilities
- Support for goals of environmental stewardship as championed by the Port but attendees remained critical of holding commercial GT providers to environmental standards that conflicted with perceived traveler preferences
- Lack of information sharing and communication between commercial GT providers and the Port

Stakeholder Outreach 10/17 – Key Findings

Opportunities to improve ground transportation access	• Reduce congestion through infrastructure improvements
	• Change Airport signage to help travelers locate GT providers
	• Desire for regulatory fairness, taxes, and the cost for doing business (outside of Airport jurisdiction) and fee structures (within Airport jurisdiction)
	• Changing the way in which GT taxes and fees are structured
	• Increase ADA accessibility at the curbside pick up and drop off areas at the airport

Guiding Principles Discussed with Commission 9/25

- Consider overall environmental effects and reduce impacts where possible
- Improve customer experience by reducing roadway congestion
- Support customer choice for a range of transportation options to and from the airport
- Support living wage jobs and equal business opportunities
- Generate revenue to support region's needs for a sustainable airport, including leveraging existing infrastructure

Guiding Principles Inform Possible Options

- Option 1 – Open System
- Option 2 – Consolidated On-Demand Services
- Option 3a – Closed/Exclusive Metered or Flat Rate Contract
- Option 3b – Closed/Exclusive Metered and Flat Rate Contract
- Option 4 – Closed/Exclusive Hybrid Contract

Current Contract Types

Taxis/flat rate are an on-demand ground transportation service

- Customers are accommodated immediately with no pre-arrangement
- Individual owner operators affiliate with a dispatch service
- Current contract includes both flat rate and metered fares
- Eastside For Hire is the current on-demand provider for Sea-Tac Airport
- Current contract expires in September 30, 2019 with two, one-year options available

Current Contract Types

TNCs are a pre-arranged ground transportation service

- Pre-arranged via smartphones and internet applications
- Fares are set by application company and can be variable based on demand
- Customer specifies pick-up time and location (set location at Sea-Tac)
- Airport TNCs include – Lyft, Uber, Wingz

Option 1: Open System

- Key Features
 - Airport issues access permits to all licensed providers
 - Similar to Boston, San Francisco, Houston, Portland, Minneapolis and others
- Trade-Offs
 - Access is provided without a pre-determined supply restriction
 - Results in inconsistent customer service
 - Increased congestion
 - Increased greenhouse gas emissions
 - Potentially lower average driver take-home income
 - Difficult to enforce

Option 2: Consolidated On-Demand Services

- Key Features
 - Airport contracts with a 3rd party (e.g. SP+) to independently manage and oversee all on-demand services at Sea-Tac
 - No known examples of this model in the airport industry with full 3rd party control
- Trade-Offs
 - Simplified administration with single 3rd party contract
 - Port can decide how many requirements to include in contract (e.g. environmental, mode types, etc.)
 - Port has limited exposure to operating environment (arm's length)
 - May result in less airport revenue compared to other models

Option 3a: Closed/Exclusive Metered or Flat Rate Contract

- Key Features
 - Port's former contracts with STITA and Yellow followed this model
 - Single type of provider (meter) and typically 1-3 different companies
 - Airports include Denver, Dulles, Phoenix and others
- Trade-Offs
 - Improved customer service and Port's ability to impose requirements
 - Potentially higher driver income for owners/operators in fleet
 - Ability to adjust fleet to customer demand
 - Competitive and transparent process
 - No on-demand access for other operators
 - Competitive process creates winners and losers

Option 3b: Closed/Exclusive Metered & Flat Rate Contract

- Key Features
 - Two types of providers (metered and flat rate) and typically 1-3 different companies
 - Similar to closed systems in Denver, Dulles, and Phoenix
- Trade-Offs
 - Airport maintains ability to impose requirements and standards
 - Potentially higher driver income for owners/operators in fleet
 - Ability to adjust fleet to customer demand
 - Competitive and transparent selection process
 - Potential increase in customer confusion with two separate types of providers

Option 4: Closed/Exclusive Hybrid Contract

- Key Features
 - Similar to closed contract with managed fleet size, but owners are allowed to affiliate with any taxi association
 - Airport hires independent 3rd party to manage fleet and curb operations
 - Unique model - no other known airports utilize this model
- Trade-Offs
 - Owners can choose their preferred taxi association
 - Potentially higher driver income for owners/operators in fleet
 - Ability to adjust fleet to customer demand
 - 3rd party management expense may affect Port income
 - Airport's ability to enforce requirements is reduced due to multiple taxi associations participating in fleet

Stakeholder Outreach – New Questions

- How should Sea-Tac regulate the number of on-demand vehicles serving the airport?

Stakeholder Outreach – New Questions

- Should Sea-Tac contract with one dispatch company or multiple companies?

Stakeholder Outreach – New Questions

- What should the Port take into account when setting access fees for on-demand services?

Stakeholder Outreach – New Questions

- What other issues should be addressed to improve on-demand services?

Next Steps

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Dulles Airport - November 2017



Current Taxicab Concession Contracts

On-demand taxicab service at Dulles International is provided by three companies operating under the Washington Flyer brand:

- Checker Airport Taxi, Inc.
- Dulles Airport Taxi, Inc.
- Regency Cab, Inc.

Each of the three companies must:

- Provide minimum of 220 and maximum of 240 taxicabs
- Adhere to contract service standards for vehicles and drivers
 - Inspect vehicles to ensure compliance with vehicle standards
 - Screen drivers for driving and criminal history
- Establish a telephone reservation system for inbound trips
- Promptly respond to customer service inquiries and issues
- Collect fees from drivers and remit payment to the Airports Authority

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Recommendations

- Retain a closed system with a dedicated fleet to meet customer demand at Dulles
- Retain Washington Flyer trademark, coordinate brand refresh by Marketing to highlight customer service features and distinguish from copycats, (improve customer service through contract service standards and required customer service enhancements)
- Reduce the dedicated fleet to 600 taxicabs (from 720) and provide for further adjustment based on future demand.
- Reduce contract awards from three to two (highest price technically qualified offers received)
- Taxicab contracts will include a two-year base term with three one-year options, with fleet size equally distributed between companies
- Set minimum Annual Per Taxicab Fee at \$3,300, increase Per Trip Fee to \$3.00 and maintain Annual Per Driver Fee of \$250, resulting in an estimated \$4.5 million in annual revenue to the Authority under a reduced fleet size of 600 taxicabs

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- Most recent airport example

ACRP REPORT 146

Commercial Ground Transportation at Airports

Best Practices

LeighFisher Inc.
Burlingame, California

IN ASSOCIATION WITH
Tennessee Transportation
and Logistics Foundation
St. Louis, Missouri

GateKeeper Systems
Eagan, Minnesota

Merriwether & Williams Insurance Services
San Francisco, California

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Best Taxicab Practices in General

Airports have varying degrees of authority in dealing with the arrangement of on-demand taxicab services as some may be limited to what their local government feels is best for the airport and the community. Independent airport authorities typically have the greatest flexibility in designing their taxicab services. Airports not under the direct control of a city or county government have the ability to (1) require higher standards for taxicab vehicles and drivers than may be required by local jurisdictions, (2) determine which taxicabs and/or taxicab companies may pick up on-demand passengers at the airport, and (3) determine whether their on-demand airport taxicab service will be operated under an open, exclusive, or semi-exclusive access model.

Table 8-1. Comparison of open and exclusive access taxicab systems.

Exclusive Access Operating System	Open Access Operating System
Only contracted taxicab companies	Open to all
Easier to manage	More difficult for airport staff to manage
More trips per driver	Fewer trips per driver
Higher revenue to drivers and airport	Lower revenue to drivers and airport
Higher quality service	Lower quality service
More political issues over contract awards	Fewer political issues about who can serve the airport
Fewer curb management issues	More short trip refusals
Fewer short trip refusals	More likely to run out of taxicabs
Fewer customer complaints	Greater number of customer complaints
Less likely to run out of taxicabs	Greater number of holding lot issues
Less likely to have holding lot issues	

- Recent independent research on best practices for airport taxi operations

Leigh Fisher 2015

Figure 4
On-Demand Taxicab Operating Agreements

	Open	Restricted	Limit on number of permits	Number of permits	Permits per thousand O&D passengers
<u>SEA</u>		One operator	Airport asks for set number and taxis can petition to increase	231 permits	8.9
<u>BOS</u>	Open			Unknown	Unknown
<u>BWI</u>		One operator		324 permits	20.4
<u>DEN</u>		Allotment to each company in city	Yes, increased for special events (e.g., 10 extra cabs per company)	281 permits	10.0
<u>DTW</u>				Unknown	Unknown
<u>FLL</u>	Open		County has cap but not airport	Unknown	Unknown
<u>IAD</u>		Three operators	Limit 240 vehicles/company	720 vehicles	59.9
<u>IAH</u>	Open			2,200 drivers	137.6
<u>MIA</u>	Hold lot closed when full			Unknown	Unknown
<u>MSP</u>	Open			32 companies; 767 vehicles	42.3
<u>PDX</u>	Two-day rotation system			Unknown	Unknown
<u>PHL</u>	Open			900 permits; 1,100 drivers	59.1
<u>PHX</u>		Three operators	Based on seasonal demand	186 to 254	8.8
<u>SFO</u>	Open			2,199 permits	65.4
<u>TPA</u>		Two operators		15 companies; 75 permits	4.8
<u>YVR</u>		Limited permits	Mini RFPs for new licenses	16 companies; 525 vehicles	27.3

Source: LeighFisher, based on data received from Airport staff, July 2015

- Port hired Leigh Fisher to evaluate airport taxi industry best practices in 2015

Table 6-13: Business Model Performance Compared to Criteria (Based on Goals and Priorities)

EVALUATION CRITERIA/GOAL	NOTES	OPEN ACCESS	SEA HYBRID	EXCLUSIVE ACCESS
Reduce traffic congestion	Unlimited fleet size is detrimental to congested airports	-	+	+
Optimize driver access to system	Operator access to airport system	+	o	-
Reduce Port resource requirements	Port resources required to manage operation	-	o	+
Optimize driver wages	More trips per driver per shift = more income	-	+	+
Optimize Port Non-Aero Revenue	Revenue potential to airport	o	o	+
Provide quality customer service	Level of customer complaints (consistent service quality – clean cars, minimized short trip refusals)	-	+	+
Support customer choice	Taxicab availability (consistent and all hours)	-	+	+
Minimize impacts to infrastructure	Hold lot, curbs, roadways	-	+	+
Reduce environmental impacts	Environmental objectives (reducing dead-head trips, using alternative fuel vehicles)	-	+	+
Facilitate labor harmony	Business model most likely to facilitate labor harmony	-	o	+

SOURCES: Ricondo & Associates, Inc., June 2018 (Analysis).

Ricondo - GTAP 2018

- Recent Ricondo comparison of open vs. closed contracts with Port's GTAP study