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  rental car organizations
  - Taxi/flat rate drivers  limo/town car drivers
  - TNC drivers  courtesy shuttle operators
  - TNC companies  organized labor
### 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

<table>
<thead>
<tr>
<th>Relations with the Port</th>
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<tbody>
<tr>
<td>• Concern that immigrants and refugees are being exploited (drivers)</td>
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<td>• Include restrooms and spaces to pray at TNC facilities</td>
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<td>• 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</td>
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<td>• Lack of information sharing and communication between commercial GT providers and the Port</td>
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### Stakeholder Outreach 10/17 – Key Findings

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

- **October 25, 2018**: Follow-up outreach with GT operators and discussion for on-demand service options

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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

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

• Most recent airport example
Recent independent research on best practices for airport taxi operations
Port hired Leigh Fisher to evaluate airport taxi industry best practices in 2015.

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

Source: Leigh Fisher, based on data received from Airport staff, July 2015.
Ricondo - GTAP 2018

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