



December 14, 2009

TO: Seattle Port Commission

FR: Kanwaljit S. Dhaliwal

President, STITA Board of Directors

RE: Request to Direct Port Staff to Correct RFP 090061

**REQUEST:** STITA Taxi asks that Seattle Port Commissioners set aside the staff recommendation for the 2010-2015 airport taxi concession and direct Port staff to rewrite the RFP to address several fundamental public policy criteria which were excluded from the construction and scoring of the on-demand taxi RFP.

**RATIONALE:** The airport taxi RFP is fatally flawed because it contradicts several of the Port Commission's core principles: support for small business enterprises, environmental stewardship, fair-wage jobs, and safety and reliability. The several policy changes and omissions written into the airport taxi RFP were arrived upon by staff in a short period of time, with insufficient public comment, and little consideration of the drastic negative consequences outlined below. The destruction of America's greenest taxi fleet and one of the Port of Seattle's best long-term vendors should not be allowed to occur because of a poorly constructed RFP.

**FUNDAMENTAL PUBLIC POLICY CHANGES WRITTEN INTO THE RFP:**

- 1) **The "rich owner-poor driver/ taxi kingpin" model over the owner-operator model.**  
The RFP asked for financial statements and corporate documentation which do not apply to the member-owned, non-profit taxi association model that the Port chose for STITA in 1989 and that the Port has insisted upon for more than twenty years. The current Concession Agreement Section 4(E) promotes single owner-operators by providing that no more than 10% of STITA's members may own more than one taxicab. This choice reflects the Port's policy of promoting small-business creation and avoiding driver exploitation. Owner-operators drive their own cabs and are known for safety and service. The RFP conspicuously omitted this requirement, and implicitly favored so-called taxi "kingpins" who own fifty or more cabs driven by a changing roster of drivers with no vested interest in maintaining the Port's standards for safety and customer service. For example, an owner of Yellow Cab, the current successful bidder under the RFP, recently disclosed to The Seattle Weekly that he owns more than 50 taxicabs. See the article on-line: <http://www.seattleweekly.com/content/printVersion/417564>. If this becomes the new model for the airport taxi concession, it will drastically reduce the quality of taxicab service at the airport. This kind of policy change should not be made by staff without consultation and explicit approval of the Port Commission.
- 2) **The switch from the "cost-recovery / AVI trip fee model" to a maximum profit model.**  
The Port staff's December 10, 2009 memorandum to the Commissioners states that the Airport's "guiding principles" include providing "economic benefit to taxi associations, operators, drivers and the Port," in that order. Contrary to this statement, however, the RFP

was written to maximize profit for the Port by giving great weight to the amount of revenue a given applicant could promise the Port over and above the costs the Port incurs by sponsoring a taxi concession. The Port has always tried to balance its need for revenue with the financial sustainability of the taxi provider. The current RFP broke from this pattern and constructed a "race to the bottom" bidding war irrespective of the negative consequences on service, safety, and sustainability.

**3) The abandonment of "living wage" job creation and the promotion of servitude.**

The RFP broke with the Port's tradition of supporting the creation of "living wage jobs" and made a fundamental shift towards a "Big business" taxi model which is well-known for low wages, high turnover, and driver exploitation. In changing both the corporate and revenue model of the taxi concession, Port staff have knowingly embraced a path guaranteed to maximize driver exploitation and minimize customer service and public safety.

#### FUNDAMENTAL OMISSIONS IN THE RFP

- 1) **No Scoring for Actual Achievement of Green Requirements.** The RFP contained no evaluation for the environmental track record of individual associations. It only required a plan for future conversion of taxis to alternative fuel. There is a big difference between a future plan and a current fleet: each new taxi requires one month of mechanical work to convert it to CNG. Since the current STITA taxi fleet is already 100% "green," and the Yellow fleet is 0% green this represents a significant environmental step backwards.
- 2) **No Scoring for Successful Incumbency.** The RFP awarded no credit for the incumbent concessionaire's successful achievement of the Port's goals and requirements in the current Concession Agreement. New vendors always carry with them the risk of unforeseen transition costs, service failures, contract violations, or financial mistakes. STITA taxi has 20-year a proven track record of successful service to the Port yet this was not taken into account in the construction of the RFP.
- 3) **No Scoring for Safety and Driver Stability.** The RFP was silent on the crucial issue of safety and driver stability. Accident records, insurance rates, and driver turnover are key variables for evaluating a taxi partner. Yet none of these variables appeared in the RFP.
- 4) **No Scoring for Immediate Ability to Meet Port's Requirements.** The RFP only evaluated the forecast of a taxi association's ability to devote 210 taxis to the airport after September 2010 rather than examining the current size and configuration of its fleet. This allowed the Port staff to overlook the fact that Yellow Cab has only approximately 170 licensed vehicles to serve the concession, 40 less than the 210 required by the RFP. By contrast, STITA already has 216 licensed CNG or hybrid vehicles serving the airport.
- 5) **No Scoring for Actual Experience With Other Taxi Associations.** The RFP contained no evaluation of the Port's own experience with individual taxi associations. The Port created STITA taxi and STITA taxi has had the Port as its sole customer for twenty years. Yet STITA was precluded from requesting letters of recommendation from Port staff and the RFP did not allow for the formal evaluation of the Port's actual experience with other taxi associations.

- 6) **No Scoring for Actual Record of Cooperating With Regulators.** The RFP contained no evaluation of a taxi association's track record of adopting change and fulfilling contracts. On one hand STITA taxi has willingly converted 100% of its fleet to clean energy while Yellow Cab is currently fighting the Green Taxi Initiative in court.

Thank you for taking these important points into consideration.

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