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Sent: Sunday, March 15, 2015 12:13 AM
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Cc: Dawn Gearhart; Leonard Smith; Brenda L. J. Wiest; Tracey Thompson
Subject: Looming Crisis for Sea-Tac Airport Taxi Operators

The Seattle taxicab and for-hire vehicle industries are in a free-fall, and the worst is yet to come for airport taxicab operators.

Unless change is made in the manner in which the Port is allowed to bid the airport outbound taxicab contract, the fee-related costs of operating an outbound taxicab at the airport will increase from about \$2,300 per month to about \$3,600 per month. From \$27,564 in fees per vehicle to \$43,304. An increase in fleet costs from \$6.5 million to \$10.3 million annually. As a percentage of passenger revenue, from about 16% to 25%. Please see the analysis, attached, with summary below. We respectfully ask for your help, stopping this before the Port allows it to happen.

Our method has been to amend ESSB 5550, and use TNC regulation and reform, such as it is, as a means to end to the chaotic local regulatory structure under which we now work, and which is causing this outrageous imposition of charges, public and private, on airport and other taxicab operators. There is much that is wrong with the current local regulatory structure---in Seattle, for example, taxi operators are not allowed to discount from Seattle mandated passenger rates - --- while both TNC's and for-hire vehicles discount their rates to below the cost of operating a vehicle --- for no other reason than to compete with taxicabs.

Should you come to see the future as we see and fear it, we are prepared to work with you and assist you, with analysis and with lobbying support.

We have many proposals for reform, but the most pressing and important is at the airport--- and we are hopeful that with this analysis in hand, you will agree that something must be done, now. Reform in the legislature now would enable the Port Commission to set a "fair market rate" for outbound service fees at Sea-Tac, at or close to the "cost of recovery" of airport operating costs. Without that simple reform, we fully expect the Sea-Tac rate for taxicabs to be bid upwards from its current \$5.16 per trip, to approximately the rate bid by limousines four years ago, of about \$11.00 per outbound trip.

- We at "Q" are planning to bid on the airport services contract. But we would much rather bid on a contract much as that offered at Portland International Airport, for curb and customer service management services, exclusive of outbound taxi fees. At Portland International, as at most US airports, the actual outbound services rate is set by the Airport itself, and applied equally to all taxicab operators.

This bidding war will happen, because third parties who do not pay the fee will be bidding on behalf of the taxicab operators who actually pay it. Yellow Cab (Puget Sound Dispatch) does not currently pay the fee---the operators pay it. This is no 'free market' --- it is in an artificial market, designed to maximize revenue to the Port. The system would work, if all bidders actually did the work, if they owned and operated vehicles. This is why STITA --- the principals

of which owned and operated their vehicles --- was substantially outbid, when the airport contract was bid, six years ago. **There was no bidding restraint because Yellow Cab earns substantial income from dispatch fees, not from airport fees---airport fees are passed entirely through to the Port.** The taxicab operators have say but no choice in the matter, other than not to operate.

We believe also that a successful bidder on the airport contract will require payment of \$10,000 or more simply to operate for five years in the airport fleet---this was what Yellow charged non-Yellow taxis to join the Yellow Airport fleet, five years ago. In our proposal for amending ESSB 5550, this practice would be barred. That alone will save airport fleet operators about \$2.4 million.

The Port of Seattle maintains that it must allow the outbound taxi rate to be bid, and a fair market rate established. That is not the process at most major airports; in fact, it is the exception. At \$5.16 per trip, Seattle currently has the highest outbound rate in North America or Europe.

We are asking your support, for a striker amendment to ESSB 5550, with language that would enable if not direct the Port, to: 1) price outbound taxi at approximately the cost of recovery, including cost of curb customer service operations; 2) disallow a taxicab dispatch company managing the airport outbound franchise, from requiring subscription to its dispatch services as a condition of operation at the airport; 3) disallow a curb services management company from requiring a "fleet membership fee" in order for a taxicab to operate at the airport.

There is much more that could be done with ESSB 5550 to benefit taxicab operators. With your support, we can move this legislative proposal in the House, and we are confident of support also, in the Senate. As noted below, the savings from anticipated costs should no change occur, will be approximately \$6.1 million annually for the fleet assuming current size, and \$2,147 per month, per vehicle.

ESSB 5550 at present pre-empts local regulation of TNC vehicles. Provided that adequate funding for local enforcement is provided, we believe that there are many good arguments for moving taxicab and for-hire vehicles to this same model. **But our primary concern is at the airport, and the damage that is about to be done, if we do nothing to stop it, to airport taxicab operators.**

We would like to meet with you, at your very earliest convenience, to discuss these matters, and can do so at any time or place.

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