

Merritt, Mike

From: abdul yusuf <universal2abdul@yahoo.com>
Sent: Wednesday, January 6, 2016 11:40 AM
To: Bowman, Stephanie; Gregoire, Courtney; Reis, Mark; Fick, Ted; Merritt, Mike; Hoebet, Jeff; Creighton, John; Albro, Thomas; Mark Reis; Ehl, Michael
Cc: Samatar Guled; Yates, Henry
Subject: For Hire Response on PSD Audit

Dear Port of Seattle Commissioners::

We are writing today to express our concern about the competitive situation we find ourselves in relation to the Port's upcoming RFP for "On Demand" ground transportation services at Sea-Tac and the outcome of the recently completed audit of Puget Sound Dispatch (aka-Yellow Cab). We are concerned that much of what was reported in the audit and a good deal of what we have observed, but was not reported, will be overlooked as Yellow Cab and whatever new entities it creates pursue the new RFP. As we have stated in the past, we believe this is a \$3 to \$5 million shortage, possibly more than 25% of the total promised to the Port. Any entity that would bilk its customer, public or private, at this level, does not deserve to continue working for that customer. We strongly encourage that Puget Sound Dispatch and its owner/operators be disqualified from pursuing the upcoming RFP.

As the largest For Hire vehicle dispatch service in the state our interest is in a fair, transparent and ethical process as the Port moves forward in evaluating and eventually rewarding on-demand ground transportation contractual services in the future. It is important to note that regardless of how aggressive individual Yellow Cab owners have been at separating themselves from Puget Sound Dispatch, their overall operations are essentially one-in-the same, much like the reliance our individual brands (Q-For Hire, Eastside for Hire and Flat Rate for Hire) have on Eastside for Hire Dispatch. Any contractual obligation Eastside for Hire Dispatch assumes must have the full involvement and cooperation of its individual owners whose reporting and operational actions in the field we rely on heavily. False reporting of financial data, erroneous information related to deadheading, removal of AVI tags and other manipulative actions cannot occur without significant involvement of owner/operators. We liken Puget Sound Dispatch to the body and the individual taxi owners to the arms — one cannot work with the other.

We have taken a cursory look at the audit findings and will prepare a more comprehensive analysis in the next few days. Initially, we are disappointed that the audit did not go far enough in looking into many of the non-financial, yet even more egregious actions of PSD and its individual owner/operators. We have identified many non-financial issues where there was blatant disregard for the Port contract "agreements and covenants," both in conversations with Port staff and in writing. Regardless, we are pleased that the Port is seeking financial remuneration from PSD, although we do not understand why, following the Audit, the Port would "negotiate" with an entity that has concealed and possibly destroyed information that would have been critical at determining the dollar value lost as a result of its actions. It seems as though negotiating is actually a reward for their actions, allowing them to pay less than they should have in the first place. We urge that the final settlement is made public and that the terms of the contract relating to "Late Charges (12% per annum)" and the provision saying "In the event of such discrepancy (underreporting), the full cost of the audit shall be borne by the Concessionaire, and Concessionaire shall promptly play all additional fees owing to the Port," be strictly followed. It seems inappropriate that the Port "reward" the sort of data manipulation and deceptive reporting outlined in the audit by allowing Puget Sound Dispatch and its contractors "off the hook" through "negotiations." A less than strong action here will send the wrong message to current and future Concessionaires in any Port venue.

We advocate moving forward and have a number of suggestions that will help avoid the sort of unfortunate acts discovered in the audit. We also want to point out that many of the failings of the current system have allowed the company with the contract and its subagents to use techniques that only those deeply involved in this industry are able to implement, and regardless of how much monitoring is done, very difficult to identify.

We are offering the thoughts below in order to avoid future fraudulent financial reporting, but also to stay away from other instances where problems we identified have occurred, including intentional removal of AVI tags, false reporting of trip information and other actions that are as much or more of a violation of the public trust as the manipulative financial reporting noted in the audit.

- 1) **PROPORTIONALITY** — We recognize that Puget Sound Dispatch and its owner/operators are advocating for no For Hire vehicles "on demand" at Sea-Tac. We advocate for a clearly stated proportion of For Hires and Taxis be available On Demand at Sea-Tac at all times. A reasonable proportion would be 56% Taxis and 44% Flat Rate For Hires. This figure is based on airport-eligible Taxis and For Hires licensed in King County. Not only will Flat Rate for Hires provide a reasonable "check and balance," to avoid continued deceptive activity, but they will also offer the traveling public an alternative that they can experience everywhere in King County except Sea-Tac airport.
- 2) **PER TRIP FEES INSTEAD OF GUARANTEED MINIMUM** — In order to "level the playing field," increase revenue to the Port and simplify collections and accounting, this system, which is used in a significant number of airports nationwide, would help avoid the sorts of findings in the audit as well as the many other problems we mention above.

3) INNOVATION — ENERGY SAVINGS — we urge the Port to provide incentives in the rfp to maximize environmental benefits. This field is very dynamic and there have been many innovations in ground transportation designed to improve fuel economy, reduce greenhouse gases and overall lessen environmental impacts since the last rfp that should be encouraged. This is especially critical given Sea-Tac's efforts toward the first Sustainable Airport Master Plan and its direction in the Century Agenda.

4) INNOVATION — TECHNOLOGY — Technology can help give the Port a more accurate idea of how much money it can and should collect from on-demand and other ground transportation services. Any entity that is able to use innovative technological systems to avoid the sort of situation the Port currently faces with PSD and its owner/drivers should be rewarded in the scoring of the RFP. Appropriate technology can help avoid inaccurate and incomplete gross receipts, violation of record retention and submission of manufactured data.

In our review of the PSD audit results, we have noted that there are significant instances in which PSD and its owner/operators have failed to meet the terms of the Port contract and committed significant violations of the public trust. We strongly urge the Port Commission to disqualify Puget Sound Dispatch and its owner/operators from pursuing future RFPs given their poor past performance, manipulative actions and disappearance of critical records required of the current contract.

Thank You

Sam Guled, GM
Eastside For Hire

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Q For Hire