COMMISSION AGENDA
STAFF BRIEFING

Item No. _____7a_____

Date of Meeting _____March 22, 2016_____

DATE:　　March 14, 2016

TO:　　　Ted Fick, Chief Executive Officer

FROM:　　Lance Lyttle, Managing Director Aviation Division

SUBJECT:　Transportation Network Company (TNC) Implementation Plan

SYNOPSIS

Amidst a dynamic ground transportation services environment, three TNCs (Uber, Lyft and Wingz) have requested access to Sea-Tac Airport for the pick-up of passengers. Transportation Network Companies, which are currently authorized by King County and the City of Seattle under Chapter 46.72 of the Revised Code of Washington, provide transportation of passengers for compensation by connecting drivers of personal vehicles to passengers requesting transportation exclusively through use of mobile device application technology.　Airport staff have been in regular communication with potential TNC operators throughout 2015 and are now actively engaged in negotiations. Port staff intends to launch a 12-month Pilot Program with TNCs on March 31, 2016.

TNCs have recently accepted either operating a green vehicle-only airport fleet (each vehicle meeting 47 MPG or higher) or implementing an innovative Port-initiated, Environmental Key Performance Indicator (E-KPI) green standard, and are willing to self-report results during pilot implementation until a better tracking system is developed. During the term of the pilot program the Port plans to monitor TNC operating performance monthly and will additionally evaluate it for E-KPI compliance every quarter.

Meetings with each TNC began on March 7 to finalize contractual, financial reporting and operational ramp-up details.　These efforts will help the Port determine how to most effectively work with this growing industry segment following the completion of the pilot program. Concurrently, Public Affairs staff is preparing for the launch of this new transportation service at Sea-Tac to inform and communicate to our Airport patrons.

BACKGROUND

On May 26, 2015 and subsequently on September 8, 2015, the Port Commission provided guidance by which staff was to establish the framework for implementing an operating agreement with TNCs at Sea-Tac Airport.　This guidance was based on a philosophy of establishing a level playing field whereby similar requirements are consistently applied to ground transportation operators at Sea-Tac Airport.

General Contract Terms

Listed below are the contract terms being negotiated with TNCs.

1. **Term:** one-year with 30-day cancellation clause, similar to all other GT (non-concession) agreements. (Note: we will be including language regarding E-KPI achievement dates). The term of the pilot program will not exceed one year, commencing March 31, 2016 and ending March 31, 2017, regardless of the start of operations for any individual TNC.
2. **Trip fee:** $5 fee for each pick-up trip.
3. **Activation fee:**

10,000 or more pick-up trips per month:	$100,000
5,000 -10,000 pick-up trips per month:	$ 50,000
1,000-5,000 pick-up trips per month:	$ 25,000
Fewer than 1,000 pick-up trips per month:	$ 10,000

   - The activation fee due at the beginning of the pilot agreement will be based on the average actual monthly drop-off trips at Sea-Tac Airport for the period 9/1/15 through 2/29/16 (6 months).
   - After six months, actual monthly pick-up trip count average will be calculated and underpayment will be collected and/or overpayment will be credited.
   - Tariffs may be adjusted after the Pilot Program to cover service costs.

4. **Operating area**: area identified on the 3rd floor ground transportation plaza.
5. **Staging area:** 160th Street parking lot.
6. **Technology:** operator will be required to establish geo-fences around and, as necessary, within the Airport which allow for vehicle tracking into, within, and out of these areas. Pick-up ride requests cannot be fulfilled while on airport property, except while in the appropriate staging area. Operator will also be required to integrate software that will provide staff oversight from a computer/app to manage enforcement, billing, tracking, and audits once such system is put in place by the Port.
7. **Reporting:** operator will be required to send monthly information on E-KPI, all vehicle trips, both pick-up and drop-off, including information on date, time of entry into geo-fences, time of pick-up/drop-off, time of exit of geo-fences, and location of entry/exit of geo-fences (access points to/from airport). Operator will also need to allow for real-time reporting of information once a technology solution (see 6 above) is in place. This reporting requirement (with real-time information once a system is integrated) will begin concurrently with the commencement of the agreement and will be due monthly.
8. **Vehicle trade dress:** all vehicles must have at least one approved company identifier visible within 50 feet.
9. **Wheelchair accessibility:** operator must fulfill all ADA requests either directly or work with an alternative provider to fulfill all requests.

10. **Insurance:** $1 million per TNC - in place at all times while on Port property and not engaged in purely personal business.

11. **Customer feedback:** must provide an app that allows customers to provide feedback and report it to the Port. Operator may choose to have app provide other data.

Process Monitoring and Verifying Environmental Performance

As mentioned, TNCs will be able to achieve Port environmental standards by either implementing a green vehicle-only airport fleet, or, meeting an equivalent E-KPI standard. Details surrounding the E-KPI are outlined below and follow the schedule which shows work being completed in March prior to pilot launch.

The Port will monitor the three main environmental factors for TNC performance:
- Fleet Weighted Average MPG
- Deadheading
- Pooling or Ridesharing for Unrelated Passengers

These three factors in combination must meet or outperform the E-KPI threshold for taxis (45 MPG and 7% deadheading reduction). The E-KPI threshold is **10.82 lbs. CO_2 per typical passenger trip.**
- Port will receive detailed monthly data (i.e., spreadsheets) from the TNCs listing each vehicle make/model/year, corresponding MPG, and miles in service to Sea-Tac Airport for outbound trips.
- Port has asked the TNCs to provide the license plate number for every vehicle picking up a passenger at the airport while in service to the TNC.

Deadheading

- Port will receive detailed monthly data (i.e., spreadsheets) from the TNCs listing the vehicle ID (last 3 digits of license plate or similar) and matched drop-off and pick-up times (within 3 hours) that occurred for that vehicle.
- Port will compare this monthly data to the total number of airport pick-ups in the same time period to determine the deadhead rate.
- Port intends to cross reference the data reported for revenue purposes with the matched drop off and pick up pairs provided for deadheading calculations, as one layer of verification.

Pooling/Ridesharing

- Wingz does not have a pooling application (it will meet the standard through fleet mpg or deadheading reduction).

- UBER believes their deadheading reduction will be successful enough to meet the E-KPI and they won't need to launch UBERPool.
- Lyft has said they will launch the Lyft Line product in the Seattle market. With no specific date for this product launch, the data reporting for pooling/ridesharing remains unresolved.

CURRENT SCHEDULE

Pilot Period Schedule and Consequences for Failing to Meet E-KPI Standard

Throughout the pilot period, TNCs will report data (all data including E-KPI and billing/tracking data) on a monthly basis, and will have 1 week following the end of each month to submit their data to the Port.

1-month
- Environmental staff will review and calculate the E-KPI and provide a report on general trends and performance.

6-month
- Environmental staff will review and calculate the 6-month E-KPI and provide a report.
- If TNC does not meet E-KPI for the preceding six months, an additional $5 per trip fee (increasing from $5 to $10) will be imposed for the duration of the subsequent quarter. The fee will be imposed on the 1st day of the month following reporting (i.e. if non-compliant for April-September, new fee begins November 1).

9-month
- Environmental staff will review and calculate the 3rd Quarter E-KPI and provide a report.
- If TNC does not meet E-KPI, an additional $5 per trip fee ((increasing from $10 to $15)) will be imposed for the duration of the quarter, over and above the fee paid in the previous quarter. The fee will be imposed on the 1st day of the month following reporting (i.e. if non-compliant for October-December, new fee begins February 1st).
- If TNC meets E-KPI, the pick-up fee reverts to that amount at commencement.
- TNC will report data monthly
- If TNC does not meet E-KPI, the TNC continues to accumulate $5 non-compliance fees each quarter (with no upward limit on fee). TNCs can eliminate non-compliance fees if they come into compliance with the E-KPI the following quarter.

The TNC fee schedule is summarized as follows:

TNC FEE SCHEDULE		**October 1 E-KPI Compliance**		**January 1 E-KPI Compliance**	
	Commencement	Compliance	Out of Compliance	Compliance	Out of Compliance
Pick up only	$5.00	$5.00	$10.00	$5.00	$15.00

TNC REGULATORY REQUIREMENTS

Liability Insurance Requirements	Washington State: On-app without passenger: $50,000/Person, $100,000/accident, $30,000/property damage. On-app with passenger: Combined single limit of $1,000,000 for death, personal injury, and property damage.
Underinsured Insurance Requirements	Washington State: On-app without passenger: Insured can waive. On-app with passenger: $1,000,000
Vehicle Requirements	A personal vehicle with a TNC vehicle endorsement. Minimum vehicle age restriction 10 years or less (City) no current age restriction in County. No limit on the number of endorsed vehicles allowed to operate. County has records of all vehicles associated with each TNC driver, as does TNC.
Vehicle Inspection	Certificate of Safety issued by a City approved ASE Certified Inspector, Multi-point vehicle inspection
Licensing Requirements	Valid WA State Driver's License, For-hire Driver's Permit and Vehicle Endorsement, Individual Business License (City only)
Licensing Fees	TNC's pay a quarterly fee of $0.35 per ride for each trip originating in unincorporated King County or one of 16 contract cities. In the City of Seattle, a $0.10 fee per ride for each trip originating in the City of Seattle is paid by TNC's. Operators submit fees on a quarterly basis.
Driver Training	Initial license requires completion of an approved For-hire Driver training and exam, and completion of the National Safety Council's four-hour Defensive Driving Course (DDC-4)
Background Checks	King County requires the TNC to provide criminal background checks and driving abstracts/DMV reports for any driver without a For-hire Driver's Permit and Vehicle Endorsement, conducted by County approved third party providers, as part of

	the TNC For-hire driver permit application process. Documents received by TNC and transmitted to King County with driver applications.
Uniforms	Not required by any regulatory agency

ON-AIRPORT ACTIVITY MONITORING AND OPERATIONAL ENFORCEMENT

King County requires TNCs to provide criminal background checks and driving abstracts/DMV reports for any driver without a For-hire Driver's Permit and Vehicle Endorsement. These checks are conducted by County approved third-party providers, as part of the TNC For-hire driver permit application process. These documents when completed are transmitted by the TNC to King County along with driver applications.

To further ensure operational compliance the Airport will require that TNCs visually block out the drives on the customer application so that drivers cannot pick up there. The only place they will be visible to a rider will be the 160th Street holding lot where all TNCs must first report and stage until actually hailed electronically by a customer. The third floor of the public parking garage will serve as the active pick-up location for TNC riders.

The Airport's Ground Transportation Controller (GTC) cadre will expand their duties to oversee TNC operations on a day-to-day basis. Ground Transportation Controllers will conduct and document random periodic observations that will be used to cross reference license plate information as required to be submitted by the TNCs. This information will then be used by Aviation Division staff to match pairs of data sets to reconcile environmental and operational data specified in the contract.

During the period of the pilot program, Aviation Operations staff will evaluate the need for additional enforcement personnel given the anticipated high volume of TNC activity. Staff has also committed to employ 25 Port-sponsored high school interns to assist where appropriate during the busy summer season ahead.

TNC COMPLIANCE WITH REPORTING REQUIREMENTS

TNC operating agreements will include stringent terms that require specific methods for reporting of environmental and operational activity with frequent auditing. A cross-functional Port of Seattle team including Environmental, Finance and Budget, Operations, Business Development/Properties, and Information and Communications Technology, will meet monthly to review all aspects of TNC requirements. Additionally, the Port of Seattle Internal Audit department will conduct periodic independent audits to further ensure effective managerial oversight and contract compliance.

ATTACHMENTS TO THIS BRIEFING

- PowerPoint Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- January 26, 2016 – Briefing on Transportation Network Companies (TNCs)
- December 8, 2015 – Briefing on Ground Transportation – Introduction of Transportation Network Companies (TNCs)
- September 8, 2015 – Briefing on Options for Structure of Airport Ground Transportation System
- May 26, 2015 – Briefing on Airport Taxi Service and Transportation Network Companies