

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No.	7b
Date of Meeting	June 14, 2016

DATE: May 27, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Dave McFadden, Managing Director, Economic Development Division
SUBJECT: On-Demand Taxi/For-Hire RFP Briefing

SYNOPSIS

Port Commissioners provided input on Ground Transportation (GT) operations at Seattle-Tacoma International Airport (Airport) at two 2015 Commission meetings. This input shaped development of an On-Demand Taxi/For Hire RFP that was unanimously authorized by the Commission in early 2016.

This briefing highlights Commission input received on GT operations and shows how Commission direction shaped the subsequent On-Demand Taxi/For Hire RFP that was released on January 29, 2016.

INPUT ON GROUND TRANSPORTATION

On May 26, 2015, the Port of Seattle (Port) Commission directed Aviation Division staff to conduct a comprehensive analysis of GT operations at the Airport. This request was driven by the rapidly evolving market conditions, changes in consumer behavior, and the diversification of ground transportation modes occurring at airports across the nation.

Leigh Fisher conducted a comprehensive GT analysis, which included a peer airport review. The study also included extensive discussions with Airport GT stakeholders facilitated by Norton-Arnold.

Staff returned to Commission on September 8, 2015 to share study findings including options for structuring the Airport's GT system. At the meeting Commissioners directed staff to explore comprehensive GT options that incorporated core values, including:

- ensuring quality transportation service for the travelling public;
- supplying capacity to meet the dynamic Airport operating environment;
- minimizing environmental impacts;
- expanding economic opportunities for small businesses;
- creating stable revenue to support Airport operations; and
- ensuring effective management and accountability.

With Commission's input from the September 8 meeting, staff broadened its range of GT options, from a completely open operating environment where all licensed GT operators

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 27, 2016

Page 2 of 8

have access to the Airport, to various scenarios incorporating traditional and hybrid contracting mechanisms. Staff returned to Commission on January 12, 2016 to present its recommendation for a three-pronged approach to managing the Airport's GT system including:

- 1) Issue On-Demand Taxi/For-Hire RFP (see Attachment A for full RFP document including addenda).
 - Ultimately, it was recognized that use of a contractual mechanism for on-demand taxi/for-hire services was the only practical way to ensure that the objectives discussed by the Commission (noted above) would be realized.
 - In addition, it also reflected the Commission's direction to create a level playing field for ground transportation providers at the Airport wherever legally and practically possible, to be able to provide equitable allocation of access to the Airport that would be desired by operators and consumers alike.
 - The proposed RFP would combine the on-demand pick-up of passengers, either through a traditional metered taxi or a flat-rate for-hire vehicle, into a single contract for the provision of both services.
- 2) Implementation of on-going month-to-month TNC operating agreements.
- 3) Subsequent RFP for on-demand limousine contract.

Commission unanimously approved the authorization for the Chief Executive Officer to execute a contract for on-demand taxi/for-hire transportation services at the Airport. With this approval, staff moved forward with the development of the RFP for a scheduled release date of January 29, 2016.

RFP Elements

Based on the comprehensive GT analysis work as well as Commission guidance and feedback, the following goals and objectives were established in the RFP:

1. Provide convenient, efficient and safe transportation alternatives to the traveling public.
2. Provide superior customer service.
3. Maximize non-aeronautical revenue.
4. Maintain excellent environmental standards.
5. Leverage state of the art technology services to best serve users.
6. Create opportunities for small and disadvantaged businesses.

The following minimum qualifications were established in the RFP to ensure that the selected proposer would meet the Commission's goals and objectives:

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 27, 2016

Page 3 of 8

1. Must be registered with all appropriate regulatory bodies.
2. Must be licensed to conduct and provide On-Demand Services directly or must contract with providers that are so licensed. If the Proposer does not directly provide all of the On-Demand Services, it will nonetheless be responsible for- and must centrally manage- all such On-Demand Services.
3. Must have an ability to provide at least 300 dual-licensed (City of Seattle and King County) vehicles dedicated to the agreement. The vehicles must consist of both Taxicabs and For-Hire Vehicles. In addition, Proposer must have an ability to provide an adequate number of wheelchair accessible vehicles to meet the minimum service requirements. The wheelchair vehicles may be Taxicabs or For-Hire Vehicles and will be in addition to the 300 dual-licensed vehicles.
4. Must be able to provide vehicles that fully meet the Port's green fleet requirements at the commencement of the Agreement.
5. Must be able to produce detailed electronic reports, on a frequency no less than monthly, that provide information about the trips provided under the Concession, including fields for driver-id, date, trip start time, trip end time, trip end location, trip fare, passenger count, license plate, wheelchair trip.
6. Must supply a mechanism, such as a smartphone application, that allows customers to provide feedback directly to the Port of Seattle.

The RFP evaluation criteria and scoring matrix was established in a way to reflect the goals and objectives set in place by Commission, as well as the minimum qualifications listed above. Five main scoring categories were developed. For evaluation purposes, staff also created specific scoring mechanisms within each of the five established categories which, when added together, comprised the point total for that category. The more detailed scoring mechanisms would allow the evaluation panel to review and score specific items within each category to arrive at the total category point total. Shown below are the five main scoring categories with a short, general description on how the particular category would be evaluated and scored overall:

1. Customer Service 35 Points
The proposer will be rated on its commitment to manage the concession in a manner that puts the customer experience first. Customer service should include all facets of the customer's experience including, but not limited to: courtesy and conduct of drivers, training programs, use of advanced technology. The proposer must show that it is able to manage such an operation with superior customer service standards.
2. Revenue to the Port 30 Points
Revenue to the Port will be evaluated on structure, including guaranteed and variable payments, as well as total amount to the Port.
3. Experience, Qualifications and References 15 Points

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 27, 2016

Page 4 of 8

The proposer must show that it has the experience in managing and/or operating Taxicab/For-Hire Vehicle services at airports or other high traffic public areas and meets the qualifications in providing such service.

4. Deadhead Reduction & Trip Efficiency Plan 10 Points
Proposer must clearly articulate its plan to reduce deadhead trips and commit to an achievable quarterly goal and describe how it will calculate and measure deadhead reduction so the Port can accurately audit and track activity. The Port will also assess any other measures proposer will take to increase trip efficiency.

5. Financial Stability 10 Points
The proposer must demonstrate that it has the financial capacity to meet the requirements of the Agreement.

As a combined Agreement including both taxi and for-hire services in one contractual arrangement, staff constructed the RFP and draft Agreement provisions to ensure that the Commission's objectives were met but with the recognition that certain, important details would need to be finalized through negotiation upon selection of a winning bidder. While the RFP required specificity around, for example, the proposer's planned operations and deadhead goals, the RFP and Agreement allow for discussion and finalization of important details with the selected proposer. The main terms of the RFP and draft Agreement are shown below and included is information indicating changes from the current/previous On-Demand Taxi Agreement:

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 27, 2016

Page 5 of 8

	Current On-Demand Agreement	Proposed Agreement	New/Change
Term	Five years	Three years with two, one-year extension options	Yes
MAG	Required, \$3.67MM per year	Not required	Yes
Fee	13% of revenues*	Minimum \$5 per-trip fee (could bid more)	Yes
Vehicles	210 taxis	300 taxis and for-hires	Yes
Fleet adjustments	N/A	Based on customer demand	Yes
Operating Area	3rd floor GT plaza	3rd floor GT plaza	No
Staging lot	160th St. lot	160th St. lot	No
Lot maintenance?	Port	Contractor	Yes
Green vehicles	Alternative fuel or 45 mpg	Alternative fuel or 45 mpg	No
Trip reporting/technology	Self-reporting, manual	Must produce detailed trip reports	Yes
Wait time for customers	5-minute max	5-minute max	No
Deadhead plan	Propose goals	Quarterly targets. If not met, liquidated damages and ineligible for term extensions	
Wheelchair vehicles	One per 7 taxis	Up to 50 initial permits	Yes
Customer feedback	No requirement	Must provide a mechanism for customers	Yes

** With a per-trip fee above annual trip count threshold.*

In the development of the RFP and draft Agreement, staff recognized the importance of selecting a well-qualified, experienced, and stable operator. The following items highlight the various mechanisms included in the RFP and draft Agreement intended to ensure these qualities:

- 1) Included as a minimum qualification was a requirement that the proposer be registered with all appropriate regulatory bodies and must be licensed to conduct and provide on-demand services directly or must contract with providers that are so licensed. As part of this analysis, the proposer's registration with Washington State Secretary of State and Washington State Department of Revenue would be verified. In addition, the proposers would be checked against the Washington State Delinquent Taxpayer list as well as a review of their Better Business Bureau rating.
- 2) Additional minimum qualifications (listed above) to ensure Commission's objectives for environmental standards, data reporting, provision of vehicles, customer service and feedback, and wheelchair accessibility would be met.
- 3) Proposal guarantee of \$3,000 to ensure serious and qualified proposers.
- 4) Two references from customers, suppliers, or business partners to validate the proposer's business as an on-going concern as stated in proposal.
- 5) Evaluation and scoring criteria which would allow staff to evaluate prior experience, including information about any prior contracts that may have been terminated and for what reason.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 27, 2016

Page 6 of 8

- 6) Evaluation and scoring criteria which would allow staff to evaluate historical financial performance and stability, as well as organizational structure and capacity to effectively manage the Airport operation and meet the Agreement provisions.

Schedule

The January 12, 2016 Commission meeting included a discussion of the current On-Demand Taxi contract which had expired on October 31, 2015 and was in holdover status. An extension to the contract through June 30, 2016 was approved during that meeting. As part of the extension discussion and approval process, staff was directed to move forward with release of the RFP for the new Agreement. Based on this guidance, staff developed the following schedule, which was also included in the RFP with its release on January 29, 2016:

Issuance of this RFP	January 29, 2016
Pre-proposal Conference	February 10, 2016
Deadline for submittal of written questions	February 12, 2016
Deadline for submittal of proposals	March 1, 2016
Potential interviews	March 14-25, 2016
Anticipated award date of Agreement	April 4, 2016
Anticipated commencement of Agreement	July 1, 2016

BACKGROUND

History of On-Demand Taxi Services at Sea-Tac

Taxi service accommodating on-demand pick-up trips has gone through several key changes over the last several decades. Prior to 1989, the Port allowed all individual owners/operators with valid operating permits from King County to provide taxi service at the Airport in what could be defined as an “open” system; however, that “open” system led to numerous challenges including poor customer service, inconsistent availability of taxis, poor vehicle conditions and disagreements between drivers competing for customers. In late 1989, the Port and a few key taxi owners collaborated on a plan to bring the owners together and create an association to provide enhanced taxi service to the traveling public.

Taxis are internationally understood by travelers and have maintained consistently strong performance at Sea-Tac throughout the years. Travelers expect taxis to be readily available and, in the Pacific Northwest particularly, there is an expectation that vehicles will be environmentally-friendly and operated by safe drivers committed to high levels of customer service. As a result of the collaboration in 1989, and the expectations for taxi service, Airport staff implemented an exclusive arrangement for on-demand pick-up taxi

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 27, 2016

Page 7 of 8

service which has allowed the Airport to require high environmental, vehicle and service standards to meet customer demand. These standards include: 1) 100% “green” fleets; 2) five minute maximum wait times for customers; 3) timely customer complaint response; and 4) 24/7 availability, during both peak and non-peak periods, during inclement weather and other major events.

The first exclusive contract, established in August 1989, was held by Seattle-Tacoma International Taxi Association (STITA). STITA continued to provide exclusive on-demand pick-up service until 2010, when a competitive bid process was undertaken and the contract was awarded to Puget Sound Dispatch, dba Yellow Cab. This contract expired 10/31/2015 and is currently in an extension through June 30, 2016. Yellow’s contract requires a minimum annual guarantee (MAG) to the Port of Seattle of \$3.67 million, or 13% of gross revenues, whichever is greater. In 2015, total revenues from this contract were approximately \$4.5 million, which represented over half of the total revenues (approximately \$8.8 million) generated from all GT operations at the Airport.

During the term of the 2010 contract with Yellow, a change occurred in the transportation industry with the proliferation of a service similar to, yet in competition to, taxi service in the Puget Sound area, known as for-hire services. The major distinction between taxi and for-hire services is associated with how trip fees to be paid by customers are calculated. Taxis utilize a meter to calculate the fee based on the time and/or distance of a particular trip. For-hire vehicles implement a flat-rate for each destination, which is fixed and known at the beginning of a trip- a meter is not utilized. Within the last five years, several new for-hire providers have emerged and offer services throughout the region, including at the Airport on a pre-arranged basis. As part of overall GT system review and analysis, and in response to Commission’s direction to create a level playing field for GT providers at the Airport, staff was directed to create the new on-demand RFP and Agreement in such a way that both taxi and for-hire services would be combined into a single on-demand operation, replacing the taxi-only on-demand service currently in place.

ATTACHMENTS TO THIS BRIEFING

PowerPoint Presentation

Attachment A: 2016 On-Demand Taxicab and For-Hire Vehicle RFP (includes draft Agreement)

Attachment B: Addendum 1 to the RFP

Attachment C: Addendum 2 to the RFP

Attachment D: Addendum 3 to the RFP

Attachment E: Addendum 4 to the RFP

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 27, 2016

Page 8 of 8

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- January 12, 2016 – Authorization to execute a contract for on-demand metered and flat-rate for-hire transportation services at Seattle-Tacoma International Airport.
- 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.
- December 15, 2009 – Authorization to award Puget Sound Dispatch, Inc., dba Yellow Cab Taxicab Association, the contract for On-Demand Taxi Services at the Airport.
- November 30, 2009 – Briefing on status of RFP for On-Demand Taxi Service at the Airport.