

**Port of Seattle Airport Taxi Concession RFP #2016-ABD-1
Puget Sound Dispatch Response to Addendum #5 (June 29, 2016)**

Puget Sound Dispatch, L.L.C. (PSD) Management Company proposes to manage the fleet of for-hire vehicles and taxis serving Sea-Tac Airport. PSD currently holds 311 dual-licensed taxis, plus 31 for-hire vehicles (with 80 on a waiting list) in King County and the City of Seattle. There are currently 587 airport/1,780 full-time PSD drivers. As the area's premier on-demand transportation company, PSD welcomes any dual-licensed, environmentally qualified vehicle from any other area For Hire or Taxi owner who agrees to abide by Port of Seattle rules and regulations to join the Puget Sound Dispatch airport fleet. There will be no fee to join PSD outside the monthly curb management fee (3.9% of gross receipts, excluding gratuity). PSD will manage SeaTac-based on customer demand and the 5-minute guarantee.

Addendum #5 Question 1: (Revised) 5A.I. MINIMUM ANNUAL GUARANTEED AMOUNT

Puget Sound Dispatch will honor its original proposed revenue to the Port to a AVI per trip fee of \$5.75, which is 13.7% of gross revenue based on the average trip fare of \$42. PSD takes pride in the fact that it has always met its Minimum Annual Guarantee (MAG) obligations to the Port.) Puget Sound Dispatch will guarantee the Port of Seattle a MAG of Three Million, Five Hundred Thousand dollars and No/100 Dollars (\$3,500,000) to be paid in equal monthly installments of \$291,667. The 2017-21 MAG will result in minimum accumulated revenue of \$17,500,000 for the five-year term of the 2016 Airport Concession.

Addendum #5 Question 2:

a.) Fees: PSD will not charge owners/drivers to become part of the on demand fleet. As discussed above, drivers/owners will be welcome to join our on-demand fleet at no charge. A curb management fee of 3.9% (of gross receipts, excluding gratuity) will be charged to all Airport owners/drivers—regardless of company affiliation (color).

Teamsters Local 117 works with PSD management, the owners, and their member drivers to ensure fair labor standards and practices to keep income at family wage.

b.) Estimated expected net income to owners/drivers: A vehicle today takes 10.7 trips per day. On average, owners/drivers will make approximately \$168.75 per shift, assuming a single car takes 5.35 trips on his/her shift.

As we see it, the Port currently has a *win-win* situation, with excellent customer service, attentive management, suitable worker wages, and guaranteed on-time payments. PSD drivers have proven to be adaptable and entrepreneurial in the face of change, and PSD management works with its owners to balance supply & demand on an hourly basis, 24-hours a day, year-round. PSD must continue to be allowed to manage cost and vehicle dispatch in order to guarantee that each driver working at the airport will make a living wage of \$15, or more per hour.

PSD creates opportunities for our drivers outside the Airport when inbound flight traffic is slow. PSD's 2015 Meter Event Driver Reports show that 25% of the average PSD airport driver's income is generated by non-airport revenue trips. Furthermore, our 2015 data shows Wheelchair Accessible Transportation (WAT) drivers who worked half time at Airport and half

time outside the Airport, made 50% of their income from PSD dispatched trips. The outside work requires more hustle, but these WAT drivers have proved their adaptability, which keeps their wages up.

PSD has 5,000 ride service accounts with regional businesses, organizations and individuals. On average, those accounts generate an additional \$70 a day per driver shift beyond the airport trips, or over \$20,000 a year (amount varies by driver and vehicle). For example, our competition, Standard Parking cannot generate 25% revenue through non-airport trips because they do not dispatch accounts. The same is true for smaller taxi and for hire companies; they simply do not have the market share. This additional revenue enables PSD to support our drivers through the ups and downs and seasonality of Airport taxi demand.

DRIVER DAILY SHIFT EXPENSE CHART

\$42 per trip x 10.7 trips (divided by 2 shifts) = \$224.70
 + 25% from PSD outside dispatched fares
 Total = \$280.87

Association join fee	\$0	0%
Daily Lease*	\$60	21.3%
Airport Fee**	\$30.76	13.7%
Gas	\$15.00	5.3%
Management Fee	\$8.76	3.9%
For Hire, and Business	\$1.11	0%
Total ***	\$115.63	44.2%

\$280.87-\$115.63 = \$165.24 is the net income
 *2017 rate for PSD owners
 **13.7% of \$224.70
 *** per shift of 11 hours

OWNER DAILY EXPENSE CHART

Airport fee	\$30.76 a day
Vehicle (new), Equipment, Paint	\$ 16.99 day
Insurance	\$16.44 a day
Dispatch/Marketing	\$16.42 a day
Gas	\$15 per day
Maintenance	\$11.70 a day
Management Fee	\$8.76 per day
City, County, For Hire, and Business License	\$3.40 per day
Total**	\$119.47 or 42.5%

\$288.75-\$119 = \$161.75 is the net income per 10 hour shift, plus Lease income (\$60)

REVISED BASED ON CURRENT DATA

	2016-17	2017-18	2018-19	2019-20	2020-21
Growth Estimates	4.9%	1.9%	1.9%	1.9%	1.9%
Revised Trip Counts with TNC Seattle Airport Growth Estimate	813,148	829,409	845,997	862,916	880,174
Average Monthly Trips	68,968	71,297	72,153	73,523	74,919

ECONOMICS OF AIRPORT TAXI CONSESSION

Cost-Recovery vs. Port Profit-Maximization

Airport	Trip Fee	MAG
Phoenix	\$1.00	\$0
Philadelphia	\$1.50	\$0
Miami	\$2.00	\$0
Boston	\$2.25	\$0
Washington Dulles	\$2.55	\$0
Seattle	\$5.75	\$3.5M
Source: LeighFisher, Inc., "Review of Sea-Tac Ground Transportation" (July 2015)		

DRAFT EASTSIDE for Hire 2016-17

DRIVER DAILY SHIFT EXPENSE CHART

- **300-325 VEHICLES (juxtaposed opposed to the current 239 who work daily) results in drivers making 70% of current wages at the airport**
- **No PSD dispatch reduces take by an additional 20-25%**
- **Lease amount?**
- **Management Fee to Eastside and Standard Parking 9-10%?**

Yellow-- \$42 per trip x 10.7 trips (divided by 2 shifts) = \$224.70 per shift (see chart below)

ESFH 325 vehicle affect \$42 per trip x 7.5 trips (divided by 2 shifts) = \$157.50 per shift

ESFH 300 vehicle affect \$42 per trip x 8.5 trips (divided by 2 shifts) = \$179.76 per shift

~~+25% from PSD outside dispatched fares~~

~~————— Total = \$280.87~~

Association join fee	\$???	???	??%
Cars	30% more cars (325)	20% more cars (300)	
Daily Lease stays at	\$80	\$80	25.3%
Airport Fee (less trips)	\$26.25	\$29.75	17%
Gas	\$15.00	\$15.00	5.3%
Management Fee	\$15.70	\$17.90	10% (TBD)
For Hire, and Business License	\$1.11	\$1.11	0%
Total ***	\$138.06	\$143.76	56.7%

325 cars

\$157.50 (income on shift) - \$138.06 (expense) = \$19.44 is the net income for a shift

300

\$179.76 (income on shift) - \$143.76 (expense) = \$36 is the net income for a shift

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