

## SUMMARY

This report describes the best practices for operating and regulating commercial ground transportation services at airports. It was prepared using the results of surveys of peer airports and a recent Airport Cooperative Research Program project. For purposes of this report commercial ground transportation services or businesses include taxicabs, limousines, shared-rides, courtesy vehicles, Transportation Network Companies (TNCs) and scheduled and chartered buses/vans. Taxicabs include both metered and non-metered sedans or for-hires providing on-demand, door-to-door service.

The following paragraphs describe the business structures (or operational models) used at other airports. The full report also describes (a) available ground transportation services, (b) the airport fees charged, (c) responsibilities of and resources available to airport staff, (d) the airport facilities used by commercial services, and (e) the regulation of TNCs and peer-to-peer rental cars.

## COMPARISON OF OPERATIONAL MODELS/BUSINESS STRUCTURES

The airport industry uses three types of operational models when regulating and managing commercial ground transportation services: **open access, restricted or exclusive access, and a hybrid** blend of these two. Most all airports use an open access model for their business relationships with pre-arranged services such as prearranged limousines, chartered/scheduled buses and vans, and courtesy vehicles. Airports use either an open or an exclusive access model for their business relationships with on-demand services such as taxicabs, for-hires, shared-rides, and, where such services are available, on-demand limousines.

The key differences include (a) an airport's ability to provide the desired customer experience (e.g., vehicle quality/age and driver appearance/behavior), (b) the amount of airport staff effort required to manage and enforce day-to-day operations, and (c) the degree of competition among businesses desiring to provide on-demand ground transportation service from an airport.

**Open Access** systems allow any business having a valid permit issued by the local regulatory agency to pick-up or drop-off airport passengers. This allows for greater competition among businesses. However, allowing all licensed businesses to serve an airport frequently leads to an oversupply of vehicles which in turn leads to reduced driver income, incentives for some businesses to defer vehicle maintenance, for drivers to refuse trips and engage in improper solicitation, and thus typically results in poorer customer service. An open system requires increased effort by airport staff (or for an airport to retain a management contractor) to ensure that drivers and their vehicles comply with the airport's minimum standards and its rules and regulations. Enforcement requires greater effort because (a) penalties are limited to monetary fines or service suspensions, and (b) staff must oversee the operation and compliance of hundreds of drivers and their vehicles. Because of the oversupply of vehicles airports frequently attempt to balance the supply of vehicles with customer demand using rotation systems (i.e., odd-even operations) or other measures.

**Exclusive Access** systems allow only a business (or businesses) awarded a contract through a competitive bid or proposal process to pick-up on-demand airport passengers. Any licensed businesses can pick-up passengers who made prior reservations (i.e., were pre-arranged). Any licensed business can drop-off passengers. With an exclusive model the selected business(es) is responsible for all day-to-day operations including dispatching vehicles; managing curbside and staging areas; ensuring the appropriate balance between customer demands and the number of waiting vehicles; assuring the service availability during periods of unusually high demands, inclement weather, or irregular airline operations; and, ensuring that service is provided using vehicles and drivers that meet or exceed the standards set forth in the business's proposal. Compared to an open access system, enforcement requires significantly less airport staff effort because (a) the airport has a contractual business relationship with the business rather than a regulatory

one, and (b) the airport is interacting with a single provider or business rather than hundreds of individual drivers or businesses. Customer service is enhanced because businesses competing for the contract are incentivized to propose levels of service exceeding the airport's minimum standards.

The major disadvantage of an exclusive access system is that some properly licensed businesses will not be selected and will be denied the opportunity to pick up on-demand passengers, although they can continue to drop-off all passengers and pick-up pre-arranged passengers. A second disadvantage is that when there is a re-compete for a contract the incumbent will have a perceived advantage over its competitors, assuming the incumbent has been performing satisfactorily.

**Examples** Among the peer airports, those with exclusive access taxicab systems include BWI, FLL, IAD, and TPA. Those with exclusive shared-ride van systems include BWI, FLL, IAD, IAH, MIA, MSP, PHX, and TPA. Those with with exclusive on-demand limousine systems include BWI, FLL, PDX and YVR. The staff of several airports having an open-access system indicated they would prefer to have exclusive access systems. However implementing an exclusive system at an airport that now has an open system can be a difficult task if management must seek approval from a City Council or local commission due to the likely opposition from ground transportation businesses and their drivers. Those airports having an open access system employing a management contractor to support or supplement airport staff include DEN, PDX, PHL, and SFO.

**Conclusions:** It is LeighFisher's conclusion, which is generally accepted in the industry, that an exclusive access system represents the best practice for the management of on-demand transportation service (e.g., taxicab and shared-ride van service) at airports. This is due to the benefits described previously including a better experience for customers, higher incomes for drivers, and a system that is easier to manage by airport staff.