



## The Ground Transportation System at Seattle-Tacoma International Airport:

### Options to Expand Participation and Enhance Customer Service

# Outline

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2. Current Ground Transportation (GT) Services at the Airport
3. Peer Airport and Best Practices Analysis
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**Preparation for Commission consideration of Options**

# Direction to Staff on 5/26 Commission Meeting

- Develop options for Commission consideration that meet the following criteria:
  - Provides quality service for the traveling public
  - Provides adequate capacity to meet demand
  - Allows provision of service to be manageable
  - Generates income for the Port of Seattle
  - Promotes small business
  - Expands economic opportunity
  - Encourages environmental sustainability
- Create a process for GT stakeholders to provide input
- Other considerations

**Criteria, input and considerations used in developing options**

# Current GT Services at the Airport

- **On-Demand service** – transportation services that are available on a walk-up basis at the curbside without prior arrangement or customer interaction between the customer and provider
  - Taxi (Puget Sound Dispatch)
  - Limousine (Seattle-Tacoma International Limousine Association)
  - Shared Ride/Airporter
- **Pre-Arranged service** – transportation that is provided in response to a prior request from a customer via telephone, smartphone application or other method
  - Taxi, Limousine, For Hire, Shared Ride/Airporter, Courtesy, Charter

*Ground Transportation system at Sea-Tac is primarily managed by Port staff*

*See appendix for detailed information of each class of service*

**A variety of operators serve the traveling public at Sea-Tac with on-demand and pre-arranged services**

# Current GT Services at the Airport

- The GT system includes 8 classes of service
- GT system activity in 2014:
  - Over 2.3 million trips across all classes of service
  - Generated more than \$8 million in non-aeronautical revenue
  - Direct Port costs allocated to these service classes total approximately \$2.5 million
- GT services at Sea-Tac have consistently ranked high among peer airports

The GT system is important operationally and financially to the airport

# Peer Airport and Best Practices Analysis (Leigh Fisher Report)

## Airports Selected for Analysis

San Francisco	Tampa	Fort Lauderdale
Denver	Philadelphia	Minneapolis/St. Paul
Boston	Detroit	Houston (Bush)
Miami	Portland	Washington (Dulles)
Phoenix	Baltimore	Vancouver

## Criteria for Selecting Peer Airports

- Similar volume of origin and destination (O&D) passengers
- Serve a passenger mix similar to that of Sea-Tac (business vs. leisure passengers)
- Employs a range of ground transportation business structures or operating models including those considered to have best industry practices

**Independent 3<sup>rd</sup> party completed peer airport review and best practice analysis**

# Peer Airport and Best Practices Analysis (Leigh Fisher Report)

## Basic Types of Business Arrangements

1. Open access – any vehicle having a valid permit issued by local regulatory agency may serve the airport
2. Exclusive access – airport awards a contract to one or several companies and only this company(ies) may pick up on-demand customers at the airport
3. Hybrid – blend of 1 and 2 based on class of service

## Key differences of the models are:

- The airport's ability to control the customer experience and operations, including vehicle and driver standards
- The amount of staff effort required to implement and oversee operations
- The amount of competition among companies

**Choice of GT business model impacts multiple factors**

# Peer Airport and Best Practices Analysis (Leigh Fisher Report)

## Open System

### Pros

- No licensed vehicles are excluded from serving the airport

### Cons

- Frequently leads to oversupply
- Difficult to maintain customer service standards (wait time, vehicle condition, driver training)
- Increased enforcement requirements which require greater staff effort and resources
- Need for and cost of additional staging/queueing facilities

## Exclusive System

### Pros

- Airport's contractual relationship provides ability to require such things as environmental standards, vehicle availability, operator's on-site management
- Enhanced customer service
- Significantly less enforcement and management oversight required

### Cons

- Some properly licensed companies will not be selected and will be precluded from conducting on-demand business at the airport
- Perceived advantage for incumbent in successive contracts

**Each GT structure has different benefits**



# Peer Airport and Best Practices Analysis (Leigh Fisher Report)

## Best Practices for Structure of Ground Transportation Services

**Taxis/For-Hire:** Exclusive access for on-demand services

**Limos:** Only four of the peer airports offer on-demand limos. The value of concession contracts appears to have diminished .

**Shared-Ride:** Exclusive access

**TNCs:** Only four peer airports have agreements with TNCs, too early to determine best practices

- Three of four airports rely on TNC self-reporting
- Main challenge is enforcing current airport regulations

**Exclusive model is considered best practice for taxis and shared ride services**

## Stakeholder Outreach Meetings (Conducted by Norton-Arnold & Co.)

- Five individual meetings were held with separate stakeholder groups (Taxi, Limousine, For-Hire, Shared Ride, TNC)
- Independent facilitator asked attendees to explain what is working well and what needs to be changed with Sea-Tac's GT system

**Process to meet Commission request for stakeholder input**

# Stakeholder Outreach Meetings (Conducted by Norton-Arnold & Co.)

## Common Themes from Five Stakeholder Meetings:

- Competition
- Customer Service
- Small Business
- Revenue to the Port of Seattle
- Environmental Considerations
- Relationship with the Port of Seattle

Common themes emerged from individual class of service meetings

# Stakeholder Outreach Meetings (Conducted by Norton-Arnold & Co.)

## Key Messages Articulated by Various Service Providers

- **Taxi** - Regulated rates with a meter – easily understood by customers
- **For-Hire** - Flat rate – easy for customers and less expensive
- **Limousine** - Highly regulated luxury vehicle service with extensive background checks for drivers
- **Door-to-Door Shuttle & Scheduled Airporters** – Regulations require high levels of insurance, driver background checks, vehicle inspections
- **TNC** - Regulated, variable insurance based on driver activity

Each operator class articulated advantages of, or addressed concerns regarding, their business model

# Key Policy Considerations

- Merit of promoting greater opportunity (open access) vs. higher capital and operating costs, lower owner/driver income, and less control of customer service
- Market rate or cost recovery methodology
- TNC operations
- Restrictions on private use for public facilities funded by municipal bonds
- Means of ensuring safe and equitable operation

**Multiple issues to consider in setting policy**

# Current GT Structure

## On-Demand

Taxi	Exclusive through competitive bid
Limo	Exclusive through competitive bid

## Pre-Arranged

Taxi	Open
For-Hire	Open
Limo	Open
TNC	Pick-ups not allowed

Shared Ride      Open with appropriate permit

GT Management   Port staff

**This structure has provided excellent customer service and high revenue to the Port**

# Option 1

- Allow any taxi, for-hire, or limo provider with a valid permit issued by the local regulatory agency access to on-demand customers
- Co-locate all on-demand and pre-arranged GT classes of service on third floor plaza of the garage
- 1 year pilot program for TNCs to operate as a pre-arranged option on the third floor of the garage

**This option focuses on creating parity of access to customers**

# Option 1

## Considerations:

- Creates operational equity among providers
- Allows increased number of participants but likely reduces income levels
- Reduces ability to manage customer service, environmental standards and vehicle condition
- Increases resources required to manage POS or third party
- Leads to over-supply but can manage through caps or rotations
- Increases difficulty to ensure adequate capacity 24/7 and during bad weather
- Can set rates higher than cost-recovery but must be reasonable and uniform
- Requires significant capital investment to expand curb space and off-site staging areas, must also expand operational area on third floor
- Single lane entry/exit on third floor commercial area could lead to congestion
- Higher risk to customer safety and service levels due to congestion

**All operators would be located on 3<sup>rd</sup> floor**



# Option 2

- Same as Option 1, except pre-arranged classes of service continue to operate as they do currently
- Allow any taxi, for-hire, or limo provider with a valid permit issued by the local regulatory agency access to on-demand customers
- 1 year pilot program for TNCs operation as a pre-arranged option on the third floor of the garage

**This option focuses on creating more participation**

# Option 2

Considerations are very similar to Option 1, with the following changes:

- Requires less capital investment to add curb space and off-site staging areas
- Less congestion and risk to customer safety in third floor GT operating area

**This option allows classes of service to operate where they do today  
but with all classes using open structure**

# Option 3

- Create a single exclusive contract that allows either taxi and/or for-hire operators to provide on-demand service
- Maintain exclusive contract for on-demand limos
- Maintain open structure for pre-arranged classes of service
- Pre-arranged classes of service continue to operate as they do currently
- 1 year pilot program for TNCs operation as a pre-arranged option on the third floor of the garage

**This option utilizes exclusive contracts for on-demand services**

# Option 3

## Considerations:

- Creates best customer service due to vested interest in contract and single point of contact
- Allows all taxi and for-hire operators ability to compete for access to on-demand customers
- Provides adequate capacity 24/7 and during bad weather due to contract requirements
- Provides best justification for rates above cost-recovery as rate set by competition through RFP
- Allows better enforcement of customer service, vehicle and environmental standards
- Least impact to staff resources devoted to management and enforcement
- Of all proposed options, requires least amount of investment for additional queueing/staging space

**Key ability is to control standards through contract**

# Next Steps

- Pending Commission policy direction, will need to address current Yellow Cab contract
  - Extend month-to-month or by limited term
  - Any additional changes during such extension?
    - Initiate service by other modes (e.g., TNCs, For-Hire)
- Prepare comprehensive multi-mode plan and associated scope of facility changes or expansion

# Appendix: Detail of GT Operator Classes

Classes of GT Service	Taxi (On-Demand)	Limousine (On-Demand)	Taxi/For-Hire (Pre-Arranged)	Limousine (Pre-Arranged)	Shared Ride	Shared Ride, Other Airporters	Courtesy Vehicles	Charter Vehicles
<b>Service Description</b>	On-demand, on-site metered service, available 24/7	On-demand, on-site luxury town-car, limo or SUV service, available 24/7	Prearranged service in a metered taxi or flat rate for-hire car.	Pre-arranged service in a luxury town-car, limo or SUV	On-demand or scheduled door to door van service (sharing the ride), on-site and available 24/7. Primary territory: I-5 Corridor	Scheduled door to door van service. Territories include: Pierce, Snohomish, Kitsap counties, Whidbey Island, Bellingham, Vancouver BC	On-demand or scheduled service available, courtesy ride to nearby hotels or parking lots	Scheduled coach bus service for groups traveling to the same destination
<b>Regulatory Body</b>	City/County	WA Dept. of Licensing	City/County	WA Dept. of Licensing	WA Util. & Trans. Commission	WA Util. & Trans. Commission	N/A	WA Util. & Trans. Commission
<b>Operator(s)</b>	Puget Sound Dispatch dba Yellow Cab	Seattle Tacoma Int'l Limo Association (STILA)	Independent Owner/Operators (Eastside For-Hire)	Independent Owner/Operators	Shuttle Express, SpeediShuttle	Capital Aeroporter, Bremerton Kitsap, Quick Coach, Whidbey SeaTac, BelAir, Wenatchee Valley, Rocket Transportation	Offsite Parking Lots, Hotel/Motels	Various
<b>Length of Agreement</b>	Five Years	Five Years	Month-to-Month	Month-to-Month	Month-to-Month	Month-to-Month	Month-to-Month	Month-to-Month
<b>Operator Area</b>	GT Plaza Curb	GT Plaza Curb	Arrivals Drive	GT Plaza Parking or Arrivals Drive	GT Plaza Curb	South GT Lot	GT Islands	South GT Lot

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Market Rate / Cost Recovery	Market Rate	Market Rate	Cost Recovery	Cost Recovery	Cost Recovery	Cost Recovery	Cost Recovery	Cost Recovery
Method of payment	MAG plus %	MAG plus per-trip	Permit fee	Permit fee	Per-trip fee	Per-trip fee	Per-trip fee	Per-trip fee
2015 Fee	N/A	N/A	\$511.50	\$260.56	\$3.27	\$2.32	\$1.78	\$17.98/\$29.26**
<b>2014 Trips</b>	815,176	74,082	67,252	69,379	64,703	35,925	1,219,630	7,055
<b>% of Total Trips</b>	35%	3%	3%	3%	3%	2%	52%	Less than 1%
<b>Growth in trips vs. 2013</b>	10%	18%	N/A *	17%	1%	8%	-3%	-4%
<b>2014 Revenue</b>	\$3,670,778	\$943,112	\$56,212	\$513,583	\$227,108	\$108,646	\$2,437,657	\$179,261
<b>% of Total Revenue</b>	45%	12%	1%	6%	3%	1%	30%	2%
<b>2014 Rev/trip</b>	<b>\$4.50</b>	<b>\$12.73</b>						
<b>2014 Permit fee/trip</b>			<b>\$0.84</b>	<b>\$7.40</b>				
<b>2014 Per trip fee</b>					<b>\$3.51</b>	<b>\$3.31</b>	<b>\$1.95</b>	<b>\$18.82</b>

\* Vehicles just recently tagged using Automated Vehicle Identification (AVI)

\*\* Charter Vehicle trip fees were split to vans (less than 30 passengers, \$17.98 per trip) and coaches (greater than 30 passengers, \$29.26 per trip) in 2015

# Appendix: Current GT Services at Cruise Terminals

## Cruise Terminal Transportation Services

- Disembarkation of Passengers - 7:30 AM to 10:00 AM
- Embarkation of Passengers - busiest from 11:00 AM to 1:30 PM)
- Smith Cove Cruise Terminal (SCCT P91) Serving two cruise ship berths
- Bell Street Cruise Terminal (BSCT P66) Single cruise ship berth

The Port has two sites for cruise passengers



# Appendix: Current GT Services at Cruise Terminals

## Pier 91

- SCCT at T91 is operated by Cruise Terminals of America (CTA) under a lease with POS. CTA is responsible for passenger transportation circulation and coordinates with the cruise lines for all passenger movements
- CTA's lease at T91 runs through Dec 2019. CTA is responsible for managing passenger transportation services
- To maintain a safe flow of vehicles and cruise passengers CTA has an arrangement with Yellow Cab that they will provide an onsite supervisor to manage the flow of taxis and passenger waiting. Any metered taxi can get in the taxi line
- All taxi cabs, for-hire vehicles, limos, and personal vehicles which are **dropping off passengers** arriving to board a cruise ship are provided full entry to SCCT
- SCCT cell-phone waiting lot for anyone **picking up returning cruise passengers**. Limos and for-hire vehicles with pre-arranged trips to pick-up cruise passengers are directed to the cell phone lot until their passengers have departed the vessel and then they can pick them up in the area designated for personal vehicles

**Any licensed taxis may pick up on-demand passengers at Pier 91, pre-arranged vehicles wait in the cell phone lot**

# Appendix: Current GT Services at Cruise Terminals

## Pier 66

- BSCT P66 will be under lease with Norwegian Cruise Line Holdings (NCLH) beginning in 2016. CTA to provide terminal management services for NCLH through 2016 cruise season. NCLH is responsible for cruise terminal operations through the end of their 15 year lease
- At P66 the majority of passenger movement is on Alaskan Way – City of Seattle right-of-way
- Currently, Yellow Cab provides a supervisor who controls the line of taxis along the curb along southbound Alaskan Way. The supervision is to ensure a safe, orderly operation. Any licensed taxi can pick up at the designated taxi area. It is anticipated that a supervisor will be utilized in the same manner in the future
- City street curb-side drop off/pickup is on Alaskan Way. All taxi, for-hire, limos and personal vehicles are allowed to **drop off** passengers that are arriving to board the ship

**Pier 66 GT operations take place on a Seattle city street where any licensed taxi may pick up passengers**