

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No.	<u>7b</u>
Date of Meeting	<u>December 8, 2015</u>

DATE: November 30, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Michael Ehl, Director Aviation Operations
SUBJECT: Ground Transportation – Introduction of Transportation Network Companies (TNCs)

SYNOPSIS

On May 26, 2015, the Port of Seattle Commission directed Aviation Division staff to conduct a comprehensive analysis of ground transportation operations at Seattle-Tacoma International 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.

The established and growing public demand for the introduction of Transportation Network Companies (TNC) into the Airport's pre-arranged ground transportation system was reviewed during the six-month study period. As such, Port staff has initiated discussion and are currently engaged in negotiations with several TNC entities. Implementation of TNC operations will be determined by the speed of negotiations as based on the ability of the operators to satisfy the guidelines recommended herein and established by the Commission.

TNC operating agreements will include stringent terms that require specific methods for the reporting of operational activity with frequent auditing. In addition, Port staff has released a Request for Information (RFI) to understand the capabilities of software that integrates tracking, enforcement, and appropriate revenue reporting compatible with the Port technology platform to enable the highest levels of transparency, accountability, contract compliance, and enforcement. The results of the impending RFI will help staff determine if and how to implement a real-time activity and revenue reporting technology for TNCs, and other ground transportation (GT) operators. Staff intends to commence a TNC agreement and if and when a technology-based tracking solution becomes available, it will be incorporated into the operation at that time.

Introducing the TNC option into the ground transportation system will require several modifications to the third floor of the public parking garage and ancillary facilities which will be put in place immediately to accommodate the TNCs. Additional facility challenges must be resolved to accommodate other changes being driven by Sea-Tac's extraordinary growth and the physical relocations of existing operations made necessary

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by planned and future capital improvement projects. A comprehensive facility analysis of the third floor of the public parking garage, lower drive, and related vehicle staging areas will be complete by the first quarter of 2016 to inform final design requirements anticipated for future GT activities.

BACKGROUND

In an already dynamic market for ground transportation services, in which growth in nearly all GT services is occurring, three TNCs (Uber, Lyft and Wingz) have requested access to Airport property 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 has been in regular communication with potential TNC operators throughout 2015 and are now actively engaged in negotiations.

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.

Over the last six months, Port staff has facilitated several work elements intended to inform the revised structure of a strengthened and enhanced ground transportation system at the Airport. That work included a comprehensive ground transportation outreach effort of more than 30 stakeholders- conducted by Norton Arnold, an independent third-party facilitator. Additionally, a formal study was conducted by Leigh Fisher, an established aviation consulting firm, to provide information on best management practices at 15 peer airports. Based on this outreach and industry research, Port staff has developed key terms for an operating agreement consistent with the guidance and philosophy of a level playing field amongst ground transportation operators. Included below are the main operating agreement terms which are currently being negotiated with the TNCs:

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	Proposed TNC terms	Terms for other GT agreements	Industry Comparison
Term	1-year with 30 day cancellation clause.	Similar, except for exclusive agreements with Yellow and STILA.	Generally one-year or less.
On-Going Fee	Per-trip fee, amount TBD but based on comparable fees for taxis. Charged on pick-up only (not drop-off).	Per-trip, permit, concession fees. Varied.	Per-trip fees, generally \$5 or less. Most are pick-up only, but some charge for drop-offs as well.
Activation Fee	One time fee capturing past unpaid trips. TNCs will self-report these trips and fees owed, or, if unknown, a flat fee will be applied.	N/A	Similar concept in San Francisco. San Diego charged a one-time fee for additional staff costs to be incurred.
Operating Area	3rd floor of garage.	Similar.	Varies between airport drives and nearby operating area.
Staging Area	South 160th Street.	Similar.	Similar staging areas.
Technology	Geo-fence required for 1) vehicle tracking, 2) trip reporting, and 3) "blackout" so drivers cannot accept rides within the area as a way to eliminate cruising or loitering for ride requests.	AVI is utilized for tracking and trip reporting.	Geo-fence is implemented at most airports. Month-end trip reporting with audit capabilities. Real-time trip tracking is only being done in San Francisco.
Trade Dress	Required.	Similar.	Similar.
Wheelchair Accessibility	Must fulfill ride if requested, or, provide information and contact for an alternative provider.	Similar for most other agreements.	Similar.
Green Initiatives	Deadheading reduction effort through matching of drop-off and pick-up trips.	On-demand taxi fleet is 100% "green". Deadheading reduction goals.	Very limited. San Diego is only other airport that has implemented a two-tier rate system- lower per-trip fee for "green" vehicles.
Insurance	\$1 million while on Port property per recently enacted Senate Bill 5550.	Per Senate Bill 5550, TNC insurance requirements are higher than other GT operators.	Similar.

Proposed Schedule

December 8, 2015

Commission briefing

December 15, 2015

GT technology RFI results available

January 1, 2016

TNC operating agreement commencement

March 1, 2016

Ground transportation traffic study complete

ATTACHMENTS TO THIS BRIEFING

- Map of third floor garage Ground Transportation operating area.

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- September 8, 2015 – Briefing on Options for Structure of Airport Ground Transportation System
- May 26, 2015 - Airport Taxi Service and Transportation Network Companies Briefing