



**COMMISSION  
BACKGROUND MEMO**

<b>Item No.</b>	<u>8a_attach</u>
<b>Date of Meeting</b>	<u>May 28, 2019</u>

**DATE:** April 22, 2019  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Michael Ehl, Director, Aviation Operations  
Jeff Wolf, Senior Manager, Aviation Business Development  
**SUBJECT:** Airport On-Demand Transportation Contract Options Briefing

**EXECUTIVE SUMMARY**

The Port of Seattle is committed to providing quality customer service, reducing congestion, and minimizing environmental impacts of vehicles at Seattle-Tacoma International Airport (Sea-Tac or Airport). One important type of transportation option for customers at Sea-Tac is referred to as on-demand services, which accommodates deplaned passengers seeking transportation to their destination, but who have not pre-arranged (reserved) prior to arrival at Sea-Tac. Customers are accommodated simply by walking up to a vehicle for transportation.

The purpose of this briefing is to review with Commissioners options for on-demand transportation services at Sea-Tac and to present the next steps to finalize and implement a new pilot on-demand taxi/flat-rate for-hire system. The briefing will include a basic review of various on-demand contracting options, guiding principles as part of the Port's Ground Transportation Access Plan (GTAP), review of recent stakeholder outreach information pertaining to on-demand services at Sea-Tac, and recommend the next on-demand system beginning October 1, 2019.

**CURRENT CONTRACT AND OUTREACH EFFORTS**

The Port currently uses an exclusive service, concession contract for on-demand taxi/flat-rate for-hire transportation, a model used since 1989 at Sea-Tac. The current contract is with Eastside For Hire and is in the final year of a three-year contract (commenced on October 1, 2016, and expires on September 30, 2019) but does include two, one-year extension options. In anticipation of the expiration on September 30, 2019, this briefing will highlight the planning process for on-demand transportation accommodation at Sea-Tac and to inform the Commission of the next steps.

Port staff briefed the Commission on the Ground Transportation Access Plan (GTAP) on September 25, 2018, which included review of guiding principles and ten key transportation strategies to improve customer access to and from Sea-Tac. The intent of the guiding principles is to establish the framework for staff to develop new ground-transportation-related contracts, including the on-demand taxi/flat-rate for-hire system, which is the topic of this briefing.

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During December 2018 and again in the first quarter of 2019, Port staff met with Commissioners individually and reviewed options for on-demand taxi/flat-rate for-hire service at the Airport. Included in those discussions was an outline of a proposed next on-demand system, which will be described on May 28.

Staff held multiple outreach sessions with industry stakeholders on three separate dates to solicit input regarding the Airport’s future offering of on-demand services. The first outreach sessions occurred on October 25, 2018, and allowed staff to review industry best practices and a variety of on-demand service options available. Feedback received from this session helped guide the structure of the proposed on-demand system. Additional outreach sessions were held on February 15 and February 28, 2019 for staff to review the proposed on-demand system with stakeholders for additional comments and feedback in preparation for the May 28 briefing to the Commission.

**ALTERNATIVES CONSIDERED**

**Alternative 1 – Open On-Demand Taxi/Flat-Rate For-Hire Services:** The Port would allow all dual licensed (King County and City of Seattle) taxi and flat-rate for-hire owners (more than 600) access to on-demand services at the Airport.

Pros:

- (1) All dual licensed operators would have access and the ability to earn income from the on-demand system at the Airport.
- (2) All local dispatch associations could have representation at the Airport.

Cons:

- (1) Open systems typically reduce customer service levels.
- (2) With larger fleet, individual owners earn less income.
- (3) Typically leads to increased congestion and greenhouse gas emissions.

This is not the recommended alternative.

**Alternative 2 – Capped System with Exclusive Dispatch Company:** The Port would competitively bid a contract for a single (or up to three) dispatch company to provide a maximum number of vehicles for on-demand service at the Airport.

Pros:

- (1) Typically leads to increased customer service levels due to conformity of fleet and single contract.
- (2) Increased ability for owners to generate income with capped fleet size.
- (3) Ability to manage the fleet size (affecting income) based on customer demand.

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Cons:

- (1) Competitive market-driven process creates winners and losers.
- (2) Not all dual licensed operators have access to on-demand services.
- (3) Owners in the fleet are required to associate with selected dispatch company(ies).

This is not the recommended alternative.

**Alternative 3 – Pilot Hybrid System:**

- The taxi vehicles currently being used under the existing contract with ESFH for on-demand services will be issued a permit during the pilot program and retained in the pilot program through September 30, 2021. This vehicle pool is now capped at 405 vehicles.
- A separate permit for each current vehicle/owner combination will be issued by the Port of Seattle and will not be transferable.
- Owners may associate with any dispatch company and any driver.
- The Port will collect an all-inclusive, per-trip fee of \$6/trip.
- The Port will contract separately for curb management services that include passenger loading assistance, holding lot and queue management, and any other related services staff determine are necessary to implement the pilot project, including potentially providing oversight of adherence to vehicle and operating rules and requirements by owners and/or drivers.
- Quarterly outreach to owners and drivers for feedback and input on the pilot program.

Pros:

- (1) Increased ability for owners to generate income with capped fleet size.
- (2) Owners are able to associate with any dispatch company of their choice.
- (3) Increased opportunity for owners and drivers to provide feedback to the Port.

Cons:

- (1) Not all dual licensed operators have access to on-demand services.
- (2) Increased curb management to oversee hybrid system will increase costs to the Port.
- (3) Reduced ability to enforce customer service standards due to movement from single responsible party (dispatch company) to 405 individually responsible owners.

***This is the recommended alternative.***

Based on direction from the Commission, Port staff intends to finalize and implement the new on-demand taxi/flat-rate for-hire system in anticipation of the current contract expiration date of September 30, 2019.

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**ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

March 26, 2019 – the Port of Seattle Commission authorized the Executive Director to execute contract documents for curbside management associated with On-Demand Taxi/Flat-Rate For-Hire services at Seattle-Tacoma International Airport for a total cost of \$12,500,000 for a term of two years with three, one-year extension options.

September 25, 2018 – Commission briefing on the Ground Transportation Access Plan (GTAP), which included guiding principles for ground transportation as well as ten key transportation strategies.