

**BOARD MTG. DATE: 6/8/17**

**AGENDA REPORT**

**Ordinance:** Amending and Restating Rules and Regulations for Oakland International Airport and Extending TNC Pilot Program Permits. **(Aviation)**

<b>MEETING DATE:</b>	June 8, 2017
<b>AMOUNT:</b>	None
<b>PARTIES INVOLVED:</b>	Port of Oakland, Aviation Division; Airport Tenants, Users, and Providers, including Ground Transportation Providers
<b>SUBMITTED BY:</b>	Bryant Francis, Director of Aviation
<b>APPROVED BY:</b>	J. Christopher Lytle, Executive Director
<b>ACTION TYPE:</b>	Ordinance

**EXECUTIVE SUMMARY:**

Staff requests approval of an amendment and restatement of the Rules and Regulations for Oakland International Airport (currently Ordinance No. 4362) to be effective on October 1, 2017, which includes updates regarding Airport security and safety, Rules and Regulations enforcement procedures, Transportation Network Companies ("TNCs"), ground transportation fees, and other miscellaneous updates; as well as an extension of the TNC Commercial Ground Transportation Non-Exclusive Operating Permits with Rasier-CA, LLC, Lyft, Inc., and Tickengo, Inc. ("TNC Pilot Program Permits") through September 30, 2017.

**BACKGROUND**

The Rules and Regulations for Oakland International Airport ("Rules and Regulations") govern the use and operation of all aspects of Airport facilities. The Rules and Regulations were amended and restated most recently in 2016 by Port Ordinance Number 4362. The Rules and Regulations are updated as needed to reflect changes in the business, operational, and legal environments. Staff requests approval of the amended and restated Rules and Regulations, attached hereto as Exhibit A, to help address these changes and further improve the efficiency and effectiveness of Airport operations. Among other changes, the Rules and Regulations update various ground transportation fees, address the regulation of TNCs, and make other changes to issues such as commercial photography and filming, Airport security and enforcement, as well as incorporate rules regarding Ground Service Equipment and Gates.

## **ANALYSIS**

The updated Rules and Regulations proposed for Board approval are attached hereto as Exhibit A. Exhibit B attached hereto includes a “redline” showing all of the changes (including minor and formatting updates) to the Rules and Regulations.

The table below provides an overview and summary of the material updates to the Rules and Regulations. Ground Transportation fee structure and fees will be discussed in greater detail following the table.

### **Summary & Explanation of Proposed Material Updates**

<b>Section</b>	<b>Summary &amp; Explanation</b>
1.1	<u>Definitions</u> <ul style="list-style-type: none"><li>• Creates new definitions necessary for the TNC regulations.</li><li>• Creates and revises definitions relating to Airport security, including badging, weapons, and firearms.</li><li>• Creates and revises definitions relating to ground transportation, including a new definition for an annual permit period (to be determined by the Airport) during which permits will be effective.</li><li>• Incorporates rarely-used definitions into the body of the Rules and Regulations and deletes unused definitions.</li></ul>
2.2	<u>Security Requirements</u> <ul style="list-style-type: none"><li>• Clarifies that Authorized Signers for Airport badges, Badge Sponsors, and badge holders shall immediately report Airport badges that are lost, stolen, or for which there is no longer a need, or else be charged a fine.</li><li>• Clarifies that Authorized Signers and Badge Sponsors must return badges within 3 business days after they are no longer needed or else be charged a fine.</li><li>• Incorporates the lost badge fee from the Airport Rates and Charges ordinance into the Rules and Regulations, and also applies this fee to lost controlled keys.</li><li>• Adds prohibition of any person, except law enforcement and emergency responders, from leaving keys in an unattended vehicle at the Airport.</li></ul>
3.4	<u>Animals</u> <ul style="list-style-type: none"><li>• Clarifies that all persons bringing an animal, whether domestic or a service animal, to any part of the Airport shall keep that animal completely under control at all times.</li></ul>
3.5	<u>Commercial Photography and Filming</u> <ul style="list-style-type: none"><li>• Applies permit requirements to photography and filming that are professional productions but may not necessarily be commercial. Clarifies that all photography and filming are subject to certain security</li></ul>

Section	Summary & Explanation
	measures and should comply with all applicable law.
3.8	<u>Firearms and Weapons</u> <ul style="list-style-type: none"> <li>Allows the Assistant Director to authorize any person carrying out official duties (not just Port personnel) to carry firearms or weapons as needed.</li> <li>Moves the definitions of “firearm” and “weapon” into the definitions section.</li> </ul>
4.2	<u>Prohibition of Smoking</u> <ul style="list-style-type: none"> <li>Prohibits Airport badge holders from smoking cannabis in any area of the Airport, including designated smoking areas, so as to prevent impairment and preserve the health, safety, and welfare of persons at the Airport.</li> </ul>
6.3	<u>Gate Rules</u> <ul style="list-style-type: none"> <li>Incorporates existing Airport Gate Rules and Procedures, which currently reside outside of the Rules and Regulations, along with a clarification on notice requirements for certain international flights.</li> </ul>
7.6	<u>Authority to Remove Vehicles</u> <ul style="list-style-type: none"> <li>Clarifies the scope of reimbursement and charges for vehicles that are removed, consistent with similar provisions in other Airport agreements.</li> </ul>
7.7	<u>Impound of Vehicles in Employee Parking Lots</u> <ul style="list-style-type: none"> <li>Prohibits use of employee parking lots to store vehicles or for sleeping in vehicles.</li> </ul>
7.8	<u>Vehicles and Equipment Within the AOA</u> <ul style="list-style-type: none"> <li>Replaces section with the Ground Support Equipment Safety Inspection Program, which: <ul style="list-style-type: none"> <li>Sets forth guidance on vehicle inspections and requires regular maintenance reports.</li> <li>Establishes definitions for derelict and abandoned equipment.</li> <li>Provides a procedure for notifying owners and impoundment of potentially hazardous vehicles or equipment and derelict equipment, protect the Port from potential claims, and efficiently and safely remove hazardous obstructions.</li> <li>Establishes a method to remove, impound, and dispose of abandoned or derelict vehicles.</li> <li>Establishes financial penalties for abandoning vehicles and provides a method for cost recovery for the disposing of such vehicles.</li> </ul> </li> </ul>
Art. 8	<u>Commercial Ground Transportation, Taxicab, and TNC Requirements</u> <ul style="list-style-type: none"> <li>Allows the Assistant Director to establish permit periods and renewal</li> </ul>

Section	Summary & Explanation
	<p>procedures for the various permits, so long as existing permit holders are given at least 60 days' notice prior to any changes.</p> <ul style="list-style-type: none"> <li>• Moves all references to fees into the new Master Fee Schedule.</li> <li>• Clarifies and strengthens audit provisions for certain GT modes, including for off-airport operators.</li> </ul>
8.1	<p><u>Ground Transportation Permitting</u></p> <ul style="list-style-type: none"> <li>• Clarifies that the term "Ground Transportation" refers to ground transportation services at the Airport that do not include taxis or TNCs which have separate specific sections in the Rules and Regulations.</li> </ul>
Former 8.3	<p><u>Ground Transportation and Taxicab Insurance</u></p> <ul style="list-style-type: none"> <li>• Moved to appendix.</li> </ul>
New 8.3	<p><u>TNC Permitting</u></p> <ul style="list-style-type: none"> <li>• Incorporates all key provisions of the current pilot program permits for TNCs.</li> <li>• Establishes a trip fee for TNCs, three months' security deposit, and updated insurance requirements.</li> <li>• Incorporates transportation requirements currently in pilot program permits; clarifies that the Port may obtain TNC Driver information upon request and that TNC Drivers shall display the Airport's TNC Placard should one be developed in the future.</li> <li>• Incorporates prohibited conduct and enforcement provisions currently in pilot program, but clarifies how violations will be enforced, including fines and extending to removal of the TNC driver from operating at the Airport.</li> <li>• Clarifies and establishes recordkeeping, reporting, and audit provisions for TNC Permit Holders.</li> </ul>
8.7	<p><u>Ground Transportation, TNC, and Taxicab Fees; Security Deposits; Insurance</u></p> <ul style="list-style-type: none"> <li>• Eliminates the range for fees for ground transportation and taxicabs (currently \$3.00 to \$4.00) because the new Master Fee Schedule establishes the fee, and any changes to the fee will be made through an amendment of the Rules and Regulations.</li> <li>• Eliminates the Taxicab Monthly Vehicle Fee and Monthly Vehicle Fee.</li> <li>• Updates delinquency charges.</li> </ul>
11.1	<p><u>Notice of Violation (NOV)</u></p> <ul style="list-style-type: none"> <li>• Clarifies calculation of the NOV issuance date and when the NOV becomes effective.</li> </ul>
11.3	<p><u>Administrative Process; Exhaustion of Remedies</u></p>

Section	Summary & Explanation
	<ul style="list-style-type: none"> <li>Updates and clarifies the informal resolution process so that all alleged violators must first work to informally resolve their NOV's (unless such procedures are waived by the Airport) before proceeding to a formal appeal hearing.</li> </ul>
Appx. A	<u>Master Fee Schedule</u> <ul style="list-style-type: none"> <li>Compiles all fees under the Rules and Regulations into a comprehensive Master Fee Schedule.</li> <li>Updates various fees for ground transportation, taxicab, and TNC operators.</li> </ul>
Appx. B	<u>Gate Rules and Procedures</u> <ul style="list-style-type: none"> <li>Incorporates existing Airport Gate Rules and Procedures.</li> </ul>
Appx. C	<u>Ground Support Equipment (GSE) Safety Inspection Program</u> <ul style="list-style-type: none"> <li>Incorporates GSE Safety Inspection Program provisions.</li> </ul>
Appx. E	<u>Ground Transportation, Taxicab, and TNC Insurance</u> <ul style="list-style-type: none"> <li>Updates and compiles all applicable insurance provisions.</li> </ul>
Appx. H-K	<ul style="list-style-type: none"> <li>Re-formats security violation and remedies tables to clarify how many points apply in cases of multiple violations.</li> <li>Adds violation and remedies table for TNCs.</li> <li>Adds updated fees for lost badges and keys, moved from Airport Rates and Charges.</li> </ul>
Misc.	<ul style="list-style-type: none"> <li>Numerous minor edits to improve clarity, consistency, and conciseness.</li> </ul>

## Ground Transportation Fee Structure and Fees

The Rules and Regulations govern all ground transportation (GT) modes that provide services for the Airport. The Rules and Regulations sets forth specific operating parameters for all commercial GT modes (taxis, limos, shuttles, etc.), establishes permissible and non-permissible activities and behavior for those operators, establishes fees, provides enforcement mechanisms, and provides methods for due process. The Airport has chosen this method of regulation rather than direct contracts with GT operators to ensure an equal playing field and to improve the efficiency of managing these operations.

The GT fee structure and fees charged have not changed since July 1, 2009. While the trip fee was set the same for all GT modes (\$3.00 per trip), there are differences in the permitting fees and per vehicle charges for each mode. In 2014 staff was undergoing an analysis of GT fees to modernize and streamline the structure and update the fees to enhance clarity, equity, and improve cost recovery. TNCs emerged during this time as an increasingly popular mode of transportation. It was determined to suspend potential changes to the existing GT fee structure until TNC airport operations and impacts could be better understood. San Francisco International Airport was the first airport in the United States to formally permit TNCs to operate at an airport. OAK was among the first few

airports permitting TNCs starting in July 2015. Today many airports allow TNC operations with a few exceptions. With considerable experience of the operation and impact of TNCs staff has conducted an analysis of the entire GT fee structure and fee amounts and has included proposed modernizing and streamlining of the structure and updating the fees with a goal of increasing cost recovery.

**TNC Pilot Program Summary.** In meeting with the TNC companies, it became clear that TNCs simply did not have a business model that comported with the various GT categories within the existing Rules and Regulations. Therefore, it was difficult to issue conventional permits to the TNCs. To remedy this issue, a pilot program was first approved by the Board on July 23, 2015 to allow TNCs to operate while staff determined how best to incorporate them into the Rules and Regulations. There are currently three TNC Pilot Program Permits issued to Rasier-CA, LLC (dba Uber), Lyft, Inc., and Tickengo, Inc. (dba Wingz), all of which are set to expire on June 30, 2017.

The pilot program established a one time permit fee and trip fees structured to create as much equity as feasible with the current GT rates for other modes. The following fee options were determined through review of rates charged at OAK, comparisons of rates charged of TNCs at other comparable Airports, and direct negotiation with the TNC companies themselves:

Option 1: Trip Fee of \$3.15 per trip for drop-offs and pick-ups plus a Minimum Annual Guarantee (MAG) of \$1,250,000.

Option 2: Trip Fee of \$3.85 per trip for drop-offs and pick-ups with no MAG.

*Uber chose to participate in Option 1 above while Lyft and Wingz chose to participate in Option 2.*

Since the TNCs started service to OAK, trips to and from the Airport have generally continued to increase month over month with only occasional slowdowns. In 2015, the average total trips per month was approximately 32,200 trips. This number increased in 2016 to approximately 75,620 trips per month and then to 102,436 trips per month average from January through March 2017. Given these trends, Staff anticipates that TNC trips will continue to increase.

As of March 2017, the revenue received over the duration of this program is approximately \$4,649,800 and is likely to continue to rise.

Calendar Year	Companies	Total Trips	Revenue
2015 Aug-Dec	Uber/Lyft/Wingz	193,195	\$632,020
2016	Uber/Lyft/Wingz	907,437	\$2,989,234
2017 Jan-Mar	Uber/Lyft/Wingz	307,308	\$1,028,546
<b>Program Total As of March 2017</b>			<b>\$4,649,800</b>

While passenger activity has increased significantly during this period the TNCs are increasing at a greater rate by increasing their market share, attracting customers from other modes. Precise mode share at any point in time is difficult to measure as a large percentage of passengers are dropped off and picked up by private auto, which do not have an accurate counting mechanism, and all modes except BART can serve parties of varying size and are only measured by trip (or by transaction for rental car and parking) versus by passenger. Periodic surveys combined with the data on GT activity are used to help inform staff regarding passengers GT choices, party size, and shifts between modes. During the growth of TNC activity there have also been other changes most notably the opening of the BART Oakland Airport Connector in November 2014. Based on the compilation of data it is clear however, that TNCs have significantly increased their market share and riders have come from taxis, shared ride shuttles, BART, private car pick-up and drop-off, parking, and rental cars. TNCs, in the beginning of 2016, conducted 1 trip for approximately every 16 passengers that flew into and out of OAK while during the same period of 2017, this increased to 1 trip for approximately every 9 passengers.

There has also been substantial data collected on the nature of trips as well as significant evolution in how TNCs operate at Airports during the Pilot Program. In analyzing the most recent data available for April 2017 the unique nature of TNC drivers and trip generation can be demonstrated. During April, there were 120,410 TNC trips conducted by approximately 25,000 different drivers and many drivers do not overlap from month to month. Analyzing April's data further shows that approximately one third of all drivers had only one operation during the month, and 90% had fewer than 10 trips. The 100 drivers with the most trips in April had between 43 and 173 trips or approximately one and a half to six trips per day on average. The ten drivers with the most trips had 113 to 173 trips or approximately four to six trips per day on average. Quite notable is that of the 25,000 different TNC drivers that operated at OAK in April, only the top 36 actually conducted more than one operation per day on average. This data demonstrates that most of the drivers operating at the Airport are in alignment with the TNC business model of going from trip to trip and not specifically returning to the Airport after each Airport pick-up for another Airport pick-up. This is distinctly different than the taxi model where drivers typically work at the Airport and return to the Airport after each pick-up.

As TNC companies accrue greater experience working at Airports, they are evolving to adapt their business model to the unique aspects of Airport GT requirements. TNCs are required to have a ride (either dropping off or a requested pick-up) to enter Airport property. The TNC business model is premised on continuous ride requests to move from place to place maximizing the amount of time a driver has a passenger, rather than waiting in one location for a ride. However, because a driver must have a ride request to be on Airport, they must be off Airport to receive the request. Thus if a driver is dropping off they must drive off Airport to receive their next ride. This has prompted some airports to create hold lots which requires TNCs to wait in a specific location in order to receive a ride. This creates inefficiencies and does not take advantage of the intended business model allowing drivers to maximize time with passengers. To partially address this issue Uber created a first in first out zone that would allow drivers who enter a large area bounded by the Airport, Highway

880, Hegenberger, and Davis Streets to receive a pick-up request in the order in which they entered the area. This allows drivers to receive other rides, receive a ride after dropping off a passenger at the Airport, or to conduct other business while awaiting a ride. More recently Lyft and Uber have both created programs generally referred to as “pre-match” and “re-match”. These modifications to the applications allow drivers who are within a few minutes of dropping off one passenger to be matched with a new passenger for pick-up in the case of pre-match or for a drivers to be matched with a new pick-up a minute or two after a drop-off in the case of rematch. This greatly increases efficiencies, decreases waiting times for Airport passengers and largely negates waiting times for drivers to receive an Airport pick-up. Early information on these programs indicates an extremely high utilization for Airport pick-up.

The relatively small number of drivers who are working primarily at the Airport combined with the continued evolution of the technology moving drivers away from the concept stationary waiting for rides has significantly limited the potential value or appropriateness of holding type lot for TNCs at Airports. TNCs are expecting to see significant reductions in use of hold lots at Airports as they continue to roll out these programs.

During the TNC Pilot Program staff has been able to work through the issues surrounding this new transportation mode and is now in a position to fully incorporate the program into the Airport’s Rules and Regulations. The existing agreements between the TNCs and the Port have been used as the template to incorporate these changes into Article 8.

**Current GT Trip Fee Structure.** Also during this time staff has reviewed the various fees charged to other ground transportation operators in an effort standardize fees, simplify their administration, and enhance cost recovery. This collaborative process, which involved taxi operators, shuttle companies, TNCs, and limo companies, uncovered many opportunities to streamline the existing fee structure to allow for greater cost recovery and transparency in the rate structure. Evaluation of other airport structures and fees were included in the analysis and developing the recommended rates.

#### **Current Fee Structure**

<b>GT Mode</b>	<b>Fee Description</b>	<b>Fee Amount</b>
<b>Taxis</b>		
	Annual Application Fee	\$300
	Transponder Fee (per vehicle)	\$50
	Trip Fee	\$3
<b>Shuttles/Limos/Charters</b>		
	Annual Application Fee	\$500
	Base Security Deposit	\$500
	Additional Security Deposit (charge is per vehicle over 5 vehicles).	\$50
	Transponder Fee (per vehicle)	\$50
	Flat Fee for those operators that have fewer than 120 trips per year (operators exempt from trip fee)	\$360
	Trip Fee	\$3



TNCs		
	Security Deposit (3 months of estimated trips to Airport)	Varies
	Trip Fees	
	Uber	\$3.15
	Lyft	\$3.85
	Wingz	\$3.85
	Minimum Annual Guarantee – Uber Only	\$1,250,000

The current GT rates structure has a separate and distinct charges depending on the mode. This leads to confusion among the various operators as well as the appearance of disparities between each GT modes. The other issue this creates is increased processing time for permits as staff must determine appropriate costs for each operator and then apply those costs accordingly. This causes delays in processing time and sometimes confusion depending on how complicated each permit applicant is. The monthly fee based on fleet composition has been suspended with Board approval and has proven to be extremely cumbersome for both the Port and the operators and expensive to fully implement. Staff is recommending standardizing fees as much as possible for the various modes, focusing fees primarily of the trip fee which reflects actual use, streamlining the process for permitting and collecting fees, and, aligning fees across the sector to enhance cost recovery with a goal of striving for cost recovery in over several years while ensuring reasonable fee increases and total fees relative to the industry.

Airports all have very different charges and charge models. Some Airports have elected to do a complete cost recovery model, others have solely relied on market forces, and still others have elected to do a hybrid of these models. SFO, for example, uses a full cost recovery model in which fees are updated every year based upon the cost to operate the previous year. These fees mainly take the form of trip or access fees with some additional administration fees. Similar to OAK, SJC's fees and fee structure was created many years ago and SJC is currently in the process of evaluating its fees for potential changes.

#### Current Summarized GT Fees

Operator Fee		SFO	SJC	OAK
Taxis	Trip Fee	\$5.00	\$2.30	\$3.00
Charters	Trip Fee	\$3.00	\$2.30	\$3.00
Pre-arranged Vans	Trip Fee	\$3.00	\$2.30	\$3.00
Shuttles	Trip Fee	\$3.60	\$2.30	\$3.00
Shuttle – Non Alt Fueled Vehicle	Trip Fee	\$10.80		\$3.00
Limousines	Trip Fee	\$3.80	\$2.30	\$3.00
Uber	Trip Fee	\$3.80	\$2.80	\$3.15
Lyft/Wingz	Trip Fee	\$3.80	\$2.80	\$3.85
Deposit			2 months activity	\$500
<b>Application Fee</b>		\$55 per vehicle	\$200	\$360 - \$500
<b>AVI Tag</b>		\$50.00	\$25.00	\$50.00

\* Table shows a summarized version of comparable fees only.

**Proposed GT Fee Structure.** Staff has analyzed GT costs including direct operating and maintenance costs, indirect costs, and past capital costs associated with curbside and roadway development. Full costs recovery based on current activity levels would require a trip fee of approximately \$5.50 per trip. Given the review of current Airport trip fees and OAK's current trip fee of 3.00 for most modes and an average TNC trip fee of \$3.30 (blended rate based on volume for each of the TNCs at their respective rates) an increase to full cost recovery was deemed too significant of an increase (83%). Staff proposes a more modest increase in fees to \$3.70 for all modes except courtesy shuttles, or a 23% increase for most modes and a 12% increase over the current blended TNC rate. Staff will evaluate costs and fees in future years with the goals of striving for full cost recovery while considering market conditions and the rate of increase.

Staff proposes to consolidate most of the GT rates into one universal trip fee for all operators except courtesy shuttles, and standardize the application and deposit fees. The goal of these changes is to create a simpler fee structure, reduce the confusion associated with OAK's various GT fees, reduce charge disparities between all GT operators, and provide a higher cost recovery for GT operations. In addition a universal trip fee would more closely tie GT trips to the Airport with the actual costs associated with those trips and thereby allow a more transparent means of cost recovery. As discussed below, courtesy shuttles would have a two-tiered trip fee structure to comply with the ADP EIR mitigation measure.

The following page provides information on proposed versus current fees.

### Proposed Rates

Decription	Proposed Rates	Previous Rates
Airport Permit Application Fee (Qualified Operators)	Qualified Operator: \$300 Partially Exempt Qualified Operator (certain operators with less than 60 annual trips): \$200 Exempt Qualified Operator (certain operators with less than 120 annual trips): \$444	Qualified Operator: \$500 Exempt Qualified Operator: \$360 Note: Partially Exempt Qualified Operator is newly created in the proposed Rules and Regulations
Airport Transponder Fee	\$50 per Vehicle (one-time fee unless transponder requires replacement)	\$50
Airport Permit Renewal Fee	Before End of Annual Permit Period: \$200 Between 1 and 30 days after Annual Permit Period: \$250 More than 30 days after Annual Permit Period: \$300	\$500 regardless on when permit was reissued
Airport Security Deposit (Non-TNC)	\$500 then \$50 for each vehicle beyond 5 vehicles	\$500 then \$50 for each vehicle beyond 5 vehicles
Taxi Permit Application Fee	\$300	\$300
Taxi Permit Renewal Fee	Before End of Annual Permit Period: \$200 Between 1 and 30 days after Annual Permit Period: \$250 More than 30 days after Annual Permit Period: \$300	\$300
Limousine/Door To Door On Demand/Door-To Door Reservation Trip Fee	Up to 10 Passenger Vehicle: \$3.70 10-25 Passenger Vehicle: \$5.55 More than 25 Passenger Vehicle: \$7.40	\$3
Off-Airport Parking /Hotel Shuttle Trip Fee (effective January 1, 2018)	<b><u>Non-Alternative Fuel Vehicle</u></b> Up to 10 Passenger Vehicle: \$7.40 10-25 Passenger Vehicle: \$11.10 More than 25 Passenger Vehicle: \$14.50	\$3

	<u>Alternative Fuel Vehicle</u> Up to 10 Passenger Vehicle: \$3.70 10-25 Passenger Vehicle: \$5.55 More than 25 Passenger Vehicle: \$7.40	
Airport Permit Dwell Fee	\$50 per minute (or portion thereof) in excess of 30 minutes, not to exceed \$50 per instance	\$50 per minute (or portion thereof) in excess of 30 minutes, not to exceed \$50 per instance
Taxi Per Trip Fee (only charged for pick-ups)	Up to 10 Passenger Vehicle: \$3.70 10-25 Passenger Vehicle: \$5.55 More than 25 Passenger Vehicle: \$7.40	\$3
TNC Per Trip Fee	\$3.70	\$3.15 (Uber) \$3.85 (Lyft/Wings)
TNC Security Deposit	Amount equal to (3) months of the Monthly Permit Fee, as determined by the Port	n/a

### **Alternative Fuel Vehicle Incentives**

On December 16, 1997, the Board certified the Airport's Environmental Impact Report ("EIR") for the Airport Development Plan ("ADP"). Among the mitigation measures in the EIR, one required the Port to "encourage the van/shuttle fleet regularly serving OAK to be converted to alternative fuels (i.e., compressed natural gas (CNG) or electricity) to reduce pollutant emissions." This mitigation measure was focused on local air quality impacts and specifically on the fleet of off-Airport parking and hotel courtesy vans and shuttles that produce a large amount of trips with single vehicles. These modes were specifically identified in the EIR because of their frequent operation compared to most modes at the Airport in which vehicles typically operate once or only a few times per day. An off-airport parking or hotel courtesy shuttle, by contrast, might operate on a nearly continuous basis shuttling passengers between the off-airport lots and the terminal.

This ADP EIR mitigation measure translated into a "monthly vehicle fee" program for shuttles, which was also expanded to taxis, that contained an incentivized fee for fleets with vehicles using alternative fuels. Implementation of this incentive program produced significant administrative difficulties. Accordingly, along with the prior approval of the revisions to the Rules and Regulations in 2015, the Board also approved a suspension of the monthly vehicle fees while staff evaluated and overhauled the entire GT fee structure.

Staff has evaluated the prior monthly vehicle fee program and now proposes implementing differential trip fees for the off-Airport courtesy shuttles to better achieve the original Airport air quality improvements goals under the ADP EIR mitigation measures. Under this structure, courtesy shuttles for hotels and for off-airport parking locations will have different fees depending on whether they are an alternative fuel vehicle. This differential will incentivize the conversion of these vehicles into ones that use alternative fuels, as stated in the ADP EIR mitigation measure, and will specifically target the ground transportation mode for which such a two-tiered fee structure would best achieve improvements of local air quality.

Applying differential trip fees is a common practice for encouraging the use of alternatively fueled vehicles. San Francisco as well as San Diego International Airports both apply a significantly higher trip fee, which in certain cases triples trip fees for vehicles that are not considered clean air vehicles in their respective programs. Leveraging differential trip fees to encourage the use of alternatively fueled vehicles is proposed by staff as it relates specifically to the amount of activity at the Airport and therefore is an equitable and effective method of achieving the goals of the EIR. In contrast to other airports, however, Oakland does not have a specific air quality program besides the mitigation measure described in the ADP EIR.

Imposing higher trip fees for courtesy shuttles is rationally related to complying with the ADP EIR mitigation measures, which focused on mitigating impacts to local air quality. Courtesy shuttles often use much larger vehicles than used in other GT modes and also circulate on the roadways frequently each day, thereby causing greater local air quality impacts. Furthermore, the two-tiered fee structure for courtesy shuttles will continue to support the Airport's cost recovery efforts for its GT modes. Even with the higher tier trip fee for courtesy shuttles, the Airport will still not achieve full cost recovery for its GT operations. With the higher tier trip fee, GT fees will generate approximately \$8.5 million annually, which equates to approximately 74% of the estimated \$11.5 million in GT costs forecast for 2018. Without the higher tier trip fee, GT fees will generate approximately \$6.5 million, which equates to approximately 54% of the estimated 2018 GT costs.

To provide time for companies to obtain alternatively fueled vehicles and otherwise comply, however, staff proposes not applying the differential trip fee until January 2018.

## **BUDGET & STAFFING**

A majority of the changes to the Rules and Regulations will have little to no impact on the Port Budget. However, the changing of GT fees should generate positive revenue and reduce the shortfall that the current rates create.

The new proposed fees have the potential of generating an average of \$8.5 million in revenue (assuming the number of vehicle trips to and from the Airport remain at current levels). FY2018 Budget, which is currently under development, will include the GT revenues based on the proposed fee structure.

There is no staffing impact from the proposed action.

## **MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

## **STRATEGIC PLAN**

The actions described herein would help the Port achieve the following goals and objectives in the Port Strategic Plan:

- Goal A – Objectives 1 & 2: Create sustainable economic growth for the Port and beyond by maximizing the use of existing assets and by affirming the Port's identity as a public enterprise
- Goal B – Objectives 1 & 5: Maintain and aggressively grow core businesses by retaining existing customers and tenants and by enhancing customer services
- Goal I – Objective 3: Align the Port's workforce, organizational structure and personnel management practices for optimal performance of the Port by aligning responsibilities, authorities, and incentives to ensure accountability and transparency in achieving the Port's strategic goals

## **LIVING WAGE**

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

## **ENVIRONMENTAL**

This project has been determined to be categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

## **GENERAL PLAN**

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

## **OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**

This action is not subject to the Port's Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project or design project supporting such construction.

## **OPTIONS**

1. Approve the amended and restated Rules and Regulations for Oakland International Airport, which shall supersede Port Ordinance 4362, as described herein and as substantially set forth in Exhibit A, attached hereto, to be effective on October 1, 2017; and approve and authorize the Executive Director to extend the terms of the TNC Pilot Program Permits through September 30, 2017.
2. Do not approve the amended and restated Rules and Regulations for Oakland International Airport, as described herein and as substantially set forth in Exhibit A, attached hereto.
3. Approve the amended and restated Rules and Regulations for Oakland International Airport, but make different modifications, and approve and authorize the Executive Director to extend the terms of the TNC Pilot Program Permits through a date sufficient to effectuate those modifications.
4. Do not approve the amended and restated Rules and Regulations for Oakland International Airport, as described herein and as substantially set forth in Exhibit A attached hereto but authorize the Executive Director to extend the TNC Pilot Program Permits for an extended period sufficient to further determine the scope of amendments for the Rules and Regulations.

## **RECOMMENDATIONS**

Staff recommends that the Board adopt an ordinance approving the amended and restated Rules and Regulations for Oakland International Airport, which shall supersede Port Ordinance 4362, as substantially set forth in Exhibit A attached to this Agenda Report, and approve and authorize the Executive Director to extend the terms of the TNC Pilot Program Permits through September 30, 2017, as described further herein. Staff recommends that the Board adopt this ordinance in reliance upon the analysis and findings set forth in this Agenda Report and in the record for Port Ordinances 4091, 4149, 3634, 4125, 4193, 4255, and 4362, and Airport Security Directives 200 and 205.3C, Air Operations Area Safety Directive 406.2 and Airport Operations Directives 604.9 and 604.11.