

AGENDA REPORT

ORDINANCE: Amending and Restating Rules and Regulations for Oakland International Airport, Including Amendments to Transportation Network Company (“TNC”) Provisions and Ground Transportation Fees, To Be Effective January 1, 2018, and Extending TNC Commercial Ground Transportation Non-Exclusive Operating Permits with Rasier-CA, LLC (dba Uber), Lyft, Inc., and Tickengo, Inc. (dba Wingz) Through December 31, 2017. **(Aviation)**

MEETING DATE:	October 12, 2017
AMOUNT:	None
PARTIES INVOLVED:	Port of Oakland, Aviation Division; Airport Tenants, Users, and Providers, including Ground Transportation Providers Rasier-CA, LLC (dba Uber) Lyft, Inc. Tickengo, Inc. (dba Wingz)
SUBMITTED BY:	Bryant Francis, Director of Aviation
APPROVED BY:	J. Christopher Lytle, Executive Director
ACTION TYPE:	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 January 1, 2018, 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 December 31, 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

Section	Summary & Explanation
1.1	<u>Definitions</u> <ul style="list-style-type: none">• Creates new definitions necessary for the TNC regulations.• Creates and revises definitions relating to Airport security, including badging, weapons, and firearms.• 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.• Incorporates rarely-used definitions into the body of the Rules and Regulations and deletes unused definitions.
2.2	<u>Security Requirements</u> <ul style="list-style-type: none">• 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.• 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.• 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.• Adds prohibition of any person, except law enforcement and emergency responders, from leaving keys in an unattended vehicle at the Airport.

Section	Summary & Explanation
3.4	<u>Animals</u> <ul style="list-style-type: none"> 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. Adds definition of “Feral Animal”. Clarifies that the prohibition on trapping animals includes the prohibition of using glue traps against rodents.
3.5	<u>Commercial Photography and Filming</u> <ul style="list-style-type: none"> 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 measures and should comply with all applicable law.
3.8	<u>Firearms and Weapons</u> <ul style="list-style-type: none"> Persons carrying out official duties (not just Port personnel) may carry firearms or weapons as needed upon the written authorization of both the Director and Assistant Director. Moves the definitions of “firearm” and “weapon” into the definitions section.
4.2	<u>Prohibition of Smoking</u> <ul style="list-style-type: none"> 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.
6.3	<u>Gate Rules</u> <ul style="list-style-type: none"> 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.
7.6	<u>Authority to Remove Vehicles</u> <ul style="list-style-type: none"> Clarifies the scope of reimbursement and charges for vehicles that are removed, consistent with similar provisions in other Airport agreements.
7.7	<u>Impound of Vehicles in Employee Parking Lots</u> <ul style="list-style-type: none"> Prohibits use of employee parking lots to store vehicles or for sleeping in vehicles.
7.8	<u>Vehicles and Equipment Within the AOA</u> <ul style="list-style-type: none"> Replaces section with the Ground Support Equipment Safety Inspection Program, which: <ul style="list-style-type: none"> Sets forth guidance on vehicle inspections and requires regular maintenance reports.

Section	Summary & Explanation
	<ul style="list-style-type: none"> ○ Establishes definitions for derelict and abandoned equipment. ○ 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. ○ Establishes a method to remove, impound, and dispose of abandoned or derelict vehicles. ○ Establishes financial penalties for abandoning vehicles and provides a method for cost recovery for the disposing of such vehicles.
Art. 8	<u>Commercial Ground Transportation, Taxicab, and TNC Requirements</u> <ul style="list-style-type: none"> • Allows the Assistant Director to establish permit periods and renewal procedures for the various permits, so long as existing permit holders are given at least 60 days' notice prior to any changes. • Moves all references to fees into the new Master Fee Schedule. • Clarifies and strengthens audit provisions for certain GT modes, including for off-airport operators.
8.1	<u>Ground Transportation Permitting</u> <ul style="list-style-type: none"> • 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.
Former 8.3	<u>Ground Transportation and Taxicab Insurance</u> <ul style="list-style-type: none"> • Moved to appendix.
New 8.3	<u>TNC Permitting</u> <ul style="list-style-type: none"> • Incorporates all key provisions of the current pilot program permits for TNCs. • Establishes a trip fee for TNCs, three months' security deposit, and updated insurance requirements. • 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. • 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. • Clarifies and establishes recordkeeping, reporting, and audit provisions for TNC Permit Holders.

Section	Summary & Explanation
8.7	<u>Ground Transportation, TNC, and Taxicab Fees; Security Deposits; Insurance</u> <ul style="list-style-type: none"> 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. Eliminates the Taxicab Monthly Vehicle Fee and Monthly Vehicle Fee. Updates delinquency charges.
11.1	<u>Notice of Violation (NOV)</u> <ul style="list-style-type: none"> Clarifies calculation of the NOV issuance date and when the NOV becomes effective.
11.3	<u>Administrative Process; Exhaustion of Remedies</u> <ul style="list-style-type: none"> Updates and clarifies the informal resolution process so that all alleged violators must first work to informally resolve their NOVs (unless such procedures are waived by the Airport) before proceeding to a formal appeal hearing.
Appx. A	<u>Master Fee Schedule</u> <ul style="list-style-type: none"> Compiles all fees under the Rules and Regulations into a comprehensive Master Fee Schedule. Updates various fees for ground transportation, taxicab, and TNC operators. Differential trip fees for alternatively fueled courtesy shuttles are effective January 1, 2019.
Appx. B	<u>Gate Rules and Procedures</u> <ul style="list-style-type: none"> Incorporates existing Airport Gate Rules and Procedures.
Appx. C	<u>Ground Support Equipment (GSE) Safety Inspection Program</u> <ul style="list-style-type: none"> Incorporates GSE Safety Inspection Program provisions.
Appx. E	<u>Ground Transportation, Taxicab, and TNC Insurance</u> <ul style="list-style-type: none"> Updates and compiles all applicable insurance provisions.
Appx. H-K	<ul style="list-style-type: none"> Re-formats security violation and remedies tables to clarify how many points apply in cases of multiple violations. Adds violation and remedies table for TNCs. Adds updated fees for lost badges and keys, moved from Airport Rates and Charges.
Misc.	<ul style="list-style-type: none"> Numerous minor edits to improve clarity, consistency, and conciseness.

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 October 31, 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 July 2017. Given these trends, Staff anticipates that TNC trips will continue to increase.

As of July 2017, the revenue received over the duration of this program is approximately \$6,413,259 and monthly revenues are expected to continue to increase.

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-July	Uber/Lyft/Wingz	826,949	\$2,792,005
Program Total As of July 2017			\$6,413,259

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-June 2017 the unique nature of TNC drivers and trip generation can be demonstrated. During this three month period, there were 258,535 Uber trips conducted by approximately 30,850 different drivers. Analyzing this period further shows that only 21% of drivers had more than 10 trips over the three month period, 0.57% of drivers averaged more than one trip/day, and only 0.07% averaged more than 2 trips/day. These percentages are consistent with other companies such as Lyft that has only 0.30% of drivers averaging more than 1 trip/day and 0.08% averaging two trips/day on average. . Quite notable is that of the nearly 31,000 different Uber drivers that operated at OAK in between April and June, only the top 24 actually conducted two 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. 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 “re-match”. These programs primarily support the goals of the TNCs to minimize vehicle loitering as well as passenger waiting time as they allow drivers that are in the process of dropping off to be immediately matched with an individual that is awaiting a pickup. 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 utilization of this program by more than half of the drivers dropping off at the Airport.

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

GT Mode	Fee Description	Fee Amount
Taxis		
	Annual Application Fee	\$300
	Transponder Fee (per vehicle)	\$50
	Trip Fee	\$3
Shuttles/Limos/Charters		
	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	\$3.00	\$3.00
Charters	Trip Fee	\$3.30	\$3.00	\$3.00
Pre-arranged Vans	Trip Fee	\$3.30	\$3.00	\$3.00
Shuttles	Trip Fee	\$3.60	\$3.00	\$3.00
Shuttle – Non Alt Fueled Vehicle	Trip Fee	\$10.80		\$3.00
Limousines	Trip Fee	\$3.80	\$3.00	\$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
Application Fee		\$55 per vehicle	\$200	\$360 - \$500
AVI Tag		\$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 \$3.35 for all modes except courtesy shuttles. 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 table provides information on proposed versus current fees.

Comparison of Ground Transportation Fees

<u>Trip Fees</u>		
Description	Proposed Fees	Current Fees
Limousine/Door To Door On Demand/Door-To Door Reservation/ Taxi Trip Fees (Note: Taxis are pick-up only)	\$3.35	\$3
Off-Airport Parking / Hotel Courtesy Shuttle Trip Fee.	\$3.35 per trip through December 31, 2018 Effective January 1 st 2019: Non-Alternative Fuel Vehicle: \$6.70 Alternative Fuel Vehicle: \$3.35	\$3
TNC Per Trip Fee	\$3.35	\$3.15 (Uber) \$3.85 (Lyft/Wingz)
<u>Other Fees</u>		
Description	Proposed Fees	Current Fees
Airport Permit Initial Application Fee (Note: there are also lower tiers for TCP operators with less than 120 trips both currently and in proposed fees)	\$300	\$500 per company for all other modes \$300 per vehicle for taxis
Airport Transponder Fee	\$50	\$50
Airport Permit Renewal Fee (Note: fee increases if permit not renewed prior to expiration of existing permit)	\$200 all operators	\$500 per company for all other modes \$300 per vehicle for taxis

Description	Proposed Fees	Current Fees
Airport Security Deposit (Non-TNC)	\$500 then \$50 for each vehicle beyond 5 vehicles	\$500 then \$50 for each vehicle beyond 5 vehicles
TNC Security Deposit	Amount equal to (3) months of the Monthly Permit Fee, as determined by the Port	n/a
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

Examples of Rate Changes to Various Modes

Example 1: Hotel/Motel with 5 vehicles (all are alternatively fueled) and 100 trips/month¹

	Current Rates	Proposed Rates
Security Deposit	\$500	\$500
Application Fee	\$500	\$300
Transponder Fee (x5 cars)	\$250	\$250
Trip Fees (x1,200 annual trips)	\$3,600	\$4,020
Total	\$4,850	\$5,490

¹ Hotel/Motels also required to pay 5% of gross receipts which does not change in these rules and regulations and is not reflected in the table above.

Example 2: Hotel/Motel with 5 vehicles (none of which are alternatively fueled) and 100 trips/month

	Current Rates	Proposed Rates
Security Deposit	\$500	\$500
Application Fee	\$500	\$300
Transponder Fee (x5 cars)	\$250	\$250
Trip Fees (x1,200 annual trips)	\$3,600	\$8,040
Total	\$4,850	\$9,930

Example 3: Taxi Company with 3 vehicles and 150 pickups/month²

	Current Rates	Proposed Rates
Security Deposit	\$500	\$500
Application Fee	\$300	\$300
Transponder Fee (x3 cars)	\$150	\$150
Trip Fees (x1,800 annual trips)	\$5,400	\$6,030
Total	\$6,350	\$7,610

² Taxi's are only charged for pickups

Example 4: Limousine Company with 20 vehicles and 75 trips/month

	Current Rates	Proposed Rates
Security Deposit	\$1,250	\$1,250
Application Fee	\$300	\$300
Transponder Fee (x20 cars)	\$1,000	\$1,000
Trip Fees (x900 annual trips)	\$2,700	\$3,015
Total	\$5,250	\$5,880

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 implemented, GT fees would generate approximately \$7.9 million annually, which would equate to approximately 79% of the estimated \$9.9 million in GT costs forecast for 2018. Without the higher tier trip fee, GT fees would generate approximately \$7.7 million, which would equate to approximately 77% 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 2019.

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 \$7.9 million in revenue (assuming the number of vehicle trips to and from the Airport remain at current levels and assuming the higher trip fees for courtesy shuttles are implemented). The FY2018 Budget includes the GT revenues based on the implementation of 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 January 1, 2018; and approve and authorize the Executive Director to extend the terms of the TNC Pilot Program Permits through December 31, 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.

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 described herein and 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 December 31, 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.

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