

Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

FROM: John Aitken

SUBJECT: AIRPORT GROUND
TRANSPORTATION UPDATE

DATE: April 16, 2018

Approved



Date

27 APRIL 2018

RECOMMENDATION

Accept the annual status report for the Airport Ground Transportation Program and change this reporting to Committee to an as needed report, rather than an annual update.

BACKGROUND

The annual reporting on the Airport Ground Transportation Program was established upon the implementation of the approval for permitting of the TNC operators (Uber, Lyft, etc.) in November 2015 to ensure that the T&E Committee was provided updates on the effects of TNCs operations on the other Ground Transportation (GT) industries, especially taxicabs, at the Airport.

Reports were made to the Committee in April 2016 and in conjunction with rate and ordinance changes related to the GT industry in June 2017. As the TNC industry has matured, the impacts have become more stable, both on the GT industries, including taxis, as well as on the rental car and parking operations at the Airport.

ANALYSIS:

The Ground Transportation program at the Airport has been greatly affected by the impact of the TNC industry, as they have been at the majority of airports across the nation. TNC growth by Uber and Lyft has outpaced other GT industries as well as parking and rental car operations. Taxis and on-demand shuttle services have been hardest hit as highly connected passengers have chosen to use the app based ride share businesses rather than the traditional model operators. While there continues to be growth in the TNC trip volumes there has been a slowing of increases and there appears to be a stabilization of the losses being shown by the taxi, parking and rental car businesses at the Airport.

Staff has communicated multiple times with the GT industries over the year to discuss trip fee changes and relocation of pick-up spots through memos, phone conversations and in-person meetings, especially with the taxi, shuttle and TNC industries. Staff has met with representatives

of the taxi and shuttle industry to work on addressing their concerns with their loss of business to the TNC industry which has resulted in improved signage and lighting in their pick-up areas.

The chart below shows comparisons of activity levels over the Fiscal Year, through March 2018.

	FY 16/17 July - March	FY 17/18 July - March	Variance	GT Market Share FY 17/18
TNC – pick-up trips	556,023	846,512	52.2%	80%
Taxi – pick-up trips	174,736	125,285	- 28.3%	9%
Door-to-Door Shuttles	12,834	11,028	- 14.1%	1%
Parking Revenues	\$21,755,744	\$23,380,497	7.5%	

Taxi trip volumes, while 28.5% lower than last year have stayed in the 12-15,000 trips per month range for the last five months. Taxis continue to struggle against the TNC model and customers are clearly making their choice within the transportation options available to them. The number of taxi drivers and companies have also declined, providing the remaining drivers a higher per day volume of trips. Of the 300 permits offered, currently 129 of the 180 driver permits are issued and 75 of the 120 company permits have been accepted by the companies. Staff continues to work with Taxi San Jose in discussing the dispatching and taxi model operations and effectiveness.

The TNC business year-to-date for FY 18/19 has grown to approximately 80% of the overall GT market with taxis the second largest at 9%. FY17/18 percentages were 70% and 21% respectively. An adjustment to the location of pick-up spots for GT operators was completed in July 2017, placing the industries based on volume of trips. TNC operations moved to a larger location at Terminal A, displacing the taxis. Staff worked with the taxi industry on signage and lighting to better present their vehicles while allowing passengers to obtain their transportation choices most effectively.

In October, 2017 the Airport changed the trip fees charged to all GT operators, except taxis, to be in line with the other major airports in the region. All GT operators, including TNCs but not taxis, are now charged \$3.00 each per pick-up and drop-off, while taxi trip fees did not change, staying at \$2.30 and charging for pick-up trips only. The revenues generated with trip fees from hotel operators in March 2018 was now virtually equal to the taxis with slightly more than \$28,000 while the revenue from TNC trip fees was \$548,283 for the month.

Parking revenues are not matching the Airport's passenger growth as they had prior to 2016, however the last several months have shown a positive increase over the previous year with the last few months showing 10% to 13% increases and for year to date FY17/18 a 7% increase compared to 17% passenger growth. Annual parking revenues are expected to reach \$31 million for the FY, approximately 5% higher than last year, however if growth had matched passenger growth of 15% the revenues would have been closer to \$34 million for the year.

Rental Car activity has also changed as some shorter length trips previously handled by rental cars are now being taken with a TNC. Rental Car transactions, similarly to parking revenues,

have not grown at the same pace as total passenger growth, but have continued increases over the previous year.

PUBLIC OUTREACH

Staff communicated several times over the year with GT operators regarding the trip fee changes and pick-up location moves, including through memos, phone conversations and in-person meetings with industry representatives from taxis, shuttles and TNCs. Regular meetings are conducted with Taxi San Jose as well as with the parking operator, ABM, and the rental car industry. Staff described this memo to the Airport Commission at its February 12, 2018 meeting. The Commission did not have any questions or comments.

COORDINATION

The drafting of this memorandum was coordinated with the City Attorney's Office.

CEQA

Not a Project, File No. PP17-008, Municipal Code or Policy that involves no changes to the physical environment.

/s/

John Aitken, A.A.E
Director of Aviation

If there are questions or any need for follow-up, please contact Bob Lockhart, Deputy Director Operations at (408) 392-3510.