



CITY OF LONG BEACH

LONG BEACH AIRPORT

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R-27

September 19, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for month-to-month, non-exclusive licensing agreements with Transportation Network Companies registered with the California Public Utilities Commission to provide transportation services at the Long Beach Airport. (Citywide)

DISCUSSION

The California Public Utilities Commission (CPUC) identifies a Transportation Network Company (TNC) as a company or organization operating in California that provides transportation services using an online-enabled platform to connect passengers with drivers using their personal vehicles. As of September 2017, the CPUC has issued permits to 15 different TNCs, which are posted on the CPUC website.

On December 6, 2016, the City Council authorized the implementation of a TNC pilot program for TNCs to operate on a temporary basis, to allow collection of data, and to analyze the impact of TNC operations. TNCs currently operating at the Long Beach Airport (Airport) are Lyft, Opoli, SeeJaneGo, Uber and Wingz. Data collected during the pilot program revealed that TNCs average a combined 1,000 trips per day at the Airport, with Uber and Lyft holding 99 percent of the market share. The pilot program, which commenced in April 2017, also provided crucial information for developing and managing a permanent program for TNCs to operate at the Airport.

In July 2017, the Airport released a Ground Transportation Study Report by InterVISTAS that provided recommendations for updating the ground transportation program at the Airport, including TNC operations. The goal of the study was to develop a comprehensive ground transportation program in line with industry standards and other airports and provide recommendations for fair and reasonable fees and regulations. Recommendations for the TNC program include acquiring a third-party solution for the Airport to monitor and audit compliance of TNCs, maintaining the existing fees charged to TNCs, and updating rules and regulations based on industry best practices. The results of the study and updates to the ground transportation program were presented to stakeholders at a public meeting held by the Airport on August 21, 2017.

HONORABLE MAYOR AND CITY COUNCIL

September 19, 2017

Page 2

Thus far, TNC operations have had a positive financial impact on the Airport, based on the short period that data has been collected. Total revenue from parking, car rental and ground transportation grew by 8.5 percent in the second quarter of 2017 and outpaced the 6.8 percent passenger growth. The revenue growth is due to revenue from TNCs, despite corresponding erosions in other revenues such as parking and car rentals. More data and analysis is needed to assess the full impact of TNC operations.

The agreements with TNCs under the pilot program are set to expire on September 30, 2017. The Airport is requesting City Council approval to execute updated agreements with TNCs that will incorporate industry best practice provisions and other recommendations from the study. The agreements will permit TNCs to operate at the Airport on a month-to-month basis.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on August 29, 2017 and by Budget Management Officer Geraldine Alejo on August 28, 2017.

TIMING CONSIDERATIONS

City Council action is requested on September 19, 2017, to ensure ride-sharing services are available to travelers at the Airport.

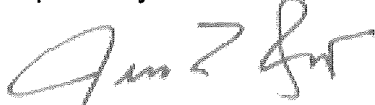
FISCAL IMPACT

With new month-to-month agreements with TNCs, the Airport will continue to collect a \$3 pick-up and \$3 drop-off fee, generating an estimated \$1.2 million annually for the Airport Fund (EF 320) in the Airport Department (AP), which will pay for operating expenses, provide for capital improvements and offset the erosion of other revenues, such as parking and car rental fees. The net financial impact of TNCs operating at the Airport has been positive so far; however, the full impact of TNCs cannot be determined due to the short period of data available.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JESS L. ROMO, A.A.E.
DIRECTOR, LONG BEACH AIRPORT

APPROVED:



PATRICK H. WEST
CITY MANAGER