

# *Community Meeting*

# **LGB Ground Transportation Study**



**FRASCA & ASSOCIATES, LLC**

**FEBRUARY 1, 2017**



# DISCUSSION OVERVIEW

---

- **LGB management goals**
- **Study background and methodology**
- **LGB passenger survey results**
- **Regulatory environment**
- **Best practice and benchmarking study findings and recommendations**
- **Next steps**
- **Public comment and discussion**



# LGB MANAGEMENT GOALS

---

- **Ensure a “level playing field” with fair and equitable fees and regulations for all airport commercial ground transportation (GT) service providers**
  
- **Provide expanded ground transportation options to LGB passengers by accommodating transportation network companies (TNCs) such as Uber, Lyft, Wingz and See Jane Go**
  
- **Implement a fee structure that remains competitive with other airports, in particular those serving the Los Angeles Basin**
  
- **Ensure that LGB generates reasonable ground transportation revenues**
  - **Cover costs i.e. administrative, infrastructure and operating**
  - **Prevent erosion of other airport operations**
    - **Parking generates ~\$8 million annually and covers \$50 million in airport parking bonds**

# STUDY BACKGROUND AND METHODOLOGY

---

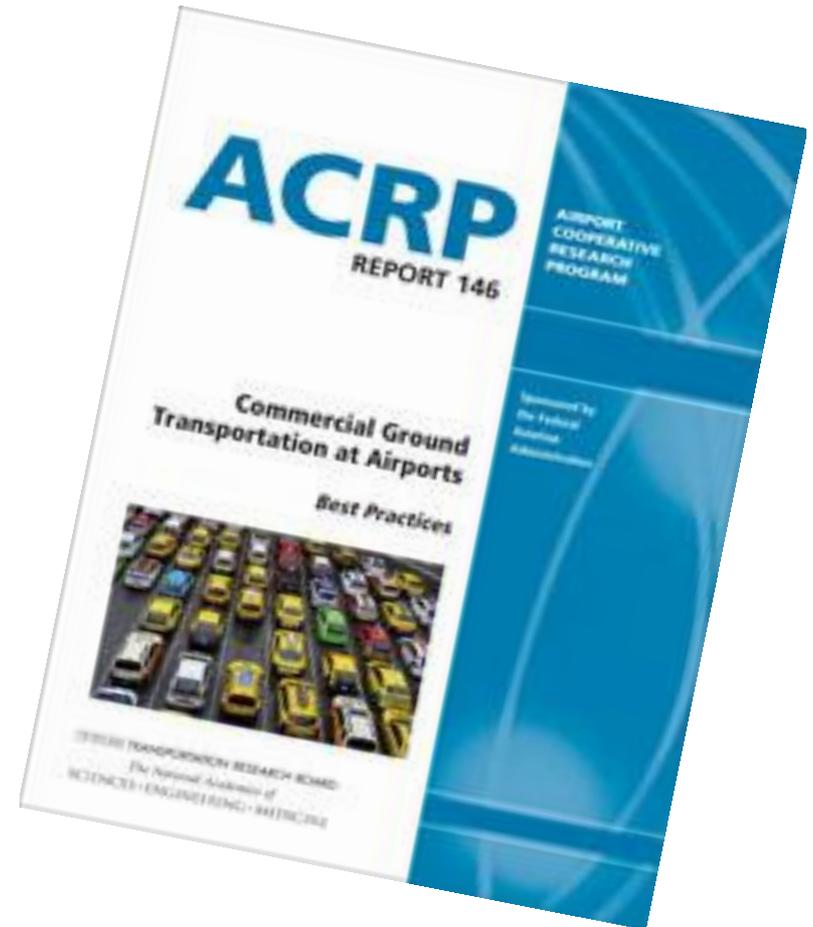


- **LGB retained Frasca & Associates, LLC (F&A) to review its ground transportation fee structure, policies, procedures, and practices**
  - Leading airport financial advisor and consulting firm serving more than 40 U.S. airports with extensive expertise in airport financial management and rate-making
  
- **F&A utilized a combined industry best practice-benchmarking approach for the study, with benchmark airports including:**
  - *Other LA Basin airports:* Los Angeles International Airport (LAX), John Wayne Airport (Orange County) (SNA), and Burbank Bob Hope Airport (BUR)
  - *Other California airports:* San Diego International Airport (SAN), Palm Springs International Airport (PSP), San Francisco International Airport (SFO), Oakland International Airport (OAK), Mineta San Jose International Airport (SJC), and Sacramento International Airport (SMF)
  - Ontario International Airport (ONT) was not included as it is in the process of reviewing its GT fee structure following the transfer of ownership from Los Angeles World Airports/City of Los Angeles to the Ontario International Airport Authority/City of Ontario



# STUDY BACKGROUND AND METHODOLOGY

- For industry best practices, the 2015 Airport Cooperative Research Program (ACRP) report *Commercial Ground Transportation at Airports: Best Practices* was consulted
  - ACRP a program of the Transportation Research Board, a member of the National Academies of Sciences, Engineering, and Medicine, sponsored by the Federal Aviation Administration (FAA)
  - Report is available for free download at [www.trb.org/acrp](http://www.trb.org/acrp)





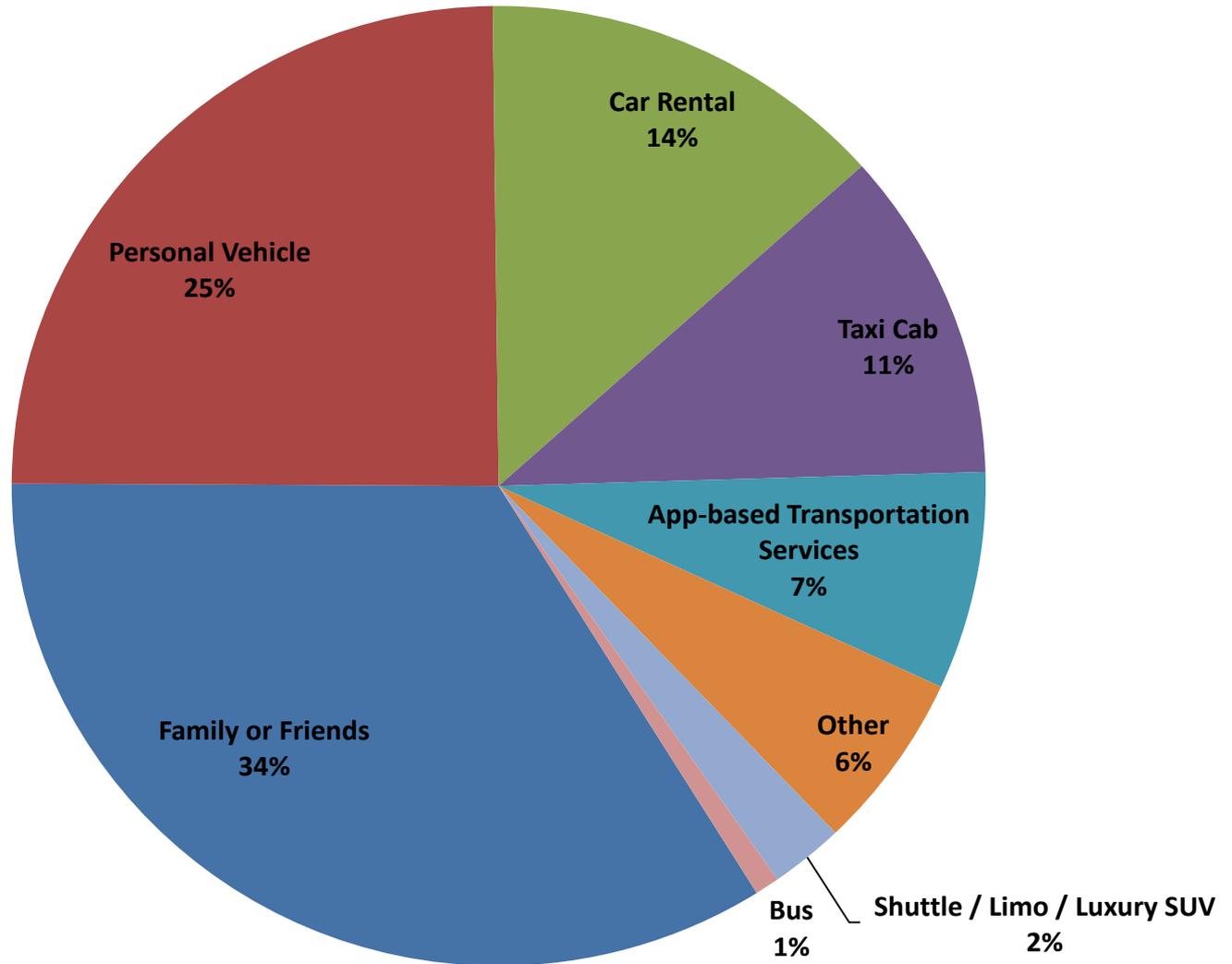
# LGB PASSENGER SURVEY

---

- **During January 2017, LGB completed a random survey of arriving and departing passengers**
- **The primary purpose was to survey transportation methods used by LGB customers and gauge interest in TNCs**
- **The survey asked questions regarding purpose of trip, ground transportation modal choice, and distance to/from LGB**
- **Responses were collected from passengers**

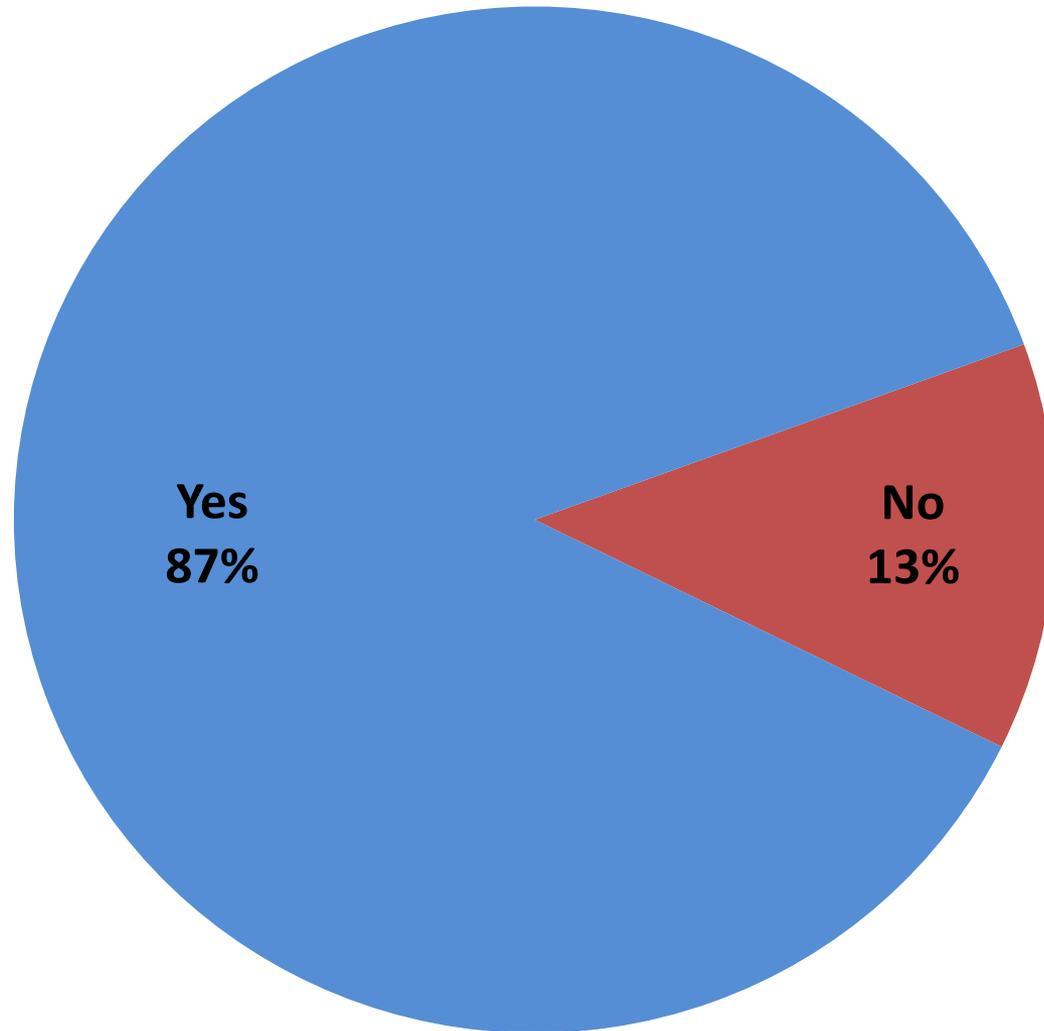


# “WHAT TRANSPORTATION MODE DID YOU USE?”



Note: Sample size is 386 responses.

# “IF TNCs WERE AVAILABLE, WOULD YOU USE THEM?”



Note: Includes individuals responding to the question only. Results based on 358 who responded to the question, out of 386 total surveyed.

# REGULATORY ENVIRONMENT



## Federal

- Regulate airport operators receiving federal grants
- Requirement for airports to **set fair and reasonable rate structures to be self-sustaining**
- **Discourages cross-subsidies** of direct airport cost centers and activities



## State of California

- Public Utilities Commission (PUC) regulates 3 classes of carriers operating at LGB: PSCs, TCPs, and TNCs
- Sets **minimum insurance, safety, and other requirements**



## City of Long Beach

- Requires airport GT operators to obtain permit
- Allows **Director to set rules and regulations**
- Requires **City Council approval** of fees



# LONG BEACH MUNICIPAL CODE SECTION 16.44

## Requirement for Permits

- **16.44.040:** Requires that any business or individual who wishes to conduct commercial operations at LGB to obtain a written permit
- **16.44.041:** Specifically requires permits for commercial GT operators, including “van, limousine, bus, and other ground transportation operators”

## Contents of Permit

- **16.44.100:** Specifies the required contents of any permit, including a statement of rights, effective dates, fee amount, and payment provisions

## Rate-making ability

- **16.44.090:** Requires that airport fees be set by resolution of City Council
- In practice, City Council reviews airport fees twice annually, typically in April and September; fee reviews for 2017 are scheduled to occur on April 4 and September 12

## Rules and regulations

- **16.44.130:** Requires the Director to establish reasonable “rules and regulations relating to all activities on the Airport”
- **16.44.041:** Requires GT operators to park in only those spaces designated as such by the Director



# GENERAL STUDY FINDINGS

## Availability of TNC service

- As of January 17, 2017 all benchmark airports except PSP allowed TNC service and charged operators a fee, typically per-drop-off and per-pick-up
- While ONT (not a benchmark airport for purposes of this study) does not currently allow TNC pick-up operations, it has announced its intention to begin service by April 2017

## Fee structures

- Airport operators employ a variety of different fee structures, with most using a hybrid fixed (annual permit or administration fee)-variable (per-trip fee)
- Some airports charge other fees such as one-time application fees, transponder and other equipment fees, and curbside dwell-time fees

## GTM technology

- All benchmark airports except for BUR employ transponder-based ground transportation management (GTM) technology
- BUR is evaluating the reimplementing of GTM in 2017

## Operations

- Commercial vehicle hold lots are necessary when long queues and vehicle dwell times cause curbside congestion



# LGB-SPECIFIC STUDY FINDINGS

## Availability of TNC service

- The fee structure proposed for the TNC pilot program is consistent and competitive with benchmark airports

## Fee structure

- LGB's fixed-only permit fee structure is an outlier when compared with benchmark airports and produce revenues that likely do not cover the cost of administration and operations

## GTM technology

- LGB's very limited use of technology limits business flexibility, makes enforcement difficult, and does not provide the data necessary to better manage roadway and curbside facilities

## Operations

- Regular curbside congestion is not currently an issue at LGB, but may become an issue if TNC continues to increase significantly



# INDUSTRY BEST PRACTICE: HYBRID FEE STRUCTURES

- **Hybrid fixed-variable fee structures are recognized in the industry to be fair and equitable as they connect costs with fees being charged**
  - *Variable per-trip fees* are typically set to recover the cost of operating, maintaining, and enforcing the curbside, including the costs of the GTM system
  - *Fixed permit fees* are typically set to recover the costs of processing and administering permits (i.e., “the cost of doing business”)
  - By charging variable per-trip fees in addition to annual permit fees, frequent operators pay fees proportionate to their degree of use and revenue-earning potential





# INDUSTRY BEST PRACTICE: GTM SYSTEMS

- **A hybrid fee structure works best with the implementation of GTM technology for ease of administration**
  - Without a GTM system, fee payment would rely solely on self-reporting,
  - Can also easily be used for enforcement, protecting GT operators' economic interests
  
- **The most common GTM systems use transponders, much like automated toll collection systems**
  - Drivers pass under readers or through gates with readers to access curbside
  - Payment is typically automatic, drawn down from balances until minimum is reached and “refilled”
  - TNCs are not equipped with transponders, as monitoring is GPS-based within geo-fence and all reporting and fee collection is done by the TNC





# BENCHMARKING AIRPORT TNC FEES AND OPERATIONS

Airport	Per-trip fee	Staging lot?	Other
LGB	\$3.00 prop	No	
LAX	\$4.00	Yes	<ul style="list-style-type: none"><li>• Drivers must take app-based training and quiz</li></ul>
SNA	\$2.25	No	<ul style="list-style-type: none"><li>• Designated waiting zone bordered by streets</li></ul>
BUR	\$3.00	No	<ul style="list-style-type: none"><li>• No designated waiting zone or hold lot</li><li>• Drivers must park in parking garage and pay additional \$3.00 for pick-up</li></ul>
SFO	\$3.80	Yes	
SAN	\$4.06	Yes	<ul style="list-style-type: none"><li>• Restricted to vehicles 10 years old or newer</li><li>• Pick-ups must be made from parking lot (first 10 mins free)</li></ul>
OAK	\$3.85	No	<ul style="list-style-type: none"><li>• Designated waiting zone bordered by streets</li></ul>
SJC	\$2.80	Yes	
SMF	\$1.35	Yes	
PSP	n.a.	n.a.	<ul style="list-style-type: none"><li>• Only drop-offs allowed</li></ul>

Note: LGB fee is proposed. All airports with staging lots have a 30-minute maximum waiting time.



# BENCHMARKING OTHER FEES AND OPERATIONS

Airport	Uses GTM?	Taxicabs	Limousines and scheduled vans	Nonscheduled vans
LGB	No	Fixed only	Fixed only	Fixed only
LAX	Yes	Hybrid	Hybrid	Hybrid
SNA	Yes	Variable only	Variable only	Variable only
BUR	No*	Fixed only	Hybrid*	Hybrid*
SFO	Yes	Variable only	Hybrid	Hybrid
SAN	Yes	Variable only	Fixed only	Variable only
OAK	Yes	Hybrid	Hybrid	Hybrid
SJC	Yes	Hybrid	Hybrid	Hybrid
SMF	Yes	Variable only	Variable only	Variable only
PSP	Yes	Variable only	Hybrid	Hybrid

Note: Airports labeled as hybrid charge some combination of fixed (permit or application fee) and variable (per-trip) fees. BUR used a transponder-based GTM system until the system became obsolete in 2011 and charges on the basis of fees paid that year (effectively a minimum annual guarantee on hybrid fees paid in 2011). BUR is evaluating whether to re-implement a GTM system in 2017.



# STUDY RECOMMENDATIONS

---

## TNC Pilot Program

- Implement TNC Pilot Program on April 1, 2017, with a per trip fee of \$3.00
- Use Pilot Program period to evaluate usage, any operational issues, and need for hold lot

## Fee structure

- Permit Fees will be adjusted to industry standards beginning April 2017
- Implement industry best-practice hybrid fixed-variable fee structure to treat all users equitably beginning October 1, 2017

## GTM technology

- Evaluate GTM systems to identify a cost-effective solution for implementation in 2018
- Explore possibility of sharing GTM transponders with other LA Basin airports to reduce driver cost

## Operations

- Review permit application process for streamlining opportunities using technology



# PROPOSED NEXT STEPS

Date	Milestone
<b>TODAY</b>	Community meeting and discussion
<b>February 10, 2017</b>	Public comment period ends
<b>March 2017</b>	Study finalized to incorporate public comments and published on website
<b>April 1, 2017</b>	TNC Pilot Program period begins <ul style="list-style-type: none"><li>• <i>\$3 per-trip fees to be charged</i></li><li>• <i>LGB to update fixed permitting fees</i></li></ul>
<b>April – October 2017</b>	Pilot Program will assess: <ul style="list-style-type: none"><li>• Infrastructure needs: Pick-up zones, holding areas, road improvements</li><li>• Airport revenue impacts</li><li>• Enforcement</li></ul>
<b>October 1, 2017</b>	New fee structure to be implemented as approved by City Council <ul style="list-style-type: none"><li>• Per-trip fees for all GT providers</li><li>• Initiate self-reporting system</li></ul>
<b>April 1, 2018</b>	Target date for implementation of GTM system





# PUBLIC COMMENT AND DISCUSSION

---

- **Public comment period open through February 10, 2017**
- **Please submit comments by sending an email to [LGBarpt@longbeach.gov](mailto:LGBarpt@longbeach.gov)**