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Title: ***RESOLUTION - 532th amendment to the Master Fee Schedule Resolution No. 80-420 to adjust rates and charges at Fresno Yosemite International Airport (Council District 4)

Sponsors: Airports Department

Indexes:

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Attachments: 1. 04-06-17 TNC-Resolution 80-420.pdf, 2. 04-06-17 TNC-Exhibit A - MFS Proposed Revision.pdf

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

April 6, 2017

FROM: BRUCE RUDD, City Manager

BY: KEVIN R. MEIKLE, Director of Aviation
Airports Department

SUBJECT

***RESOLUTION - 532th amendment to the Master Fee Schedule Resolution No. 80-420 to adjust rates and charges at Fresno Yosemite International Airport (Council District 4)

RECOMMENDATION

Staff recommends Council approval of the 532nd Amendment to Resolution 80-420 adopting the Master Fee Schedule to establish a fee for Transportation Network Companies (TNCs) that desire to operate at Fresno Yosemite International Airport (FAT).

EXECUTIVE SUMMARY

The proposed TNC rate structure is consistent with Airports' practice of complying with federal grant assurances by charging commercial operators providing services on a for-profit basis a non-discriminatory fee. The proposed fee supports Airports' goal to meet its ongoing operations and maintenance costs, facilities capital program, long term capital needs, and to ensure future investment-grade bond ratings. All airports have a fee structure for TNC operations.

TNCs are commonly referred to as "Ride Sharing" services, such as Uber and Lyft, and are regulated

by the California Public Utilities Commission (CPUC). The CPUC sets operating and public responsibility rules, one of which requires TNCs to obtain permits/agreements with airports prior to offering their services at airports throughout California. The Master Fee Schedule Amendment will: (i) establish a TNC fee structure and (ii) enable TNCs that enter into an agreement with Airports to operate at FAT in compliance with the CPUC regulation.

BACKGROUND

TNCs operated unregulated in California until the CPUC enacted its regulations in early 2014. Airports was approached by Uber in the fall of 2015, and by Lyft in early 2016. Airports negotiated an agreement with each in a manner that enabled the development of a standard agreement under which TNCs operate on the same terms and conditions. The TNC agreements were implemented the first half of 2016.

However, as a new form of commercial transportation, Airports had no prior experience on which to base a fair and reasonable fee structure, so it was agreed that Airports would waive all fees for an initial operating period. Following the initial operating period the TNC agreements state that a fair and reasonable fee structure will be established. The initial operating period will expire on April 30, 2017. The TNC fees are effective May 1, 2017, to ensure that there is no lapse in TNC operations. Also, beginning May 1, 2017, TNCs will only be able to operate at the Airport with a valid Business Tax Certificate displayed on their windshield.

The no-fee period enabled Airports to assess the operational and financial impacts of the service for the purpose of establishing a fair and reasonable fee structure. The assessment revealed two significant issues: (i) TNCs require dedicated curbside space in front of the terminal to accommodate safe passenger drop off and pickup and (ii) Airports experienced a measurable reduction in public parking usage and corresponding revenue equal to \$4.64 for each TNC drop-off and pickup. Airports has determined that a drop-off/pick-up trip fee of \$3.00, which is slightly below the average of all California airport trip fees and well below FAT's recovery rate, would be abundantly fair and reasonable. Many airports also charge an annual airport permit fee, which is not proposed at this time.

Airport TNC fees are typical throughout the United States, which ensures economic non-discrimination between stakeholders and helps to mitigate costs to the airlines, which has a direct impact on maintaining and growing air service. The following table outlines TNC fee structure at California airports.

Airport	TRIP FEE	DROP OFF	PICK UP
LAX	\$ 4.00	x	x
SFO	\$ 3.80	x	x
SAN	\$ 4.06		x
OAK	\$ 3.85	x	x
SNA	\$ 2.25		x
SJC	\$ 2.80		x
SMF	\$ 1.25	x	x
BUR	\$ 3.00		x
LGB	\$ 3.00	x	x
PSP	\$ 3.00		x
MRY	\$ 3.00	x	x
SBP	\$ 2.50	x	x

Note: TNC Trip Fees listed above do not include annual license or permit fees charged to TNCs, which at this time is not proposed.

The proposed Airports TNC rate structure is located in the Airports/Fresno Yosemite International section of the Master Fee Schedule, at an Annual Permit Fee of \$0 and a Trip Fee of \$3.00 for Drop-Offs and \$3.00 for Pickups.

ENVIRONMENTAL FINDINGS

This is not a “project” for the purpose of CEQA pursuant to CEQA Guidelines section 15378.

LOCAL PREFERENCE

The City’s Local Preference Ordinance (FMC 4-108) does not apply as this is not a purchase of services, materials, supplies or equipment, or a competitive bidding solicitation.

FISCAL IMPACT

The TNC fee structure will recover a portion of parking revenues lost due to TNC operations at FAT. Based on historic activity levels TNC fees are anticipated to generate approximately \$108,000 in Airports revenues annually (based on an average of 3,000 trips per month at FAT). The revenue will be deposited into the Airports Enterprise Fund and will support FATs operations and maintenance costs, facilities capital program, long term capital needs, and will ensure future investment grade bond ratings. As a major transportation gateway and economic engine for the City and surrounding region, the viability and growth of FAT will continue to stimulate the region and provide jobs.

There is no impact to the General Fund from this item.

Attachments:

Resolution 80-420

Exhibit A - Master Fee Schedule Proposed Revision