



Los Angeles
World Airports

January 17, 2020

LAX

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Honorable Mike Bonin
Chair, Transportation Committee
Los Angeles City Council
200 North Spring Street
Los Angeles, California 90012

SUBJECT: Council File 18-0449 – Enforce Registration and Permit
Charter and TNC Companies

Dear Honorable Councilmember Bonin,

The City Council requested that Los Angeles World Airports (LAWA) report on the feasibility of including driver permitting and/or data sharing requirements in LAWA's Transportation Network Company (TNC) program.

Overview

Today, three TNC companies operate at Los Angeles International Airport (LAX) pursuant to Non-Exclusive License Agreements (NELA). This NELA terminates in 2020 and LAWA is in the process of developing a revised NELA to use with the TNCs based on its experience with the TNCs over the past four years.

One condition under review involves data related to TNC operations at LAX. Currently, LAWA receives only limited operational data from the TNCs, which limits the ability to understand and analyze TNC activity in the airport area. In order to better understand and analyze current and future TNC operations and develop more informed ground transportation strategies and plans, LAWA requires much more current and more detailed data from the TNCs than it receives today. LAWA intends to request more robust and real-time operational data from the



TNCs. Moreover, LAWA is in the process of identifying the exact data it needs from TNCs and is investigating how it can leverage a technology solution being used by the Los Angeles Department of Transportation (LADOT) to help collect and analyze TNC data.

Individual permitting for TNCs is regulated by the California Public Utilities Commission (CPUC). While the NELA permits TNC companies to operate at LAX pursuant to CPUC regulations and NELA conditions, LAWA does not individually permit TNC drivers, nor does it see the need to do so.

Non-Exclusive License Agreements (NELAs) with TNCs

LAWA currently has authority under the California Public Utilities Commission (CPUC) to authorize and regulate TNC operations at the airport. As stated in the CPUC regulations, "Operations at Airports: TNCs shall not conduct any operations on the property of or into any airport unless such operations are authorized by the airport authority involved." Further, the purpose of this authority is "(a) securing a diversity of airport services; (b) avoid wasteful duplication of such service; (c) securing to the users of airports, safe, courteous, and quality service; (d) limiting and prohibiting business competition which is destructive of the ends of promoting commerce and tourism in the state; (e) allocating limited airport resources to promote such ends; and (f) fostering California's image as a commercial and tourist center."

TNC operations at LAWA commenced in December 2015, with full TNC operations in January 2016. Currently, three TNC companies operate at Los Angeles International Airport (LAX) under the terms of a NELA which expires this year.

LAWA has, to date, limited the requirements of its NELA to those aspects of TNC operations necessary to ensure safe and orderly TNC operations at the airport under the initial operating procedures. The NELA for TNC services at LAX includes the following requirements:

- Authority from the California Public Utilities Commission (CPUC)
 - TNC shall have certification and an active permit issued by the CPUC.
- Insurance - TNC shall have the required minimum liability

coverage at all times while operating on Airport property at the level set by the CPUC.

- Dual Authority - Drivers with vehicles who operate under TNC authority and who also have a separate CPUC authority and a separate LAWA NELA, shall abide by the terms pursuant to the non-TNC NELA Agreement. (That is, an operator with both TNC authority and TCP¹ NELA must abide by terms of TCP NELA).
- Upper Level - TNC shall operate only on the upper/departure level of the LAX Central Terminal Area (CTA).
- Geo-Fence - The established boundary defined by Geographic Information System coordinates, passage through which by a TNC vehicle engaged in a mobile app transaction to or from the Airport CTA shall constitute a trip.
- Designated TNC Airport Assignment Area - The area exclusively available from which the TNC mobile app is permitted to receive an assignment from an Airport passenger inside the Geo-Fence Area.
- Designated TNC Staging Area - One or more LAWA-designated area(s) where unassigned TNC Vehicles may wait for an Airport passenger assignment, as may be amended from time to time by the Executive Director.
- Vehicle Cap - TNC shall be limited to 40 unassigned vehicles inside the Geo-Fence Area, Designated TNC Airport Assignment Area, and Designated TNC Staging Area at any time, or such number approved by the Executive Director.
- Shared Rides - TNC shall be prohibited from picking up more than one party within the Geo-Fence Area.
- Trade-Dress - Each TNC vehicle within the Geo-Fence, Designated TNC Airport Assignment Area, and Designated TNC Staging Area shall, at all times, have the Trade Dress (i.e. company logo/identifier) properly displayed and distinguishable within 50 feet of the vehicle.

¹ A TCP is the term for a charter-party carrier under California Public Utilities Commission regulations. A TCP charters a vehicle, on a prearranged basis, for the exclusive use of an individual or group. Charges are based on mileage or time of use, or a combination of both.

- Fees - TNC shall pay a \$4.00 per trip fee, applied to both pick up and drop off trips, when crossing the Geo-Fence, or such fee as set by the Board of Airport Commissioners (Board).
- Monthly License Fee - TNC shall remit a Monthly License Fee the greater of 1) \$25,000, or 2) the product of (a) the number of Trips conducted by TNC in the calendar month and (b) the per Trip Fee then in effect, subject to monthly reconciliation.
- Faithful Performance Guarantee (FPG) - TNC shall maintain an FPG in the amount of \$100,000 or three times the estimated monthly payment, whichever is greater.
- Tracking and Audit - TNC shall track, limit and report the activity within the LAX Geo-Fence and Designated TNC Staging Area. TNC shall allow audit of records, including tracking data, upon request by LAWA.
- Training - TNC shall demonstrate that each TNC Driver using Airport property has been instructed on the terms of the license, including compliance with LAX Rules and Regulations.

Under the NELA, all of the Licensees have to demonstrate the capacity and processes to ensure compliance with the following conditions at all times:

- Licensee has demonstrated to the satisfaction of the Chief Executive Officer that Licensee has performed and has processes sufficient to continuously perform all driver background checks consistent with the CPUC Decision and any subsequent Airport, local, State, or Federal requirements for driver background checks for each TNC Driver that may operate on Airport Property, inside the Geo-Fence Area, inside the Designated TNC Airport Assignment Area, and inside Designated TNC Staging Areas;
- Licensee shall at all times during the Term maintain and keep permanent books, ledgers, journals and other records wherein are kept entries accurately reflecting all revenue derived from operations and Trip activity to or from Airport. In addition, Licensee shall keep and maintain a daily record of all Trips and fares collected from each Trip both to and from Airport with supporting verifiable documents showing the TNC Driver's Digital ID, TNC Vehicle license plate number, and actual arrival and departure Trip times. The books, ledgers, journals, spread

sheets, database and other records required to be maintained and preserved pursuant to this agreement may be maintained and preserved on electronic storage media, and may be produced electronically in response to any audit or inspection conducted pursuant to the NELA agreement.

LAWA's Chief Executive Officer in his or her sole discretion has the right to inspect and request audits and records at any time under the agreement.

LAX-it Operations

On October 29, 2019, LAWA transitioned TNC pick-up operations from zones designated on the upper-level roadway of the LAX Central Terminal Area (CTA) to its new LAX-it pick-up lot. The transition was required to mitigate impacts from construction of the Automated People Mover (APM), the Terminal Cores that will connect to it, and redevelopment of the terminals. That construction necessitates the closure of 30% of the inner curb space within the CTA, as well as additional CTA roadway closures, heavy equipment and construction personnel.

The consolidation of TNC pickup operations – along with taxi pickups – in one area highlighted the need for more operational data and a more technologically advanced solution to allow for real-time collection of this data, particularly as we plan for the future of LAX.

TNC Data Collection at LAWA

Currently, TNC data collection for LAWA is conducted through an app-based commercial ground transportation tracking service through the Airport Research and Development Foundation doing business as "App-Based Transportation Clearinghouse" ("ABT").

Data we currently receive from ABT includes:

- Transaction type (i.e., entry, exit, pairing ping, drop-off, and pick-up)
- Designated TNC identification

- Date and time stamp of each transaction
- GPS location at the time of each transaction and Triggering Event
- Unique driver identifier
- Full vehicle license plate number
- Number of active rides (zero or 1) in the vehicle following the triggering event
- Identification of ride party per transaction (i.e., Party 1, Party 2, Party 3, etc.)

We get this data when the following events occur:

- TNC enters into the Geo-Fence(s)
- TNC completes passenger drop-off Trip within the Geo-Fence(s)
- TNC enters into the Designated TNC Airport Assignment Area(s)
- TNC is pinged for a pick-up Trip within the Geo-Fence(s)
- TNC exits the Designated TNC Airport Assignment Area(s)
- TNC picks-up a passenger within the Geo-Fence(s)
- TNC exits Geo-Fence(s)

Additional TNC Data Needs

The current solution has proved insufficient for several reasons:

- We do not get sufficient operational data that allows LAWA to fully understand the operations of TNCs in the airport area and understand where airport-related TNC trips begin and end
- We do not get current data real-time
- We do not get all raw data that allows us to use the data for further data analytics
- The system is a proprietary solution which we cannot change without going to a third party

The LADOT has established the Mobility Data Specification (MDS), through the Open Mobility Foundation (OMF), and developed a technology solution which it is using to collect real-time operational data for scooters and bikes operating in Los Angeles, many of which are provided by the same TNC companies that operate at LAX. The LADOT uses this solution to collect the following data:

- All the above data that we get currently from the TNCs – but in real-time
- Origin and destination data (inside and outside of Geo-Fence(s))
- Real-time telemetry data of vehicles inside designated areas to provide better tracking

In addition, the MDS solution uses open technology that does not depend on a third party to change or maintain.

LAWA is working with a consultant to identify the specific additional data it requires from TNCs and to determine how it could leverage MDS and LADOT's technology solution to facilitate the collection, tracking and analysis of this data. We intend to update our current capability to be able to collect data and track TNC operations *in real-time* and to *an accuracy level* that allows LAWA to effectively manage and provide for more efficient ground transportation operations at LAX. We will coordinate with LADOT as we assess solutions. Personally identifiable information is not necessary, and LAWA will not request or require such information as part of any future data collection efforts.

Legislative Changes for TNC Data Collection

LAWA fully supports LADOT's assessment and recommendation in their report dated April 4, 2019, regarding changes to State legislation that will allow for greater local control. Such changes would help LAWA and the City reach our common goal of improving ground transportation at LAX.

LAWA will support legislation that further requires data sharing and will oppose legislation that may hinder or limit data collection ability, especially in the airport environment. Maintaining the airport's ability to regulate all commercial modes that operate on airport property is of the utmost importance.

LAWA also supports legislation that strengthens the sharing of location data, trip origination and destination as this will also help address municipal and community issues related to congestion, parking and staging.

Additionally, data collection and sharing should also apply to all future ridesharing commercial modes that plan to use autonomous vehicle technology.

LAWA will also embrace legislation that encourages increased public transit use and high occupancy modes to further reduce traffic congestion within the airport environment and surrounding communities.

We have also reviewed the list of options and recommendations suggested by the Chief Legislative Analyst Office for Committee consideration and support the exploration of these at the State legislative level.

TNC Background Checks and Permitting

The NELA covering TNCs operating at LAX requires the following:

TNCs shall comply with all CPUC Rules and Regulations, including but not limited to TNCs performing ongoing criminal background checks and California Department of Motor Vehicles (DMV) checks on each TNC driver before the driver begins offering service as, well as assuming that TNCs and TNC Drivers maintain insurance coverage as required by the CPUC and any and all insurance coverage required by the local, state and or federal government.

Compliance with Law:

Licensee and its TNC Drivers, TNC Vehicles, employees, agents and representatives must continuously be in compliance with all laws including but not limited to California Public Utilities Code, the California Vehicle Code, the Los Angeles Municipal Code, the Los Angeles Administrative and any others that are applicable. Airport Rules and Regulations, when legally permissible, shall take precedence over any other existing code, rule or regulations.

The recent release of TNC safety reports show the safety issues that exist for riders and drivers alike, and further points to the need for uniform regulation originating at the State legislature and CPUC levels.

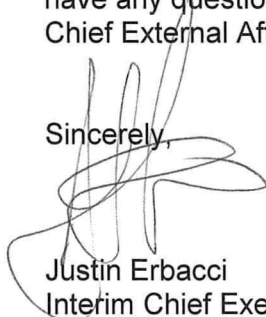
A majority of U.S. Airports regulate and permit TNC operation in some manner, although we are not aware of any airport that has an individual driver licensee permitting process.

Currently, LAWA does not individually permit drivers for any of the other modes that are permitted to conduct commercial operations at the airport unless they are directly employed by LAWA or operating on the airfield. None of the drivers providing landside services are individually permitted; rather, they are permitted through the company.

Because TNC companies are permitted and regulated by the CPUC and the DMV, LAWA does not see a need to impose a further registration or permitting process for drivers as part of the NELA. Such permitting would be duplicative and too resource intensive for LAWA to manage and enforce. LAWA has and will retain the ability to audit that TNCs are complying with CPUC and DMV regulations.

We look forward to discussing these issues with your Committee. If you have any questions or concerns, please contact Michelle D. Schwartz, Chief External Affairs Officer, at mschwartz@lawa.org.

Sincerely,



Justin Erbacci
Interim Chief Executive Officer

cc: Vice Chair, Council President Nury Martinez
Councilmember Paul Koretz