



**Transportation Network Companies (TNCs)  
LAX Non-Exclusive License Agreement (NELA)**

August 18, 2015

---

## Substantial Outreach Before BOAC Action

- **September 2013**—California Public Utilities Commission (CPUC) enables TNCs
- **May 2014**—LAWA posted a Draft NELA for public comment, which would permit TNCs to pick-up passengers at LAX and subject TNCs to LAWA requirements, operating regulations, and fees
  - 20+ comment letters/emails received
- **December 2014**—Staff recommended to BOAC that LAWA proceed with a NELA enabling TNC pick-ups at LAX
- **April 2015**—LAWA posted a revised Draft NELA for public comment, which reflected the recommendations of December 2014
  - 15+ comment letters/emails received
- **July 2015**—Revised CPUC insurance requirements take effect
- **July 2015**—BOAC adopts TNC NELA for LAX
- **Ongoing**
  - TNC operations at other airports commenced August 2014
  - TNCs have been approved to operate at over 15 airports, including three in California

# LAWA Objectives in Adopting a TNC NELA

**As recommended to BOAC in December 2014 and unchanged when NELA was approved**

- Provide a safe environment
- Expand airport passengers' transportation choices
- Regulate and manage TNC use of LAWA property through enforceable agreements
- Promote fair competition among transportation companies in both regulations and fees
- Generate revenue from commercial users of LAWA property
- Achieve the above consistent with traffic management objectives at LAX

# LAX Passenger Transportation Choices

- LAX passenger mode shares to LAX:

Mode	2011 Survey	March 2015 Survey (preliminary , rounded)
Private vehicles (75% drop-off /pick-up)	51%	43%
Taxi	8%	8%
Shared Ride Vans	7%	6%
Non-Stop Vans	7%	9%
TNCs	N/A	6%
Limos/Town cars	2%	3%
FlyAway	2%	3%
Charter bus/van	1%	1%
Public Transit	1%	1%
Courtesy vehicles	21%	21%

- Despite available choices, in large numbers LAX passengers continue to use private vehicles for pick-ups and drop-offs, which contributes to greater traffic/congestion
- Private vehicle drop-off and pick-up is the least efficient mode due to empty vehicle trips
- Dual-Utility: If TNCs can also pick-up passengers at LAX, there is a greater chance that a TNC vehicle could both pick-up and drop-off a passenger on a single round trip

# Landscape of LAX Commercial Transportation Operations

## 1. Drop-off at LAX

- Without license agreements or fees, all types of commercial operators access LAX to drop-off passengers, including taxis from all jurisdictions, shared ride vans, TCPs, TNCs, private bus operators, etc.

## 2. Pick-up at LAX

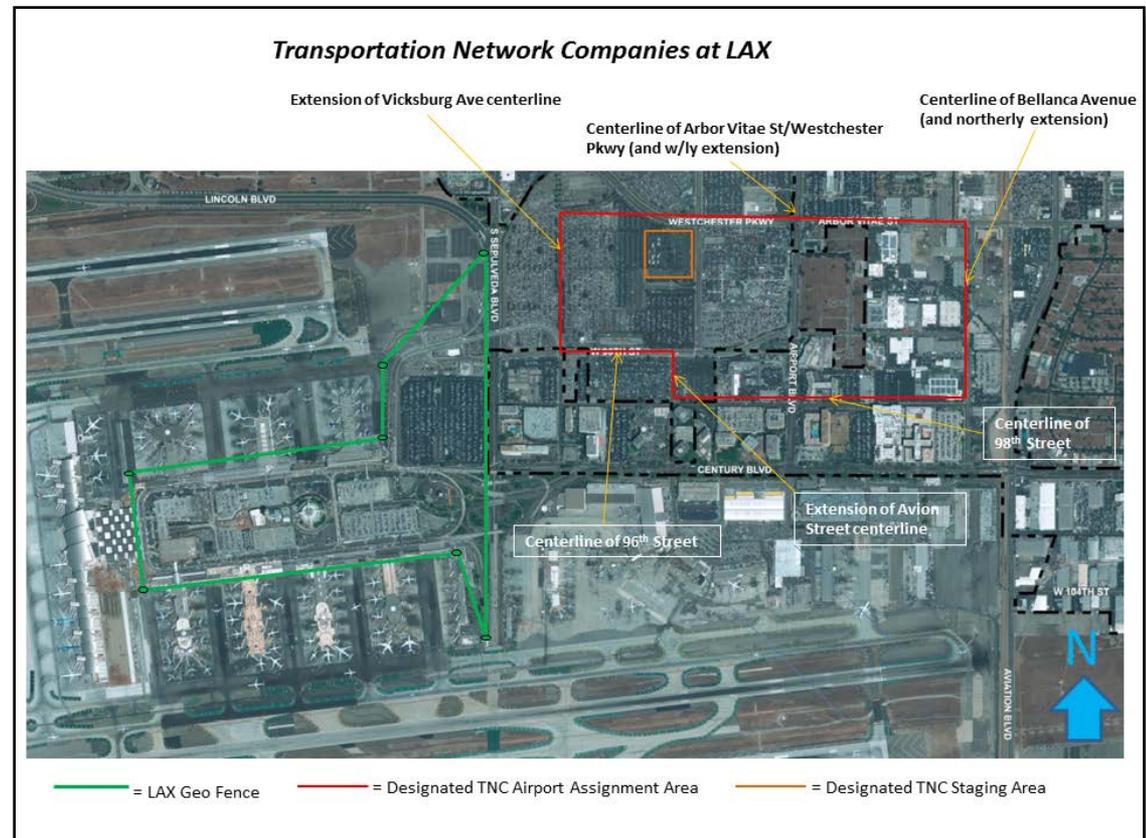
- City taxis
  - 9 City franchise cab companies have license agreements
  - Taxi consortium leases and operates the taxi cab pool and dispatch/queuing services
- Shared Ride Vans (SRV)
  - 3 companies have concession agreements, as LAWA has capped the number of these operators
  - Companies stage in a shared area outside the Central Terminal Area (CTA)
  - All three companies pay trip fees with an annual guarantee
- Limos/Town Cars/Charter Buses (TCPs)
  - 3200+ operators currently have non-exclusive license agreements (NELAs)
  - Use the Commercial Vehicle Holding Lot (CVHL) outside the CTA
  - Pay trip fees without any annual guarantee
- Scheduled Buses
  - <10 companies currently have NELAs and use the CVHL
  - Pay trip fees without any annual guarantee
- Hotel, Private Parking, Rental Car and Other Courtesy Shuttles
  - 60+ operators currently have NELAs
  - Rental Car shuttles have annual guarantees; all others pay trip fees without any annual guarantee

- TNCs

# LAX NELA's Geo-Fence Area and Designated Assignment Area

## Benefits

- TNC drivers cannot get assignments from the CTA when in neighboring residential and commercial areas
- TNC drivers cannot get assignments when in the CTA
- Separates the fee area from the assignment reception area
- Allows TNC service to hotels without LAX fees
- No locational advantage for TNCs relative to taxis



# Concerns Raised Through Comment Processes

Commenter's Topic	Board-approved NELA	Meets or Exceeds CPUC Requirements	Consistent w/ LAWA Regulation of Other Pre-arranged Providers
<b>Competition and Traffic</b>	<ul style="list-style-type: none"> <li>TNCs only be permitted to operate on CTA upper level of the CTA, except for ADA pick-ups and as otherwise approved</li> <li>Avoids competitive conflicts with taxis, although perceived as disadvantageous by TNCs</li> <li>Lower level is more congested than upper level</li> </ul>	<b>Not applicable</b>	<b>More restrictive than for other providers</b>
<b>TNC Vehicle Cap</b>	<ul style="list-style-type: none"> <li>Each TNC limited to 40 "unassigned" vehicles inside the Designated Assignment Area, which would be subject to reset if warranted</li> <li>Designed to address taxi concerns about an unregulated wave of TNC vehicles</li> </ul>	<b>Not applicable</b>	<b>More restrictive than for other providers</b>
<b>Fees</b>	<ul style="list-style-type: none"> <li>\$4.00 per trip when crossing "geo fence" with passenger subject to a monthly guarantee of \$25,000</li> <li>TNCs paying for drop is unique for LAX but similar to other airports</li> </ul>	<b>Not applicable</b>	<b>No other providers pay LAWA for both drop-off and pick-up</b>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>Same as PUC</li> </ul>	<b>Meets CPUC Requirement</b>	<b>Higher coverage limit than for taxis @ \$1million when operating</b>

# Concerns Raised Through Comment Processes (continued)

Commenter's Topic	Board-approved NELA	Meets or Exceeds CPUC Requirements	Consistent w/ LAWA Regulation of Other Pre-arranged Providers
<b>Driver Background Checks</b>	<ul style="list-style-type: none"> <li>• A seven year prohibition for drivers with certain offenses</li> <li>• Beyond seven years with no time limit for a set of more serious offenses</li> </ul>	<b>Exceeds CPUC requirements</b>	<b>Greater than for any other pre-arranged provider</b>
<b>CTC Driver and Vehicle Registration/ ID</b>	<ul style="list-style-type: none"> <li>• No additional requirements other than those imposed by CPUC</li> </ul>	<b>Meets CPUC Requirement</b>	<b>Same as of others; LAWA conforms to CPUC</b>
<b>ADA Compliance</b>	<ul style="list-style-type: none"> <li>• Article 2 Section 8 requires compliance with “all applicable present and/future rules, regulations, restrictions, ordinances, statutes, laws, and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabilities and disabled access...”</li> <li>• Requires monthly reporting of complaints and resolution status to be provided to LAWA</li> </ul>	<b>Meets PUC Requirements and adds reporting requirement</b>	<b>Highest standard among LAWA NELAs for pre-arranged providers</b>
<b>Clean Fleet/Fuel Obligation</b>	<ul style="list-style-type: none"> <li>• TNCs would be subject to LAWA’s “Alternative Fuel Vehicle Requirement Program”</li> <li>• However, no material effect is expected as the Program currently affects only those vehicles over 8500 lbs.</li> </ul>	<b>No CPUC Requirement exists</b>	<b>Same as for all other pre-arranged providers</b>

### Why LAWA finds the BOAC-adopted NELA to be appropriate and beneficial for LAX and its users:

1. **More Choice** – The NELA will expand transportation choices for LAX passengers by enabling TNC pick-ups at LAX
2. **Greater Efficiency** – The NELA Increases operational efficiency of transportation at LAX by reducing one-directional “dead head” commercial vehicle trips and reducing inefficiencies of private vehicle pick-ups and drop-offs
3. **Imposing Fees** – Without the TNC NELA, TNCs have an economic advantage versus competitors by paying no fees today
4. **Establishing Control** – Without the NELA, TNCs drop-off in the CTA will continue with no LAWA regulation; the NELA starts a process where TNCs can be regulated in a variety of ways as this business model evolves
5. **Providing Competiveness** – The NELA would impose regulatory requirements on the TNCs that is equal to other pre-arranged providers , in some cases, and are more stringent than for other pre-arranged providers on a variety of matters, including public safety related requirements.