



# BOARD OF AIRPORT COMMISSIONERS REPORT

Approved by: Ryan Yakubik-Director of Capital Development & Budget

Reviewed by: Steve Martin, Chief Operating Officer

*[Signature]*  
City Attorney

*[Signature]*  
Gina Marie Lindsey - Executive Director

Meeting Date:

November 1, 2010

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	10/12/10	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	DS
Operating Budget	10/18/10	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	10/12/10	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	KH
Contract Services	10/19/10	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	TJ

**SUBJECT: Administrative Action**

Establish the Airport Taxicab Rate at Los Angeles International Airport.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(31) of the Los Angeles City CEQA Guidelines.
3. APPROVE the Airport Taxicab Rate for taxicabs at Los Angeles International Airport, effective July 1, 2011, as detailed in the attached staff report.

## **DISCUSSION:**

### **1. Executive Summary**

Staff recommends establishing a multi-year phased implementation of the Airport Taxicab Rate, from the current rate level of \$0.50 to a rate level of \$1.70 effective in Fiscal Year 2014, for each taxicab using LAX roadways for originating trips at Los Angeles International Airport (LAX).

The charge is established to recover direct and indirect costs incurred in providing, operating, maintaining, and constructing the airport roadways, curbsides, and other facilities used directly by the taxicab companies benefiting from and generating income through access to the LAX and its passengers.

### **2. Prior Related Actions**

On June 21, 1989, the Board of Airport Commissioners (Board) approved Resolution No. 16721, which authorized the issuance of new operating agreements to city franchised taxi companies and approved taxi associations operating at LAX until June 30, 1992. The Resolution also set the fee to taxicab operators for use of the facilities at LAX at \$0.50 of the \$2.50 surcharge per outgoing trip from the airport. The fee commenced July 1, 1989.

A series of subsequent Board actions provided authority for the continued issuance of operating agreement to the city franchised taxi companies and approved taxi associations. (Resolution Nos. 17992 (April 8, 1992), 19081 (Feb 22, 1995), 21326 (March 20, 2001) and Board Order Nos. AO-4637 (Jan 13, 1998) and AO-5003 (Feb 21, 2006))

In each subsequent Board action from 1989 though 2006, the LAWA portion of the LAX airport taxicab surcharge remained unchanged from the amount approved in 1989.

### **3. Current Action**

The allocated cost of the roadways to taxicabs is currently only partially recovered through the \$0.50 per trip fee. LAWA's current taxicab manager at LAX also collects \$2.00 from taxicabs to cover its operating costs on a non-profit basis.

A study of current trip fees charged to ground transportation operators was conducted by Ricondo and Associates, Inc. (Ricondo) in November 2009. In arriving at the recommended fees, Ricondo evaluated the number of trips made by certain types of commercial vehicles and made determinations on the appropriate per-trip cost for the various types of providers. More specifically, LAWA provided Ricondo with expense information from budget FY 2010 which included direct expenses (maintenance and operating expenses), indirect expenses (administrative costs) and capital costs (roadway and facility expenses) for the commercial cost center allocable to ground transportation. From this cost center, Ricondo removed costs not associated with commercial ground transportation, such as parking expenses, leaving only that portion of the direct, indirect and administrative expenses directly tied to commercial and private vehicle operations at LAX. Ground transportation costs, including the cost of replacing the existing Automatic Vehicle Identification (AVI) System, were then allocated across vehicle types based on the number of circuits made by each vehicle category.

To fully recover the current costs associated with accommodating taxicab access, the study recommends a \$1.55 charge per taxicab originating trip at LAX. Applying a three percent (3%) annual escalation for three years, the recommended taxicab charge in Fiscal Year 2014 is \$1.70. Staff is recommending a multi-year phased implementation of the Airport Taxicab Rate to this rate level.

The Airport Taxicab Rate will be paid by the successful Taxicab Management proposer for each taxicab picking up a passenger at LAX. The costs arising from this rate, in addition to other operating expenses, are expected to be recovered through a Taxicab Services Fee to be proposed by the respondents to the Taxicab Management RFP. This fee must also be approved by the Los Angeles Department of Transportation (LADOT) if it is passed onto the taxi passenger by the driver through the metered trip fare. It is the intent of staff to coordinate the phased-in rate with LADOT prior to the July 1, 2011 implementation.

Staff recommends approval of the following rates and schedule for the Airport Taxicab Rate:

Effective Date	Rate Level
July 1, 2011	\$1.00
July 1, 2012	\$1.35
July 1, 2013	\$1.70

#### 4. Alternatives Considered

##### ▪ *Single Fee Structure for All Commercial Vehicle Categories*

A single trip/circuit fee applicable to all types of commercial ground transportation does not equitably recover costs for the types of vehicles and amount of utility accessed by the different categories of transportation provided.

##### ▪ *Full Cost Recovery Immediately*

This option would allow LAWA to more immediately realize full cost recovery for costs incurred in providing, operating, maintaining, and constructing the airport roadways, curbsides, and other facilities used directly by the taxicab companies. However, taxicab drivers would not be able to recover costs of an immediate rate change from passengers until the LADOT approves the Taxicab Services Fee.

##### ▪ *No Change*

No change would have LAWA continue to not recover the costs of operating and maintaining the airport facilities used directly by these taxicab companies who benefit and generate income from their access to the airport and its passengers.

#### **FISCAL & ECONOMIC IMPACT STATEMENT:**

Based upon the number of taxi vehicle trips in FY10 and assuming no change, the annual revenue to LAWA from the proposed multi-year phased implementation of the Airport Taxicab Rate is projected as follows:

<b>Fiscal Year</b>	<b>Rate Level</b>	<b>Incremental Projected Revenue From Current Rate</b>	<b>Total Projected Revenue</b>
2012	\$1.00	\$676,830	\$1,353,660
2013	\$1.35	\$1,150,610	\$1,827,440
2014	\$1.70	\$1,624,390	\$2,302,220

**STANDARD PROVISIONS:**

1. The establishment of any rate, fee or charge for the use of existing municipal facilities is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(31) of the Los Angeles City CEQA Guidelines.
2. This action is subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 245.
4. This action is not subject to the provisions of the Service Contractor Worker Retention and Living Wage Ordinances.
5. This action is not subject to the provisions of the MBE/WBE/OBE/DBE Program.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program