



San Francisco International Airport

MEMORANDUM

January 17, 2023

TO: AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

23-0010

≡ JAN 17 2023

FROM: Airport Director

SUBJECT: Approval of Modification No. 3 to Contract No. 50037 with Airport Research and Development Foundation for Application-Based Commercial Ground Transportation License and Services Agreement

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 3 TO CONTRACT NO. 50037 WITH AIRPORT RESEARCH AND DEVELOPMENT FOUNDATION FOR AIRPORT APPLICATION-BASED COMMERCIAL GROUND TRANSPORTATION LICENSE AND SERVICES AGREEMENT, TO EXTEND THE CONTRACT TERM FROM MARCH 13, 2023 THROUGH MARCH 12, 2025 AND INCREASE THE NOT-TO-EXCEED ADMINISTRATIVE SERVICES FEE FROM \$1,682,000 TO \$1,970,000.

Executive Summary

Under the existing Contract No. 50037, the Airport licenses its Application-Based Commercial Ground Transportation (ABCT) Management System Technology to Airport Research and Development Foundation (ARDF) to provide trip fee collection and clearinghouse services to airports. The Airport pays ARDF an administrative services fee currently at \$144,000 per year for such services, and ARDF pays the Airport a service development fee for the use of the license equal to 25% of the total administrative services fees that ARDF receives from participating airports that sublicense and use the ABCT Management System. Contract No. 50037 will expire on March 12, 2023.

Background

On January 20, 2015, by Resolution No. 15-0008, the Commission awarded the Contract to ARDF for a two year services term with three 1-year options to extend with a revocable license to use City intellectual property in the form of the Airport's ABCT Management System to provide Transportation Network Company (TNC) trip fee collection and clearinghouse services to SFO.

THIS PRINT COVERS CALENDAR ITEM NO. 9

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

ELEANOR JOHNS
PRESIDENT

MALCOLM YEUNG
VICE PRESIDENT

EVERETT A. HEWLETT, JR.

JANE NATOLI

JOSE F. ALMANZA

IVAR C. SATERO
AIRPORT DIRECTOR

On February 21, 2017, by Resolution No. 17-0034, the Commission approved Modification No. 1 to extend the term through March 12, 2020, and to modify the Contract to cap the annual administrative services fee at \$250,000.

On January 14, 2020, by Resolution No. 20-0010, the Commission approved Modification No. 2 to extend the service term by three years through March 12, 2023, with one additional 2-year renewal option, and to cap the administrative services fee at \$144,000 annually for an aggregate not-to-exceed amount of \$1,682,000 over the duration of the term.

Currently, a total of 32 airports have entered into agreements with ARDF to use the ABCT Management System. As of November 2022, the Airport has received a total of \$1,264,449.31 in service development fees from ARDF, representing 25% of the fees paid to ARDF by these airports. To date, the Airport has paid ARDF \$1,682,000 in administrative services fees.

At SFO, ABCT permittees Uber, Lyft, and Wingz currently account for over 80% of all paid commercial ground transportation trips, generating over \$3 million per month in trip fee revenue. As a result, Staff is requesting an extension of the Contract term through March 12, 2025, with ARDF, and a corresponding increase of the not-to-exceed administrative services fee from \$1,682,000 to \$1,970,000. There is no modification to the annual amount of the administrative services fee, which remains at \$144,000 per year as set forth in Modification No. 2.

In light of the COVID-19 crisis and its impact on Airport finances, Staff has considered the financial implications of the proposed contract and has determined that the services are essential for the continued safe and secure operation of the Airport.

Approval of the Board of Supervisors is required for the Modification pursuant to San Francisco Charter Section 9.118.

Recommendation

I recommend the Commission approve Modification No. 3 to Contract No. 50037 with Airport Research and Development Foundation for Airport Application-Based Commercial Ground Transportation License and Services Agreement to extend the contract term through March 12, 2025, and increase the not-to-exceed administrative services fee from \$1,682,000 to \$1,970,000, and direct the Commission Secretary to seek approval of the Modification from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.



Ivar C. Satero
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment