



San Francisco International Airport

MEMORANDUM

January 14, 2020

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Malcolm Yeung

20-0010

JAN 14 2020

FROM: Airport Director

SUBJECT: Approval of Modification No. 2 to Application-Based Commercial Ground Transportation License and Services Agreement No. 50037 with Airport Research and Development Foundation

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 2 TO LICENSE AND SERVICES AGREEMENT NO. 50037 WITH AIRPORT RESEARCH AND DEVELOPMENT FOUNDATION TO EXTEND THE SERVICE TERM BY THREE YEARS FOR THE PERIOD OF MARCH 13, 2020, THROUGH MARCH 12, 2023, PROVIDE FOR ONE ADDITIONAL TWO-YEAR RENEWAL OPTION, AND CAP THE ADMINISTRATIVE SERVICES FEE PAID BY THE AIRPORT TO A MAXIMUM OF \$144,000 PER ANNUM AND \$1,682,000 OVER THE DURATION OF THE TERM.

Executive Summary

Under the existing License and Services Agreement No. 50037 (Existing Agreement), 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, including SFO. Airport staff originally developed the technology in-house to track and collect revenues from Transportation Network Companies (TNCs) including Lyft, Uber and Wingz.

Under the terms of the Existing Agreement, ARDF pays the Airport a service development fee equal to 25% of the total administrative services fees that ARDF receives from participating airports, and the Airport pays ARDF an administrative services fee equal to 5% of the ABCT trip fees ARDF collects on behalf of SFO.

The Airport previously modified the Existing Agreement to place an annual cap of \$250,000 on the administrative services fee during the extension terms, the last of which expires on March 12, 2020. The Airport is seeking to further modify the Existing Agreement to: (1) extend the Services Term for an initial three-year period commencing March 13, 2020 and expiring March 12, 2023 (Extension Term); (2) provide for one 2-year renewal option, exercisable at the sole and absolute discretion of the Airport Commission; (3) reduce the annual cap of the administrative services fee paid by the Airport to ARDF from \$250,000 to \$144,000 for the

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO THIS PRINT COVERS CALENDAR ITEM 6
LONDON N. BREED MAYOR LARRY MAZZOLA PRESIDENT LINDA S. CRAYTON VICE PRESIDENT ELEANOR JOHNS RICHARD J. GUGGENHIME MALCOLM YEUNG IVAR C. SATERO AIRPORT DIRECTOR

duration of the Extension Term; and (4) impose an aggregate not-to-exceed amount of the Administrative Services Fee of \$1,682,000 from the original commencement of the Existing Agreement through the expiration of the Extension Term.

Background

On January 20, 2015, by Resolution No. 15-0008, this Commission authorized the Airport to enter into the Existing Agreement with ARDF. The Existing Agreement grants a license to ARDF to use City intellectual property in the form of the Airport's ABCT Management System to provide Transportation Network Company trip fee collection, clearinghouse services, and enforcement monitoring tool to airports, including SFO.

On February 21, 2017, by Resolution No. 17-0034, this Commission approved the extension of the initial term of the Agreement to March 12, 2020 and to modify the Existing Agreement to cap the annual Administrative Services Fee at \$250,000.

To date, 29 airports other than SFO have entered into agreements with ARDF to use the ABCT Management System. As of August 2019, the Airport has received a total of \$676,314 in service development fees from ARDF, representing 25% of the fees paid to ARDF by these airports and by SFO. To date, the Airport has paid ARDF \$1,250,000 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 \$4 million per month in trip fee revenue. As a result, the Airport is seeking to extend the Existing Agreement with ARDF under modified terms that include a reduced cap of the annual administrative services fee.

Recommendation

I recommend the Commission adopt the Resolution to approve Modification No. 2 to the License and Services Agreement No. 50037 with ARDF to extend the services term by three years for the period of March 13, 2020, through March 12, 2023, provide for one additional two-year renewal option, and to reduce the City's administrative services fee to a maximum amount of \$144,000 per annum and \$1,682,000 over the duration of the term.


for Ivar C. Satero
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment