



**SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
STAFF REPORT**

Item No.  
**14**

Meeting Date: **MAY 3, 2012**

**Subject:**

**Approve Modifications to Vehicle Conversion Incentive-Based Program Related to Taxicab Alternative Fuel Vehicle Incentives.**

**Recommendation:**

Adopt Resolution No. 2012-0057, approving modifications to the Vehicle Conversion Incentive-Based Program related to taxicab alternative fuel vehicle incentives.

**Background/Justification:**

Ground transportation costs incurred by SDIA are recovered through ground transportation user fees according to the four-year phase-in of cost recovery approved by the Board beginning in FY 2011. User fees can be in the form of annual permit fees and/or trip fees. Currently, all modes of transportation pay annual permit fees, and taxicab operators also pay trip fees (which is the desired means of cost recovery based on taxicab operator input). Taxicab trip fees of \$0.50 per trip began in FY 2011, increasing to \$1.00 per trip in FY 2012, \$1.50 per trip in FY 2013, and \$2.00 per trip in FY 2014.

On May 5, 2008, the Airport Authority agreed to a Memorandum of Understanding (MOU) with the Attorney General of the State of California to address the reduction of greenhouse gas emissions and the carbon footprints of airport businesses at San Diego International Airport (SDIA).

On March 4, 2010, the Board approved the Ground Transportation Vehicle Conversion Incentive-Based Program (Incentive Program) to encourage public commercial ground transportation service providers operating at SDIA to convert from petroleum fueled vehicles to alternative fuel vehicles (AFVs) or clean air vehicles (CAVs). The Incentive Program provides reduced user fees for AFVs and CAVs but increased user fees for non-AFVs and non-CAVs according to the following schedule:

Incentive Program Percentages<sup>1,2</sup>

| Fiscal Year                                 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| % Reduced user fees for AFVs/CAVs           | 100%   | 100%   | 75%    | 50%    | 25%    | 10%    | 0%     | 0%     |
| % Increased user fees for non-AFVs/non-CAVs | 0%     | 0%     | 25%    | 50%    | 75%    | 100%   | 150%   | 200%   |

<sup>1</sup>Actual dollars will depend on user fees as dictated in the Ground Transportation Management Plan

<sup>2</sup>For taxicab owners, the fee reduction for AFVs and CAVs is applied to annual permit fees as well as trip fees.

Recently, taxicab operators and Authority staff (pursuant to direction from the Board) have worked with MTS to allow SDIA-permitted taxicabs to add the Board approved trip fee to the taxicab meter, effectively allowing taxicabs to pass the trip fees to their customers.

The current fees in the Incentive Program were adopted March 4, 2010, prior to the approval of Proposition 26 [Cal. Constitution Article XIIIC] by voters in California. This action does not impose, change or increase the existing user fees charged to non-AFVs/non-CAVs. As to the fees for AFVs and CAVs, they are calculated and collected so as not to exceed the Authority's actual cost or the value of the benefits conferred to thereby fully comply with the exceptions provided in Article XIIIC(e)(1)(2),(3) and (4).

Once the trip fees are placed on the taxicab meter, they must be remitted to the Authority. As a result, the existing Incentive Program (which allows discounted user fees for AFV and CAV owners) must be modified. Therefore, staff met with representatives from the two taxicab consortia, the San Diego Taxi Association and the San Diego Transportation Association, in order to discuss changes to the existing Incentive Program to adequately and reasonably compensate owners of AFV or CAV converted taxicabs in line with the existing Incentive Program. The parties discussed replacing the reduced user fee Incentive Program for taxicab AFVs and CAVs with a cash-based incentive program (paid from Authority funds) and at least a partial reduction of permit fees, beginning July 1, 2012 (FY 2013) and lasting through FY 2016. The amount of incentive payments and permit fee waivers being proposed is estimated to approximately equal the amount of the discount that would have been received under the original incentive program. The following table provides the specific proposed modifications:

## Proposed Taxicab Incentive Program

| Fiscal Year  | FY2011 | FY2012 | FY2013                                   | FY2014                                   | FY2015                                   | FY2016                                   | FY2017 | FY2018 |
|--|--------|--------|--|--|--|--|--------|--------|
| % Reduced user fees for AFVs/CAVs  | N/A    | N/A    | 0%                                       | 0%                                       | 0%                                       | 0%                                       | 0%     | 0%     |
| Permit Fee Reduction for "all" day permit holders of AFVs/CAVs (per taxicab) <sup>3</sup>      | N/A    | N/A    | Lesser of full waiver or \$400 reduction | Lesser of full waiver or \$700 reduction | Lesser of full waiver or \$850 reduction | Lesser of full waiver or \$800 reduction | \$0    | \$0    |
| Permit Fee Reduction for holders of "A" or "B" permits of AFVs/CAVs (per taxicab) <sup>3</sup> | N/A    | N/A    | Lesser of full waiver or \$200 reduction | Lesser of full waiver or \$350 reduction | Lesser of full waiver or \$425 reduction | Lesser of full waiver or \$400 reduction | \$0    | \$0    |
| Incentive Payment to "all" day permit holders of AFVs/CAVs (per taxicab) <sup>3</sup>          | N/A    | N/A    | \$2500                                   | \$2000                                   | \$500                                    | \$0                                      | \$0    | \$0    |
| Incentive Payment to holders of "A" or "B" permits of AFVs/CAVs (per taxicab) <sup>3</sup>     | N/A    | N/A    | \$1250                                   | \$1000                                   | \$250                                    | \$0                                      | \$0    | \$0    |
| % Increased user fees for non-AFVs/non-CAVs <sup>1,2</sup>                                     | N/A    | N/A    | 25%                                      | 50%                                      | 75%                                      | 100%                                     | 150%   | 200%   |

<sup>1</sup> Actual dollars will depend on user fees as dictated in the Ground Transportation Management Plan

<sup>2</sup> % Increased user fees for non-AFVs/non-CAVs is unchanged from the original Incentive Program

<sup>3</sup> "All" permit holders are authorized to serve SDIA every day; Holders of "A" or "B" permits are authorized to serve SDIA only on specific days (approximately equivalent to every other day, or half of "all" permits).

To avoid any doubt, the modifications being recommended to the Incentive Program apply to taxicabs only. There are no proposed changes to the existing program for other modes of transportation.

Finally, the Authority President/CEO shall have the authority to suspend or cancel the program at any time.

### **Fiscal Impact:**

Estimated taxicab AFV and CAV incentive payments are included in the proposed FY 2013 and FY 2014 operating expense budget in the amount of \$187,500 and \$230,000, respectively. Taxicab AFV and CAV incentive payments for FY 2015 will be included in the future FY 2015 proposed budget (estimated at this time to be \$90,000). Permit fee waivers are estimated at a total of \$30,000, \$80,500, \$153,000, and \$220,000 and will be included as reductions in revenue for FY 2013, FY 2014, FY 2015, and FY 2016. Actual fiscal impact will depend on the number of taxicab conversions each year. Estimates provided assume the following conversions: FY 2013 – 75; FY 2014 – 115; FY 2015 – 180; FY 2016 – 275.

### **Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy  
  Customer Strategy  
  Employee Strategy  
  Financial Strategy  
  Operations Strategy

### **Environmental Review:**

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Pub. Res. Code Section 30106.

### **Equal Opportunity Program:**

Non applicable

### **Prepared by:**

VERNON EVANS,  
VICE PRESIDENT FINANCE/TREASURER

RESOLUTION NO. 2012-0057

A RESOLUTION OF THE BOARD OF THE  
SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY APPROVING MODIFICATIONS TO  
THE VEHICLE CONVERSION INCENTIVE-BASED  
PROGRAM RELATED TO TAXICAB ALTERNATIVE  
FUEL VEHICLE INCENTIVES

WHEREAS, the Board of the San Diego County Regional Airport Authority (Authority) has previously APPROVED and ADOPTED the Ground Transportation Vehicle Conversion Incentive-Based Program (Incentive Program) in accordance with the terms and conditions of the Memorandum Of Understanding (MOU) with the California Attorney General; and

WHEREAS, the Incentive Program provides reduced user fees (i.e., annual permit fees and/or trip fees) for Alternative Fuel Vehicles (AFVs) and Clean Air Vehicles (CAVs), but increased user fees for non-AFVs and non-CAVs; and

WHEREAS, MTS has authorized taxicabs permitted to serve the San Diego International Airport (SDIA) to place trip fees on the taxicab meter; and

WHEREAS, once the taxicab trip fees are placed on the taxicab meter and charged to passengers, all trip fees collected must be remitted to the Authority in order to comply with the provisions of Cal. Constitution Article XIII C; and

WHEREAS, Authority staff recommends a modification to the Incentive Program to replace the reduced user fee incentive program for taxicab AFVs and CAVs with a cash-based incentive program and at least a partial waiver of permit fees, beginning July 1, 2012 (FY 2013) and lasting through FY 2016 (as depicted in Attachment A); and

WHEREAS, incentive payments and permit fee waivers (if applicable) are estimated to approximately equal the amount of discount that would have been received under the original Incentive Program; and

WHEREAS, the modifications being recommended to the Incentive Program are for taxicabs only and there are no proposed changes to the existing program for other modes of transportation; and

WHEREAS, the staff recommends that the modifications to the Incentive Program be approved and adopted by the Board on May 3, 2012, but with an effective date of July 1, 2012; and

**WHEREAS, the staff believes the modified Incentive Program complies with the requirements set forth in the Attorney General's MOU and by implementation and enforcement of the Incentive Program the Authority will achieve a reduction in greenhouse gas emissions and the carbon footprints of airport businesses in Southern California; and**

**WHEREAS, the Board has considered the information provided by staff, including information in the staff report and other relevant materials regarding the program; and**

**WHEREAS, prior to the approval of the modifications to the Incentive Program, the Board provided an opportunity for interested members of the public to comment and present further information regarding this matter.**

**NOW, THEREFORE, BE IT RESOLVED that the Board hereby FINDS, after considering the evidence presented and the reports provided, that the modified Incentive Program will still achieve its intended goal to reduce greenhouse gas emissions and the carbon footprints of airport businesses in the region, is reasonable in scope and effect, imposes non-discriminatory incentives and disincentives, imposes reasonable fees and incentives, and ensures the public commercial ground transportation industry serving the Airport can continue to economically provide public transportation services; and**

**BE IT FURTHER RESOLVED that the Board hereby APPROVES and ADOPTS the modifications to the Vehicle Conversion Incentive-Based Program (as depicted in Attachment A) in accordance with the terms and conditions of the MOU with the California Attorney General; and**

**BE IT FURTHER RESOLVED that the President/CEO is hereby AUTHORIZED to adopt further rules and regulations as terms and conditions of the Authority's licenses, permits and contracts with the public commercial ground transportation providers serving the Airport and to take such other actions as are necessary to enforce the modified Incentive Program; and**

**BE IT FURTHER RESOLVED that the President/CEO is hereby AUTHORIZED to suspend or cancel the Incentive Program at any time; and**

**BE IT FURTHER RESOLVED that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA). Cal. Pub. Res. Code §21065, and is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.**

**PASSED, ADOPTED AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3<sup>rd</sup> day of May, 2012, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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**TONY R. RUSSELL**  
**DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK**

**APPROVED AS TO FORM:**

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**BRETON K. LOBNER**  
**GENERAL COUNSEL**



# Attachment A

## Modified Taxicab Incentive Program

| Fiscal Year  | FY2011 | FY2012 | FY2013                                   | FY2014                                   | FY2015                                   | FY2016                                   | FY2017 | FY2018 |
|--|--------|--------|--|--|--|--|--------|--------|
| % Reduced user fees for AFVs/CAVs  | N/A    | N/A    | 0%                                       | 0%                                       | 0%                                       | 0%                                       | 0%     | 0%     |
| Permit Fee Reduction for "all" day permit holders of AFVs/CAVs (per taxicab) <sup>3</sup>      | N/A    | N/A    | Lesser of full waiver or \$400 reduction | Lesser of full waiver or \$700 reduction | Lesser of full waiver or \$850 reduction | Lesser of full waiver or \$800 reduction | \$0    | \$0    |
| Permit Fee Reduction for holders of "A" or "B" permits of AFVs/CAVs (per taxicab) <sup>3</sup> | N/A    | N/A    | Lesser of full waiver or \$200 reduction | Lesser of full waiver or \$350 reduction | Lesser of full waiver or \$425 reduction | Lesser of full waiver or \$400 reduction | \$0    | \$0    |
| Incentive Payment to "all" day permit holders of AFVs/CAVs (per taxicab) <sup>3</sup>          | N/A    | N/A    | \$2500                                   | \$2000                                   | \$500                                    | \$0                                      | \$0    | \$0    |
| Incentive Payment to holders of "A" or "B" permits of AFVs/CAVs (per taxicab) <sup>3</sup>     | N/A    | N/A    | \$1250                                   | \$1000                                   | \$250                                    | \$0                                      | \$0    | \$0    |
| % Increased user fees for non-AFVs/non-CAVs <sup>1,2</sup>                                     | N/A    | N/A    | 25%                                      | 50%                                      | 75%                                      | 100%                                     | 150%   | 200%   |

<sup>1</sup>Actual dollars will depend on user fees as dictated in the Ground Transportation Management Plan

<sup>2</sup>% Increased user fees for non-AFVs/non-CAVs is unchanged from the original Incentive Program

<sup>3</sup>"All" permit holders are authorized to serve SDIA every day; Holders of "A" or "B" permits are authorized to serve SDIA only on specific days (approximately equivalent to every other day, or half of "all" permits).

# San Diego County Regional Airport Authority

Modifications to Vehicle Conversion Incentive-Based Program Related To Taxicab Alternative Fuel vehicles



Presented by:  
Vernon D. Evans, CPA  
Vice President, Finance / Treasurer & CFO

May 3, 2012



# *Incentive Program Background*



- Ground transportation costs are recovered through ground transportation user fees (i.e. permit fees and/or trip fees), phased in over 4 years, beginning in FY 2011.
- All transportation modes pay permit fees. Taxicabs additionally pay trip fees.
- Taxicab trip fees:
  - FY 2011 \$0.50
  - FY2012 \$1.00
  - FY 2013 \$1.50
  - FY 2014 \$2.00
- On May 5, 2008, the Airport Authority agreed to a Memorandum of Understanding (MOU) with the Attorney General of the State of California to address the reduction of greenhouse gas emissions and the carbon footprints of airport businesses at San Diego International Airport (SDIA).



# Incentive Program Background (cont.)



- On March 4, 2010 the Board approved the Ground Transportation Vehicle Conversion Incentive-Based program to encourage conversion to alternate fuel vehicles (AFVs) or clean air vehicles (CAVs).
- The current incentive program provides reduced user fees for AFVs and CAVs but increased user fees for non-AFVs and non-CAVs according to the following schedule:

Incentive Program Percentages<sup>1,2</sup>

| Fiscal Year                                 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| % Reduced user fees for AFVs/CAVs           | 100%   | 100%   | 75%    | 50%    | 25%    | 10%    | 0%     | 0%     |
| % Increased user fees for non-AFVs/non-CAVs | 0%     | 0%     | 25%    | 50%    | 75%    | 100%   | 150%   | 200%   |

<sup>1</sup>Actual dollars will depend on user fees as dictated in the Ground Transportation Management Plan

<sup>2</sup>For taxicab operators, the fee reduction for AFVs and CAVs is applied to annual permit fees as well as trip fees.



# *Trip Fee Issues*



- Taxicab operators and Authority staff (at direction from the Board) have worked with MTS to allow taxicabs to add the trip fee to the taxicab meter, effectively allowing taxicabs to pass the trip fees to their customers.
- The current reduced user fees in the Incentive Program were adopted March 4, 2010, prior to the approval of Proposition 26 [Cal. Constitution Article XIIC] by voters in California.
- User fees for AFVs and CAVs, are calculated so as not to exceed the Authority's actual cost or the value of the benefits conferred to thereby fully comply with the exceptions provided in Proposition 26 .
- All trip fees collected from taxicab passengers must be remitted to the Authority, hence the reduced user fee incentive program must be modified.



# *Incentive Program Modifications*



- On April 25, 2012 Authority staff met with taxicab representatives in order to discuss changes to the existing incentive-based program to adequately and reasonably compensate owners of AFV or CAV converted taxicabs
- The solution being recommended by staff is a modification to the incentive program to replace the existing reduced user fee incentive program for taxicabs with a cash-based incentive program for taxicab AFV and CAV vehicles and a reduction of permit fees for FY 2013 through FY 2016.
- The incentive would be paid from Authority Funds.



## *Incentive Program Modifications (cont.)*



- Incentive payments and permit fee waivers are estimated to approximately equal the amount of the discount that would have been received under the original incentive program.
- Modifications to this incentive program relate exclusively to taxicabs – the incentive program for all other modes of transportation remains unchanged.
- Agreement with the modified incentive program for taxicabs will be required as part of the annual taxicab permit renewal process.
- The Authority President/CEO will have the authority to suspend or cancel the program at any time.





# Proposed Taxicab Incentive Program



| Fiscal Year  | FY2011 | FY2012 | FY2013                                   | FY2014                                   | FY2015                                   | FY2016                                   | FY2017 | FY2018 |
|--|--------|--------|--|--|--|--|--------|--------|
| Permit Fee Reduction for “all” day permit holders of AFVs/CAVs (per taxicab)                   | N/A    | N/A    | Lesser of full waiver or \$400 reduction | Lesser of full waiver or \$700 reduction | Lesser of full waiver or \$850 reduction | Lesser of full waiver or \$800 reduction | \$0    | \$0    |
| Permit Fee Reduction for holders of “A” or “B” permits of AFVs/CAVs (per taxicab) <sup>3</sup> | N/A    | N/A    | Lesser of full waiver or \$200 reduction | Lesser of full waiver or \$350 reduction | Lesser of full waiver or \$425 reduction | Lesser of full waiver or \$400 reduction | \$0    | \$0    |
| Incentive Payment to “all” day permit holders of AFVs/CAVs (per taxicab)                       | N/A    | N/A    | \$2500                                   | \$2000                                   | \$500                                    | \$0                                      | \$0    | \$0    |
| Incentive Payment to holders of “A” or “B” permits of AFVs/CAVs (per taxicab)                  | N/A    | N/A    | \$1250                                   | \$1000                                   | \$250                                    | \$0                                      | \$0    | \$0    |
| % Increased user fees for non-AFVs/non-CAVs  | N/A    | N/A    | 25%                                      | 50%                                      | 75%                                      | 100%                                     | 150%   | 200%   |



# *Incentive Program Fiscal Impact*



- AFV and CAV estimated incentive payments
  - FY 2013 - \$187,500 (included in FY 2013 Proposed Budget)
  - FY 2014 - \$230,000 (included in FY 2014 Conceptual Budget)
  - FY 2015 - \$90,000
- AFV and CAV estimated Permit Fee Waivers
  - FY 2013 - \$30,000
  - FY 2014 - \$80,500
  - FY 2015 - \$153,000
  - FY 2016 - \$220,000
- Actual fiscal impact will depend on the number of taxicab conversions each year. Estimates provided assume the following total conversions: FY 2013 – 75; FY 2014 – 115; FY 2015 – 180; FY 2016 – 275.



# *Staff Recommendation*



Adopt Resolution No. 2012-\_\_\_\_\_, approving modifications to the vehicle conversion incentive-based program related to taxicab alternative fuel vehicle incentives.



# Questions

