



Mineta San José International Airport Statement to the Joint Oversight Hearing before the Senate Committee on Energy, Utilities and Communications and the Senate Committee on Transportation and Housing

Wednesday, February 17, 2016
1:30 p.m. – John L. Burton Hearing Room

Honorable Committee Members:

I am Bob Lockhart, Deputy Director of Operations at Mineta San Jose International Airport. We appreciate the opportunity to speak before you this afternoon.

The regulation of ground transportation-for-hire and the multiple industries within that classification has been an ongoing topic of discussion for many years at our Airport and for successive San José City Councils for many, many years. Whether the discussion has revolved around taxicab activity, door-to-door shuttles, limousine or charter bus operations, or more recently, TNC services, it is generally a discussion of strong opinions and sometimes little consensus within or between the stakeholder industries.

Our Airport is a Department of the City of San José. Most recently, in November 2015, following weeks of meetings, review and debate, the San José City Council approved the issuance of Airport Ground Transportation Permits to the TNC industry. Wingz was the first to complete the permitting process last November, followed by Lyft and then Uber in mid-December. Though we previously issued fines to the TNCs for operating without a permit, we have not had much time fully regulate them. Our Airport currently tracks and charges only for

pick-up operations and while it is still very early in the monitoring and tracking process, TNCs made over 25,800 passenger pick-ups at our Airport in the month of January – slightly more than the traditional on-demand taxi operations. As we move towards getting our geo-fence fully operational over the next few weeks, we will be able to better confirm the trip totals and comparisons.

Just as many airports and cities have expressed concerns about the new TNC model and its effect on other transportation industries and passengers, San Jose is also concerned about the policies and directives that regulate the TNCs and the other ground transportation industries. Both our City Council and the Airport are especially concerned about driver background checks and the equality of how those checks are conducted between industries. Verification that the driver applicant applying to the company is who they represent themselves to be is important to the integrity of the background process and, ultimately, to the safety and security of the customers they will be transporting. We very much want to see the adoption of CPUC regulations that require the use of biometric data as part of the background review process for all ground transportation (GT) industry drivers. However, until such regulations are in place, to level the playing field between ground transportation industries in San Jose, our City Council has authorized taxicab companies to use, at their option, the same background check process, with monthly audits, that we require of our TNC operators at the Airport, rather than continuing to require fingerprinting by the San Jose Police Department. In effect, we have had to offer the option of reducing the integrity of the background check for taxis to level the playing field with the TNCs. However, many of our taxi companies, recognizing the value of the biometric component, have expressed their intention to maintain the fingerprint process so they can continue to feel confident about the backgrounds of their drivers.

Safety Inspections of vehicles is another area of current concern. TNCs must meet a CPUC requirement of a 19-point safety check, but it does not require the use of a licensed mechanic or technician. Inspections completed by internal staff that are not licensed mechanics or

technicians can compromise the quality and completeness of the inspections. We would like to see the adoption of statewide regulations requiring the use of an independent, third party, State-licensed mechanic or technician for all vehicle inspections. The safety and security of the passenger is too important to have vehicle safety dependent on inspections conducted by unlicensed personnel.

While the safety and security of our passengers at the Airport, and within our City, are extremely important, unfortunately, other than the taxi industry, the safety and permit requirements deemed important by the City for transportation-for-hire operators only affect those drivers that work at our Airport, which constitutes less than 1,000 acres within the 180 square miles City of San Jose. In all other areas of the City, the CPUC regulates the TNC, Limo and shuttle businesses, in general without the input or oversight of the City. On the other hand, the City oversees the regulation of the taxi industry wherever they operate within the City, including the Airport. While we use the Airport policies and regulations to the extent possible to maintain our City's added requirements for the GT operators doing business in our City, in an attempt to "level the playing field" we also have needed to take steps to relax our overall local requirements on our taxi operations to more closely meet the CPUC requirements for other industries. Add to this the challenge of multiple local municipalities within our area, each regulating the taxi industry differently, and the taxi companies are challenged to be economically successful while regulators are challenged to be administratively consistent. However, the City has not viewed leveling the playing field solely from the safety and security perspective. Another way we have tried to level the playing field is that we have changed our taxi fare regulations to allow taxis to move towards app-based fare structures. This levels the

playing field by encouraging the taxi industry to develop a more innovative and competitive business model. However, while it helps to level the playing field, it also takes away some of our ability to respond to customers in addressing their fare related questions.

“Leveling the playing field” is an important concept in trying to ensure that all ground transportation-for-hire entities have the comparable, if not the same, opportunities to access passengers, generate revenues and bear similar expenses and regulatory obligations. No one should have a decisive competitive advantage nor, conversely, be systematically eliminated from competition. Nor should regulatory agencies be restricted by old policies, processes and perspectives that limit or prevent innovation. We must resolve to ensure that the regardless of the transportation mode, the safety and security of passengers and the drivers are the first priorities and that the industries are regulated in a way that is consistent and effective, while not being unduly burdensome or overly restrictive.

In closing my comments, in addition to my statement, I am also providing the Committees with a copy of the December 17, 2015 letter from our City Manager to the CPUC Commissioners describing our position on background checks and vehicle inspections in greater detail.

Again, I thank you for this opportunity to present our thoughts on some ways that the playing field should be leveled to maximize the safety and security of passengers, drivers and the general public while welcoming innovations that improve service to the customer. Thank you.

Bob Lockhart

Deputy Director

Mineta San José International Airport