



San Diego County Regional Airport Authority Ground Transportation Vehicle Conversion Incentive-Based Program

The San Diego County Regional Airport Authority (Authority) has developed this Ground Transportation Vehicle Conversion Incentive-Based Program (Incentive Program) to set incentives for public commercial ground transportation service providers operating at San Diego International Airport (Airport) to convert their current vehicles to alternative fuel vehicles (AFV)s as specified in Governor's Executive Order S-01-07, or to Clean Air Vehicles (CAV)s as specified in the California Vehicle Code §5205.5. The goal of this Incentive Program is to convert 100% of the public commercial ground transportation vehicles operating at the Airport to AFVs or CAVs by 2017.

In order to meet this goal, the Authority will track vehicle conversions and reassess the Incentive Program on an annual basis.

I. Regulatory Background

On May 5, 2008, the Authority entered into a Memorandum of Understanding (MOU) with the Attorney General of the State of California to address the reduction of greenhouse gas (GHG) emissions at the Airport. MOU Specific Measure 2b states:

“The Airport will implement one of the following alternatives at its discretion:

i. By January 1, 2010, before the first elements of the AMP construction will be placed into service, the Airport will implement an incentive-based program to induce every operator of a shuttle service (e.g., hotel, door-to-door, parking) on the Airport to replace its existing shuttle vehicles which such operator at that time owns or operates with electric or alternative fuel shuttle vehicles upon the completion of the useful life of such existing shuttle vehicles.

ii. As an alternative to such an incentive-based program, by January 1, 2010, the Airport shall impose a requirement on every operator of a shuttle service on the Airport to replace its existing shuttle vehicles which such operator then owns or operates with electric or alternative fuel shuttle vehicles in accordance with the following provisions, to the extent permitted by federal law:

- 1. Operators that own and operate from 1 to 3 shuttles shall replace all existing vehicles by January 1, 2015.**
- 2. Operators that own and operate 4 or more shuttles:**
 - a. January 1, 2012: 25% existing vehicles.**
 - b. January 1, 2013: 50% of existing vehicles.**
 - c. January 1, 2014: 75% of existing vehicles.**



d. January 1, 2015: 100% of existing vehicles.”

Based on feedback from ground transportation providers, the Authority elected to develop an incentive-based vehicle conversion program to meet the requirements of MOU Specific Measure 2b.

An “**alternative fuel vehicle**” is specifically defined in Section 2.a.i of the MOU as “a vehicle that runs on an energy source, fuel or blend of fuels that achieves a reduction of at least 10 percent carbon intensity relative to petroleum fuel, as contained in Governor Schwarzenegger’s Executive Order S-01-07.”

After consultation with the Attorney General, the Authority also allows a “**Clean Air Vehicle**” to qualify as an “alternative fuel vehicle” (AFV). A Clean Air Vehicle (CAV) would meet the criteria for a low-emission vehicle as defined in the California Vehicle Code §5205.5, Low Emission Vehicle Identification for High-Occupancy Vehicle Lane Use.

II. General Incentive Program Provisions

Applicability

The Incentive Program is applicable to all public commercial ground transportation providers operating at the Airport. These ground service transportation providers include, but are not limited to, the following:

- Taxicabs
- Vehicles for Hire (Door-to-door shuttles)
- Hotel/Motel shuttles
- Off-airport Parking Shuttles
- Charter Vehicles (Limousines)

The specific incentive program provisions, as they relate to the above-mentioned public commercial ground transportation providers, are presented in Exhibit A.

Rental car shuttles holding Airport concession agreements and who are participants in the Consolidated Rental Car Facility (CONRAC) – once constructed – will not be subject to the Incentive Program. This exemption is based on the current plan that the Authority will build and operate a CONRAC as well as provide consolidated shuttle services using alternative fuel vehicles. Once the CONRAC is constructed and concession agreements are executed, any non-participating rental car shuttle operators shall be subject to the Incentive Program.



Vehicle Incentive Program Requirements

The following are the requirements of the Incentive Program:

1. Standardized Age Replacement Policy
2. Hotel/Motel Shuttle Consolidation Incentive Program
3. Conversion Incentives
4. Non-Conversion Fees

Standardized Age Replacement Policy

The Authority is standardizing its age replacement policy as part of the Incentive Program. Taxicabs and door-to-door shuttles are currently required to be replaced if they are over seven (7) years in age [refer to SDCRAA Code Article 9, Part 9.1, Section 9.12 (a) 4]. The revised age replacement policy in this program mandates that all ground transportation vehicles be replaced no later than every seven (7) years, based on vehicle model year.

Hotel/Motel Consolidation Incentive Program

A program to encourage and reward the consolidation of shuttle vehicles servicing hotels and motels is included as part of the Incentive Program. This program further reduces the percentage of annual fees or future trip charge fees if a hotel/motel elects to consolidate its shuttle services with at least one additional hotel or motel. The discounted rate only applies to the dedicated hotel/motel shuttle vehicle providing the service, not to the entire fleet of vehicles owned and operated by the provider. The discounted rate structure is as follows:

2-3 Operators	50% rate decrease
4-5 Operators	75% rate decrease
6+ Operators	100% rate decrease

Furthermore, this consolidation incentive with its discounted rate structure only applies to AFVs or CAVs. Hotel/motel shuttles continuing to operate on non-alternative fuels remain subject to Airport environmental annual fees and trip charges, subject to increased ground transportation permit/trip fees.

Conversion Incentives

The Incentive Program includes incentives to ground transportation providers that use AFVs or CAVs. The incentives consist of a reduction in fees per year based on a percentage of the Ground Transportation Schedule of Annual Permit/Trip Fees, set by the Authority. The reduction in annual user fee and trip charges decreases over time as



the availability of alternative fuel vehicles become more prevalent. The following illustrates the percent reduction in fees and charges for the following fiscal years:

Fiscal Year 2011	100% reduction in ground transportation permit/trip fees
Fiscal Year 2012	100% reduction in ground transportation permit/trip fees
Fiscal Year 2013	75% reduction in ground transportation permit/trip fees
Fiscal Year 2014	25% reduction in ground transportation permit/trip fees
Fiscal Year 2015	50% reduction in ground transportation permit/trip fees
Fiscal Year 2016	10% reduction in ground transportation permit/trip fees
Fiscal Year 2017	0% reduction in ground transportation permit/trip fees
Fiscal Year 2018	0% reduction in ground transportation permit/trip fees

Non-Conversion Penalties

In addition to the incentives offered, the Incentive Program includes fee increases for non-AFVs or non-CAVs operating at the Airport. As detailed below, penalties increase in the future as AFVs, CAVs and infrastructure become more available. By charging monetary penalties rather than mandating conversion, shuttle operators may still opt to use petroleum based vehicles, but at higher fees.

Fiscal Year 2011	0% increase in ground transportation permit/trip fees
Fiscal Year 2012	0% increase in ground transportation permit/trip fees
Fiscal Year 2013	25% increase in ground transportation permit/trip fees
Fiscal Year 2014	50% increase in ground transportation permit/trip fees
Fiscal Year 2015	75% increase in ground transportation permit/trip fees
Fiscal Year 2016	100% increase in ground transportation permit/trip fees
Fiscal Year 2017	150% increase in ground transportation permit/trip fees
Fiscal Year 2018	200% increase in ground transportation permit/trip fees

III. Annual Vehicle Incentive Program Review

The Incentive Program shall be reviewed annually to determine if the program requirements are effective in helping the Authority achieve its goal of 100% conversion of ground transportation vehicles to AFVs by 2017. Each requirement shall be reviewed to determine if adjustments are necessary. This may include increasing or decreasing rates, adjusting age requirements, or offering additional incentives to stakeholders.

In addition, economic and infrastructure developments associated with AFV conversions, including the availability of publicly accessible alternative fuel stations, shall be assessed annually and the Incentive Program adjusted accordingly to address financial and technological feasibility factors.



EXHIBIT A

Specific Incentive Program Provisions

The following describes the effect of the Ground Transportation Vehicle Conversion Incentive-Based Program (Incentive Program) and the Ground Transportation Schedule of Annual Permit Fees (Permit Fees) on the various commercial public ground transportation vehicles operating at San Diego International Airport:

Taxicabs

Permit Fees: Each taxicab operating at the Airport must pay an annual fee of \$500 and a \$1.00 trip fee in fiscal year 2011. For fiscal year 2012, the annual fee will increase to a \$1,000 and the trip fee will be \$2.00.

Incentive Program: Each taxicab operating a qualified AFV or CAV pays no annual fees or trip fee charges in fiscal years 2011 and 2012. Starting in fiscal year 2013, the incentive for operating an AFV or CAV is a percentage decrease in both the annual fee and trip fee, as specified in the Incentive Program. Taxicabs that are not AFVs or CAVs are required to pay a non-conversion penalty.

Vehicles for Hire (Door-to-Door Shuttles)

Permit Fees: Each vehicle for hire (door-to-door shuttle) operating at the Airport must pay an annual fee of \$700 in fiscal year 2011 and \$1,400 in fiscal year 2012.

Incentive Program: A vehicle for hire operating a qualified AFV or CAV pays no annual fees in fiscal years 2011 and 2012. Starting in fiscal year 2013, the incentive for operating an AFV or CAV is a percentage decrease in the annual fee, as described in the Incentive Program. Vehicles for hire that are not AFVs or CAVs are required to pay a non-conversion penalty.

Off-Airport Parking Vehicles

Permit Fees: Each off-airport parking shuttle operating at the Airport pays an annual fee of \$2,450 in Fiscal Year 2011 and \$4,900 in fiscal year 2012.

Incentive Program: An off-airport parking vehicle that meets the definition of an AFV or CAV pays no annual fee in fiscal years 2011 and 2012. Starting in fiscal year 2013, the incentive for operating an AFV or CAV is a percentage decrease of the annual fee, as described in the vehicle conversion policy. An off-airport parking vehicle not meeting



the definition of an AFV or CAV is required to pay a non-conversion penalty. Off-airport parking vehicles are covered under the age replacement policy, requiring vehicle replacement not later than every seven (7) years, based on the model year.

Hotel Motel Shuttle Vehicles

Permit Fees: Each hotel/motel shuttle vehicle operating at the Airport pays an annual fee of \$600 in fiscal year 2011 and \$1,200 in fiscal year 2012.

Incentive Program: A hotel/motel shuttle vehicle meeting the definition of an AFV or CAV pays no annual fee in fiscal years 2011 and 2012. Starting in fiscal year 2013, the incentive for operating an AFV or CAV is a percentage decrease of the annual fee, as described in the vehicle conversion policy. A hotel/motel shuttle vehicle not meeting the definition of an AFV or CAV is required to pay a non-conversion penalty.

In an effort to reduce traffic through consolidation, any AFV or CAV hotel/motel dedicated shuttle vehicle that services more than two hotels receives a rate decrease as specified in the policy. Hotel/motel shuttle vehicle are covered under the age replacement policy, requiring vehicle replacement not later than every seven (7) years, based on the model year.

Charter Vehicles (Limousines)

Permit Fees: Each charter vehicle operating at the Airport pays an annual fee of \$50 in fiscal year 2011 and \$100 in fiscal year 2012.

Incentive Program: A charter vehicle operating a qualified AFV or CAV pays no annual fee in fiscal years 2011 and 2012. Starting in fiscal year 2013, the incentive for operating an AFV or CAV is a percentage decrease of the annual fee, as described in the Incentive Program. A charter vehicle not qualifying as an AFV or CAV is required to pay a non-conversion penalty as specified in the policy.

A charter vehicle is covered under the age replacement policy, requiring vehicle replacement not later than every seven (7) years, based on the model year.

Rental Car Shuttles

Rental car shuttles are not subject to the Incentive Program provided the rental car company operating the shuttle enters a CONRAC concession agreement with the Authority. This exemption is based on a plan that the Authority will construct a CONRAC and operate a single consolidated shuttle service to and from the CONRAC.