

SAN FRANCISCO INTERNATIONAL AIRPORT

First Cease and Desist Letter Sent to Turo from the City of San Francisco in 2016

CITY AND COUNTY OF SAN FRANCISCO



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November 2, 2016

Via U.S. Mail and Email

Michelle Fang, Esq.
General Counsel
RelayRides, Inc.
116 Natoma Street
San Francisco, CA 94105
michelle@turo.com

Re: RelayRides, Inc. (a/k/a Turo) – Operations at San Francisco International Airport

Dear Ms. Fang:

This office represents the San Francisco International Airport (“Airport” or “SFO”). I respond here to your e-mail to the Airport Director dated October 26, 2016.

The Airport appreciates your explanation of the most recent business model proposed by RelayRides. SFO has been an industry leader in its work with companies seeking to provide innovative airport services, including car rental services. Indeed, just a few years ago the Airport came to an agreement with RelayRides on the terms of the permits under which RelayRides currently operates - Off-Airport Rental Car Business Permit No. 4336 and Off-Airport Car Rental Courtesy Vehicle Operator, Commercial Ground Transportation Non-Exclusive Operating Permit No. 10742 (collectively, “Permits”).

I understand from your e-mail that RelayRides has made changes to its business and no longer desires to operate under the terms of its Permits with the Airport. You have taken the position that under the new business model being proposed by RelayRides, RelayRides would no longer be operating as an off-airport rental car company. For the reasons set forth below, the Airport does not agree with your position.

First, your reliance on 47 U.S.C. Section 230 is misplaced. Section 230 has no bearing on RelayRides’ existing or proposed contractual relationship with the Airport. Section 230 protects an interactive computer service provider from being treated as the publisher or speaker of third-party content. While Section 230 may or may not protect RelayRides from liability with respect to user content, it certainly does not prohibit the Airport from imposing certain conditions on RelayRides in exchange for the privilege of operating at SFO or charging RelayRides a fee for its “exploitation of the presence of the Airport”. *See Alamo Rent-a-Car, Inc. v. Board of Supervisors*, 221 Cal. App. 3d 198, 208 (1990). Nor does Section 230 have any bearing on the Airport’s determination as to whether the services RelayRides proposes at SFO are those of an

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off-airport rental car company. Your broad interpretation of this federal statute as somehow immunizing RelayRides from any and all responsibility for the “conduct” of its car owners and car renters is concerning given that RelayRides is seeking a permit with which these parties would need to comply.

Second, your reference to California Insurance Code Section 11580.24 does not support your position as to RelayRides’ proposed operations at SFO. Section 11580.24(b)(2) contemplates the existence of a “personal vehicle sharing program,” defined as “a legal entity qualified to do business in the State of California engaged in the business of facilitating the sharing of private passenger vehicles for noncommercial use by individuals within the state.” The Airport does not dispute that these programs may exist or that RelayRides may intend to operate as such a program in its other locations around California. However, the business model proposed by RelayRides at SFO is *not* a “personal vehicle sharing program” for the reason that RelayRides would not be simply “facilitating” the sharing of private passenger vehicles through an app or website. Rather, as you acknowledge in your e-mail, RelayRides would be providing “valet” “parking” and “key exchange” services, including, as advertised on your website, car wash, fuel up, and shuttle service to the terminals.

From the Airport’s perspective, by providing these services, there is no material difference between RelayRides and the other off-airport rental car companies with which RelayRides competes, or the business model under which RelayRides has been operating. Indeed, one must assume RelayRides desires to provide these services so that it could compete for the customers of other rental car companies. As it relates to your proposal, this competition issue is a major concern of the Airport. The Airport is committed to providing a level playing field for competing businesses that provide similar services at SFO. For example, in its permitting of Transportation Network Companies, the Airport established trip fee rates commensurate with those paid by limousines so as not to create an unfair advantage for the Transportation Network Companies in the commercial ground transportation arena.

Here, RelayRides has requested that SFO waive its \$19.00 AirTrain Fee for RelayRides’ customers and allow curbside access for pick-ups and drop-offs. This would create an unfair advantage for RelayRides at SFO as to other off-airport rental car companies with which RelayRides competes. To support this point, one need look no further than RelayRides’ website, where among those offering cars for rent at SFO are individuals and companies with *fleets* of vehicles. If SFO were to waive the AirTrain Fee or provide curbside access for RelayRides, there would be nothing preventing companies from using RelayRides as an end-around the off-airport rental car requirements from which RelayRides seeks relief.

In addition to the unfair competition issue, the Airport is concerned with congestion at its terminals. For this reason, under the existing Permits, RelayRides is only allowed to drop off customers directly at the terminals using a shuttle operator which has a permit with the Airport, and pick-ups must be made at the Rental Car Center. Upon review of your website, RelayRides advertises “curbside delivery” through the Aloft Hotel shuttle for both pick-ups and drop-offs. The Airport considers this unauthorized pick-up service to be a violation of the terms of the Permits and will pursue enforcement action if this activity continues.

In sum, upon consideration of the suite of services RelayRides seeks to provide at SFO in addition to its car rental program, including parking, valet, key exchange, car wash, fuel up, and shuttle services, the Airport considers RelayRides to be operating as and competing with off-airport rental car companies. If these proposed services do not fit within RelayRides’ larger

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corporate vision as a personal vehicle sharing program, then RelayRides' SFO operation may no longer be viable. If RelayRides does intend to continue operating at SFO, it must comply with the terms of its existing Permits, including collecting and remitting to the Airport the \$19.00 per transaction AirTrain Fee as well as the pick-up and drop-off requirements.

Very truly yours,

DENNIS J. HERRERA
City Attorney



Luke W. Bowman
Deputy City Attorney

cc: Ivar C. Satero, Airport Director