


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: March 12, 2012

To: The Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Bill Rosendahl, Chair, Transportation Committee

From: Jaime de la Vega, General Manager
Department of Transportation 

Subject: **REQUEST FOR PROPOSAL FOR THE CITY OF LOS ANGELES
PUBLIC CARSHARE PROGRAM (C.F. 11-1376)**

SUMMARY

The Los Angeles Department of Transportation (LADOT) presents the final draft of the "Request for Proposals for the City of Los Angeles Public Carshare Program" (RFP) for consideration of Transportation Committee and City Council.

RECOMMENDATION

1. AUTHORIZE the General Manager of LADOT to finalize and release the "Request for Proposals for the City of Los Angeles Public Carshare Program" in the next 30 days.
2. REPORT back to the Transportation Committee in 150 days with an update on possible award of contract.

DISCUSSION

LADOT considered various factors before concluding it would be best for the City of Los Angeles to award the contract to a single provider. Contracting with several providers would necessitate the use of additional city staff to monitor the implementation. In addition, there will be a delay in the program implementation to allow for the development of a consistent and uniform public user interface. The selection of a single provider will ensure that the city's goals of promoting alternative transportation modes are achieved in the most efficient manner with the investment of the minimum amount of city resources.

Also, LADOT considered past practices in proposing the selection of a single service provider as was the case with the release of the citation processing RFP, recently approved by the City Council. The comments received from industry, when a draft of the RFP was released recently for peer review, further contributed to the recommendation to use a single provider. Industry comments reflect unease and

discomfort in sharing proprietary and confidential information, including proforma financial statements, information related to utilization rates, and other back-end user data if anyone other than city staff was involved in the process. The RFP requires the provider to hire a carshare coordinator to act as a liaison between the provider and the city to ensure the successful implementation of the program. It would be difficult to divide the responsibilities of hiring and funding the position, and protect confidentiality of the providers' proprietary information. Therefore, a decision to award to multiple providers may have a chilling effect on potential providers' willingness to contract with the City of Los Angeles.

LADOT recommends a five-year contract term in consideration of the significant economic commitment required of the provider. LADOT expects the provider to incur significant costs to purchase vehicles, hire staff, and establish or expand local facilities.

LADOT recommends leveraging the city's public parking resources to maximize the opportunities of fulfilling the city's stated transportation demand management (TDM), and traffic and parking congestion management goals. To that end, LADOT proposes a maximum threshold of 300 public parking spaces for the use of the selected provider during the five-year term of the agreement in order to maintain public control over public parking spaces.

The pilot program had a 40-vehicle limit for an anticipated one-year period. While it took more than two years to place all 40 vehicles in service, the deployment of more than half of those vehicles took place within a five-month period. Furthermore, the continued strong utilization figures support the need to deploy vehicles citywide at a faster rate than during the pilot phase. The utilization of 300 parking spaces, at an average rate of 60 vehicles per year, will enable us to provide carshare services at many of the transit stations, including Green Line, Exposition Line, Purple Line, Gold Line, Silver Line, Blue Line, Orange Line, Red Line, and along the Wilshire corridor.

In order to encourage the use of privately controlled parking spaces, and to promote the use of ultra-clean vehicles for carsharing, LADOT has devised a matching program to allow for increasing the number of public parking spaces that may be dedicated to carsharing from 300 to 1000. The city will provide an additional parking space for every two carshare spaces developed by the selected provider on private property. In addition, the city will provide one additional public parking space for every electric vehicle, one for every three plug-in hybrids, and one for every four hybrid vehicles added by the provider. While the selection of the 1000 maximum limit is not based on any detailed analysis of needs, the figure is intended to signal the city's desire to expand carsharing as a public service to the residents in an expeditious manner.

The location of carshare spaces are to be mutually agreed upon between the city and the selected proposer, based on the priorities outlined in the RFP. To further the city's goals, priority is given to providing carshare service at: 1) transit stations and other

transportation hubs, and 2) in and around high density residential areas with apartment buildings and condominiums.

The city has absorbed all the administrative and implementation costs associated with the carshare pilot program since the start of the pilot phase on September 14, 2009. In addition, there has been no revenue recovery in relation to the seven parking meters removed in Hollywood to create carshare spaces. LADOT recommends that the city's public carshare program be treated as a revenue-neutral endeavor and that all costs associated with the involvement of the city staff, as well as all revenue lost to the city due to the removal of revenue generating parking spaces, be recovered from the selected contractor on an annual basis.

Customer surveys conducted during the pilot program revealed some of the public benefits of the carshare program with many users indicating they were able to delay purchasing vehicles. The citywide expansion of the program based on the priorities of using low emission vehicles to encourage transit use by closing the gap between transit stations and users' ultimate destinations will have significant public benefits. The availability of the service in high-density residential areas will help reduce parking congestion and drive down automobile ownership rates. Despite these public benefits, the impact of converting public parking spaces for exclusive use of carsharing on adjacent businesses and residents must be recognized. Therefore, LADOT favors a requirement that the selected provider set aside a portion of the annual revenue to fund sidewalk repairs and streetscape projects to garner public support where carshare vehicles are to be housed.

BACKGROUND

On August 17, 2011, the City Council authorized the continuation of the carshare pilot program for the City of Los Angeles to allow staff to prepare an RFP seeking submittals from organizations interested in providing carsharing services in the City of Los Angeles. The Transportation Committee instructed LADOT to return and present the proposed RFP to the committee and City Council.

On November 3, 2011, the City Council granted the department an additional 45 days to submit a proposed carshare RFP for consideration. LADOT prepared and circulated a draft of the RFP for industry review between February 3rd and February 17th, 2012. Comments were received from four interested organizations including LAX Carshare, Zipcar Inc., Hertz (On Demand), and Enterprise Holdings (Enterprise, Alamo, National, WeCar). LADOT has responded to industry comments and is presenting the proposed RFP as instructed.

LADOT anticipates that it would take 150 days from the time the City Council approves this report until a proposer is recommended for the selection approval by the Council. Comments received from the industry, during the peer review process, indicate the

need to spend at least two months of preparation from the date of the pre-bid conference until the RFPs are submitted. In addition, it may take up to 30 days to advertise the RFP, 30 days for the administrative review of the responses to assure compliance with the city's standard provisions and for the review committee to consider the RFPs, and another 30 days to allow for scheduling interviews with bidders and for the General Manager to prepare and submit his recommendation to the Transportation Committee and City Council.

FINANCIAL IMPACT

The program will have no impact on the general fund as the RFP is designed to provide full cost recovery for all direct and indirect costs associated with city expenditures. The selected provider will be required to compensate all revenue lost to the city due to the removal of parking meters or the elimination of revenue generating off-street parking spaces. Moreover, the RFP requires the selected proposer to provide the city with a heretofore undetermined share of revenue generated to provide the City Council and Mayor a funding source for infrastructure improvements in neighborhoods where carshare vehicles are hosted. Furthermore, the city will gain additional general fund revenue from the issuance of parking citations to violators of parking restrictions where carshare vehicles are housed.

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Attachment