CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: March 26, 2013

To: 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: RECOMMENDATION TO AWARD CONTRACT TO OPERATE PUBLIC CARSHARE PROGRAM

SUMMARY

The Los Angeles Department of Transportation (LADOT) is requesting authority to negotiate and execute a five-year exclusive contract with Hertz On Demand (Hertz) for the operation of a Public Carshare Program ("program") for the City of Los Angeles.

RECOMMENDATIONS

That the Council, subject to concurrence by the Mayor:

1. ADOPT a policy that the City of Los Angeles supports carsharing services as part of its overall transportation, land use, and environmental policies.

2. DIRECT the general manager of LADOT to negotiate a five-year contract, starting upon contract execution and ending June 30, 2018, with Hertz On Demand to provide carsharing services for the City of Los Angeles.

3. AUTHORIZE the general manager to execute the contract, subject to City Attorney approval as to form and legality.
DISCUSSION

Rationale

The recommended program would implement prior policy direction by the City Council (C.F. 08-1798) that authorized LADOT to issue a request for proposals (RFP) for a “Public Carshare Program”.

Goal

The goal of a citywide carsharing program is to advance multiple, interconnected public policy goals, including:

- Reducing car ownership and therefore reducing the amount of public space required to accommodate private vehicles, vehicle miles traveled (driving), and greenhouse gas (GHG) emissions

- Providing economical, as-needed access to a car when needed, supporting the city’s goals of increasing transit usage, cycling, and walking

- Providing another alternative to solve the “first mile-last mile” dilemma, i.e. since the growing transit network does not reach every origin or destination yet, how can individuals who want to use transit get to and from transit without driving their personal automobile?

Program Overview

- The proposed program will result in a citywide fleet of 1,000 shared cars over the next five years, branded as the City of Los Angeles’ carsharing program.

- Interested individuals, ages 18 and over, will be able to obtain membership in the program at no cost in as little as five minutes.

- Members will be able to rent cars on an hourly basis, with rates varying depending on model of vehicle.

<table>
<thead>
<tr>
<th>Day</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekday</td>
<td>$6.50</td>
<td>$22.00</td>
</tr>
<tr>
<td>Weekend</td>
<td>$8.00</td>
<td>$23.50</td>
</tr>
</tbody>
</table>

- Members will return the vehicle to any designated drop-off location, enabling one-way use of vehicles.
Hertz will have staff that redistribute vehicles as necessary to ensure that all carshare locations have vehicles available.

Charter Section 1022

On February 3, 2012, LADOT was informed in writing by the Department of Personnel that a Charter Section 1022 request was not required since the contract generated revenue and there are no costs exceeding $25,000.

Exclusive Agreement

The RFP sought to identify a single service provider to operate and maintain a citywide program. This was done for a number of reasons.

First, LADOT wanted to provide customers with a single, unified customer interface and branding so that there is clarity about the carshare program.

Second, LADOT wanted to focus its limited staff resources on the successful launch and operation of a city carshare program. Supporting multiple service providers would dilute staff’s efforts and not maximize the probability of success.

Finally, LADOT wanted to simplify the administration of the program. Having more than one service provider would make program administration much more complicated.

Other Carshare Services

The recommendation does not preclude other carshare providers from operating in the city, however they would operate differently. The main differences would be:

- Operators would have to comply with all Los Angeles Municipal Code parking regulations, including time limits, parking district restrictions, etc.

- Operators would be responsible for any costs associated with using city parking facilities and metered spaces, including hourly rates, citations, and penalties.

- Operators would be prohibited from branding their services as part of or endorsed by the City of Los Angeles.

Because the RFP advertised the city’s carshare program as an exclusive contract, LADOT does not recommend the same type of partnership with any other carshare service provider during the term of the contract.

The city may want to create and implement a regulatory framework for carsharing services in the future.
**Fleet**

**Fleet Size**

Hertz recommended a higher number of vehicles by year 5. The two proposals differed slightly in implementation timing, therefore the table below does not show the number of vehicles correlating to the same date. Zipcar assumed that its existing 40 vehicle fleet from the pilot program would be rolled into its citywide fleet in 2013.

<table>
<thead>
<tr>
<th>Hertz</th>
<th>Zip Car</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period</td>
</tr>
<tr>
<td>6 mos.</td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td></td>
</tr>
<tr>
<td>Year 5</td>
<td></td>
</tr>
</tbody>
</table>

**Replacement Policy**

Hertz proposed a better replacement policy, ensuring a newer fleet than Zipcar. Both proposers would replace vehicles after three years or 36,000 miles. However, Hertz will replace cars before three years after 45,000 miles while Zipcar will replace cars after 50,000 miles.

**Fleet Composition**

Both companies indicate a willingness to deploy the same type of vehicles (hybrid, gas, electric). The exact fleet composition will be determined during contract negotiations, with goal of maximizing the number of cleaner vehicles while providing the right mix of vehicle types to meet market demand.

**Cost & Revenue Sharing**

The two respondents (Hertz and Zipcar) both proposed reimbursing the city for program administration costs, however they proposed different approaches to reimburse the city for lost parking revenue.

Hertz proposed the superior and more specific approach that considers actual meter and parking rates and provides the city with revenue upside potential based on higher vehicle utilization. Hertz’s approach also is superior because it reflects actual rates and the city would receive higher reimbursement for higher rate spaces. Hertz’s methodology would yield more revenue in total and per vehicle.
Program Administration Costs

There are no net costs to the city to operate or administer the program. Hertz will reimburse the city for all costs related to the program. Specifically, Hertz will pay for staff time required to administer the program as well as pay the city for potential lost revenue from on-street and/or off-street parking.

Zipcar proposed the city would recover program administration costs from a portion of parking revenue recovery (see below).

Parking Revenue Recovery

For unpaid spaces set aside for shared cars, Hertz proposed paying a fixed $125 per space each month to defray costs for striping and signage. For paid spaces, Hertz proposed paying 130% of the existing rate times the number of hours the space requires payment.

Parking meter rates citywide range from $1.00 to $6.00 per hour, with payment typically required between 8:00 a.m. to 8:00 p.m. (12 hours per day), Monday through Saturday. Depending on the particular spaces provided to Hertz, gross revenue recovery to the city could range from $450,000 to $8.8 million in year 1 and $1.5 million to $29.2 million in year 5, however it is unlikely that Hertz would require only the most expensive spaces, so data simply illustrate the minimum and maximum reimbursement to the city.

<table>
<thead>
<tr>
<th>Period</th>
<th>Vehicles</th>
<th>Unpaid Spaces</th>
<th>Lowest Rate</th>
<th>Highest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>300</td>
<td>$450,000</td>
<td>$1.2 million</td>
<td>$8.8 million</td>
</tr>
<tr>
<td>Year 5</td>
<td>1000</td>
<td>$1,500,000</td>
<td>$4.1 million</td>
<td>$29.2 million</td>
</tr>
</tbody>
</table>

Zipcar proposed paying a percentage of estimated (not actual) revenue to pay for cost recovery and revenue sharing. Their approach assumes monthly revenue of $1,800 per vehicle with 7.9% ($142.20) returned to the city. Their approach further assumes that $122 of that amount would cover program administration costs and parking revenue reimbursement.

<table>
<thead>
<tr>
<th>Period</th>
<th>Vehicles</th>
<th>Total Payment</th>
<th>Prog. Admin. Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>300</td>
<td>$511,920</td>
<td>$439,200</td>
</tr>
<tr>
<td>Year 5</td>
<td>800</td>
<td>$1,365,120</td>
<td>$1,171,200</td>
</tr>
</tbody>
</table>

Zipcar's approach provides revenue certainty, but is not linked to actual program administration costs or vehicle utilization. Based on Zipcar's proposed rates, the $1,800 in monthly revenue equates to an estimated 25-30% utilization rate across the program. At higher utilization rates, the city would not realize any additional revenue.
Revenue Sharing

The final revenue sharing calculation methodology will be determined during contract negotiations and reported back to the City Council and Mayor.

Hertz proposed sharing revenue using a sliding scale based on fleet utilization, ranging from 0.5% to 5%. Hertz would pay an increasing percentage of "adjusted gross revenue" to the city. This is the superior approach that links revenue sharing to utilization and provides upside revenue potential to the city if utilization is high.

The following table summarizes the range of gross revenue based on Hertz’s lowest cost vehicle ($6.50/hour on weekdays and $8.00/hour on weekends), their proposed fleet size, and their proposed revenue sharing percentage with the city applied to gross revenue.

<table>
<thead>
<tr>
<th>Utilization</th>
<th>Share</th>
<th>Year 1</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>0.5%</td>
<td>9,079</td>
<td>30,264</td>
</tr>
<tr>
<td>15%</td>
<td>1.0%</td>
<td>27,238</td>
<td>90,792</td>
</tr>
<tr>
<td>25%</td>
<td>2.0%</td>
<td>90,792</td>
<td>302,640</td>
</tr>
<tr>
<td>30%</td>
<td>3.0%</td>
<td>163,426</td>
<td>544,752</td>
</tr>
<tr>
<td>40%</td>
<td>4.0%</td>
<td>290,534</td>
<td>968,448</td>
</tr>
<tr>
<td><strong>50%</strong></td>
<td><strong>5.0%</strong></td>
<td><strong>453,960</strong></td>
<td><strong>1,513,200</strong></td>
</tr>
<tr>
<td>60%</td>
<td>5.0%</td>
<td>544,752</td>
<td>1,815,840</td>
</tr>
<tr>
<td>70%</td>
<td>5.0%</td>
<td>635,544</td>
<td>2,118,480</td>
</tr>
<tr>
<td>80%</td>
<td>5.0%</td>
<td>726,336</td>
<td>2,421,120</td>
</tr>
<tr>
<td>90%</td>
<td>5.0%</td>
<td>817,128</td>
<td>2,723,760</td>
</tr>
<tr>
<td>100%</td>
<td>5.0%</td>
<td>907,920</td>
<td>3,026,400</td>
</tr>
</tbody>
</table>

If Hertz achieves comparable utilization rates to the pilot program (i.e. 50%) then annual revenue sharing could generate $453,960 in year one and $1.5 million in year 5. While Hertz proposed using a so-called “adjusted gross revenue” figure as the basis for revenue sharing, LADOT recommends a simplified approach using gross revenue so that calculations and audit verification is simplified and less prone to dispute.

Zipcar proposed $20 per vehicle per month in revenue sharing, which is $72,000 in year 1 (300 vehicles) and $192,000 in year 5 (800 vehicles). This is 1.11% of average monthly revenue per vehicle.

Schedule

The proposed program would have a term of approximately five years, depending on when the final contract was executed. A five year term is recommended to provide Hertz with time to ramp up program deployment in different parts of the city and to
amortize start-up costs. The proposed termination date coincides with the city fiscal year so that cost and revenues align with the fiscal year.

**Service Areas**

Both Hertz and Zipcar proposed to target similar service areas for deployment.

**Hertz**

Hertz proposed deploying service near transit and in areas with high population density. Their phase 1 roll-out includes the following neighborhoods:

- Westwood/UCLA
- South L.A./USC
- Downtown LA
- Hollywood/West Hollywood
- Koreatown/Mid-Wilshire
- Marina del Rey

Hertz anticipates future deployment in Venice, Silverlake, transit centers, and universities. Hertz also expects to partner with private residential apartments to stage their shared cars.

**Zipcar**

Zipcar proposed continuing their existing pilot services and expanding coverage. Overall coverage is comparable to Hertz.

**Existing Service Areas**

- Westwood/UCLA
- Downtown LA
- South L.A./USC
- Hollywood
- Koreatown

Zipcar plans on expanding at key transit stations, employment centers, and high density residential areas. Zipcar also proposes to expand its partnerships with private residential apartments as well as Metrolink (the public commuter rail service) to stage their shared cars. Zipcar identified future deployment areas to include Silverlake, Echo Park, Miracle Mile/Mid-City, Venice, and Marina del Rey.
Branding

LADOT is seeking to establish a “City of Los Angeles” branded carsharing program.

Hertz proposed exclusive branding of the city’s carshare fleet. Hertz has proven success in this area having partnered with Lowes to separate branded rental vehicles and indicated its involvement with the phrase “powered by Hertz”. This leverages its brand loyalty and recognition while supplying the partner with a distinct brand of its own.

Zipcar proposed co-branding with the City of Los Angeles, thereby maintaining its brand identity.

Corporate Capabilities

Hertz has more robust local and national presence than Zipcar.

Hertz

In 2008, Hertz launched its carsharing service, now known as Hertz On Demand. Currently Hertz on Demand is located in 6 countries and has carshare programs in a number of major cities including Boston, New York, Washington, DC, Miami, Chicago, Denver, San Francisco, and San Diego. Being a part of the Hertz Corporation, gives Hertz on Demand access to immense resources and infrastructure to support the city’s carshare operation.

Approximately 144,000 vehicles of the vehicles in Hertz’s U.S. fleet already achieve ratings over 28 miles per gallon (mpg) and almost 40,000 carry the U.S. EPA’s “SmartWay” designation for generating lower emissions. Hertz has approximately 60 offices and more than 700 employees within the city and can draw on a pool of 50,000 vehicles and 185 spaces available for carsharing. It also has a ready client pool of 60,000 members in the Los Angeles area.

Zipcar

Zipcar has been in the carsharing business for 12 years and has successfully operated service under the carshare pilot program. Zipcar has one local office and has nearly 200 vehicles and 14,000 members in the greater Los Angeles area.

Based on the more substantial support structure, the LADOT recommendation is to select Hertz as the provider under this contract.
Comparison of Selected Service Features

A complete comparison is in Appendix A.

Multilingual Customer Support

Hertz’s proposal clearly demonstrated a commitment to provide access to the most Angelenos. Hertz has multilingual staffing to allow for more than just English and Spanish customer service support. It also provides Spanish email and web presence.

While Zipcar indicates a willingness to provide Spanish speaking services, but currently does not and did not provide a specific plan to do so.

Cost

Hertz provides the lowest cost (set-up, annual fee, and lowest hourly rate) and does not charge late fees.

Minimum Age

Hertz rents to drivers 18 and older. Zipcar rents to drivers 21 and older, but rents to 18-20 year olds as part of university carshare plans.

Risk

Changing service providers inherently creates risk related to the timeline and complexity of the transition. It also requires additional city staff oversight at a time of reduced staffing. While the recommended proposer is not the incumbent, this risk is minimal since the selected proposer will be supplying a liaison familiar with the proposer’s programs and only a few city employees will be interfacing with the systems. Furthermore, the city’s carshare program has been limited to a 40-vehicle pilot program. Therefore, the LADOT foresees the change of provider will prove to have a negligible impact.

Hertz’s implementation timeline would require Zipcar (as the current service provider) to agree to maintain continuity of service during the transition period. However, the current pilot program agreement allows for a 90-210 day termination timeline would allow for the smooth transition and provision of services to contracting users, which should adequately lessen any risk during the transition process.
BACKGROUND

Process

The LADOT was directed to continue the pilot until it was able to prepare, release and evaluate the responses to the RFP for a citywide carsharing program. These efforts are complete.

On March 12, 2012, LADOT presented the final draft of the RFP for consideration to the Transportation Committee and City Council recommending a single provider contract based on industry feedback obtained as part of the February 2012 peer review which reflected unease in sharing proprietary and confidential data if anyone other than city staff was involved in the process. When the City Council authorized the General Manager of LADOT to finalize and release the City of Los Angeles “Public Carshare Program” RFP on April 8, 2012, no change in the single provider recommendation was made.

On May 9, 2012, the City of Los Angeles released the RFP for the Public Carshare Program for the City of Los Angeles. Three companies submitted responses to the request for proposals. Car2Go failed to meet the Business Improvement Program (BIP) outreach requirements and was deemed non-responsive. It was notified of this elimination on or about October 4, 2012. The time to challenge this determination has passed.

Both proposals submitted by Zipcar and Hertz were both responsive and responsible. Based on the written and oral responses and additional reference checks conducted by departmental staff, LADOT recommends awarding the contract to operate a citywide carshare program to Hertz On Demand.

Pilot Program

The City of Los Angeles engaged in an on-street Carshare Pilot Program with Zipcar commencing in September 2009 in the areas of University of California, Los Angeles (UCLA) and University of Southern California (USC). Based on the success of the program in the limited area, the pilot program was extended an additional year to include a non-campus based pilot area in Council District 13.

The results of the two-year pilot program demonstrated high utilization rates (40-56%) and increased membership enrollment. Furthermore, consumer surveys revealed that they would like to see the program expanded to other areas and that the 56.1% of the users responding would likely defer or avoid the purchase of a vehicle.
The findings from the city's pilot program are consistent with information in studies on carsharing published by the Mineta Transportation Institute (2009)\(^1\), the Institute of Electrical and Electronics Engineers (IEEE) (2010)\(^2\), University of California (2011)\(^3\), and others. These studies indicate a drop in vehicle ownership, overall driving (vehicle miles traveled) and greenhouse gas emissions in carshare members.

**FISCAL IMPACT**

There is no cost to the city. As discussed above, program administration costs and lost parking revenue will be reimbursed. In addition, the city is expected to realize revenue. The expected revenue will depend on the utilization of carshare vehicles.

**ATTACHMENTS**

The attachments provide additional detail to support the analysis and recommendations in the main report.

**APPENDIX A – MEMBERSHIP COMPARISON**

**APPENDIX B – PROCUREMENT PROCESS**

**APPENDIX C – RECOMMENDED VENDOR QUALIFICATIONS**

**APPENDIX D – IMPLEMENTATION TIMELINE**

JTV: DBA: tlm

c: Borja Leon, Deputy Mayor

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\(^1\) "Carsharing and Public Parking Policies: Assessing Benefits, Costs, and Best Practices in North America", Mineta Transportation Institute, March 2010 (MTI Report 09-09)


\(^3\) "The Impact of Carsharing on Household Vehicle Ownership", Access 28, University of California, Spring 2011, pp. 22-27
APPENDIX A - MEMBERSHIP COMPARISON

The following table summarizes key points from each proposal related to how carsharing membership works.

<table>
<thead>
<tr>
<th>Description</th>
<th>Hertz</th>
<th>Zipcar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set-up fee</td>
<td>Free</td>
<td>Individual: $25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Student: waived</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business: $75</td>
</tr>
<tr>
<td>Annual fee</td>
<td>None</td>
<td>Individual: $60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business: $25/employee</td>
</tr>
<tr>
<td>Methods to join</td>
<td>Website</td>
<td>Website (primary)</td>
</tr>
<tr>
<td></td>
<td>Smartphone</td>
<td>Smartphone</td>
</tr>
<tr>
<td></td>
<td>Kiosk</td>
<td>Zipcar office</td>
</tr>
<tr>
<td></td>
<td>Hertz office</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td>Membership activation</td>
<td>Kiosk/office: within 5</td>
<td>Emailed welcome kit with mailed ID card</td>
</tr>
<tr>
<td></td>
<td>minutes</td>
<td>One office for immediate service</td>
</tr>
<tr>
<td></td>
<td>All other: 7-10 days by mail</td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>Varies by vehicle model</td>
<td>Normal: $8.75-$9.75/hr.</td>
</tr>
<tr>
<td></td>
<td>Weekday: $6.50-$22.00/hr.</td>
<td>Student: $8.00-$9.00/hr.</td>
</tr>
<tr>
<td></td>
<td>Weekend: $8.00-$23.50/hr.</td>
<td>Day rates available</td>
</tr>
<tr>
<td></td>
<td>can offer rate discounts for</td>
<td>10-15% discount with prepaid plan</td>
</tr>
<tr>
<td></td>
<td>specific partners</td>
<td>15%: $7.44-$8.29/hr.</td>
</tr>
<tr>
<td>Insurance coverage</td>
<td>Legal minimum</td>
<td>21+: $300,000</td>
</tr>
<tr>
<td></td>
<td>Excludes uninsured</td>
<td>21-: legal minimum</td>
</tr>
<tr>
<td></td>
<td>$250 deductible</td>
<td>$750 deductible (can ask for waiver)</td>
</tr>
<tr>
<td>Additional fees</td>
<td>No late fee</td>
<td>Late fee</td>
</tr>
<tr>
<td></td>
<td>Excess mileage</td>
<td>Excess mileage</td>
</tr>
<tr>
<td></td>
<td>Less than 1/4 tank of gas</td>
<td>Less than 1/4 tank of gas</td>
</tr>
<tr>
<td></td>
<td>Smoking</td>
<td>Smoking</td>
</tr>
<tr>
<td></td>
<td>Pets</td>
<td>Pets</td>
</tr>
<tr>
<td></td>
<td>Lost ignition key</td>
<td>Cleanliness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cancellation</td>
</tr>
</tbody>
</table>
APPENDIX B – PROCUREMENT PROCESS

Procurement Type

The RFP process was a “best value” procurement, not a low bid contract. This means that both price and non-price qualifications were considered. This type of procurement was selected to ensure that the city will receive the best service quality possible.

Request for Proposals

Prior to releasing the final RFP, on May 9, 2012, LADOT released a draft to the industry for review and comment. This was to ensure that the RFP was clear, addressed industry issues, and incorporated private sector expertise in parking citation processing and collections services. A total of six companies received the draft RFP and two companies submitted written comments to LADOT by February 17, 2012.

- Enterprise Holdings
- Hertz On Demand

All companies received copies of all other companies’ comments and LADOT’s responses. Most of the comments were incorporated into the final RFP.

On May 9, 2012, LADOT issued a RFP for a service provider for public carsharing services. The RFP was electronically posted on the Los Angeles Business Assistance Virtual Network as required by city policy. Potential responders were given until May 23, 2012 to submit questions in writing to the project manager.

On June 7, 2012, a mandatory pre-proposal meeting was held at the LADOT headquarters office located at 100 South Main Street. The purpose of the pre-proposal conference was to provide an overview of the RFP and to provide an opportunity for prospective bidders to request clarification of the city’s administrative requirements and to address questions received by the potential bidders by May 25, 2012.

Seven different companies participated in the pre-proposal meeting. The project manager chaired the meeting and the department’s contract analyst was available to answer any questions regarding the city’s administrative requirements. Addenda were issued at various times throughout the process, to address questions submitted by prospective proposers and to clarify sections as necessary.

Evaluation Committee

The evaluation committee ("committee") consisted of the project manager/acting senior transportation engineer (chair) plus three additional staff members with expertise in different facets related to the contract: off-street parking facilities, environmental
considerations and on-street metered parking. The fifth committee member was the City Traffic Engineer for the City of Santa Monica.

**Evaluation Criteria**

The RFP identified the evaluation criteria (summarized below) and weighting (maximum points for each criterion).

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max. Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope/Scale</td>
<td>15</td>
</tr>
<tr>
<td>Congestion Reduction and Integration with Public Transit</td>
<td>15</td>
</tr>
<tr>
<td>Cost Recovery and Revenue Sharing Model</td>
<td>15</td>
</tr>
<tr>
<td>Fleet Emissions Footprint</td>
<td>15</td>
</tr>
<tr>
<td>Technical and Marketing Proficiency</td>
<td>15</td>
</tr>
<tr>
<td>Operational Experience</td>
<td>15</td>
</tr>
<tr>
<td>Interest in Serving Los Angeles' Diverse Populations</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

A complete description of the evaluation criteria is contained in the RFP on pp. 27-29 and 32-34.

**Proposals Received**


**Pre-Screening Proposals**

A “pre-screening” of each proposal was completed by the department’s contract administration division to verify that all required information was received before the committee evaluated the proposals, i.e. that the proposals were responsive to the city’s administrative requirements. Only Zipcar and Hertz On Demand complied with the city’s various contract requirements including the business inclusion program, the living wage ordinance, the service contractor worker retention ordinance, the equal benefits ordinance, the contractor responsibility ordinance, and the child support obligation ordinance. Car2Go was deemed a non-responsive bidder for having failed to comply with the Business Improvement Program outreach and was eliminated from further consideration.

**Proposal Distribution to Committee Members**

On October 3, 2012, the proposals were distributed to all committee members.

**Evaluation Process**
The evaluation process was administered as described in the RFP.

**Initial Scoring**

Committee members reviewed the written proposals and gave initial scores for each criterion for each proposer. Committee members did not discuss the proposals or share scoring with each other.

On October 30, 2012, committee members turned in their scores for each proposer to the chair. The chair tallied the scores of each member and confirmed that both proposers scored the minimum required 70 points from all committee members.

**Oral Presentations**

Both proposers made oral presentations to the committee at the Piper Tech facility. While oral presentations for both responders were originally scheduled for October 30, 2012. Due to superstorm Sandy and the unavailability of flights, Hertz’s presentation was rescheduled for November 13, 2012. Zipcar was offered an opportunity to proceed or continue on October 30, 2012 or to reschedule the presentation to the November 13th date. Zipcar elected to proceed on October 30, 2012.

**References**

The committee contacted other city departments to determine whether any problems had been experienced with either proposer.

Hertz On Demand’s service was checked with the Department of General Services to determine if they had failed to meet contract requirements.

Zipcar was evaluated on its performance by LADOT, Parking Permits Division for compliance during the pilot program.

The customers were selected based on references provided by the proposers as well as other major customers selected by the chair.

On October 30, 2012 the chair verbally shared the results of the reference checks with the committee members.
Ranking

Each committee member gave final scores for each criterion for each proposer based on the quality of the written proposal, oral interview, and reference checks. (Initial scoring was not considered, did not account for all information available for each proposer, and was used for screening purposes only.) Based on each committee member's score, he or she ranked the proposers.

"Forced ranking" was used to eliminate potential bias related to totaling or averaging points from evaluators with different spreads (variances) between scores.

On October 30, 2012 and November 13, 2012, the chair convened the committee and each member submitted his or her rankings to the chair. Committee members did not discuss their scores or rankings prior to submittal to the chair.

The chair tabulated the rankings and the unanimous consensus showed Hertz ranked first, followed by Zipcar ranked second. The committee then discussed the strengths and weaknesses of each proposal.
APPENDIX C – RECOMMENDED VENDOR QUALIFICATIONS

Overview

Hertz is one of the largest vehicle rental companies in the U.S. They also have significant experience operating carsharing and back office services contained in this RFP. Hertz has 60 offices in the City of Los Angeles and is a qualified local business under the city's new "Local Business Preference Program".

Experience

Hertz operates carsharing in NYC, Washington D.C. and in emerging markets in San Antonio and Miami. It also has a local presence at Pepperdine University, Whittier College, University of Redlands, and Mount St. Mary's College.

Team

The local Hertz team consists of 585 staff members in the City of Los Angeles with 15-20 who will be dedicated to the Los Angeles carsharing project. Those with the primary oversight of this program have over 100 years of experience with Hertz in all aspects of car rental.
APPENDIX D – IMPLEMENTATION TIMELINE

Hertz proposes the following schedule for delivery under the contract.

<table>
<thead>
<tr>
<th>Function</th>
<th>Enhancements</th>
<th>Days After Contract Award</th>
</tr>
</thead>
</table>
| Implementation Phase      | • Incorporate Los Angeles carshare on website  
• Develop software and infrastructure for dedicated city use  
• Develop customized marketing plan  
• Develop signage  
• Assess needs for electric vehicles  
• Review and select parking spaces  
• Install signage and charging stations (if necessary)  
• Acquire specific vehicles for Los Angeles | Up to 90                   |
| Soft Launch - Test        | • Full implementation in place and internal testing.  
• Train city managers and users on reservations process/system.                                                                                     | 2 weeks prior to launch   |
| Service Launch            | • Kick off events  
• Press releases                                                                                                                                      | Within 90 days of launch  |
| Vehicle Placement         | • Launch approximately 200 vehicles                                                                                                                                                                      | 365 days                  |
|                           | • Complete deployment of 250 – 300 vehicles                                                                                                                                                              | End year 2                |
|                           | • Complete deployment of 350 – 450 vehicles                                                                                                                                                              | End year 3                |
|                           | • Complete deployment of 500 – 600 vehicles                                                                                                                                                              | End year 4                |
|                           | • Complete deployment of 650 – 750 vehicles                                                                                                                                                              | End year 5                |
|                           | • Complete deployment of 800 – 1000 vehicles                                                                                                                                                              |                           |