

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: July 15, 2008

To: The City Council
c/o City Clerk, Room 395 City Hall
Attn: Honorable Wendy Greuel, Transportation Committee

From: *for* Rita L. Robinson, General Manager
Department of Transportation



Subject: **STATUS OF PROPOSED CARSHARING PILOT PROGRAM IN LOS ANGELES,
C.F. NO. 05-2017**

RECOMMENDATION:

That the City Council, subject to review and comment by the Transportation Commission and the approval of the Mayor:

1. AFFIRM the City's desire to conduct a one-year carsharing pilot program near the UCLA and USC campuses in the City of Los Angeles with Zipcar, the only carsharing operator who responded to the City's solicitation of Letters of Interest in such a pilot program.
2. AUTHORIZE the Department of Transportation to execute an agreement with Zipcar covering the terms of the carsharing pilot program.
3. DIRECT the Department of Transportation to submit a progress report to Council on the carsharing pilot program in the two areas 180 days after carsharing service begins.

DISCUSSION:

On October 31, 2007, the City Council authorized the Department of Transportation (DOT) to solicit, through a direct mailing to all carsharing companies with revenue operations in the United States, Letters of Interest in participating in a one-year carsharing pilot in the City of Los Angeles. This report summarizes the progress on that task and seeks Council guidance on the direction of the program given the responses to the City's solicitation.

Solicitation of Letters of Interest

On November 2, 2007, DOT e-mailed the attached "Solicitation of Letters of Interest" to the following four medium- to large-size carsharing providers identified through a search of the Internet:

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1. Flexcar, Washington, D.C.
2. Zipcar, Cambridge, Massachusetts
3. City CarShare, San Francisco, California
4. Philly CarShare, Philadelphia, Pennsylvania

Zipcar and Flexcar were the two largest competitors in the U.S. carsharing market; but on October 31, 2007, they announced that they were merging under the Zipcar banner. DOT chose to solicit both companies anyway to maximize the chances of a response from the merged entity. DOT staff sent reminders to all four companies on November 15, 2007, that Letters of Interest were due on December 3, 2007. Only one company, City CarShare in San Francisco, responded by the deadline; and they declined to participate in Los Angeles' carsharing program because they preferred to focus on building their business in San Francisco. Once the December 3 deadline had passed with no Letters of Interest, Zipcar staff contacted City staff and indicated that Zipcar was interested in a Los Angeles pilot but had not responded because they were focused on resizing their operations after the merger with Flexcar.

On February 5, 2008, DOT re-issued the Solicitation of Letters of Interest in a one-year carsharing pilot in the City of Los Angeles to the following four firms:

1. Philly CarShare, Philadelphia, Pennsylvania
2. Scoot, Kitsap County, Washington
3. I-GO Car Sharing, Chicago, Illinois
4. Zipcar, Cambridge, Massachusetts

Only one firm, Zipcar, submitted a Letter of Interest by the new, March 7, 2008, deadline. The Zipcar proposal expressed interest in participating in carsharing pilots in four areas of Los Angeles:

1. North Westwood Village area near the University of California—Los Angeles
2. Area around the University of Southern California
3. Downtown Los Angeles
4. Hollywood area

Zipcar proposed to operate between five and 20 carsharing vehicles in each of the four pilot areas.

On June 18, 2008, DOT staff and representatives of affected Council offices met with Ms. Jenny Larios Berlin, Zipcar's General Manager - Universities, to discuss some of the details of the planned pilot operations. At this meeting, Ms. Larios Berlin explained that, at this time, Zipcar was primarily focusing on college students as their target customers and was interested in pursuing pilot programs in the areas next to the two college campuses (UCLA and USC). These pilot locations would allow them to expand their existing on-campus operations into the surrounding student housing areas. Zipcar was seeking on-street parking spaces in each of the two pilot areas for six to 12 carsharing vehicles. DOT

is currently working with Zipcar to identify appropriate on-street, carsharing vehicle storage spaces in each of the two campus areas, which meet Zipcar's locational criteria.

Next Steps

DOT staff has learned that Zipcar, through its merger with Flexcar, is now the largest carsharing company in the world. Almost all of the other carsharing service providers in the U.S. are non-profit cooperatives with each operating exclusively in a single city. Zipcar has also contracted with or bought out some of these independent operators to expand its membership to 180,000 and operates 5,000 vehicles in 50 cities in North America and the United Kingdom.

When DOT first proposed a solicitation of Letters of Interest in a one-year carsharing pilot, there were at least two major competitors, Zipcar and Flexcar, in the carsharing business. Consequently, the City Attorney advised that the City could "sole source" a contract for carsharing service. After a couple of attempts, it appears that in fact there is only one firm willing to participate in a carsharing pilot in Los Angeles. Other cities, like San Francisco, have created a regulatory environment where local entrepreneurs can establish single-city carsharing cooperatives that are competitive with multi-city carsharing firms like Zipcar.

Due to the dramatic changes in the carsharing competitive environment and the fact that many of the areas for which City Councilmembers expressed interest in a carsharing pilot will not be addressed by the proposal currently under consideration, DOT is seeking guidance from the Council on the next steps forward with carsharing in Los Angeles. If the Council sees value to conducting a pilot carsharing program with a single firm, Zipcar, in the UCLA and USC areas, then they should affirm its desire for DOT to move forward to execute the necessary agreements to implement the pilot program.

FISCAL IMPACT STATEMENT:

The recommended action would have no impact on the General Fund during the one-year pilot program because the City will recover the direct costs of fabricating and installing signs and marking spaces through fees charged to participants. There will be some, as yet undetermined, loss of revenue to the Special Parking Revenue Fund from the reservation of on-street metered spaces and spaces in off-street lots for car sharing vehicles.

COORDINATION:

DOT staff has met with representatives of UCLA, Zipcar, and staff of Council Districts 5 and 11 to discuss the outcome of the solicitation process and identify what remains to be done to implement the carsharing pilot program described in this report.

AEW:
H:\T-Committee\CF05-2017 Car Share Pilot071508.doc

Attachment

**CITY OF LOS ANGELES
DEPARTMENT OF TRANSPORTATION**

SOLICITATION OF LETTERS OF INTEREST

November 1, 2007

ONE-YEAR CARSHARING PILOT PROGRAM

**Response Deadline: Friday, December 3, 2007
5:00 PM PDT**

The City of Los Angeles (City), Department of Transportation (LADOT) is soliciting Letters of Interest (LOIs) from carsharing companies interested in participating in a one-year pilot program testing the feasibility of carsharing services in several areas of the City. The City is interesting in exploring the customer service, traffic congestion relief and environmental benefits of carsharing services that offer vehicles for rental by the hour and/or mile to members with vehicles accessible at their parking locations without the need to go elsewhere to pick up the vehicle's keys.

This document is a direct solicitation of companies and non-profit entities involved in the provision of carsharing services, which may be interested in supplying similar services to the City. The goal of this solicitation is to gain a better understanding of the number of companies that would be interested servicing the City, the geographic areas of the City they believe would be best suited to their services, and the number of carsharing vehicles they would be willing to commit to a one-year pilot carsharing program in each geographic area.

Disclaimer

LADOT will evaluate the Letters of Interest received in response to this solicitation and intends to recommend that the City Council authorize a one-year carsharing pilot program in up to four areas of the City.

Since this solicitation is not a Request for Proposals, no commitments are required of either party; and respondents are not to construe this process as a commitment by the City to award a contract or contracts at this time. The City is not liable for any cost incurred by any party for the preparation and submission of responses to this solicitation. All material submitted in response to this solicitation will become the property of the City.

Background

The City is the second largest municipality in the United States with over 600 miles of City streets and approximately 120 off-street parking facilities. With the January 1, 2007, enactment of California Vehicle Code Section 5205.5, cities have the authority to reserve public, on-street parking spaces for the exclusive use of vehicles participating in a carshare vehicle program. The

City intends to enact a local enabling ordinance, reserve both on-street curb spaces and parking spaces in the City's off-street lots for City-authorized carsharing vehicles, and undertake a pilot program demonstrating the feasibility of carsharing services. The pilot program will start in mid-February 2008 and last for one-year.

In return for being granted exclusive use of these public parking spaces, participating carsharing companies will be required to reimburse the City for the one-time cost of signing and marking the reserved spaces and will be required to collect and report data associated with performance measures that will be developed for the carsharing pilot program. During the pilot program, the City will not seek reimbursement for any additional staff costs or lost revenue due to the conversion of any metered parking spaces or spaces in paid parking lots to carsharing spaces; but the City reserves the right to seek compensation for any future lost parking revenue and any additional staffing costs if the program becomes permanent. At the end of the pilot program, LADOT will evaluate the success of carsharing and make recommendations for the future of carsharing in Los Angeles, including any changes to the terms and conditions of the program.

Solicitation of Letters of Interest

Interested parties are invited to submit a Letter of Interest in response to this solicitation describing the carsharing services the party is willing to offer as part of the pilot program. This response should include the following information:

- (a) Indication of the party's interest in providing carsharing services to the City, which includes the name of an authorized representative of the party, their telephone number, and mailing and e-mail addresses.
- (b) Information concerning the party's qualifications and ability to provide the products and services offered.
- (c) References and contract values relative in size to the services being proposed for the City of Los Angeles.
- (d) Brief description of carsharing membership and vehicles operated by the party in other U.S. cities.
- (e) Maps showing the boundaries of each of the areas within the City the party is willing to serve as part of the one-year pilot program with the number of vehicles to be provided in each area indicated.

Evaluation Process

LADOT will review the Letters of Interest received in response to this solicitation and identify the geographic areas identified as the best locations for carsharing services. The City reserves the right to grant exclusive carsharing service rights to a single provider or non-exclusive rights to several providers in each pilot area depending on the level of interest in each area. Since the City's on-street metered parking spaces and spaces in off-street paid lots generate over \$30 million in revenue each year, the City also reserves the right to determine the number and location of carsharing spaces to be established in each pilot area.

Once the pilot areas have been identified, LADOT will present a report to the City Council seeking their concurrence with the proposed pilot areas and authorization to negotiate agreements with interested parties for the provision of carsharing services. The terms of the pilot program agreements will spell out the City and the participant's responsibilities and will include, but not be limited to, the following responsibilities of the carsharing providers:

- Keeping the street clean adjacent to their vehicles when their carsharing spaces are located on street cleaning routes.
- Payment of any citations for violation of 72-hour parking restrictions or any other potential violations while their vehicles are parked in the carsharing spaces.
- Moving their vehicles as necessary for special events, filming, construction or any other permitted use of the carsharing space. (Please note that it is the City's intention to locate carsharing spaces on side streets with appropriate guide signage located on the major cross street to minimize these conflicts)

Questions

Questions regarding this solicitation shall be submitted to Alan E. Willis at Alan.Willis@lacity.org. Mr. Willis should not be contacted by telephone or in person with regard to this solicitation. All questions must be submitted via e-mail prior to **5:00 PM PDT on Friday, November 16, 2007**. LADOT reserves the right to combine and re-phrase like questions into a single question with an appropriate response to be provided to all parties who received this direct solicitation.

Submission Date

In order to give fair consideration to all responses and render the findings from this solicitation in a timely manner, the interested parties shall submit their Letter of Interest such that it is **received at the address below no later than 5:00 PM PDT on Monday, December 3, 2007**. All responses shall include three (3) copies and one (1) compact disc (CD-ROM) containing all documents in a PC-compatible Adobe Acrobat or Microsoft Office document format. This package shall be delivered to the following address:

Mr. Alan E. Willis, Principal Transportation Engineer
Bureau of Valley Operations
City of Los Angeles DOT
100 South Main Street, 10th Floor
Los Angeles, CA 90012