

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL MEMORANDUM

Date: November 4, 2014

To: Honorable City Council  
c/o City Clerk, Room 395  
Attention: Mike Bonin, Chair, Transportation Committee

From: Seleta J. Reynolds,  General Manager  
Department of Transportation

Subject: **PROGRESS REPORT ON THE FORMULATION OF MULTIPLE-PROVIDER CARSHARE PERMIT PROGRAM (C.F. 13-0192)**

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**RECOMMENDATIONS**

That the City Council:

1. Direct the Los Angeles Department of Transportation (LADOT) to implement the Phase II Multiple-Provider Carshare Permit Pilot Program (Phase II Pilot Program), as set forth in the attached Draft Rules and Guidelines, within 60 days of approval of the Program.
2. DIRECT the LADOT to sell up to ten annual carshare permits per month for the remainder of Fiscal Year (FY) 2013-2014, provided market demand exists for the permits, to carshare companies that meet the qualifications, set forth in the Program Guidelines. If demand does not exist, LADOT is not required to sell any permits.
3. Request the City Attorney to prepare and present an ordinance amending Section 80.58.1(c)(3) of the Los Angeles Municipal Code (LAMC) to delete the reference to a carshare organization selected as part of a competitive process and include a definition of a qualified carshare organization (QCO) that states it will be a company owning and operating at least 100 vehicles as part of a regional fleet for hire by individuals for self-service operation to provide hourly or daily service and for which the QCO provides liability insurance of at least the City required minimums and shall not include taxis or privately owned and operated vehicles subcontracted under a rideshare program, charter party carriers or vehicles regulated, licensed or permitted by the California Public Utilities Commission.
4. Request the City Attorney to prepare and present an ordinance amending Section 80.58.1 ( c )(3) to insert subpart (d) to allow the LADOT to charge for carshare permits, as specified in the Draft Rules and Guidelines.
5. Authorize the Controller to establish a new account entitled "Multiple-Provider Carshare Permit Pilot Program" within the Permit Parking Program Revenue Fund and authorize LADOT to:
  - a. Accept payments from QCOs for permit fees and administrative costs;
  - b. Deposit those payments into the Permit Parking Program Revenue Fund; and
  - c. Appropriate those deposits to the new account.

6. Authorize the Controller to establish a new account entitled "Multiple-Provider Carshare Permit Pilot Program" within the Special Parking Revenue Fund and authorize LADOT to:
  - a. Accept payments from QCOs for meter revenue that is lost due to conversion of metered parking spaces to the exclusive use of carshare vehicles
  - b. Deposit those payments into the Special Parking Revenue Fund; and
  - c. Appropriate those deposits to the new account.
7. Direct LADOT to provide quarterly reports to the City Council on the status of the Program, including, but not limited to, the number of QCOs in the City, the number of applications for permits, the number of permits issued, the number of carshare vehicles authorized to operate in the City; the number of parking spaces that have been converted to carshare use, and the permit processing time.
8. Instruct LADOT to report to the City Council by April 9, 2015 with recommendations to expand the Phase II Pilot Program to include a Phase III "Point-to-Point" carshare permitting system.
9. Authorize LADOT to make any technical corrections or clarifications to effectuate the intent of the above recommendations.

**DISCUSSION**

Through the implementation of the City's On-Street Carshare Pilot Program (Phase I Pilot Program), which commenced on September 14, 2009 with Zipcar, staff has documented the demand for carsharing. There has been a great deal of study on this transportation method by academic researchers that has shown the environmental and mobility benefits of carsharing. The LADOT is recommending that the City move forward into a Phase II Pilot Program for at least two years to test implementation of a multiple-provider carshare permit system in the City.

The goal of the Phase II Pilot Program is to provide convenient, affordable access to vehicles that will reduce personal automobile ownership, thereby improving the environment and the livability of the City. The Department is proposing to place 5 two-car pairings (pods) carshare spaces per month throughout the City, beginning within 60 days of City Council approval. It is the Department's goal to implement the Phase II Pilot Program with current staff resources. In furtherance of this effort and to more rapidly enhance the presence of carsharing in Los Angeles, the LADOT recommends the City Council approve the attached Rules and Guidelines for the Phase II Pilot Program.

**Background**

Phase I Pilot Program

On January 1, 2007, the State Legislature amended the California Vehicle Code to allow cities and counties to designate certain streets or portions of streets for the exclusive parking privilege of carshare vehicles. On October 31, 2007, the City Council approved an ordinance to institute a carshare program. At the time, the LADOT recommended against doing a sole source pilot since there were two primary companies, Zipcar and Flexcar, providing carshare services. Between November 1, 2007 and December 3, 2007, LADOT solicited interest from companies to participate in the pilot. Only Zipcar submitted letter of interest to participate in the program. In August 2009, LADOT and Zipcar, Inc., signed a Letter

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of Agreement (LOA) that formalized the operation and responsibilities of each agency with regards to the pilot program. On September 15, 2009, the Program commenced with up to 40 cars in two limited areas near the USC and UCLA campuses, which were areas in which Zipcar had both existing programs and customer bases.

On August 17, 2011, the City Council authorized the continuation of the carshare pilot program to allow staff to prepare a Request for Proposal (RFP) seeking submittals from organizations interested in providing carsharing services in the City of Los Angeles. On April 19, 2013, after a competitive process, the City Council authorized LADOT to negotiate and execute a five-year contract with Hertz On Demand to provide carsharing services for the City of Los Angeles. This action was rescinded by Council on June 25, 2014 due to the inability of Hertz to negotiate a contract. With the cancellation of the anticipated Hertz contract, the City Council directed the Department to report with recommendations on the implementation of a robust carshare program that allows multiple operators to compete and serve the City, including but not limited to, an open permit system.

#### Single Provider, Fixed Space Carshare Model

When the City began the Phase I Pilot Program with Zipcar, the traditional fixed space model was the only viable option. Under that model a member of the carshare company reserves a car for pick up from a designated space and returns the car to the same location. Based on proposals by Zipcar, the City's Pilot Program established six vehicular "pods;" each "pod" includes two on-street parking spaces. Parking signs were installed to identify their exclusive use for carshare vehicles and to exclude those spaces from street cleaning and time limit enforcement. The utilization near both universities exceeded 43% within three months of rollout. By March 2010, 18 of the 40 vehicles were in service near the universities and utilization exceeded expectations and remained strong. The City, however, had no data to determine if the Phase I Pilot Program could survive or even thrive beyond the campus adjacent environment.

In December 2010, the Phase I Pilot Program was expanded to Hollywood to assess its viability in untried markets away from the campus model. The remaining 22 vehicles were stationed carefully for visibility and utilization rates demonstrated acceptance of the vehicles. In fact, the Phase I Pilot Program's 40 car cap was seen to be limiting the growth of the program and customer surveys revealed an interest in seeing the program move into other areas of Los Angeles. Some respondents indicated they had considered deferring the purchase of a new vehicle. The cap remained in place while the City sought an exclusive service provider for carsharing services.

#### Phase II – The Proposed Multiple-Provider Fixed Space Model

LADOT staff believes that implementing a Phase II of the current carshare program can begin with existing staff resources to provide an additional 10 carshare vehicles (five pairs of vehicles) on a street segment per month to commence approximately 60 days from City Council approval and changes to the LAMC to allow for permit fees to be imposed. At this rate, LADOT anticipates having up to 100 cars in City controlled on- and off-street spaces by the end of June 2015. LADOT intends that the existing carshare spaces under the Phase I Pilot Program be grandfathered into the Phase II Pilot Program and to balance issuance of new permits amongst any qualifying carshare provider. Within two calendar years of the date Phase II Pilot Program becomes effective, the LADOT estimates a total of 250 fixed space carshare vehicles participating in the City program. This will augment vehicles carshare providers already use to service members' needs.

### Phase III – The “Point-to-Point” Carshare Model

By the time the City evaluated the Hollywood study and authorized a RFP for a comprehensive citywide carsharing program, a “one-way” or “point-to-point” model was emerging. This system allows a user to pick up a vehicle near the start of their trip and to leave it near their destination. Because a carshare vehicle can be left anywhere, vehicles remain subject to existing parking restrictions, such as street cleaning, tow away, commercial and passenger loading zones. The implementation of this carshare model needs further evaluation by the Department to determine which, if any, area of the City is best suited to this model, as well as how existing parking restrictions will be applied to “point-to-point” carshare vehicles. The LADOT proposes to include a future “point-to-point” model by returning to City Council with specific guidelines and rules governing its operation in April 2015. This will allow LADOT to formulate the administrative and other changes necessary for such a program to function within the City. Moreover, the LADOT has the task of determining coverage area for the program and the nature and degree of public outreach.

### **Implementation of Phase II – The Proposed Multiple-Provider Fixed Space Program**

Under Phase II, any interested carshare company must provide information to ensure that they meet the criteria to participate in the Pilot Program. After a company is qualified, they may submit an application to the Department requesting the conversion of up to 10 parking spaces. Once an application is submitted with sufficient specificity, and upon payment of the required application and assessment fees, LADOT will conduct an on-site evaluation of the space to ensure that the space can be included in the program. The LADOT will retain the authority to decline the conversion of any public parking space to carshare use for a variety of reasons, including, but not limited to the need to relocate disabled parking spaces, presence of loading zones, impact on traffic flow, safety issues, or the failure on the part of the QCO to provide proof of outreach and acceptance by the affected businesses/residents. Decisions by the Department would not be subject to appeal.

Once a parking space is approved to be designated for exclusive carshare use, the QCO would submit fees for space conversion and LADOT will schedule the work to remove meters, place or move signs and place pavement markings.

The LADOT will also provide the QCO with a permit for a specified vehicle to take part in the program. Because all QCO providers expected to participate have fleets of vehicles not participating in this program, the LADOT will assign a physical permit to lessen confusion by enforcement personnel and the public as to which vehicles may park in the restricted spaces. Since the number of vehicles will be limited and predefined, the LADOT proposes to allow QCOs to apply for a set number of extra permits for a reserve fleet to supply coverage for vehicles out for maintenance or mishap. This should allow for adequate monitoring of the core fleet, but provide flexibility to the QCOs.

### **Staffing and Fiscal Impact**

All fee amounts were calculated to ensure full cost recover of all direct and indirect costs based on current labor salary rates, as well as contract costs and transportation expenses. At this time, the LADOT has estimated the anticipated contractual costs to the best of its abilities; however, some adjustment in the fee may result as more information becomes available. The following table identifies the estimated permit fees:

<u>Permit</u>	<u>Metered Spaces</u>	<u>Non-Metered Spaces</u>
One-Time Application	\$50.00	\$50.00
One-Time Engineering Assessment	\$353.25	\$353.25
One-Time Space Conversion Fee	\$1,460.00	\$1,060.00
Annual Permit Fee	\$950.00	\$950.00
Annual Meter Revenue Recover (will be remitted to the Special Parking Revenue Fund)	\$602.00-\$21,744.00	\$0.00
<b>Total Estimate</b>	<b>\$3,415.25 - \$24,557.25</b>	<b>\$2,413.25</b>

Other important elements of the Phase II Pilot Program include:

- *Green Vehicles:* All participating QCOs shall supply a carshare fleet that meets a 30 miles per gallon standard and includes hybrid and/or electric vehicles.
- *Geographic Equity:* QCOs are required to make best efforts to maintain a fleet distribution that includes five percent in South Los Angeles, excluding the USC campus, and the San Pedro area.
- *Reporting:* Mandatory quarterly reports, including customer surveys and information on changes in vehicle or transit use resulting from the use of carshare, from the participating carshare companies will help the City evaluate the impact of Phase II.
- *Parking Spaces:* Carshare parking spaces will be limited to two (one pod) per street segment. If more than one QCO requests a pod in the same location, the companies shall confer and present the City with an agreement. If no agreement is reached, the City reserves the right to deny the use of the space.
- *Outreach:* Responsibility for outreach to surrounding homes/business will be assigned to QCOs.
- *Parking Space Maintenance:* Signage will be placed to exclude carshare spaces from street cleaning enforcement; however, each QCO will be responsible for ensuring that each carshare location is kept clean and free of debris. The permits will not exempt the QCO from enforcement under any special event sign posting and vehicles not removed may be impounded and cited. Any resulting charges would be the responsibility of the QCO.

### **Changes to the Los Angeles Municipal Code**

In order to charge for the permits, the LADOT recommends changes be made to Section 80.58.1(c)(3) of the LAMC be changed to remove:

“The Carshare Organization was selected as part of a competitive process,”

and that the following be inserted in its place:

“A Carshare Organization shall be a Company owning and operating at least 100 vehicles as part of a regional fleet for hire by individuals for self-service operation to provide hourly or daily service and for which the QCO provides liability insurance of at least the City required minimums and shall not include taxis or privately owned and operated vehicles subcontracted under a rideshare program, charter party carriers or vehicles regulated, licensed or permitted by the California Public Utilities Commission.”

Further, that subpart (d) be inserted to allow the LADOT to charge for permits:

“The Department shall collect a fee of \$950 for each permit issued under this Section and each permit shall be issued for no more than 12 months.”

SJR:DBA/tlm

**Attachments**

Proposed Rules and Guidelines for Multiple-Provider Carshare Permit Pilot Program  
Space Conversion Fee Calculation