


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: March 19, 2015

To: Honorable City Council
c/o City Clerk, Room 395, City Hall
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)**

RECOMMENDATIONS

That the City Council:

1. Direct the Los Angeles Department of Transportation (LADOT) to revise the Rules and Guidelines for Multiple-Provider Carshare Permit Pilot Program pursuant to Council instruction regarding meter space cost recovery.
2. Direct LADOT to report on the status of the Program and with recommended modifications to the Revised Guidelines to incorporate the Point-to-Point Carshare permitting system in 90 days.

DISCUSSION

Since the report given to the Committee on <<insert date>>, the City Attorney has prepared changes to the Carshare Ordinance, which allows LADOT to charge permit fees to ensure full cost recovery for metered parking spaces if those spaces were fully occupied. In light of pricing concerns and raised by Zipcar at the prior hearing, LADOT met with representatives of interested carsharing companies to survey interest in participating in the City pilot under a full cost recovery, which is reflected in the current Guidelines. Industry representatives have concerns about their participation, especially where meter use is and has been less than 100%. Whether pursuing full opportunity cost recovery would chill participation or merely drive the market to less costly meters or off street alternatives remain untested. LADOT has reached out to other municipal organizations, and is waiting to hear back as to their recapture plans for meter fees. Notwithstanding, the LADOT has explored and will present alternative pricing strategies from which the Council can select.

In an attempt to further scale back the upfront costs, providers have requested the City consider allowing the permittees to be responsible for installation and removal of pavement markings, signs and any other improvements required to activate a space.

BACKGROUNDMeter Cost Recover Issues*Full Opportunity Cost –LADOT Recommendation*

At the prior meeting, the Transportation Committee recommended that any provider compensate the City for all of the hours a meter would otherwise be *available* for public use. The cost would be measured meter by meter and the LADOT could easily supply the permittees with the charges and provide a set quarterly invoice. This is the method used by the Department in charging Valet companies for use of the right-of-way. The LADOT recommends this cost recovery model as it is consistent with the methodology used under the Valet in the City of Los Angeles, is the most easily calculated for the City and Permittee and will be the method recommended to calculate meter recovery under the point-to-point carshare model.

While the representatives did not state an absolute unwillingness to participate if the City insists on full opportunity cost recovery, they did indicate they would have to determine if those costs were feasible under their current business model. Moreover, the representatives of the companies indicated that the opportunity cost was an unfair and unrealistic charge as the City does not recover 100% of in-service hours on any meter.

Actual Revenue

Under this plan, the City would recover revenue based on the most current data for the prior 12 months. While meter recovery in areas is changeable based on popularity and can vary widely in zones, this strategy would most closely approximate the current recovery per meter. While this would not provide any uniformity of pricing structure for providers, it would more accurately reflect the foregone revenue. The City is able to supply the most recent 12 month cost recovery on a meter-by-meter basis. This figure could be impacted by fluctuations in neighborhood popularity. By allowing for use by the provider in excess of the actual use of the meter, other providers under the point-to-point, as well as the public, may claim that the City is providing the companies a lucrative benefit for less than market value.

The representatives from the industry preferred a method that was more reliable to calculate, even if less reflective of the actual recovery rates.

Zone plan

Industry representatives prefer a zone plan, which would break the City meters into approximately five cost zones, with a set per month charge for each.

This course would improve predictability for the industry and the City, but contains inherent risk to the City as revenue adequate to pay for meter hours and fees foregone with a meter's removal from public service. To illustrate the potential impact on revenue, the highest collection from a City meter has been in excess of \$12,000 per year. That meter is in a zone in which industry representatives recommend compensation at \$150 per month, equaling \$1,800 per year. Should the City agree to such a plan, it could lose \$10,200 per year on for that transaction alone. While this example is the most extreme, it is not uncommon for recovery by meters within zones to vary. As staff has reliable access to true recovery rates and can provide the information easily, use of that data would be the most reliable to ensure the City receive adequate compensation.

Should the City Council elect to forego full opportunity cost recovery at least for the duration of this pilot, LADOT would recommend that recovery be set to recovery actual revenue in order to limit or eliminate unforeseen impacts to the Special Parking Revenue Fund.

Other Jurisdictions

To determine how other municipal governments are recapturing meter revenue, LADOT sent a survey to Denver, St. Paul, San Francisco, Austin, San Diego, San Jose, Portland, Seattle, New York City and others. At the time of this report, LADOT has received responses from Denver, San Jose and Portland, but will provide supplemental data received at the time of the Committee meeting.

Locality	Charge meter recovery/permit fee?	Method
Portland, OR	Yes	Average of Actual Revenue on block face in prior year
	Yes	1/3 full opportunity cost when displacing a meter, analogous treatment to Valet, "Found" curb space varies per location: Downtown at \$750 per space, Targeted Low Income Areas \$250/space \$500 for all other spaces. Permit fee is calculated on the meter revenue loss.
Denver, CO		This is a small pilot program. They have been able to avoid meter revenue loss by removing unneeded red striping. The City is charging a \$35 permit fee and \$225 for space marking.
San Jose, CA	N/A	

Space Conversion Costs

The Guidelines set forth fees for conversion of curb spaces to carshare space ranging from \$1,060 for unmetered spaces to \$1,460 for metered ones. The rates were set to ensure monies were collected for removal of spaces from the program. One company wanted to explore the high cost of conversion of street spaces and proposed that the company provide the pavement markings and other conversion labor and materials. This is not an option as Section 80.07 of the Los Angeles Municipal Code specifies that "the Department of Transportation shall have the exclusive authority to install, place, maintain or remove any traffic control device or other type of sign in the City of Los Angeles". While changes were recently enacted, those limited LADOT's ability to delegate its authority to other city agencies for the limited purpose of installation or removal of temporary no parking signs.

One means of lessening the upfront cost could be to charge only to convert the space for use under the program and to require the permittee pay for a bond to ensure removal costs are covered.

