



COUNCIL AGENDA: 03-22-11
ITEM: 6.1

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Dennis Hawkins, CMC 
City Clerk

SUBJECT: CARSHARE PROGRAM

DATE: 03-07-11

RECOMMENDATION

As recommended by the Transportation and Environment Committee on March 7, 2011 and outlined in the attached memo previously submitted to the Transportation and Environment Committee, accept staff's report and approve the following incentives to be included in a Request for Proposals for a carshare service provider as a means to facilitate the launch of a carsharing program in the City of San José:

- (a) Possible partnership with San José State University;
- (b) Replace a portion of the City fleet with carshare vehicles;
- (c) Provide free parking to carshare vehicles in City garages;
- (d) Provide designated on-street parking spaces for carshare vehicles;
- (e) Assist in marketing the program; and
- (f) Opportunity for City to provide maintenance for carshare vehicles.



Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

FROM: Hans F. Larsen
David Sykes

SUBJECT: CARSHARE PROGRAM

DATE: 02-17-11

Approved

Date 2/28/11

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Accept staff's report and recommend that the City Council approve the following incentives to be included in a Request for Proposals for a carshare service provider as a means to facilitate the launch of a carsharing program in the City of San José:

1. Possible partnership with San José State University
2. Replace a portion of City fleet with carshare vehicles
3. Provide free parking to carshare vehicles in City garages
4. Provide designated on-street parking spaces for carshare vehicles
5. Assist in marketing the program
6. Opportunity for City to provide maintenance for carshare vehicles

OUTCOME

Approval of the recommended actions will allow City to issue a RFP to select a carshare service provider that includes the proposed incentives.

BACKGROUND

In October 2008, Mayor Reed and Councilmembers Sam Liccardo and Judy Chirco submitted a memo to the Rules and Open Government Committee proposing an evaluation of potential transportation innovations and incentives that could support high-density and transit-oriented development. One of the proposals was to have staff investigate whether incentives might be used to help support the launch of a carshare program in San José. The topic of developing a carshare program in San Jose was the subject of subsequent staff reports provided to the Transportation and Environment Committee at their meetings in October 2009, April 2010, and October 2010.

Description of Carshare Service

At its essence, carsharing is a quasi "library service for cars." Participants enjoy the benefit of a private vehicle without the cost and responsibility associated with owning that vehicle. To access the vehicles, individuals join an organization that maintains a fleet of vehicles in a network of locations. Participants pay an annual membership fee as well as an hourly usage fee. Vehicles are used round-the-clock, seven days a week by office workers during the weekdays and residents during nights and weekends. Carsharing differs from car rental services in that carshare vehicles are typically used for short-term, local trips while rental vehicles are generally used for day long or multi-day use. Carsharing is also self-service.

A carshare program could enhance the City's green mobility efforts by making alternative transportation options, such as transit, carpooling or cycling, more attractive. Potential users may view these options more favorably when paired with a carshare program that would provide access to a vehicle if needed during the day to run to a meeting or an errand. Carsharing expands the transportation choices available to those who do not have the means to own a car. It can also enable families with multiple cars to consider reducing the number they own, or to forego car ownership entirely. Depending upon how the program is structured, the program could also reduce the City's operating costs, if not immediately then over time.

Coordination with Existing Carshare Vendors and Programs

Staff has spoken with a number of carshare firms currently serving Bay Area cities as well as others seeking to expand into this market to ascertain if they would be interested in operating a carshare program in San José. Historically carshare firms considered San José too sparsely populated to support a carshare program. While that situation may still be true generally, staff believed that the City may have reached a tipping point as a result of recent high-density development in the Greater Downtown -- particularly if San José State University (University) was included. The University, which had been independently investigating means to provide carsharing services on its campus, expressed strong interest in collaborating with the City on such a program. The response from the carshare service providers was cautiously positive. Launching a program in a new territory is expensive. For some firms, the cost of starting up a new program could be a deterring factor.

In addition, staff has gathered information on successful carshare programs in the U.S and Canada. Staff spoke to Berkeley, San Francisco and Vancouver, British Columbia as well as regional non-profit carshare providers in Vancouver and Philadelphia to understand how those programs were structured, lessons learned, and models that might work for San José. One strategy staff thought was particularly promising was to replace a portion of the City's fleet with car share vehicles. The City of Berkeley was the first to try this approach in 2004.

Outreach with Downtown Businesses and Residents

In October 2010, staff discussed with the Committee a package of non-monetary incentives the City might include in a Request for Proposals to help support the launch of a carshare program.

Among other things, the package included replacing a portion of the City's fleet with carshare vehicles, providing free parking to the carshare service provider, and assisting the provider to market the program to downtown businesses, employees and residents. (The University would market the program to its students, faculty and staff.)

The Committee directed staff to contact downtown businesses and residents to ascertain their level of interest and ability to support the launch of such a program. The results of those conversations are summarized below.

Between November 2010 and January 2011, staff spoke to five downtown businesses (Adobe, Decarta, Fehr & Peers, Deloitte, and Price Waterhouse Cooper) and the San José Downtown Residents Association regarding their interest and potential level of support for a downtown San Jose carshare program. The firms ranged from small to large, and included a transportation consultancy, professional services firms, and high tech companies.

All of the businesses expressed strong interest in seeing a carshare program offered in downtown San José. The level of likely participation varied from a willingness to market the program to employees, to potentially a commitment by the firm to contract for a minimum number of hours of service from the provider. Members of the Downtown Residents Association also expressed interest in the service. Both constituencies posed excellent questions about details of the program that staff will seek to resolve through the procurement process. No individual or company was able to make a firm commitment about their participation until more details about the program are known.

ANALYSIS

Proposed Carshare Program Incentives

To establish a carshare program that a) meets the City's green mobility objectives, b) offers a high-quality service, and c) is financially sustainable over the long-term, the City may need to assist its carshare provider. There are a variety of non-monetary strategies the City could employ to bolster a carshare program.

Staff proposes to issue a Request for Proposals (RFP) in the next several months to select a carshare provider to partner with the City to initiate a carshare program in San José. Staff seeks Council approval to include the following elements in that RFP.

1. San Jose State University Partnership

To be successful, carshare programs need to maximize usage of their vehicles, seven days a week, 24 hours a day. Including University faculty, staff and students in the carshare program, some of whom live downtown, would expand the number of people who might make use of the vehicles during the day as well as evenings and weekends. The University

has expressed interest in collaborating on such a program with the City, which would include marketing the program to its community.

2. Integration with City Fleet Vehicles

One effective way to subsidize a carshare program without incurring cost to the City would be to replace a portion of the City's fleet vehicles with carshare vehicles. Since Berkeley successfully piloted this concept, a number of other cities, including Philadelphia, Vancouver and Austin, Texas, have followed suit.

Berkeley initially replaced 15 of its fleet vehicles with five carshare vehicles through a contract with City CarShare (CCS), a local non-profit carshare provider. A portion of CCS's vehicles that are located in Berkeley are reserved for City use during the work week and are made available to the general public in the evening and on weekends. Berkeley pays an hourly usage and mileage fee for the vehicles, but no membership fee. Despite this, shifting to carsharing vehicles and downsizing its fleet enabled Berkeley to cut its operating costs while guaranteeing CCS a financial floor. The non-profit knew that a percentage of its carshare vehicles would be fully occupied during the daytime, reducing its financial risk exposure. Likewise, Vancouver replaced a portion of its city fleet with carshare vehicles. However, their non-profit carshare partner does not reserve vehicles exclusively for City use. If City demand is higher than the number of carshare vehicles available, the provider increases the number of vehicles located near City facilities. In this way, vehicle use is maximized and costs minimized for all.

San José maintains a pool vehicle program with a complement of light duty transport vehicles staged at City Hall. The vehicles, which include mini-vans and sedans, can be reserved for use by City employees for City business. The vehicles are routinely used Monday through Friday during standard business hours, 8 am to 5 pm. However, these vehicles are not used after hours and rarely on weekends. These pool vehicles are generally in good condition and are on average 15 years old, at least 10 years beyond the manufacturer's warranty period.

If the City retired five to 10 of these vehicles and replaced them with carshare vehicles, the City would be able to upgrade its fleet of pool vehicles and potentially reduce its maintenance and operating costs. At a minimum, participating in the program would need to be cost neutral for the City's current maintenance, operation and capital replacement budgets. Using carshare vehicles to meet the City's vehicle needs would enable the City to continue its efforts to upgrade the fleet to greener, newer vehicles, give the City greater flexibility to meet its fleet needs (the number of vehicles provided can grow or shrink more easily), and potentially reduce the City's maintenance costs.

3. Free Parking

A major expense for carshare programs is parking. Many cities and public transit operators charge carshare operators a fee or require a permit to park on-street or in public garages to

cover foregone meter revenue, the cost of providing parking or the market value of a given parking space. The City could help subsidize a carshare program by providing free parking for carshare vehicles, much as it does for plug-in and all electric vehicles through its Clean-Air Vehicle Program. That subsidy could be time-limited and reviewed periodically, as is the Clean-Air Vehicle incentive, to determine if the subsidy should be extended. The benefit could be limited to designated carshare parking spots and garages. The Council would need to amend the City's Master Rate Resolution to provide free parking to a carshare service provider.

4. Designated On-Street Parking

The City could allow a portion or all of its carshare vehicles to occupy downtown on-street parking spots (instead of or in addition to locating the vehicles in downtown garages.) Locating the vehicles on the street would make carsharing, and the City's support for carsharing, much more visible. According to a survey conducted by the City and County of San Francisco, carshare users also felt safer accessing carshare vehicles parked on the street than in a parking garage. Vancouver and Philadelphia allow on-street parking and San Francisco is considering doing the same.

5. Marketing Assistance

Another major expense for carshare programs, particularly for those entering new markets, is marketing—getting word out to potential users. The City is well-positioned to identify potential users and partners, such as the Downtown Association, the San Jose-Silicon Valley Chamber of Commerce, and downtown neighborhood associations, among others, that could help get word out to key downtown interests. The University already has mechanisms in place to get word out to its community—students, faculty and staff.

6. Maintenance Service Contract

If the City's carshare service provider is interested, the City could provide vehicle maintenance services for its carshare fleet. The City has had experience in and has the certification to provide these types of services to external agencies. As an example, in 1998, the Toyota Motor Corporation and the City's Fleet Management Division entered into a service provider agreement. This agreement positioned the City's Fleet Management Division as a service provider supporting Toyota's Customer Leased RAV4 EV electric vehicles. Under this agreement, the program covered the City's cost to provide warranty repair, non-warranty repair, parts distribution, scheduled maintenance, and collision support services to customers. In this case, the customer would be the carshare service provider.

Additionally, the City could do the following to help make a carshare program in Downtown San Jose successful.

- Enforcement - The City could adopt an ordinance and/or resolution that would allow staff to ticket vehicles that park in spots reserved for carshare vehicles. In 2006, the

California State Legislature amended the State Vehicle code to allow city and county governments to designate areas for exclusive-use carsharing parking.

- LEED Certification** - The City could encourage developers to provide parking spaces for carshare vehicles as a means of securing LEED certification (or Green Point rating for residential projects) in conformity with the City's Private Sector Green Building Policy. This is a strategy that the City of Chicago has employed.

- Grant Funding** - The City has secured funding from the Metropolitan Transportation Commission's Climate Innovation Grant program to purchase two electric vehicles in 2012 for inclusion in the City's carshare program. The vehicle will not only help the City meet its Green Vision goals, but will also likely be an asset in marketing the program. The City could collaborate with its carshare provider to seek other grant funds to support and possibly promote the program.

Other Means of Promoting Carsharing

Should the program be successful, the City could consider other strategies to support its carshare program and broader Green Mobility objectives. For example, the City could evaluate the possibility of reducing parking requirements in developments that provide spaces for carshare vehicles and/or provide free carshare memberships to building occupants. Vancouver allows developers that provide carshare services (vehicle and operational costs) to replace five required parking spaces with one carshare space.

The City could in the future, as discussed with the General Plan Task Force, evaluate the ability to require downtown developers to provide carshare spaces as a condition of development approval. Since 2002, San Francisco has required car-sharing spaces as part of its conditions for approval of new construction projects. In 2010, San Francisco expanded that requirement to non-residential developers everywhere in the city. Every residential development with 50 or more units must provide at least one car-share space, as do offices and other commercial buildings with at least 25 parking spaces. Vancouver requires 2 percent of all required parking spaces for new commercial developments and residential developments seeking rezoning, to be dedicated to carshare spaces. Philadelphia has carshare requirements for two specific planned areas. In one district, one carshare space can be substituted for four required parking spaces, up to a maximum reduction of 40% of the required parking spaces. The Transit Oriented Development district requires 1 car share parking space for every 100 residential units or 100,000 square feet of commercial space for all new development.

EVALUATION AND FOLLOW-UP

Staff's recommendations on whether to proceed with a carshare program and, potentially, a proposed agreement will be provided to Council once a carshare service provider has been selected.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum does not meet any of the above criteria. However, it will be posted on the City's website for the Council agenda. Once the RFP is released, the City will follow all standard RFP outreach procedures.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and Purchasing Division.

FISCAL/POLICY ALIGNMENT

The recommended actions that facilitate implementation of a carshare program are consistent with General Plan policy goals related to transportation services, economic development and environmental sustainability.

CEQA

Not a Project, File Number PP10-066.

/s/

HANS F. LARSEN
Acting Director of Transportation

/s/

DAVID SYKES
Acting Director of Public Works

For questions please contact Laura Stuchinsky, Transportation Sustainability Officer, at 975-3226 or Randy Turner, Deputy Director, Public Works, at 975-7280.