



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

SUBJECT: CARSHARE VEHICLE
PARKING INCENTIVES

DATE: August 20, 2012

Approved

Date

8/26/12

COUNCIL DISTRICT: 3

RECOMMENDATION

Adopt a resolution to repeal Resolution No.76177 and set forth an updated Master Parking Rate Schedule to authorize the Director of Transportation to designate up to 20 on-street and off-street parking spaces for exclusive parking privilege for participants in a Carshare Pilot Parking Program in accordance with California Vehicle Code Section 22507.1 for an 18 month pilot period and set the parking permit fee of \$35 per vehicle and sign/marketing fee of \$225 per location.

OUTCOME

The recommended action will support the successful launch of one or more carshare programs in San José through the provision of free parking for up to 20 downtown public parking spaces for carshare vehicles.

BACKGROUND

In October 2008, Mayor Reed, Councilmember Liccardo, and former Vice Mayor Chirco submitted a memorandum to the Rules and Open Government Committee proposing the evaluation of potential transportation innovations and incentives that could support high-density and transit-oriented development. One of the strategies to achieve this objective 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 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.

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

August 20, 2012

Subject: Carshare Vehicle Parking Incentives

Page 2

network of locations. Participants generally pay an annual membership fee as well as an hourly usage fee.

On March 22, 2011, the City Council approved recommendations from staff and Councilmember Liccardo to include a package of incentives in a Request for Proposals (RFP) for a carshare service provider to help establish such a program in San José. Historically, San José has been viewed as a weak market for carsharing due to its generally low density pattern of development. The incentives offered in the RFP included, free parking, assistance in marketing the program, potential monetary incentives from developers, and replacing a portion of the City's fleet with carshare vehicles. During the Council meeting, Councilmember Liccardo also requested staff to research what contributions developers might make to support carsharing in exchange for reduced parking requirements at transit-oriented sites, green-building credits, or other incentives. The developer incentives are being addressed as part of a separate Council action proposed for fall 2012.

Staff completed the evaluation phase of the competitive RFP process in January 2012. Four carshare service operators submitted proposals in response to the City's RFP: City Carshare, Hertz, Zipcar and Car2Go. Through the RFP process, staff was prepared to recommend to Council to award a contract to City CarShare, a carshare firm based in San Francisco. A draft agreement was negotiated with City Carshare with a proposed City subsidy of up to \$180,000 over a three year period.

In April 2012, Zipcar announced it was expanding its operation to San José without any City subsidy or financial assistance. By June 2012, Zipcar had 12 carshare vehicles operating in Downtown, all parked on private property. Based upon this activity, it was apparent that the level of incentives offered in the RFP was no longer necessary to entice a carshare company to come to San José, and the RFP process was terminated. While the full range of incentives is no longer necessary staff believes that providing on-street parking and off-street parking within City facilities is still a key component for the long term success of carshare in San José. The use of public streets and parking lots has been one of the incentives used for the long-term success of carshare services in cities like Los Angeles and Austin.

Given the City's ambitious mode shift goals, it is in the City's interest to help carshare firms that elect, on their own, to come to the City to be successful. Permitting the use of a limited number of downtown public parking spaces at no cost for 18 months, will help support the successful launch of carsharing in San José.

ANALYSIS

One of the key elements of success for carshare programs is visibility and proximity to major users. Potential users need to regularly see the vehicles to become aware of their availability. Carshare companies can contract with private property owners to secure many of those necessary

parking spaces however access to public property – particularly street parking and in some cases parking garages or lots – would expand the pool of options, particularly highly visible ones.

To help ensure the success of a carshare program in San José, the Department of Transportation (DOT) proposes that designated parking spaces be strategically located for carshare vehicles in the Downtown core and on Downtown gateway streets for a period of 18 months. Section 22507.1 of the California Vehicle Code (CVC) authorizes local authorities to designate certain streets, or portions of streets, for the exclusive use by carshare vehicles via ordinance or resolution. The ordinance or resolution must establish the criteria for a public or private company or organization to participate in the program, and may limit the types of motor vehicles that may be included in the program.

Staff has prepared an update to the Master Parking Rate Schedule resolution for Council review and consideration. The proposed resolution, discussed in further detail below, would set forth the requirements for participation in the City's Carshare Parking Pilot program. The pilot would be effective for 18 months, from September 11, 2012 to March 11, 2014 and the total number of carshare parking spaces available under the pilot is limited to 20. At this time, it is envisioned that about half of these would be located on-street, and the other half in various off-street parking facilities within the Downtown core and Downtown gateways. Due to bond restrictions the following facilities will not be a part of the pilot program: City Hall, Convention Center, Fourth Street, and Fourth/St. John.

Carshare providers interested in taking advantage of this incentive would be required to complete an application on a form approved by the Director of Transportation within one week of the Council action. To assure timely response, carshare providers who responded to the RFP will be made aware of the proposal in advance of the Council meeting. The application will specify details on their requested number of parking spaces along with proposed locations and will also acknowledge compliance with the requirements discussed below. The 20 parking spaces will be allocated to carshare companies on a first-come, first-serve basis. If multiple carshare providers submit written applications and meet the requirements to participate in the pilot program, DOT will allocate the parking spaces equally between the applicants. In the event not all 20 parking spaces have been allocated after the initial application process during the first week of the pilot, staff will continue to accept applications.

Criteria for Participation in City's Carshare Parking Pilot Program

City staff has researched carshare programs in other jurisdictions to propose criteria for a successful program. Staff believes the proposed criteria discussed below and other parts of this memorandum are important in establishing a successful program for San José's residents.

The carshare service applicant must demonstrate to the satisfaction of the Director of Transportation that it operates motor vehicles as part of a regional fleet providing hourly, daily, or other small interval service in San José with all of the following characteristics:

- Member-based service, where such service is available to subscribed members only. Demonstration of membership may include daily, monthly or annual membership fees, or issuance of membership cards to each members.
- Carshare vehicles are accessible to members at all times, 24 hours per day, seven days per week, on a self service basis.
- Carshare vehicles are available by reservation only. Reservations may be made by automated systems, such as via telephone, Internet, or on certain smart phone applications.
- Carshare service must provide insurance, fuel and vehicle maintenance as part of the organization's standard usage fees.
- Carshare vehicles must be owned by the applicant.
- Carshare vehicle shall only be two axle vehicles with seating capacity for no more than 7 passengers.

Parking Rate Resolution

As part of the carshare parking incentive, staff is bringing forward for City Council consideration a modification to City's parking rate resolution to allow free parking for an 18 month period within certain City designated on-street and off-street parking spaces for carshare vehicles. The proposed resolution will set forth the criteria for the pilot program as described in this memorandum with the following:

- Defines a carshare vehicle and what type of program or organization qualifies as well as the requirements to qualify for the free parking incentive and overall participation criteria and vehicle requirements;
- The carshare provider is required to enter into a written parking agreement setting forth the terms and conditions of the program;
- Carshare provider will be required to provide a carshare vehicle at a third party location for every two City spaces provided;
- The Director of Transportation will have the final determination of where parking spaces will be allocated and which spaces will be allocated to each qualified carshare vehicle;
- Applicant will be charged a \$35 permit fee for each carshare vehicle and \$225 sign/markings fee for each location. All signs and markings will need to be in compliance with the CVC and the City's Sign Ordinance and applicable policies; and
- The proposed resolution will also correct errors and omissions relating to the parking programs that were previously approved by Council.

Agreement

If the Director of Transportation approves the application, the Director will require each carshare company to enter into a written parking agreement with the City setting forth the terms and conditions of the program, including, but not limited to, (i) authorizing the issuance of parking permit for each carshare vehicle approved by the Director to be in the program, (ii) requiring applicant to maintain generally liability and automobile insurance coverage in amounts approved

by City's Risk Manager for the duration of the agreement, (iii) requiring indemnification of the City for any loss or damages arising out of or occurring from applicant's participation in the carshare program, (iv) maintenance responsibilities of applicant, (v) rules and regulations on the use of City parking garages and on-street parking spaces, and (vi) other terms and conditions deemed relevant by Director for the use of City property. The proposed resolution authorizes the Director of Transportation to negotiate and execute any written parking agreements and amendments under the pilot program.

Signage

Another essential element of any carshare program is the ability for users to locate the appropriate vehicle. Council Policy 9-2, entitled "Off-site Directional Signs for Public or Quasi-Public Facilities," provides for the ability of the Director of Traffic Operations (now called the Director of Transportation) to designate locations for directional signage to identify or locate public or quasi-public facilities, so long as all of the locations and other criteria set forth in the Council Policy are met. The Director intends to implement and follow the processes, and fully adhere to the requirements, set forth in City Council Policy 9-2 to consider installation of directional signage to City carshare parking spaces.

EVALUATION AND FOLLOW-UP

After 18 months staff will review the benefit and need of the parking incentives and make a recommendation to Council to end the program, continue it, or establish a fee for carshare parking.

POLICY ALTERNATIVES

If Council chooses not to approve the proposed resolution, the visibility of carshare vehicles would be limited to locations where carshare companies could obtain on private property or by purchasing at full price in a City off-street facility.

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.

Staff will coordinate with adjacent property owners and businesses as well as the Downtown Association as part of determining the location of carshare parking spaces.

COORDINATION

Preparation of this report was coordinated with the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

The recommended action aligns with the Transportation and Aviation Services CSA Outcome related to providing viable transportation choices.

COST SUMMARY/IMPLICATIONS

The City proposes to provide parking permits to the carshare companies at no cost for up to 18 months. The estimated value of the 20 parking spaces which are proposed to be allocated to the Carshare Pilot Program for this 18 month period is \$40,000. With the average peak weekday occupancy in the City's garage facilities being well below capacity (less than 50%), there is adequate capacity to allocate parking spaces to this program without negatively impacting revenues in the General Purpose Parking Fund. The estimated value of the on-street metered parking spaces is approximately \$22,000. While allocating some of these spaces to the Carshare Pilot Program may reduce revenues in the General Purpose Parking Fund, it is difficult to quantify the impact. Some downtown drivers who may find metered parking unavailable in one location due to this program may ultimately find metered parking available in another location, or utilize the parking garages, which charge a higher rate. Should this program be approved by the City Council, utilization will be studied over the term of the pilot to see if this program substantially impacts revenue collections. This analysis will be included in any future recommendations to the City Council related to the Carshare program.

HONORABLE MAYOR AND CITY COUNCIL
August 20, 2012
Subject: Carshare Vehicle Parking Incentives
Page 7

CEQA

Not a Project, File No. PP10-066.

/s/
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Director of Transportation

For questions please contact Laura Stuchinsky, DOT Sustainability Officer, at (408) 975-3226.