

**CITY OF OAKLAND
AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2003 JUL 10 PM 3:22

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Public Works Agency
DATE: July 22, 2003

RE: INFORMATIONAL REPORT ON THE EXPANDED DEPLOYMENT OF CITY-OWNED POOL VEHICLES COMPARED TO THE USE OF CITY CAR SHARE

SUMMARY

This is an informational report from the Public Works Agency's Equipment Services Division on the expansion of the pool of City-owned vehicles in the City Hall area. Staff explored the feasibility of using other means to expand the availability of short-term vehicles for City associates. Car sharing was investigated as one method for short distance, quick turnaround, business-related trips by City associates who do not require assignment of a City-owned vehicle. Car sharing may augment the City's pool without the attendant maintenance, repair and fuel burden associated with vehicle ownership.

FISCAL IMPACT

Since this report is informational only, no fiscal impacts are included.

BACKGROUND

The Equipment Services Division has maintained a pool of four compact staff cars in the Clay Street Garage for occasional, short-term use by City associates who do not have an assigned City-owned vehicle. Over the years, the City's fleet of assigned vehicles has grown so that use of unassigned pool vehicles had become sporadic. This situation is expected to change, however, because of the elimination or reassignment of underutilized fleet vehicles and policy changes concerning automobile allowances and free parking for associates at City-owned garages. As underutilized vehicles are reassigned, automobile allowances are reduced and free parking for City associates is eliminated, staff anticipates an increased demand in the use of short-term pool vehicles.

The City recently contracted with Maximus, Inc. to perform an Equipment Services Division operations assessment and review. Maximus, Inc. recommended in its best practices assessment that the Equipment Services Division "establish a new motor pool at the City Center West Garage on Jefferson to provide vehicles for those organizations that are currently underutilizing their departmentally assigned vehicles." Expanding the City-owned pool will support the Mayor's and Council's goals to model best practices to improve customer service and to be a fiscally sound and efficiently run city; to develop and institutionalize sound financial management policies and practices; and to maximize the value provided by each dollar spent in outside contracts and purchases.

Item #: 14
Public Works Committee
07/22/03

Staff was directed to investigate car sharing, though City CarShare (CCS), as a possible source of providing short-term usage vehicles for City associates. City CarShare is a community-based non-profit organization that makes vehicles available to people on an as-needed basis. Membership in City CarShare allows members to use a car when they need it. Members pay only for the time they use the car and for the miles they drive.

KEY ISSUES AND IMPACTS

Maximus, Inc., a national fleet management consulting practice, presented a best practices assessment of Oakland's fleet in June 2003. In its assessment, Maximus identified vehicles that are possibly underutilized. Maximus' recommendation was to reprogram those vehicles to obtain maximum utilization, and to increase the City's downtown pool of vehicles to support those agencies whose vehicles were reprogrammed because of underutilization. Additionally, on May 27, 2003, the City Manager presented an informational report on automobile allowances, employee parking and use of City vehicles to the Finance and Management Committee which outlined several changes to the automobile allowance and employee parking policies. These changes include reducing the amount paid to those who receive auto allowances, reducing the number of associates who receive allowances, and eliminating free parking for City associates in City-owned garages. The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated The adopted policy budget incorporated savings generated from these changes. As they are implemented, the demand for pool vehicles is expected to increase.

In an effort to explore all avenues for reducing City fleet costs, the Public Works Agency's Equipment Services Division considered contracting with City CarShare to compare the costs and convenience of car sharing with the costs of maintaining a pool of City-owned vehicles.

City CarShare maintains a fleet of 10 vehicles in 7 locations throughout Oakland. Other pods of CCS vehicles are in Berkeley, San Francisco, Palo Alto and Mountain View. Three vehicles are available for downtown associates—two on Clay between 14th and 15th Streets, and one at 9th and Clay, next to Swan's Market. City Carshare vehicles are not for the exclusive use of City associates. City associates will compete for reservations with a pool of approximately 250 other CCS members who live in Oakland.

A preliminary comparison of costs revealed that it is more convenient and cost effective for the City to maintain its own fleet of pool vehicles rather than to contract with an outside company for the same service. A comparison of City CarShare and City of Oakland vehicle pool costs is outlined below:

CITY CARSHARE VS. CITY OF OAKLAND POOL VEHICLE COSTS		
	City CarShare	City of Oakland
Number of cars available downtown*	3	15
Exclusive use for City associates?	No	Yes
Refundable insurance/damage deposit	\$300	\$0
Application fee	\$199	\$0
Maximum number of users per application fee	15	unlimited
Monthly administrative fee	\$10	\$0
Hourly Usage Rate	\$3.50/hour	\$1.25/hour
Mileage rate	\$0.37/mile	\$0
Overtime penalty	\$10 to \$20 per 1/2 hour	\$0
Failure to use reserved car	\$50 fee plus hourly reservation rate	\$0
*City CarShare does not plan to increase its downtown pool within the next year; the City can increase its pool to accommodate a growing number of users.		

In addition to the above fees, CCS charges penalties for violating use rules (e.g., returning the car late, dirty, or with less than ½ tank of gas, or failing to use a car when it has been reserved.) In the event of a collision, CCS requires a \$500 deductible. No penalties or collision deductibles are assessed by the Equipment Services Division on its pool vehicles.

City CarShare’s rates of \$3.50 per hour and \$0.37 per mile serve to recoup the costs of acquiring, maintaining, repairing and fueling a compact car that is replaced every three years. Oakland’s cost of \$1.25 per hour (based on a 24-hour day) serves to fund the replacement, and operation and maintenance of a compact car that is replaced every seven to ten years. As a result, Oakland’s costs are much lower as the life of the vehicle is extended to more than twice that of City CarShare’s.

A review of the costs associated with contracting with City CarShare vs. using an expanded City of Oakland-administered pool shows that it is more cost effective to use City vehicles. Therefore, staff does not recommend contracting with City CarShare to augment the City’s downtown pool vehicles.

SUSTAINABLE OPPORTUNITIES

Economic:

Using City-owned vehicles in an expanded automotive pool will cost less than contracting with an outside vendor for automotive pool services, and will ultimately save the City funds.

DISABILITY AND SENIOR CITIZEN ACCESS

This project does not impact the Americans with Disabilities Act, the Older Americans Act, and other applicable laws.

RECOMMENDATION AND RATIONALE

Staff recommends the Committee receive this report. Staff will continue to monitor the costs associated with its motor vehicle pool and to explore opportunities to save City funds in its administration of the motor vehicle and equipment fleet.

ACTION REQUESTED OF THE CITY COUNCIL

As this is an informational only report, no action is requested of the City Council.

Respectfully submitted,



CLAUDETTE R. FORD

Director, Public Works Agency

Reviewed by:

Berry Weiland

Assistant Director, Public Works Agency

Prepared by:

Bruce Saunders

Equipment Services Manager, Public Works Agency

APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:


OFFICE OF THE CITY MANAGER

Benefits of City CarShare Business Membership

Response Paper to the City of Oakland, Public Works Agency's
Informational Staff Report for the Public Works Committee,
Item #14, July 22, 2003

Summary

One of the main reasons for the recent change to the City of Oakland's fleet policy was to improve the efficiency with which vehicles are utilized. Rather than individuals being assigned a vehicle, pool vehicles allow them access to a common fleet when needed.

City CarShare takes this concept a stage further. It broadens the "pool" of vehicle users to non-City associates, allowing even greater efficiencies. City-owned vehicles tend to be used for official purposes only during the working day; they sit idle during evenings and weekends. In contrast, evenings and weekends are City CarShare's time of peak usage, meaning that vehicle costs are spread over a larger number of members.

This memorandum presents data on the relative costs and benefits of City CarShare usage, compared to the City owning and operating an expanded fleet of pool cars. It finds that City CarShare is likely to be cheaper unless the City uses its pool cars extremely intensively, for more than seven hours on average each working day. In addition, City CarShare offers a number of non-monetary advantages, such a larger, more reliable fleet and a 24-hour online and telephone reservations system.

City CarShare Business Membership Costs

As a member of the Oakland Metropolitan Chamber of Commerce, the City of Oakland is eligible for reduced City CarShare business membership rates. (currently being offered to Chamber members exclusively) Reduced rates are as follows:

- \$300 deposit (reduced from \$500, fully refundable)
- \$199 flat application fee for up to 15 employees (reduced from \$30 per employee)
- \$10 monthly administrative fee (waived for the first six months of membership)
- \$4 per hour (half off between 10 PM and 10 AM)
- \$.44 cents per mile (includes gas, maintenance, insurance, cleaning, etc.)

Costs of City Fleet vs. City CarShare

Oakland's pool car cost of \$1.25 per hour is based on a 24-hour day. It is equivalent to a weekly cost of \$210 that is incurred whether the vehicles are used or not. In contrast, City CarShare charges are directly proportional to time and mileage used. Charges are only incurred when a vehicle is reserved.

*Item 14
Public Works
7-22-03*

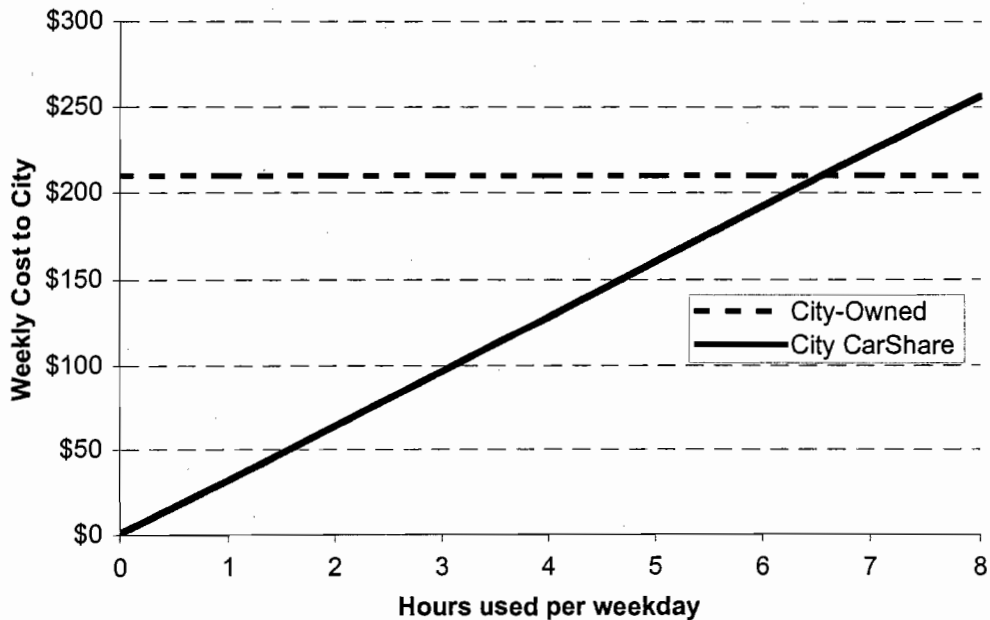
This means that City CarShare is most cost-effective when the vehicles are lightly used. City-owned pool cars are more cost-effective when they are heavily used. The break-even point, as shown in Figure 1, is just over seven hours per weekday. In effect, a City pool car would have to be used almost continuously on every working day for it to be more cost-effective than City CarShare.

Figure 1 takes account of City CarShare’s \$10 monthly administrative fee and \$199 flat application fee for 15 City employees. However, these are negligible compared to usage fees, amounting to \$1.15 per vehicle per week.¹

City CarShare also levies penalties, for example when members return a car late, dirty or with insufficient gas. These are designed as incentives for members to avoid inconveniencing the next user, rather than a revenue raiser, and help to ensure a higher standard of service.

These figures do not include the City of Oakland’s “soft costs” in maintaining a larger vehicle fleet, which can be substantial. These include staff time to arrange maintenance, repairs and cleaning, and handle reservations.

Figure 1 City CarShare vs. City Pool Car Costs



City CarShare operates a peak/off-peak pricing system. Chart assumes 100% of usage takes place at peak times, and an average of 5.5 miles driven per hour reserved.

Vehicle Availability

¹ Assuming: 7 year planning horizon, 25 City members per vehicle, 10 vehicles in program.

City CarShare currently has ten vehicles at seven locations (“pods”) in Oakland, including two on Clay Street next to City Hall, and one at Swan’s Marketplace. Another vehicle, a Honda Civic hybrid, is being added this week to the Piedmont Avenue neighborhood. This is a reflection of current demand patterns. Since City CarShare increases its fleet size in line with usage, in order to maintain availability, it would add vehicles to cater to increased demand should the City of Oakland join the program. Across the network, an average of 25 members share each City CarShare vehicle.

In addition, City CarShare’s larger fleet size provides greater flexibility in accommodating peaks in demand, meaning that overall availability tends to be higher than with a fleet dedicated to a single group of users, such as City associates.

Other Benefits of City CarShare

City CarShare also offers other advantages compared to the City owning and operating its own pool cars:

- **Access to a region-wide fleet.** As well as the two downtown Oakland pods, City CarShare has vehicles available at five other Oakland pods (six counting Piedmont Ave) – Adams Point, North Lake, Lake Merritt BART, Rockridge BART and Rockridge Oak Grove (near Zachary’s Pizza) – and in Berkeley, San Francisco, Palo Alto and Mountain View. This provides the maximum flexibility for City associates. For example, if they need a car first thing in the morning or late in the afternoon, they can take a car from the pod closest to their home. For longer trips, they can take BART to Glen Park in San Francisco, for example, and drive the final leg to their destination.
- **Online and telephone reservations.** City CarShare offers easy-to-use online and telephone reservation systems. Users go online and quickly see the times that cars are available, and make a reservation. City CarShare reservation technology provides an itemized record of each trip, which may serve as a useful accountability and efficiency tool. Members are able to review a monthly bill that reflects the previous month’s usage per driver and per trip.
- **Encourages transit for commute trips.** City CarShare allows employees to leave their car at home, avoid the hassles and expense of parking, and access its fleet for business trips during the day.
- **Important step towards sustainability.** By joining City CarShare the City of Oakland can reach its own goals of implementing a ‘greener’ fleet more quickly. The City can save money, use vehicles more efficiently, and reduced the overall number of cars on the road, all in the same breath.

Conclusion

Without having specific details denoting the City of Oakland’s current fleet usage, or access to the Maximus, Inc. assessment and review that was conducted in June 2003, it is difficult to provide a completely accurate cost comparison between City CarShare and the City’s Fleet Services. It is quite implausible, therefore, that the Public Works Agency

informational report could reach any cost effectiveness conclusions without providing more information regarding the true costs of vehicle use and maintenance.

For the reasons mentioned above, City CarShare proposes that the Public Works Committee take at least one of the two courses of action recommended below:

1. Request more fleet usage information from staff in order to make informed decisions about fleet expenditures.
2. Recommend that the City enter into a pilot business membership agreement with City CarShare, whereby actual trip cost comparisons could be analyzed after 6-12 months of testing City CarShare's services.