
Case Study: City of San Diego

- Two primary approaches to the growing sharing economy within the City of San Diego:
 - Compliance
 - Corporate Sponsorships
- Compliance of internet home hosting platforms
- Corporate Sponsorship program to implement car sharing and bike sharing programs

- **Current TOT rate is 10.5%**
 - Collected from all lodging businesses for stays of less than one month
 - Fiscal Year 2016 Collections = \$202.5 million
- **Tourism Marketing District rate is 2.0%**
 - Assessed on lodging businesses with 70 or greater rooms
 - Fiscal Year 2016 Collections = \$36.3 million
- **Two failed citizens initiatives on November ballot**
 - Measure C: Downtown Stadium Initiative (Yes Vote = 43%)
 - Measure D: The Citizens' Plan for the Responsible Management of Major Tourism and Entertainment Resources (Yes Vote = 40%)

- Variety of internet home hosting platforms operating within the City
- Increasing supply and popularity of short term rentals within the City
- Recent proposal from City Council President to restrict whole home rentals in residential neighborhoods
- Compliance of internet home hosting platforms with local TOT laws relies on a strong definition of an “Operator”

- City of San Diego Municipal Code definition of an “Operator” for purposes of TOT is:
 - *The Person who is the proprietor of the Hotel, Recreational Vehicle Park, or Campground, whether in the capacity of owner, lessee, sublessee, mortgage in possession, licensee, or any other agent capacity. “Operator” includes a managing agent, a resident manager, or a resident agent, of any type or character, other than an employee without management responsibility.*

City of San Diego TOT Receipts						
(\$ in millions)						
	FY 2015		FY 2016		FY 2017 Projected	
	Receipts	% of Total	Receipts	% of Total	Receipts	% of Total
Hotels	\$ 178.5	96%	\$ 188.1	93%	\$ 201.7	92%
Short-Term Rentals and RV Parks	\$ 7.8	4%	\$ 14.5	7%	\$ 18.4	8%
	\$ 186.3	100%	\$ 202.5	100%	\$ 220.1	100%

- Car sharing programs allow for increased flexibility in the rental of cars, targeting occasional car users
- Goal of reducing green house emissions in accordance with the City's Climate Action Plan
- Pilot car sharing program with Car2Go began in November 2011 and ran through 2015

- First all electric car sharing network in North America
- Pilot program allowed user to pick up and drop off a car anywhere in the 33 square mile San Diego network
- Pilot program results were as follows:
 - 27,000 members
 - 385 Smart ForTwo electric vehicles
 - Over 7,000 trips a week of 7-12 miles
 - Typical trip duration of 8 to 15 minutes
 - 10 dedicated Car2Go parking locations in the urban core

- Car sharing corporate sponsorship pilot program resulted in permanent program with ZipCar
- ZipCar business model differs from Car2Go
- Payments to the City for participation in the car sharing corporate sponsorship program include:
 - Metered and Dedicated Parking - \$450 annually per vehicle
 - Program Participation fee - \$45 annually per vehicle
 - Car Share Expansion Fund - \$25 annually per combustion vehicle

- Rent a bike from an unattended station, ride it wherever within the network, and return it to any unattended station
- Rental length options include by the hour, day, week, month or unlimited annual memberships
- Green program targeting a reduction in traffic, noise, and air pollution and required by:
 - City of San Diego Climate Action Plan
 - City of San Diego Bicycle Master Plan
 - San Diego Association of Government (SANDAG) Regional Plan

- In July 2013, City of San Diego entered into a 10-year corporate partnership agreement with DecoBike, LLC as the “Official Bike Share Provider”
- Granted exclusive advertising rights on bikeshare kiosks and bicycles
- Exempt from permit requirements for installing bikeshare kiosks in public-of-way
- Required \$8.0 million capital investment from DecoBike and payment of marketing rights fee based on gross advertising and bike rental revenue
- Revenue to City estimated at \$1.1m to \$2.6m over 10 years

- DecoBike got off to a slow start
- 2015 - DecoBike installed 97 stations and recorded 103,640 rides
- 2016 – Estimated 140,000 rides for the year
- Urban core accounted for 67% of rides
- Tourist areas home to the top performing locations primarily along the waterfront

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