

THE FULL COSTS OF THE SCOOTER RENTAL INDUSTRY TO THE CITY OF SAN DIEGO AND ITS CITIZENS

The City's [Request For Proposals, \(RFP\)](#), for companies to provide shared mobility device services and our response to it, has highlighted the range of costs the rental industry creates if a City wishes to regulate it effectively. These fall into three areas:

- **evaluation** of the proposals,
- **monitoring** of selected scooter rental companies' compliance with both the terms of the contract under the RFP and the regulations governing scooter rental companies in the Municipal Code and
- **enforcement** if non-compliance is identified,.

Evaluation of Proposals and Contractors

The RFP, which was made public on November 10th., 2021, sets out requirements that proposals must meet and led to the submission of over seventy questions by companies that were considering submitting proposals. Many had to be referred to the City's Legal department, pushing the deadline for the submission of proposals back by over a month, from December 10th., 2021 to January 21st., 2022. Once the questions were answered and proposals submitted, a team of City staff evaluated them. The staff time spent developing the RFP, answering questions and evaluating and selecting proposals is a cost to the City.

Monitoring of Compliance with Contract Terms and Municipal Code Regulations

In creating requirements that form part of a contract with the SMD service providers, the City creates a need for monitoring that the companies are in compliance with both the contract and the City's Municipal Code.

For example the RFP indicates that the City will limit the number of scooters to a maximum of 8,000, yet, without monitoring it cannot know how many are actually deployed. This number is also relevant to determining the amount the companies will pay the City as the fees paid by the selected rental companies will be based on the number they deployed, calculated on a daily basis, rather than, as under the permitting scheme, on the size of the company's fleet. Without monitoring, the City cannot determine whether it is being paid the agreed on amount.

Another example: the RFP states that placement of scooters on sidewalks anywhere in the city will be prohibited, which required that the Municipal Code be revised, but does not explain how compliance with that provision will be monitored, especially outside the hours that the City's contracted impounding service operates. As explained below, that service ends at 2pm each day.

A further example: citizens report issues needing attention, e.g. potholes, graffiti and the like including [scooter parking violations](#). The reports go to the scooter rental companies to act on within three hours, a grace period stipulated in the [2019 ordinance](#), [§83.0311

(a) and (b)], after which time the scooter may be impounded. However, for most of any given day, **the City has no means of determining whether the company has dealt with the reported issue**, apart from the company reporting that it has done so.

Apart from reports from citizens via the Get-It-Done app and the contract service provided by Sweep, which is for only eight hours a day, **the City employs no other means of monitoring compliance with its scooter parking regulations**. The comprehensiveness of reports from the public is limited as the existence of the app is not widely known and its use to report issues depends on the location and availability of those people who have downloaded and use it. Nonetheless, [in 2021, over 28,000 GID reports were submitted about scooter parking issues](#). Given the limited deployment and use of the app this is a remarkably large number of reports, (~78 per day on average), and is only a partial reflection of the extent and frequency of rented scooter parking issues not only because of the limited use of the GID app, but also because **most reports are about more than one scooter**.

Given the limitations of the contracted impounding service and of public reporting, **it appears that the City of San Diego expects the rental companies to monitor and deal with safety issues themselves**, thereby abrogating its role as a protector of pedestrian safety and it appears that the City does nothing to ensure that the companies actually do so.

Enforcement to Induce Compliance or Remove

PARKING VIOLATIONS

One of the provisions in the RFP and included in revisions to the Municipal Code, is the prohibition of the parking and staging of scooters on sidewalks. For requirements and regulations to have an effect in improving the safety of pedestrians, the City must apply enforcement measures as, **without monitoring or enforcement, regulations and requirements may be ignored by the rental companies with impunity**. This has been the public's experience from the arrival of rental scooters in February 2018 through to the present day and despite the creation of [the City's 2019 Shared Mobility Device ordinance](#).

If monitoring occurs, then companies found to be out of compliance with either the terms of their contract or with the Municipal Code, should then face enforcement action to induce them to be in compliance. The RFP suggests that enforcement measures will take the form of warnings, fines, impounding and their removal as a service provider. However, the City's track record and the lack of detail on how either monitoring or enforcement will be operationalized after the RFP contracts come into effect and its abandonment of impounding give concern that the City will do nothing effective enough to induce the rental companies to ensure that the safety of pedestrians is protected. Hence our [Action Requests](#). These call for members of Council, the Mayor and City staff to **make clear to the public how proposals will be evaluated and whether, and how, both monitoring for compliance and enforcement against non-compliance will be implemented**.

The Track Record

The City's lack of enforcement in 2018 and well into 2019 led to a [County Grand Jury investigation and report](#) which found numerous inadequacies in the City's failure to

respond to the arrival of scooter rental companies. [The City responded to that report](#) in December of 2019, in which, among other things, it cited the hiring of third-party contractor Sweep "to assist with impounding SMDs in violation of SMD parking/staging regulations" something that then in both 2020 and 2021, as we explain below, Sweep rarely did.

In fact the **only** measure the City of San Diego used to enforce its scooter parking requirements is impounding. After a temporary short-term contract in 2019, the City signed [a five-year contract with Sweep at the start of 2020](#), at a cost of \$540,000 per year, (later reduced to \$360,000 per year). Sweep was to use two teams from 8am to 10pm, fourteen hours a day, to impound scooters out of compliance. The City had created [guidelines](#), dated December 19, 2019, about what constituted a violation that could be immediately impounded and what could be impounded after allowing three hours from notification to the scooter rental company, as required by the 2019 SMD ordinance.

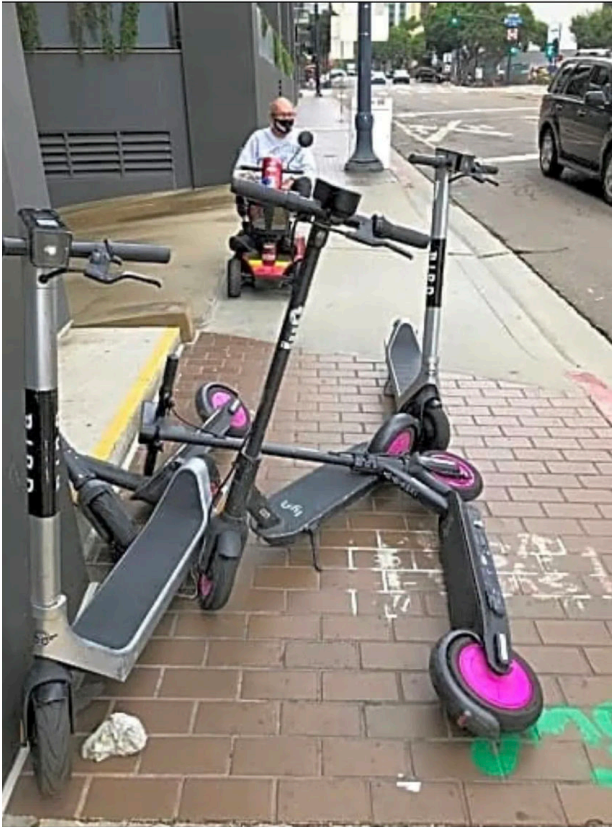
COVID Meant Trips Declined So Impounding Was Scaled Back

However, in March of 2020 the COVID-19 pandemic led authorities to force public gathering places to close and, according to the City's "Weekly Scooter Metrics" report, [rented scooter trips declined significantly](#). With fewer trips there were fewer scooters left on sidewalks and Sweep's terms were modified, with annual payments being reduced to \$360,000 and the shift cut to eight hours per day with one team, initially operating from 6am to 2pm.

Impounding Was Always Hamstrung

Note that the 2019 SMD ordinance requires that the companies be given a three-hour grace period, calculated from the time the City notifies them of a violation, to rectify it, after the expiry of which, and if the impound service has obtained the permission of a City staff member, which request we are told oftentimes is refused, the scooter may be impounded. If impounding is actually applied, the effect of this is that **any scooter parking violation which is reported to the rental companies after 11am will not be impounded that day**, unless it poses an imminent life-safety hazard, as defined in the guidelines, in which case it may be impounded immediately, but even then that can only occur during the eight hours of operation of the contracted impounding service. The guidelines operationalize the situations when a scooter may be impounded immediately as:

- In street traffic lanes, especially during posted street sweeping hours
- In a crosswalk
- In front of or upon that portion of a curb that has been cut down, lowered, or constructed to provide wheelchair accessibility to the sidewalk



On the basis of the City's guidelines neither of the two situations depicted in the photos above qualify for immediate impounding; no City staff or agent may do anything about either situation until the three-hour notification period to the company had elapsed and the company had not rectified the situation.

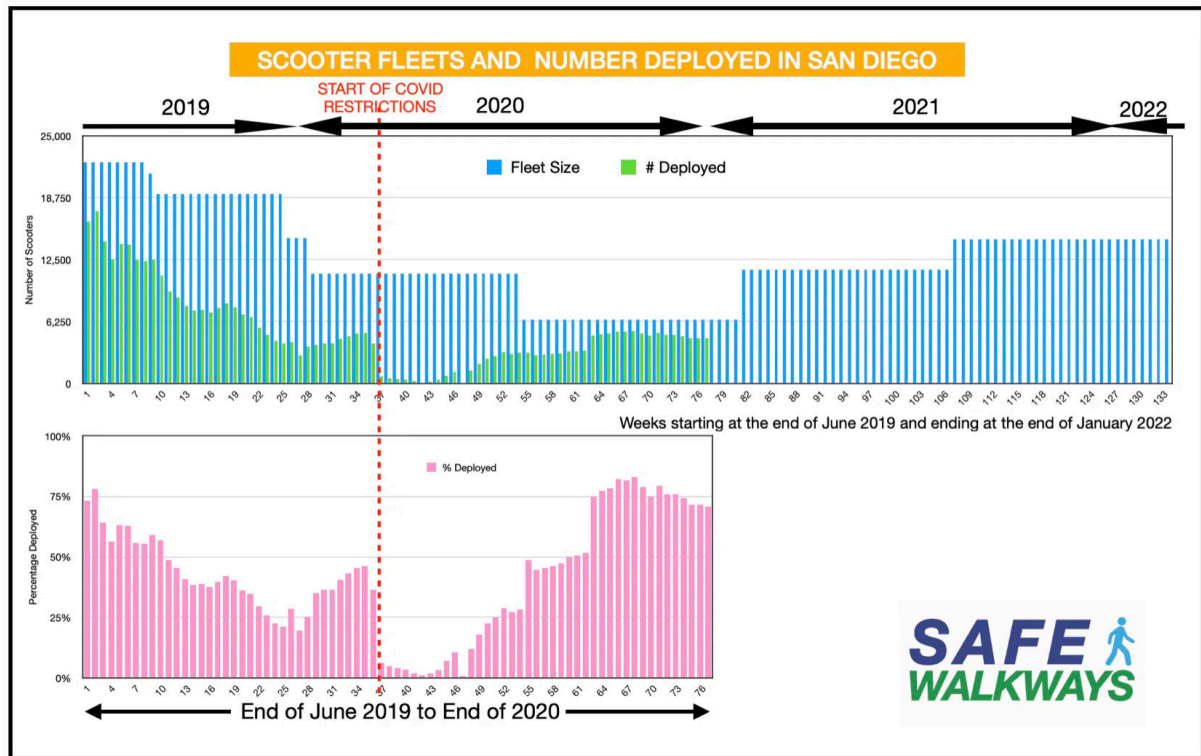
Trips Recovered But Impounding Did Not

Although trip numbers fell in April and May 2020, the number of trips increased steadily during the Summer of 2020 so that towards the end of that year the number of trips had returned to pre-pandemic levels. Even so the City did not restore the payments or hours of the impounding service to the originally contracted levels. This change in approach coincided with the establishment of the City's new Sustainability and Mobility department under Director Muto.

This then remained the case for 2021 and, when the City passed its budget for 2022, the funding for impounding still remained at \$360,000. The reason for this became apparent in an email from a City staff member quoted below: effectively the City had ceased impounding.

The Impounding Service Has Been Turned Into A Subsidy For The Rental Companies

Although *Sweep* appeared to have been contracted to impound scooters, actually most of its work has been to move scooters rather than impound them - City data obtained via public records requests indicate that **only one scooter was impounded per day** over the first seven months of 2021, with even fewer being impounded in later months. *Sweep* employees and their CEO, who we interviewed, confirmed that the majority of their time is spent moving scooters. In our view preventing their property from being obstacles and hazards is the responsibility of the rental companies, who ought to bear the cost of doing so.



Fleet size, number of scooters deployed and percent of fleet deployed. (Source: Weekly Scooter Metrics)

Then in January of 2022 a member of staff of the Sustainability & Mobility department, to which Sweep reports, stated the following to one of our members:

"The City currently uses Get it Done reporting which filters each complaint directly to the operator to resolve. In addition to the operators, SWEEP also receives direct reporting through the Get it Done app and works with the operators to resolve any right-of-way/parking/staging issues in a timely matter. Although **initially SWEEP's focus was to impound scooters that were in conflict with the right-of-way, that has now shifted through better communication with the operators which has significantly increased their capacity for self-management of their fleets, and reduced the need for intervention/impoundment by SWEEP.**" (Emphasis added)

Contrast this with the City's December 2019 response to the County Grand Jury report "Electric Scooters: Innovation or Disruption?", when, in response to the following recommendation in the CGJ report:

"Recommendation 19-54: Provide additional resources to the SDPD for comprehensive enforcement of existing laws and regulations that pertain to electric scooters and other micro- mobility vehicles. **This should include resources for the collection and storage of abandoned, seized and/or impounded vehicles.**" (Emphasis added)

it stated:

"Response: The recommendation has been implemented. ...

Ongoing efforts related to enforcement of scooter/SMD regulations include:

- **The City has retained Sweep, Inc. to assist with impounding SMDs in violation of SMD parking/staging regulations.** (Emphasis added)
- The City's FY 2020 expenditure budget includes \$150,000, largely for Police Department overtime related to dockless mobility enforcement of California Vehicle Code violations. This funding is being utilized for specialized enforcement days in various targeted areas, which have occurred about once per week since July 1, 2019.
- The Development Services Department's (DSD) Code Enforcement Division has also been assigned to enforce violations of the City's SMD Ordinance. ACs will be issued for age verification violations, most staging violations, and devices that are not picked up within the three-hour notification timeframe. NOVs will be issued for geofencing violations, unauthorized removal of impounded devices, and staging violations creating a safety hazard. ACs will typically be issued in the following order: warning, then \$500, then \$1,000. Fourth violations and beyond may be issued additional \$1,000 ACs, a NOV, or a Notice of Intent to Revoke the SMD company's permit. ..."

Note that:

- Sweep Inc. replaced the City's directly employed staff who had conducted impounding previously and thus was the only service supposedly doing so,
- the \$150,000 budget item for specialized enforcement was not renewed in either 2021 or 2022 and,
- the DSD issued no Administrative Citations, Notices of Violation nor Notice of Intent to revoke a company's permit, nor fines, other than for failing to clear corrals for street sweeping.

Thus it appears that **the City abandoned the one measure it had used to deal with scooter parking violations.**

San Diego Does Not Issue Parking Tickets For Scooter Violations

Unlike other cities, e.g. San Francisco, where scooter parking violations are dealt with by the San Francisco Municipal Transportation Agency, (SFMTA), "[a department of the City and County of San Francisco responsible for the management of all ground transportation in the city](#)", **San Diego does not issue parking citations or fines for scooter parking violations.** Compare that with the [14,366 scooter parking citations issued by SFMTA from October 15, 2019 to January 3, 2022 at \\$100 each](#), suggesting a gross income from fines for scooter parking violations in SF of **~\$1.4m** Vs \$0 for SD and where the permitted program of shared scooters in San Francisco is less than half the size of that of San Diego:

- Combined scooter fleet sizes for 2021: [5,500 for SF](#) Vs 13,000 for SD (average of the allocations in the two six-month permitting periods of 11,500 and 14,500);
- Total trips from July 2019 through December 2020: [~2.1m for SF](#) Vs [~4.6m for SD](#).

Parking Violations Enforcement Overall

In essence then, in terms of enforcing scooter parking regulations, **the City of San Diego is doing nothing to impose costs on the scooter rental companies to induce them to**

comply. Instead it is subsidizing the industry by spending \$360,000 a year on a service to move scooters for them.

Further for the contracted SMD program it relied on the companies' "self management" to address pedestrian safety issues rather than the City doing so itself. Given that **four years of the companies' "self-management" resulted in well over fifty-thousand complaints to the City about parking violations alone**, one may be forgiven for being skeptical that years more "self-management" will improve the safety of pedestrians.

That was true both before and after the City contracted with *Populus* to handle the data generated by the scooter rental companies. We believe that is partly because the data management service *Populus* provides is not in real-time but rather after the fact reporting.

MOVING VIOLATIONS

What then does the City do to protect pedestrians against moving violations particularly driving on the sidewalk?

In 2019 when the City's Shared Mobility Device ordinance was considered by Council, \$150,000 was allocated by the City for specialized enforcement against moving violations to supplement a similar sum from the State. This level of spending funded two teams of two Traffic Division officers, (plus a supervisor), each working an eight hour shift, four times a month for one year. If each team was assigned to each of the two main areas where scooters were used, downtown and the beach communities of Pacific Beach and Mission Beach, this level of funding and staffing would only have officers enforcing against moving violations for eight hours a week in each area. This was inadequate to have an effect on behavior and the City did little to publicize that such enforcement was taking place. This specialized enforcement program ran from October 2019 to October 2020, after which it was discontinued.

Thus **from the Winter of 2020 and throughout 2021, the City had no specialized enforcement against scooter moving violations** in place. Enforcement was left to SDPD officers as part of their daily duties but that, when we asked SDPD officers we were told that was a low priority for most officers, who each have discretion to determine what infractions they will act on. The City's records on citations for scooter moving violations for Q1 of 2021, identified **only five were issued in the first three months of the year.**

However, the City's contract-based SMD program, which came into effect in August 2022, required the scooter rental companies to use technology to detect and prevent sidewalk driving by slowing the vehicles to 3mph if driven on a sidewalk. The selected operators had said they had such technology and could implement it in the proposals they had submitted to the City. But when the program began it became apparent that none of their technologies worked accurately enough. The problem was that none could detect whether the scooter was on a sidewalk or in the road with sufficient accuracy. So they inappropriately slowed scooters being driven in the street, endangering the driver.

This has then led CM Kent Lee (D6) in November 2023 to call for the safety provisions put in place to protect pedestrians to be reversed. He proposed among other things that instead of slowing the scooters they just give an audible warning. Given the same inaccurate detection, presumably it was believed that if a scooter gave a warning to get off the sidewalk when it was being driven in the street that would not endanger the driver.

However audible warnings can be ignored and the inevitable effect of accepting CM Lee's proposal was that motorized rental scooters would again be driven at 15mph or more on the sidewalks of San Diego.

In January 2024 the Council was then presented with a choice: either protect the safety of pedestrians or protect the safety of scooter drivers to resurrect the SMD program. Fortunately the Council expressed enough of both opposition and concern for CM Lee to withdraw his proposals.

Moving Violations Enforcement Overall

In short then, the City spent nothing against scooter moving violations such as driving on sidewalks. Instead it relied on the promises of the scooter rental companies that they had technology which could solve the problem. They didn't.

Similarly, other moving violations such as dual riding, drunk driving, underage driving and driving without a license are also widely ignored. However the changes to the Municipal Code in August 2022 for the contract-based SMD program put in place measures designed to address at least some of them. For example there are multiple checks of a drivers license to prevent underage driving and there is a curfew on the operation of scooters at the time bars close. CM Lee proposed that these and other safety measures be rolled back or weakened.

OTHER ENFORCEMENT ACTIONS

The City may issue warnings, citations and impose fines on businesses that contravene its regulations. For example, in the period from late 2019 to early 2020, it did so against scooter companies which failed to clear in-street corrals prior to street sweeping but this was discontinued when the pandemic restrictions came into effect. Despite ongoing failures by the companies to clear their corrals and even when trip numbers increased and the allocation of scooters under the City's permitting scheme more than doubled, warnings, citations and fines for blocking street sweeping were not reimposed until September 2022.

The City can revoke a company's permit and it [did so with scooter rental company Lime](#). However, Lime appealed the decision and the City failed to win the appeal, thus overturning the revocation. Subsequently the City did not revoke the permit of any other scooter company.

Other Enforcement Overall

Other than fines against blocking street sweeping, which has been intermittent at best, the City has applied no other enforcement measures effectively.

ENFORCEMENT OVERALL

Overall, the City consistently failed to apply effective enforcement measures against parking and moving violations sufficient to induce the rental companies and their users to address the problems they create for pedestrians, especially the vision and mobility impaired. As a result these problems persist as evidenced by the number of

complaints submitted by citizens in 2021 about scooter parking issues alone: ~28,000. During the same period ~280 scooters were impounded.



2018: SDPD handed out leaflets... for a while.

What Does The Scooter Rental Industry Cost San Diego?

Although an answer to this question is apparent above: that the City of San Diego spends almost nothing on monitoring and enforcement and indeed subsidizes the scooter rental industry to the tune of \$360,000 a year to have a service move scooters around for the companies, the intent of this question is to **try to determine what cost the industry imposes on the city were it to monitor the companies for compliance and apply enforcement measures against non-compliant users.**

We leave aside the costs of injury and death and focus here only on provisions the City could make and which, indeed, it promised the public it would make, when, in 2019, it passed an ordinance governing the SMD companies.

Parking: Monitoring And Impounding

We know that the City signed a contract with Sweep in early 2020 for \$540,000 per year to provide a 14 hour per day service with two teams. The rental industry operates 24/7.

Assuming that the original contract could provide adequate coverage and allowing for 10% inflation over two years we estimate that the annual cost to do so would be say ~**\$600,000**. This is predicated on the impounding service actually impounding and related fees being charged. Currently the City's impound fee is \$65 per device plus a small daily storage fee.

Moving: Specialized Enforcement

As indicated in the City's response quoted above, the City's 2020 budget allocated \$150,000 which covered the cost of one team, for one eight-hour shift once a week for a year.

In our estimate a minimum of two teams would be needed, one in each of two locations, (downtown and the beach communities), working four shifts, (e.g. one shift on Friday afternoon, two on Saturday afternoon and evening and one on Sunday afternoon) per week. Allowing 10% for inflation this implies a need to budget a minimum of \$1.32m for specialized enforcement. A reasonable range then might be from that level to double it, i.e. **\$1.32m - \$2.64m**.

To some that might seem a high cost, but if so it begs the question to them: What would be the minimum level of enforcement against moving violations to be effective in dealing with the behavior of streams of tourists using motorized scooters in ignorance of local rules and regulations? If not two teams, paid at overtime rates because SDPD officers do not prioritize the problem ordinarily, working four shifts per week on average over a year, then how many teams and how many shifts *would* be effective? Note that an essential cost associated with any such specialized enforcement would be the cost to make rental scooter users aware of the enforcement action.

Education and Publicity

Alongside enforcement there is a need to **inform users that enforcement is taking place**, as the goal is not to penalize non-compliance but to change behavior. The most effective way to do this is with the co-operation of the scooter rental companies whose app could inform users of this whenever they initiate a scooter. The cost of doing that could be **zero** for the City. Other educational and informational actions could also be taken, as indicated below, though these would likely have an associated cost.

Administration

The City's [proposed budget for 2022](#) includes a Program Manager for SMDs and indicates a salary around **\$100,000**.

Other Costs Not Included In Our Estimate

Apart from the costs indicated above there are other costs associated with the scooter rental industry that the City must incur. These include:

- Costs to analyze, determine, create and maintain locations for parking corrals.
- Determination and provision of street signs denoting streets where driving a motorized scooter is illegal.
- Legal costs including costs to establish the RFP, develop contracts and deal with ensuing litigation.
- Administration of notices of violation, administrative citations and imposing and collecting fines.
- Education / Information program for tourists coming to San Diego including information about enforcement measures taking place and educational videos.

Estimated Total Cost Compared With Past And Future Income

The following table includes the costs referred to above.

COST OF MOTORIZED SCOOTER RENTAL INDUSTRY TO PROTECT THE PUBLIC

	Min	Max	Notes
Monitoring & Enforcement: Parking	\$ 600,000	\$ 600,000	
Enforcement: Moving	\$ 1,320,000	\$ 2,640,000	
Program Manager	\$ 100,000	\$ 100,000	
Corrals			Unknown
Signage			Unknown
Legal			Unknown
Administration			Unknown
Education	\$ 0		Max unknown
TOTAL	\$ 2,020,000	\$ 3,340,000	

Thus effective monitoring via an impounding patrol that could estimate the number of devices deployed by each operator and which actually impounded non-compliant scooters, including those blocking street sweeping, and specialized enforcement against moving violations, including driving on a sidewalk, underage driving and dual driving would cost the City in the region of **\$2.0m - \$3.3m**.

In November 2023 Director Muto told the AT&I committee that the overall cost of the SMD program “across all departments” was between \$1.1m and \$1.3m. We take that to cover the costs indicated as unknown above but also to include the estimated cost of a Program Manager. On that basis then our estimate of the costs to properly fund the SMD program and compliance with the Municipal Code and contracts to range between:

\$3m to \$4.5m

Compare that with the **\$2.25m** received per year under the permitting scheme with fees applied to the number of devices in the operator’s fleet.

Even worse compare it with the income from the RFP contract scheme which initially charged \$0.75 per the number of devices deployed per day. That would generate the estimated income at annual average levels of deployment shown in the section below.

Contract RFP Fee Scheme

	No. of Devices	Notes
TOTAL FLEET SIZE	8,000	
ACCESSIBILITY SCOOTERS	400	Assuming not counted as “deployed”.
MAX DEPLOYABLE	7,600	
	Fees	Notes
Income per device deployed per day.	\$0.75	Income is to be paid monthly. \$0.75 in contrast with other Cities that charge \$1.00.
Income per device deployed per year.	\$273.75	Current fee per device per year after discount: \$135.

Estimated Income to the City based on the RFP System of Fees Charged on Deployed percentage

Proportion of Fleet Deployed	Income to City at Average Annual Proportion of Fleet Deployed	Notes
100%	\$2,080,500	100% deployment = the fleet size.
90%	\$1,872,450	Every 10% reduction in deployed fleet reduces income by \$208,050
80%	\$1,664,400	
70%	\$1,456,350	
60%	\$1,248,300	
50%	\$1,040,250	
40%	\$832,200	
30%	\$624,150	
20%	\$416,100	
10%	\$208,050	

Given that the market for rental scooters is seasonal and fewer are deployed in the Winter than the Summer, clearly **the new fee structure under the RFP will not generate close to enough income to cover the cost of providing adequate monitoring and enforcement.**

However the actual results were reduced further by the fact that the Director of the Sustainability department, reduced the deployed per device fee from \$0.75 to \$0.40.

Actual Income To The City from the SMD program

The previous section contains estimates made before the SMD program came into effect. In the period August 2022, when the SMD program started, to November 2023 when Director Muto announced that it had collapsed **the City received \$452,015.70** from the operators.

In the same period the City paid contractor Sweep a total of **\$551,401.88**.

The SMD program's income did not cover the cost of one of the two contract services associated with it let alone approach the cost stated by Director Muto of \$1.1m to \$1.3m "across all departments" that the SMD program cost the City and it certainly came nowhere close to covering the costs we estimated of \$3m+ if it included effective enforcement.

Yet the proposal made by CM Lee is to relax safety measures protecting pedestrians to entice the operators back and Director Muto proposes to reduce the \$0.75 per deployed device to \$0.40.