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# STAR PROJECT

Report of First Year

Map Distribution List

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**Crain & Associates**

*Urban Consultants*

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## EXECUTIVE SUMMARY

STAR is an acronym for Shareholders' Auto Rental. STAR service was introduced in 1983 at 10,000 mid-rise apartment complex in San Francisco in December, 1983. Programmed members rent cars for a few days a week at low prices. The program is billed at the end of each month for miles taken.

## STAR PROJECT

### Report of First Year

**To: Distribution List**

**From: John Crain  
Crain & Associates**

**Date: January 15, 1985**

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How... STAR... routine... demand;... About 350... members...

## EXECUTIVE SUMMARY

STAR is an acronym for short-term auto rental. A STAR service was introduced within a 10,000 resident apartment complex in San Francisco in December 1983. Pre-qualified members rent cars for a few minutes to a few days at low prices. They are billed at the end of each month for trips taken.

The service offers an alternative to owning a first or a second car and encourages the use of public transportation and ridesharing. For many it is cheaper to use mass transit for commuting and short-term renting for trips where an auto is necessary.

The STAR operation, run as a non-subsidized and for profit business for 13 months, is a private sector demonstration. Its cost effectiveness and community benefits are being evaluated by the UMTA Services and Methods Demonstration Program. The STAR project is one of the several shared auto experiments that have been conducted over the last dozen years, primarily in Europe. None of these experiments have been economically viable. STAR is unique in that it is restricting its services to an apartment community.

In the first year, we unearthed numerous operational problems and, in hindsight, mismanaged the fast growing business. These mistakes and redesigns render the first year results highly questionable.

However, we can draw several positive conclusions about STAR. There is a market for the STAR service. The short-term renting concept has produced an immediate and large surge of demand; after only five months, a 50-car fleet was needed. About 350 households, 8% of the Parkmerced community, have been members.



STAR has attracted strong national interest. Local and national television, newspapers, radio, and magazines have reported on the innovative service.

There are well documented user benefits, which are best understood in terms of submarkets served. These submarkets, in rank order of size, are:

1. An alternative to owning a second car.
2. An alternative to owning a first car.
3. A substitute car when an owned car is in the shop.
4. A car for use by an out-of-town guest.
5. A special car; STAR has a full array of vehicles: trucks, station wagons, large and small cars, and a van.

There are community benefits related to increased use of public transportation. Many Parkmerced residents have not purchased a car because of STAR. They commute to work on public transportation, and use STAR for other trips.

Some persons without cars have been substituting STAR for public transportation during off-peak hours. This use of STAR is clearly a user benefit, but it contradicts the project's purposes.

In spite of extensive learning problems, the business did produce a profit in the 12th and 13th months.

Short-term renting has much more administrative detail and more operating costs than expected. The processes of checking cars in and out quickly, keeping rental times accurate to the minute, having all the monthly bills correct, and administering a huge credit business, produce formidable problems.

There are potentially extensive credit problems. We have turned over considerable debt to credit agencies and were forced to switch to a very strict credit policy. Whether or not the cost of bad debt can be minimized adequately is still unknown.

The operational problems have required unprecedented and imaginative solutions, some of which must be improved still further.

Because of the difficulties in controlling the basic business, we have not established the planned supportive businesses (gasoline sales, car reselling, bicycle renting, etc.). Thus, the complete system is still untested.

We now have rudimentary ability to estimate demand for STAR at other candidate sites. The Parkmerced demonstration provides us with some knowledge of the socioeconomic profile and physical layout of apartment or condominium sites at which STAR would be viable. We also have some knowledge of how the STAR concept could be applied at large employment centers to provide mobility during the day for commuters who rideshare or take transit to work.

The well-designed UMTA evaluation is now in process. The second year of STAR operation should produce a considerable amount of useful data.

*in fact, STAR wound up after only 15 1/2 months*