



DATE: October 25, 2016

CATEGORY: New Business

DEPT.: Public Works

TITLE: **Bay Area Bike Share Program**

RECOMMENDATION

1. Do not extend the term of the current agreement with Bay Area Motivate, LLC (Motivate), for the City's participation in the Bay Area Bike Share Program beyond the November 30, 2016 end date.
2. Direct staff to pursue an agreement with Motivate to implement an expanded and upgraded bike-share program in Mountain View based on the terms offered by Motivate to the City of Palo Alto.
3. Direct staff to seek grants and sponsorships to support the program.

BACKGROUND

The Bay Area Bike Share (BABS) Program was launched in August 2013 in five cities – San Jose, Mountain View, Palo Alto, Redwood City, and San Francisco. BABS was initially designed to include 1,000 bicycles at 100 stations throughout the five cities (including 11 stations and 100 bicycles in Mountain View), but the complete bicycle network was never fully deployed.

BABS was initially funded through a combination of local, regional, and Federal grants at no cost to the five cities (other than the staff resources required to support BABS operations in each of the cities and the waiver of permit fees for the installation of bike facilities on city property). In December 2015, an expansion of BABS (7,000 bicycles in the cities of Berkeley, Emeryville, Oakland, San Francisco, and San Jose) was announced under a new corporate sponsorship funding model. Also announced at that time was the discontinuation of financial support for BABS operations in Mountain View, Palo Alto, and Redwood City.

At its May 17, 2016 meeting, the City Council:

- Authorized staff to negotiate and execute agreements with the BABS operator, Motivate, for the City's continued participation in BABS through November 30, 2016, and possibly June 30, 2017, at a cost of approximately \$12,000 a month, to allow the continuation of bike-share services in Mountain View while other bike-share program options were being investigated.
- Accepted \$60,000 from the Mountain View Transportation Management Association (TMA) to be used toward bike-share programs.
- Directed staff to partner with the Mountain View TMA, interested Peninsula cities, and other interested stakeholders to explore bike-share program options/solutions.

At a subsequent meeting, the City Council appropriated \$160,000 (including the \$60,000 from the Mountain View TMA) to fund the City's continued participation in BABS for up to one year (June 30, 2017).

Since May, several important BABS-related developments have occurred:

- The City of Redwood City declined continued participation in BABS and the bike-share facilities and equipment have been removed.
- The Palo Alto City Council voted in June to continue to participate in BABS through November 30, 2016.
- The establishment of a convenient, robust, and connected bike-share system was identified as a top priority by the Managers' Mobility Partnership (MMP), a group comprised of the City Managers of Menlo Park, Mountain View, Palo Alto, and Redwood City, the senior associate president (emeritus) of Stanford University, along with Joint Venture Silicon Valley, to address transportation and mobility challenges facing the region.
- The City of Palo Alto began discussions with Motivate to continue its participation in BABS, but with a significant expansion and upgrade to its existing bike-share program. Under the proposed terms of the expansion/upgrade, the City of Palo Alto will purchase 350 "smart" Social Bicycle (SoBi) bicycles featuring wireless connectivity and an integrated global positioning system (GPS) equipped locking mechanism. The City of Palo Alto will be responsible for all other capital equipment and installation expenses. A combination of City of Palo Alto funds (\$989,374) and Transportation Fund for Clean Air (TFCA) grant funding (\$171,429)

will be used to cover the estimated \$1.1 million capital cost to launch the new bicycle system.

Operating costs for the 350-bicycle Palo Alto system will be covered by Motivate through corporate sponsorship revenues it will be receiving from the recently announced title sponsorship agreement with Ford Motor Company. Final sponsorship decisions are still pending, however.

- On October 4, 2016, the Palo Alto City Council directed staff to negotiate an agreement with Motivate to implement a 350-smart bicycle system in Palo Alto based on the proposed terms outlined in Attachment 1.

It is important to note that the proposed terms include a requirement that other Peninsula cities/entities interested in implementing smart bicycle systems be offered similar terms and pricing to those offered to Palo Alto. Motivate will decide by October 31, 2016, if it will cover the operating costs of the Peninsula cities. If it decides not to cover the costs, the cities will be allowed to pursue sponsorship opportunities on their own to cover the expected monthly operating costs of \$100 per bicycle. A copy of the Palo Alto City Council Staff Report, without attachments, is provided in Attachment 2.

Palo Alto staff expects to return to its Council in December 2016 for approval of the new agreement with Motivate and have the new smart bicycle system installed by June 2017.

ANALYSIS

Current Bike-Share Agreement

In May, the Council authorized staff to negotiate and execute agreements with Motivate for the City's continued participation in BABS through November 30, 2016, and possibly June 30, 2017, at a cost of approximately \$12,000 a month, to allow the continuation of bike-share services in Mountain View while other bike-share program options were being investigated.

Given the approximately \$20 per bicycle trip/ride cost, the limited usage of the bike-share facilities in Mountain View (trips per bicycle per day averaged approximately 0.34 in August—somewhat lower than the average reported to the Council in May), and the significant progress that has been made in identifying a promising new smart bike-share program option to replace existing bike-share facilities in Mountain View and other Peninsula cities, staff recommends the Motivate agreement not be extended beyond November and the existing bike-share equipment and facilities be removed in

December. Staff further recommends that the remaining funds that were budgeted for the City's participation in BABS be reallocated and applied to the costs of launching a new smart bicycle-based system in Mountain View that is similar to Palo Alto's proposed new system.

New Bike-Share Program Model

The proposed agreement the City of Palo Alto is negotiating with Motivate, and particularly its requirement to offer similar terms to other Peninsula cities/entities, provides an important and unique opportunity for agencies, such as those participating in the MMP, to work collaboratively and jump-start the creation of a robust, convenient, state-of-the-art, and interconnected bike-share program to address regional transportation and mobility challenges. This result would unlikely occur if each of the agencies pursued bike-share systems individually with different bike-share program vendors.

If directed by the Council, staff will begin discussions with Motivate to pursue an agreement to implement an expanded and upgraded bike-share program in Mountain View based on the terms offered to the City of Palo Alto. Staff anticipates returning to the Council with the results of these discussions in early 2017, along with a cost estimate for launching and operating the new bike-share system in the City, and funding options (e.g., grants, local sponsorships, etc.) for these costs. With expected capital costs of \$1.1 million for a 350-smart bike system in Mountain View (based on the planned Palo Alto system) and additional operating costs, staff will likely not be recommending moving forward with implementing the new system unless grant and/or sponsorships can be secured to offset the City's expenses.

Depending on how quickly an agreement can be reached with Motivate and the system equipment is ordered and manufactured, there may be a 12 or more month gap in bike-share services in Mountain View if the current equipment is removed in December 2016.

FISCAL IMPACT

If the Council directs staff not to pursue an additional extension of the current Motivate agreement beyond the November 30, 2016 end date, the City will have only spent \$58,500 of the \$160,000 budgeted for its continued participation in BABS. (The \$58,500 figure includes the two months of operating expenses paid for by the Mountain View TMA.) The remaining \$101,500 could be reallocated and applied to the costs of developing and launching a new smart bicycle-based system similar to Palo Alto's.

If the Council directs staff to pursue an agreement with Motivate to implement an expanded and upgraded bike-share program in Mountain View based on the terms offered by Motivate to the City of Palo Alto, staff will return to the Council with an estimated cost of the new system and funding proposal at the time the agreement is presented to the Council for review and approval.

ALTERNATIVES

1. Direct staff to negotiate and execute an additional extension of the current agreement with Motivate for the City's continued participation in BABS through June 30, 2017.
2. Do not direct staff to pursue an agreement with Motivate to implement an expanded and upgraded bike-share program in Mountain View based on the terms offered by Motivate to the City of Palo Alto, or to seek grants and sponsorships.
3. Provide other direction to staff.

PUBLIC NOTICING

Agenda posting, with copies to the City of Palo Alto, City of Redwood City, City of Menlo Park, Stanford University, Joint Venture Silicon Valley, Mountain View TMA, Motivate, and Silicon Valley Bicycle Coalition.

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- Attachments:
1. Motivate – Palo Alto Term Sheet (dated August 22, 2016)
 2. October 4, 2016 Palo Alto City Council Staff Report No. 6997