

DATE: September 26, 2017

TO: Honorable Mayor and City Council

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VIA: Daniel H. Rich, City Manager

TITLE: **Bike Share**



PURPOSE

The purpose of this Study Session is to provide an update regarding the current status of the bike share industry and to solicit City Council input and direction regarding a City bike share pilot program.

BACKGROUND

From 2013 to 2016, Mountain View participated in the Bay Area Bike Share (BABS) pilot program, which included 70 bikes and 7 stations in Mountain View, coordinated through the Bay Area Air Quality Management District (BAAQMD) and the Santa Clara Valley Transportation Authority (VTA). In 2015, the BAAQMD transferred responsibility for the BABS program to the Metropolitan Transportation Commission (MTC). In December 2015, MTC and Motivate International entered into an agreement to expand the BABS program, at no cost to public agencies, in the cities of San Francisco, San Jose, Oakland, and two other East Bay cities. The Peninsula cities, including Mountain View, were not included in this plan, but were given the opportunity to buy into the BABS program at terms established by Motivate.

At its May 17, 2016 meeting, the City 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.

- Directed staff to partner with Mountain View Transportation Management Association (TMA), interested Peninsula cities, and other interested stakeholders to explore bike share program options/solutions.

Following the May 2016 City Council decision, staff participated with 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 review potential bike share options. Through this process, the City of Palo Alto volunteered to take the lead in developing a potential bike share agreement that could subsequently be extended to other Peninsula cities.

At its October 25, 2016 meeting, the City Council approved not extending the agreement with Motivate for the City's participation in the BABS Program beyond the November 30, 2016 end date due to the high cost per trip and low usage rate.

At the November 1, 2016 meeting, the City Council directed staff to retain a consultant to conduct the following work:

1. Evaluate alternative approaches to the Motivate model.
2. Develop a conceptual bike share plan to identify/define the market(s) of potential bike share program users and to recommend a size of the bike share system and potential hub/kiosk locations.
3. Develop operating and capital cost estimates.
4. Develop a funding strategy and work with staff to identify and approach potential grants and sponsors.

In January 2017, staff retained the services of Toole Design Group (Toole) to begin the work specified above, while closely following Palo Alto's bike share planning efforts and continuing dialogue with the MMP participants. Toole produced information on different bike share operating models and technologies, helped identify potential hub/kiosk locations within the City, and developed a range of system sizes based on differing service areas and markets. Due to new trends in the bike share operating models (discussed further below), Toole did not develop cost estimates or funding strategies. The work completed by Toole, although not fully applicable to the new operating models, will help inform the City's next steps and is further referenced in this memo.

Current Bike Share Program Trends

In 2017, significant changes occurred in the bike share industry that opened up new service delivery options. To better assess and understand these trends, staff recently met with four bike share operators who have expressed interest in providing bike share in Mountain View and neighboring cities. Staff has also gathered information from some cities who have recently implemented these new bike share operating models. These trends can be summarized as follows and are discussed in more detail below:

1. **Technology:** Introduction of smart bikes and stationless systems expand potential service areas and system sizes and provide flexibility to adjust the service based on ridership demand.
2. **Market Competition:** Multiple bike share companies are expressing interest and are willing to provide services in the same geographic area.
3. **Funding Responsibility:** Bike share companies no longer expect cities to share in the costs of the bikes or services.
4. **Government Role:** Some jurisdictions are approaching bike share as a regulatory function rather than as a service procurement.

1. Technology

Smart bike systems have emerged in the last few years as a viable bike share option. These systems employ GPS and other technologies on the bike to track and manage the bike system. The bikes are reserved and managed through a Smart Phone app. The bikes can be locked to bicycle racks or other approved locations or, in some systems, are self-locking. These are referred to as stationless systems.

Without the need to limit bike parking to specially designed docking stations, the parking/bike distribution options range from a free-floating system (bikes parked at any rack or other appropriate location) to one where the bikes can be parked only in bike share designated areas or racks. There are also hybrid models that combine designated parking for certain areas and free-floating for all other areas of a city. This allows for both higher bike densities in activity centers and broader distribution throughout a city for convenient access by a variety of users for all types of trips.

Several bike share companies now utilize smart bikes, including Social Bicycles (SoBi), LimeBike, Spin, GoGo Bikes, MoBikes, and others. The photos below illustrate some of the smart bike systems:



SoBi Bikes (locked to a SoBi branded rack above but can also lock to any bike rack or other infrastructure)



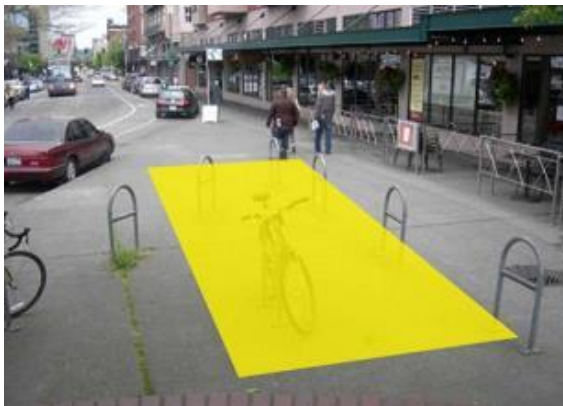
BluGoGo Bikes (self-locking)



LimeBike (self-locking)



Spin – Example of Smart Phone App to Unlock and Use a Bike



Example of a Corral or Parking Area for Stationless Smart Bikes, Including Self-Locking Bikes

2. **Market Competition**

The number of bike share companies has been growing. A trend among other cities has been to allow for multiple bike share vendors to operate within the same geographic area. For example, both Spin and LimeBike are operating in Seattle and in South San Francisco. The City of San Francisco has rolled out a permit process that would allow other bike share operations in the city in addition to the Bay Area Bike Share (Ford Go-Bike) System. Mountain View and neighboring cities have all been approached by multiple bike share companies wishing to provide services.

The advantages of this market competition include the potential for faster deployment and more bikes being made available. In addition, these companies are competing for ridership, creating an incentive for good customer service, keeping the bikes in good working order, offering competitive prices, and making sure the bikes are located where they will generate ridership. In place of a “membership fee” approach, these systems are charging per ride, allowing users to select whichever bike is most conveniently located or the service that they find most cost effective. The fees for a 30-minute ride range from \$0.50 to \$2.00.

3. **Funding Responsibility**

Past bike share programs have required significant government funding for start up and operations. The BABS pilot program was originally funded through a combination of local, regional, and Federal grants. In 2016, the City of Palo Alto was working on an agreement with Motivate and SoBi to provide bike share services in Palo Alto that would have cost the city nearly \$1 million. Motivate offered to enter into a similar agreement with Mountain View at a capital cost of approximately \$1 million to purchase 350 bikes plus another \$300,000 to \$400,000 in annual operating costs with the City bearing the responsibility to secure this funding through City funds, grants, or sponsorship. Mountain View declined to pursue the agreement in November 2016 and Palo Alto came to the same decision in January 2017.

Smart bike vendors are now offering the potential for quick implementation on a significant scale without any direct cost to the local community. Their business models are based on investors, sponsors, and user fees. According to the company staff interviewed, as few as two rides/day/bike can be enough to recoup their capital and operating costs. Local agencies may incur some administrative costs in regulating the bike share programs and/or in providing designated parking areas,

such as bike racks and painted corrals, but they are not being asked to contribute funding to purchase or lease the bikes or to supplement the user fees.

4. **Government Role**

Some cities are now launching bike share programs through a regulatory system rather than procuring bike share services. Examples include:

- Seattle launched a six-month pilot bike share permit program for a dockless, free-floating bike share system citywide in July 2017. Bike share operators capable of meeting specific permit requirements could pull the permits and begin operations. These permit requirements included bike safety features, parking, operations/customer service, data sharing/performance monitoring, and city fees and protections (insurance, indemnification, performance bonds). Three months into operation, three bike share companies are providing the minimum of 500 bikes each and are planning to expand to 1,000 or more bikes. Current feedback from Seattle is that their pilot has been a success with very few issues regarding bike parking or abandonment/theft and they plan to take an ordinance to their City Council to formalize the program.
- South San Francisco also launched a six-month pilot program in July 2017. The City entered into license agreements for use of the right-of-way backed up by encroachment permits with two bike share companies. The agreement allows bike users to park the bikes in a legal manner in the right-of-way but also defines certain designated parking areas to be used by the companies to rebalance the bikes. The agreement and permit include many of the same requirements as Seattle's permit but are less detailed, especially in terms of bike safety features and parking. According to city staff, the pilot is going well with 400 bikes currently on the street generating approximately 500 trips a day.
- San Francisco is served by the current Bay Area Bike Share system operated by Motivate, known as Ford GoBike, which continues to use a dock system for picking up and dropping off bikes. In March 2017, San Francisco adopted an ordinance for issuing permits to stationless bike share operators and finalized the permit application in July. Parking must be in a public bike rack or the furniture zone of the sidewalk. The permit requirements have similar provisions as the Ford GoBike program (e.g., bike-safety features, customer service, and rebalancing). They also have high start-up and annual renewal fees and extensive requirements related to serving low-income communities.

At least two bike share companies have submitted applications but the permits have not been issued yet.

The City of Palo Alto is now pursuing a similar course as Seattle and South San Francisco. They plan to develop administrative guidelines to support a potential one-year pilot with firms that are interested and can meet the guidelines. They would issue a permit to each operator. Several firms, including SoBi, LimeBike, and Spin, have expressed interest. Palo Alto plans to develop a formal permit process based on the experience during the pilot program.

DISCUSSION

The opportunity to offer a more extensive and flexible bike share program in Mountain View has greatly improved due to stationless smart bikes, new funding models, and vendors operating in a competitive market. The City could take advantage of the bike share companies' expertise and motivation to implement this emerging mobility option at very little cost. If neighboring cities implement similar programs, companies could operate across city boundaries, to the benefit of residents and employees.

Potential Program Strategies

There are three models that have been used in recent years by cities for bike share programs. These include:

- Solicitation of Vendor Proposals Through a Request for Proposals (RFP) Process— This approach has been used by several cities to select a single operator who would have exclusive rights in the City. These include SoBi systems in Portland, Santa Monica, and Sacramento. After the selection process, the city and the operator would enter into a service contract. Until recently, the city or region would have some financial responsibility or the vendor would have a sponsor to cover those costs. Some recent contracts (Sacramento for example) have eliminated any local funding, and in return, the city does not have any ownership of the system. An RFP process will typically require more staff effort to select an operator and develop a contract. Although it would give the City more control of the program, it could reduce the flexibility to take advantage of new advances in the bike share industry and the potential benefits of multiple vendors providing service in the City.
- City Council Ordinance Establishing a Permit Process for Bike Share Vendors— This is a relatively new approach arising from the introduction of multiple stationless bike share operators. San Francisco adopted such an ordinance. In this

approach, the permits would incorporate City requirements for the operation and City compliance and enforcement provisions. A cost recovery permit fee will likely be required. The permit could also include a limit on the number of bikes for individual operators or collectively. A challenge with this approach is the limited experience of the new operators, which makes it difficult to fully define appropriate guidelines. There is also limited experience with administrative and enforcement costs for cities.

- Pilot Program for Bike Share Companies to Operate under Specific Guidelines – A pilot program allows a city to learn more about the operator(s) and program prior to committing to a permanent program and developing final regulatory requirements. Seattle and South San Francisco have both launched such pilot programs with the intention of establishing permanent programs through ordinance or another means based on what they learn from the pilot. Palo Alto is planning to launch a similar pilot program in the next two to three months.

Proposed Program Approach

Staff proposes implementation of a one-year pilot program allowing bike share companies to operate subject to conditions of a permit issued by the City. Such a program would require little funding from the City (primarily staff time), be implemented more rapidly than an RFP or ordinance process, and allow the City to gain experience with a program that would then inform more permanent guidelines. The program would be based on Seattle’s and South San Francisco’s pilots but customized for Mountain View. Below are some basic guidelines that staff recommends. These guidelines are not yet fully developed, as staff seeks Council direction on the general approach prior to coordinating with stakeholders and fully developing the pilot program.

- Combine Designated Parking with Free-Floating Bikes

Staff recommends utilizing the “hybrid” approach to parking requirements that combines both designated parking areas (corrals and/or racks) and free-floating bikes. In high-demand locations, bikes would be restricted to designated parking areas to reduce potential problems with parked bikes obstructing pedestrian traffic flow or creating a safety hazard. Toole’s initial work identifying potential hubs would be refined to determine these designated parking areas, including the Transit Center and other major activity centers. Corral areas would be designated by signs and/or painted boundaries.

All other areas of the City could be served by free-floating bikes that may be parked at any location in the right-of-way acceptable for bike parking and/or on private property under an agreement between the bike share company and the property owner. Permit requirements would include performance standards for moving bikes parked incorrectly, rebalancing bikes, and ensuring bikes are not abandoned.

Staff does not recommend requiring a certain number of bikes at certain locations during the pilot, but allowing the bike share companies to deploy and balance bikes to maximize ridership. Companies closely monitor ridership and adjust bike density and location accordingly to maximize the convenience of the greatest number of riders. The experience with bike deployment and ridership during the pilot may help inform an adjustment to this approach with permanent regulations.

- Minimum and Maximum Number of Bikes

Based on past research and reconfirmed by Toole's comparative systems analysis (see Attachment 1¹), a minimum of 300 to 400 bikes should be provided for a low-density citywide system or a high-density employment core focused system. A higher-density citywide system would utilize over 600 bikes, with 1,000 bikes likely the maximum that could be supported. Staff recommends that under the pilot program, each vendor would be required to provide a minimum of 200 bikes, with a City cap of 800 bikes for all bike share companies collectively. This minimum will ensure that the company has a large enough presence to provide full-time staff within the City for rebalancing the bikes and responding to calls to move or repair bikes. The City maximum would help curtail possible problems with too many bikes that may be underutilized and cluttering the right-of-way.

Staff also recommends an initial per vendor cap of 400 bikes to ensure there could be at least two vendors for the pilot. The pilot program will help determine the appropriate bike density and service area for Mountain View. The numbers proposed, including the City cap of 800 bikes, could be revised during the pilot based on actual experience and demand.

- Safety, Operating, and Performance Requirements

City requirements for each bike share company would include bike safety features, parking rules, operating and customer service performance standards, and data

¹ Although Toole's analysis was based on a bike share system using stations, the information can be utilized for a stationless approach by focusing on bike density per square mile rather than bikes per station.

collection to monitor performance and effectiveness. Requirements would be set for quickly moving bikes parked in inappropriate areas, rebalancing bikes, and similar responsibilities of the bike share company.

The City's agreement or permit would also include provisions for insurance, indemnification, performance bonds, cost recovery fees, and the ability to terminate in 30 or 60 days. Seattle's bike share permit requirements (Attachment 2) provide an example of requirements that could serve as a starting place to develop appropriate requirements for Mountain View.

RECOMMENDATION

Staff recommends that the City implement a pilot program as described in the proposed approach above and seeks input on the following:

1. Does the City Council support the concept of a one-year pilot program that could be open to multiple vendors using designated parking areas and stationless smart bikes?
2. Does the City Council have any major issues or concerns related to the proposed approach and parameters for the one-year pilot program that need to be addressed in next steps?

ALTERNATIVES

Alternatives to the proposed pilot program include:

1. Issue an RFP to select a single bike share operator under a pilot program. The RFP would set similar requirements and performance standards but could give the City more control over the service.
2. Skip the pilot phase and proceed with developing an ordinance or other mechanism for a long-term bike share program.
3. Do not proceed with a bike share program at this time and monitor the programs in the other jurisdictions to see what types of problems arise and their level of success over the next year.
4. Provide other direction.

NEXT STEPS

If the Council is supportive of the proposed pilot program, the following steps would be taken by staff prior to launching the program:

1. Meet with the TMA and broader business community as well as other stakeholders (including bike share companies) for input into the guidelines and operating parameters of the pilot program. Additional discussion points may include likelihood of businesses providing on-campus parking areas and/or entering into separate agreements with bike share companies.
2. Identify the areas of the City where bike share parking should be limited to designated corrals or bike racks.
3. Draft guidelines governing the City's requirements for bike share companies to participate in the pilot and determine the appropriate legal document (e.g., type of agreement or permit) and fee for implementation.

Staff will also continue to work with neighboring cities to promote a regional approach (e.g., similar permitting requirements) that would allow bike share users to travel between cities.

PUBLIC NOTICING

The City Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's Internet website at www.mountainview.gov. The Study Session memo was sent to the MMP participants, Bicycle/Pedestrian Advisory Committee, Silicon Valley Bicycle Coalition, TMA, and other interested parties.

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- Attachments:
1. Toole Memo on Bike Share System Size
 2. Seattle Bike Share Permit Requirements