



DATE: May 17, 2016

CATEGORY: New Business

DEPT.: Public Works

TITLE: **Bay Area Bike Share Program**

RECOMMENDATION

1. Authorize the City Manager, or his designee, to negotiate and execute, if appropriate, agreements with Bay Area Motivate, LLC, for the City of Mountain View's continued participation in the Bay Area Bike Share Program through November 30, 2016, and possibly June 30, 2017.
2. Appropriate and transfer up to \$160,000 from the General Fund Reserve to the General Non-Operating Fund, Public Works Department, to fund the City's costs of participating in the Bay Area Bike Share Program. (Five votes required)
3. Accept \$60,000 from the Mountain View Transportation Management Association (TMA) to be used towards bike share programs.
4. Direct staff to partner with the Mountain View TMA, interested Peninsula cities, and other interested stakeholders during the next 12 months to explore bike share program options/solutions.

BACKGROUND

The Bay Area Air Quality Management District (BAAQMD) launched the Bay Area Bike Share Program in August 2013 with 700 bicycles and 70 stations in five cities – San Jose, Mountain View, Palo Alto, Redwood City, and San Francisco. Funding for the Bay Area Bike Share Program has been provided through a combination of local, regional, and Federal grants.

The purpose of the Bay Area Bike Share Program is to provide a convenient and affordable option for making short trips when walking is too far and transit options are not available. Bike share programs can reduce the need to take bikes onboard transit,

provide an alternative to driving and parking in busy downtowns, and complements the existing transit system by expanding the reach of transit stops and destinations.

Mountain View's Bike Share facilities include seven stations and 59 bicycles. A map of Bay Area Bike Share stations in Mountain View is provided in Attachment 1. The Bay Area Bike Share Program 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.

The Bay Area Bike Share Program is a membership-based system that provides a network of bicycles available at self-service bike share stations. Similar to car sharing, members can check out a bicycle, ride to their destination, and return the bicycle to any bike share station in the system. Membership durations range from a 24-hour day pass (\$9) to an annual subscription (\$88). The membership fee includes unlimited trips of 30 minutes or less.

More than 840,000 bicycle trips were logged on the Bay Area Bike Share Program between August 2013 and March 2016, with 90 percent of the trips occurring in San Francisco where more than half of all Bay Area Bike Share Program equipment has been deployed. Mountain View registered the second highest number of trips per bicycle per day, but still lagged far behind the more robust San Francisco system. Comparative performance data for each of the five cities currently participating in the Bay Area Bike Share Program is provided below.

City	Bicycles Deployed	Total Trips	Trips Per Bicycle Per Day	Average Trips Per Month	Percent of Total Trips
San Francisco	328	762,728	2.42	23,800	90.50
Redwood City	52	4,621	0.09	145	0.55
Palo Alto	37	8,315	0.23	260	0.98
Mountain View	59	21,818	0.39	680	2.59
San Jose	129	45,368	0.36	1,420	5.38

In 2015, the BAAQMD transferred responsibility for the Bay Area Bike Share Program to the Metropolitan Transportation Commission (MTC). In December 2015, MTC and Bay Area Motivate, LLC (Motivate), a bike share system design and operations vendor, entered into an agreement to expand the Bay Area Bike Share Program to deploy 7,000 bicycles in the cities of Berkeley, Emeryville, Oakland, San Francisco, and San Jose under a corporate sponsorship funding model, and discontinue financial support for

bike share operations in Mountain View, Palo Alto, and Redwood City after June 30, 2016. Low system utilization/ridership was cited as the reason to eliminate Mountain View, Palo Alto, and Redwood City from the new/expanded MTC/Motivate Bay Area Bike Share Program.

The corporate sponsorship funding model that the MTC and Motivate are using for the new/expanded Bay Area Bike Share Program does not include the cities of Mountain View, Palo Alto, or Redwood City. Consequently, if any of the three cities wish to continue participating in the Bay Area Bike Share Program, they will need to pay for the Program. (To date, the City has incurred no direct costs for participating in the Bay Area Bike Share Program. The City has, however, provided staff resources in support of program operations in the City and has waived the payment of encroachment permit fees for the installation of bike facilities on City property.)

For cities not wishing to continue in the program, Motivate will remove all existing bicycles and equipment by the end of July 2016 so that the assets can be deployed elsewhere in its expanded Bay Area network in San Jose, the East Bay, and San Francisco.

The cities of Palo Alto and Redwood City are also currently evaluating their continued participation in the Bay Area Bike Share Program and will be taking recommendations to their respective City Councils in the next week or so regarding their continued participation in the Program.

ANALYSIS

Continuation of Bike Share Services

Motivate is requiring the City to take the following steps in order for it to continue its participation in the Bay Area Bike Share Program through June 30, 2017 (details of these steps were only learned from Motivate in the past two weeks):

1. By May 27, 2016, enter into an agreement with Motivate that would allow the City to continue with, and pay for, bike share services for a five-month period between July 1, 2016 and November 30, 2016.

Since December 2015, when responsibility for the Bay Area Bike Share Program was transferred from the BAAQMD to the MTC, the MTC has been paying the expenses for operating and maintaining the Bay Area Bike Share Program in the five initial cities participating in the Program (i.e., Mountain View, Palo Alto, Redwood City, San Jose, and San Francisco). The MTC's obligation to continue

paying these expenses for Mountain View, Palo Alto, and Redwood City ends on June 30, 2016. The MTC will continue to pay Bay Area Bike Share Program expenses for San Jose and San Francisco through November 2016. After that time, the corporate sponsorship funding model for the new and expanded Bay Area Bike Share Program will be used to pay for program expenses.

Motivate has indicated a willingness to negotiate a short-term agreement with Mountain View referencing the terms and conditions of Motivate's existing agreement with the MTC so that the City can assume responsibility for paying for Mountain View's bike share costs during the remaining term of the Motivate/MTC agreement (through November 2016). The monthly cost for the City to continue in the program would be approximately \$13,300—the same as what the MTC has been paying since December 2015. Total City costs to continue with the Bay Area Bike Share Program through the end of November would be approximately \$66,500.

Based on past and current ridership levels, this funding requirement equates to approximately \$19.50 per bicycle trip/ride.

Motivate staff has indicated that they are willing to move quickly and provide the necessary resources so that an agreement with the City can be in place by the May 27, 2016 deadline. Staff is committed to making the effort to negotiate and execute the required agreement with Motivate, but if the effort proves to be unsuccessful, Bay Area Bike Share Program services will cease on June 30, 2016 and Motivate will remove all existing bicycles and equipment in Mountain View by the end of July.

2. Before November 30, 2016, negotiate and execute a new agreement with Motivate for Bay Area Bike Share Program services in Mountain View for a seven-month period between December 1, 2016 and June 30, 2017.

This agreement would include newly negotiated terms and conditions specific to bike share services in Mountain View, including potential changes to service levels, performance standards, and operating and maintenance costs.

Motivate has indicated a willingness to work with City staff to negotiate this additional agreement, but successfully negotiating and executing a new agreement with Motivate before the end of November will be challenging. Staff is concerned that Motivate may be more focused on meeting its contractual obligation to deploy at least 25 percent of the bicycles for San Jose, the new East Bay cities, and San

Francisco under the new Bay Area Bike Share Program no later than November 2016.

Staff is committed to making the effort to negotiate and execute the required program extension agreement with Motivate, but if the effort proves to be excessively time-consuming and unsuccessful, Bay Area Bike Share Program services will cease on November 30, 2016 and Motivate will remove all existing bicycles and equipment in Mountain View by the end of December.

As mentioned above, new terms and conditions for the provision of bike share services in Mountain View will need to be negotiated for this agreement, including new pricing for the services provided. Staff developed the proposed \$160,000 appropriation request based on the current costs incurred by the MTC for the Mountain View bike program (approximately \$13,300 per month). It is unknown at this time if the requested appropriation amount will be sufficient to cover future Bay Area Bike Share Program costs under the new agreement. However, staff would not recommend spending more than that amount to continue the program.

There may be the opportunity to defray some of the City's costs for continuing participation in the Bay Area Bike Share Program through funding provided by the Mountain View TMA. At its April 28, 2016 meeting, the Mountain View TMA Board of Directors voted to earmark \$60,000 to partner with the City during the next 12 months to explore bike share program options/solutions. This funding could be used to reduce the City funding required to continue with the program or the funding can be used to retain technical expertise to assist in the exploration of bike share program alternatives (discussed below). Should a short-term extension be successful, staff recommends \$25,000 of the TMA funds be used for that purpose and the remaining funds be used to explore new bike share options. If a year-long extension is successful, staff recommends applying the entire \$60,000 in TMA funding to defray program costs.

Evaluation of Bike Share Program Options

Staff recommends that, whether or not an extension of the Bay Area Bike Share Program in Mountain View is successful, an evaluation of bike share program options/solutions also take place over the next year.

These discussions would include Mountain View's previous Bay Area Bike Share Program partner cities of Palo Alto and Redwood City and/or other Peninsula cities; other interested stakeholders, including the Mountain View and other TMAs operating in nearby cities; and/or transit agencies and other groups to explore bike share program options that could potentially better address the bike share needs of the communities.

Among the topics/issues that would likely be explored as part of this effort are:

- System design (e.g., regional, subregional, mid-Peninsula, stand-alone, etc.).
- Potential for interoperability between bike share systems/programs.
- Governance and operating structure options.
- Target market/users (e.g., commuter, recreational, etc.).
- Technology/equipment (e.g., smart dock versus smart bike systems).
- Sponsorship, branding, advertising, and revenue options.

At this time, it is unclear how long these discussions might take and when any resulting bike share program (or programs) would be in operation. The goal of the discussions, however, would be the planning, development, and implementation of a bike share program (or programs) that meet the needs of the communities.

An example of an alternative bike share program is one that the City of San Mateo (SM) launched earlier this month. That bike share system will include 50 bicycles and 10 to 12 hubs where the bicycles can be parked. The capital purchase costs and ongoing annual operating expenses will be paid by SM. Program costs will be offset by revenues from user fees and any sponsorships SM is able to secure. SM has entered into agreements with Social Bicycles (SoBi) and Bikes Make Life Better to implement and operate the bike program. Bikes Make Life Better is responsible for the day-to-day operations of the program which includes repositioning the bicycles between hubs, and bicycle repairs and maintenance. SoBi is responsible for the web- and mobile application-based membership and reservation system, and revenue collection and remittance. SoBi was also the supplier of the bicycles. SM intends the program to be a three-year pilot program. At the end of the pilot, SM will decide whether to continue the program, modify it, or terminate it. In addition to an initial capital expense of \$85,000 to purchase the bicycles from SoBi, the SM will pay Bikes Make Life Better \$293,000 during the three-year term of its contract, as well as an additional \$23,000 for initial start-up costs.

As mentioned above, the Mountain View TMA Board of Directors has earmarked \$60,000 to partner with the City of Mountain View during the next 12 months to explore bike share program options/solutions. If the City chooses not to use any or all of the funding to defray some of its costs of continuing with the MTC/Motivate Bay Area Bike

Share Program, the funding could be used to retain technical expertise to assist in the proposed exploration of bike share program alternatives. Other participants in the exploration effort may also be willing to contribute funding and other support to the discussions and/or the start-up of a new bike share program/ system.

FISCAL IMPACT

The estimated cost for the City to continue participating in the Bay Area Bike Share Program through June 30, 2017 is \$160,000, but could change based on the results of negotiations between Motivate and the City.

The General Fund Reserve has been identified as the recommended funding source for this expense.

There is the opportunity to defray \$60,000 of the City's costs for continuing participation in the program or retaining technical expertise to assist in the exploration of bike share program options through funding provided by the Mountain View TMA.

CONCLUSION

Staff recommends the City try to continue its participation in the Bay Area Bike Share Program for an additional year (through June 30, 2017) while also partnering with the Mountain View TMA, other Peninsula cities, and other interested stakeholders/groups to explore bike share program options that could better address the bike share needs of the Mountain View and surrounding communities in the future.

ALTERNATIVES

1. Do not authorize the City Manager to negotiate or execute agreements with Motivate for the City's participation in the Bay Area Bike Share Program through November 30, 2016 or June 30, 2017, and do not appropriate funding for this purpose.
2. Identify an alternate funding source for the City's costs of participating in the Bay Area Bike Share Program.
3. Direct staff not to pursue the exploration of bike share program options.
4. Provide other direction.

PUBLIC NOTICING

Agenda posting, with copies to the City of Palo Alto, City of Redwood City, Mountain View TMA, and Silicon Valley Bicycle Coalition.

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Attachment: 1. City of Mountain View Bay Area Bike Share Map