City of Culver City, California

Agenda Item Report

Meeting Date: 10/22/12	Item Number: A-1
CITY COUNCIL AGENDA ITEM: Consideration of the Concept of Participating in a Westside Cities Council of Government Bike Share Program, Including Allowing Sponsorship in the Public Right-of-Way.	
Contact Person/Dept.: Helen Kerstein/PW	Phone Number: (310) 253-5618
Fiscal Impact: Yes [] No [X]	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: [X]
Commission Action Required: Yes [] No [X]	Date: _______________
Public Notification: (E-Mail) Agenda and Meetings – City Council (10/18/12)	
Department Approval: Charles D. Herbertson (09/10/12)	City Attorney Approval: Carol Schwab (by H. Baker) (10/15/12)
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (10/17/12)	City Manager Approval: John Nachbar (10/17/12)

RECOMMENDATION:

Staff recommends the City Council provide direction on the concept of participating in a Westside Cities Council of Governments (WSCCOG) bicycle share program, including allowing a private or non-profit agency sponsor to place its name and/or logos on bicycle stations in the public right-of-way and on bicycles.

BACKGROUND:

Bicycle sharing programs complement public transit and other mobility modes by enabling users to rent bicycles at one station and drop them off at another location. Bicycle sharing programs typically appeal to riders taking short trips, with most rentals lasting less than 30 minutes. By renting a bicycle sharing bike, these riders avoid the upfront investment required to purchase a bicycle and the worries of theft or vandalism, lack of parking or storage, and maintenance.

While bicycle sharing programs provide riders with a potentially valuable service, there are significant costs associated with initiating and operating them. Although the costs of these programs vary, it is estimated that the start-up cost is roughly $46,000 per bicycle sharing station, and that annual operating costs are approximately $1,800 per bicycle (not including management, promotion and administrative costs associated with the program). As with almost all public transportation, user fees (which include day or annual memberships as well as hourly fees) alone do not cover the entire cost of start-up or operations of bicycle sharing programs. Instead, user fees are augmented with some combination of public subsidies/grants, sponsorship, and advertising revenue. Sponsorship and advertising revenue comes from selling rights to put company names/logos and product advertising, respectively, on kiosks and bikes. Sponsorship revenue can also potentially come from selling naming rights for the system (see Attachment 1).

Currently, there are several firms that sell and operate bike sharing systems, including: Bike Nation, Alta, B-Cycle, and DecoBike, etc. One of the main challenges with bicycle sharing is inter-operability, as these firms' systems are not compatible with one another. Thus, riders cannot use their membership with one firm to rent bikes provided by other firms. Furthermore, if there are multiple firms in an area, riders must be careful to drop off bikes at stations operated by the same firm at which they picked up the bikes.

DISCUSSION:

Over the last several years, bike sharing programs have been launched in a number of cities across the country, such as: Denver (B-Cycle), Miami Beach (DecoBike), Washington D.C. (Alta), and Boston (Alta). Other large bicycle sharing programs are in the works. For example, Chicago and New York City are both in the process of launching bike sharing programs with Alta. The roll-outs for both of these programs were planned for the past summer, but have been postponed until next spring.

In Southern California, the cities of Anaheim and Long Beach have recently entered into agreements with Bike Nation to implement bicycle sharing programs that rely on advertisements to fund the program and provide additional revenue for the City. City of Los Angeles Mayor Antonio Villaraigosa announced plans for Bike Nation bicycle sharing programs in Los Angeles. However, no agreement has been developed. To date, Bike Nation has not started service in any city.

In the Westside of Los Angeles, there has been growing interest in bicycle sharing. Recognizing the desirability of inter-operability in the subregion, the WSCCOG has included implementing a Westside bicycle sharing system to its work program and has taken a role in coordinating and advancing bicycle sharing efforts. So far, at the direction of the WSCCOG Governing Board, the cities of Beverly Hills, Culver City, Santa Monica and West Hollywood have issued a Request for Information (RFI) to obtain information about a possible joint bicycle sharing program (the City of Los Angeles did not participate due to on-going negotiations with Bike Nation).

WSCCOG member cities have also taken other steps towards launching bicycle sharing. In addition to the City of Los Angeles Mayor's office pursuing a program with Bike Nation, the City of Santa Monica has secured two grants to fund the start-up of a bicycle sharing program. One of these grants includes capital funding for five bike sharing stations in other WSCCOG cities. The City of Santa Monica plans to issue a Request for Proposal (RFP) within the next six months, and has offered to include alternatives to expand the bicycle sharing program to other WSCCOG cities in the RFP. Additionally, the City of West Hollywood has been engaged in discussions with a firm to provide bicycle sharing within its jurisdiction that would include advertising within the public right-of-way. And, most recently, in early October, the WSCCOG received an unsolicited offer from Bike Nation to install up to 150 stations with 1,500 bicycles in the subregion without public funding or operational subsidies. The offer presumably relies on funding from advertising and/or sponsorship, but those details, as well as other pertinent information, were not included in the offer.

While the Westside cities are at different stages with regard to funding and planning for bicycle sharing, staff is engaging in regular discussions to coordinate efforts. There is general agreement among WSCCOG staff that a primary goal is to have a program with inter-operability among the multiple jurisdictions. Thus, there is a strong desire for one firm to cover the entire Westside. A significant challenge in meeting this goal is that the City of Los Angeles may decide to choose a different vendor. This would be especially problematic for Culver City, which is surrounded by the City and County of Los Angeles and is some distance from any of the other Westside cities.

Another challenge with a WSCCOG bicycle sharing program is that there may be different tolerances for advertising and sponsorship in each jurisdiction. Some type of advertising or sponsorship is typically required to fund the operations of bicycle sharing programs even if a grant or other funding is available to pay for initial capital costs. Thus, a Westside program would likely be financially infeasible without openness to at least sponsorship if not product advertising. And, since an integrated system would include picking up bikes in one jurisdiction and dropping them off in another, it would be problematic if one jurisdiction allowed sponsorship or advertising on bikes and another did not.

Currently, West Hollywood allows advertising in the public right-of-way (e.g., transit shelters). However, Beverly Hills, Culver City and Santa Monica do not currently allow advertising in the public right-of-way. At the July 26, 2012 meeting, the WSCCOG Governing Board agreed that each of the three cities that do not allow advertising in the public right-of-way should confer with their respective City Councils on the viability of a future bicycle sharing program with a single sponsor providing their logos on stations and bicycles within their cities with the goal of a revenue neutral program. Each City individually would decide if advertising beyond what the single sponsor provides is allowed on stations within their jurisdictions.

The City of Beverly Hills' City Council considered this topic on September 11, 2012. The City Council did not want advertising beyond the single sponsorship at the stations and bicycles, consistent with the City's "no billboard" policy. The Beverly Hills City Council concurred with staff's recommendation to support a WSCCOG bicycle sharing program with a single private or non-profit sponsor that places their logos in these locations.

Culver City staff is requesting direction from the City Council regarding whether it also supports the concept of participating in a WSCCOG bicycle share program, including allowing a private or non-profit agency sponsor to place their name and/or logos on bicycle stations in the public right-of-way and on bicycles. The City Attorney's office has conducted a preliminary review of this issue, and has indicated that the placement of signs in the public right-of-way (as part of a bicycle sharing program), regardless of the content of the signs, is prohibited under the existing sign regulations set forth in the Culver City Municipal Code (CCMC). Therefore, an amendment to the CCMC would be required in order to allow for signage in the public right-of-way in relation to the bicycle sharing program. However, if the City Council gives direction to further explore a potential WSCCOG bicycle sharing program, further analysis by the City Attorney's Office would need to be completed regarding the best approach to address the issue of the content (advertising/sponsorship) of signage in the public right-of-way.

If, in general, City Council supports this concept, staff will continue to coordinate with staff from the other Westside cities regarding this program. Staff will also continue to work with the City Attorney's Office regarding the issue of program signage in the public right-of-way and, if appropriate, return with proposed amendments to the CCMC for City Council's consideration.

FISCAL ANALYSIS:

At this time, staff is not proposing a specific plan, and thus there is no direct cost to this City Council action. There are indirect costs associated with the expenditure of staff time. When a specific plan for a WSCCOG bicycle sharing program with sponsorship by a private or non-profit agency is proposed, the goal would be a revenue neutral program. A preliminary estimate for a bicycle sharing program assuming five stations[1] with 10 bicycles at each station would be:

Initial start-up costs: $230,000
Annual operating costs: $90,000
Annual marketing/administrative costs: unknown

To achieve a revenue-neutral program, these costs would have to be covered through grants or sponsorship revenue.

ATTACHMENTS:

1. Examples of Bicycle Sponsorship Programs
2. Bicycle Share Fact Sheet (prepared by West Hollywood)

[1] Fewer or more stations may be deemed desirable pending evaluation.

MOTION:

1. Provide direction on the concept of participating in a Westside Cities Council of Governments bike sharing program and allowing a private or non-profit agency sponsor rights to place their name and/or logos on bicycle stations in the public right-of-way and on bicycles; and,

2. Direct staff to continue to work with the Westside Cities Council of Governments on a Westside bicycle sharing program and work with the City Attorney's Office regarding the issue of program signage in the public right-of-way and, if appropriate, return with proposed amendments to the CCMC for City Council's consideration.