



March 16, 2017

Bicycle and Pedestrian Advisory Committee
City of Culver City
9770 Culver Blvd
Culver City, CA 90232

RE: Culver City Bike Share Feasibility Study

To the esteemed members of The Culver City BPAC:

CycleHop, LLC ("CycleHop") submits this formal response to the Culver City Bike Share Feasibility Study (the "Study") and requests that it be entered into the Committee's formal record. CycleHop currently operates all of the systems on the Westside of Los Angeles County and Long Beach (at present totaling over 1100 bikes), and is the largest smart bike operator in the country. CycleHop's West Coast corporate offices are located in Culver City.

In short, CycleHop questions the conclusions made by the Study in terms of the soundness of its reasoning in coming to the final conclusion and the impacts that its recommendations would have on transit functionality. Accordingly, we object to the Study as the basis for any procurement by Culver City and request that either the procurement be sent to a public bid or that both operators are allowed equal opportunity to operate in Culver City.

Our grounds for objecting are as follows:

Equipment. The Study concludes that the smart bike is the more desirable approach because it can seamlessly spread throughout Culver City and into neighboring communities. The Study then relies on the availability of a B-Cycle smart bike to justify its selection of the Metro Smart Bike system. The flaws in this analysis are as follows:

- The Metro / B-Cycle smart bike has not yet been released to market. It is an untested product that has not yet launched at any scale. In comparison, the SoBi smart bike operated by CycleHop is currently being operated in over 30 cities in North America, Europe, and Australia and has been in the field for approximately three years. The SoBi smart bike is currently up to its fourth generation. It is well-tested and reliable after years of product development. The Study's recommendation is based on the procurement of a beta B-Cycle smart bike product that has not yet passed the prototype phase. The Study fails to demonstrate any material benefit to testing an unproven product in Culver City when there is a market-leading product operating at scale in contiguous cities.
- To our knowledge, BTS does not operate smart bikes anywhere in the country. Smart Bike operation involves a more complex technology platform and a different set of operational requirements for the bikes. In following the recommendations of the Study, Culver City will be selecting an untested product and an unproven operator to run the system.



Cost to the City. The Study suggests that the Metro Smart Bike option is the most cost efficient based on increased access to 620 total bikes while only needing to pay for 280. It cites the inclusion of Metro's purchase of equipment and services for territories around Culver City including Playa Vista, Del Rey, Palm, and parts of Mar Vista (p. 45). By including fully subsidized bikes that could be located outside of Culver City in neighboring communities, the theoretical cost to Culver City for 620 bikes would be lower. This argument is more aptly applied to the systems in Santa Monica, Beverly Hills and West Hollywood for the following reasons:

- CycleHop currently operates Santa Monica's 500 bike system, including approximately 100 bikes in Venice. The Santa Monica / Venice system is slated to expand to 700 bikes in the near future. Likewise, CycleHop currently (or in the near future) operates an additional 330 bikes in UCLA, Beverly Hills and West Hollywood. If Metro's theoretical procurement of 340 additional non-Culver City bikes at no cost to Culver City is included in the analysis, the 1030 CycleHop smart bikes that are currently (or soon will be) located in surrounding communities should be credited to CycleHop's proposal as well. Moreover, there is nothing preventing Metro or Los Angeles from subsidizing expansion of the CycleHop system into areas bordering Culver City if that is in the best public interest.
- The Study then inaccurately states that of the Westside MOU and CycleHop system integration is a speculative possibility (p.32):

"CycleHop's vision is to develop a greater system service area that encompasses all Westside cities, although none of the current contracts or MOUs provide for operating a unified system. This would merge each bike share system's geofences into one large contiguous area with no fines for locking a bike anywhere within the entire Westside system boundary. If this integration were to occur, there is discussion to call the entire system "Westside Ride" and forgo all individual system names. Assigning revenue in this situation is still being determined, but the general concept is that revenue would be assigned from point of origin, not based on which city owns the actual bike. To allow this to occur, the backend technology would have to be modified and contracts and MOUs would need to be renegotiated."

The Westside MOU is currently under negotiation, and is scheduled to be finalized by late May. Furthermore, software updates to allow revenue sharing based on assets owned are scheduled for early summer. This integration is highly likely to be complete before Culver City launches.

Armed with the information set forth in the report, CycleHop submits a supplemental proposal as follows:

CycleHop will discount its Long Beach option so that it will provide the full 620 smart bikes and five years of operations for a single up front cost of \$1,000,000. This will allow Culver City to obtain a savings for its taxpayers, below Metro's "Smart Bike" option, of \$183,159 and will afford it the autonomy of overseeing



System Area. The Study weighs the availability of public right of way for stations in adjacent Los Angeles communities as a basis for favoring the Metro operator. The Study suggests that a Culver City system would benefit from adjacent LA Metro System presence. This logic is flawed in the following ways:

- Non-existence of surrounding infrastructure. While it would be beneficial to be able to access adjoining bike share infrastructure, all of this system expansion is very early in planning and has yet to be funded. Meanwhile, the above referenced SoBi equipment is already deployed, or will be by the end of 2017.
- Venice stations. CycleHop already has experience siting and installing locations in the City of Los Angeles. The City of Santa Monica and CycleHop worked with LADOT to install 4 stations in 2016 and one in 2017.
- Citing in non-LA Jurisdictions. The same logic would apply to Santa Monica, UCLA, Beverly Hills, and West Hollywood where CycleHop is the incumbent operator and it will, therefore, be more challenging for the Metro operator to proliferate a functional system in those cities' rights of way.
- Does not follow industry best practice. Altering the expansion plan goes against industry best practice of building success in contiguous areas. The downtown Los Angeles system has been struggling with low ridership, and rather than improve upon that system with an expansion into nearby areas like Koreatown, the Study recommends implementing areas in phase 5 prior to phase 2 of the original plan.

Viability- The Culver City Feasibility Study does not factor in the successes of Santa Monica and Long Beach, both of which have higher engagement levels and ridership than the Metro System.

As this submission makes clear, CycleHop and SoBi hope to provide the best possible experience to bike share users on the Westside. We were eager to include Culver City in our system. We believe that, given its current presence in the area, smart bike experience, CycleHop deserves the opportunity to present a competitive bid and an opportunity to provide the best possible service to the Culver City taxpayers.

Based on the evidence given in the Study CycleHop would like to propose two alternatives to the recommendations in the Study:

1. The City puts the project out in an RFP and goes through the competitive bidding process.
2. The City offers both bike share operators (BTS and CycleHop) equal opportunity and support to operate within Culver City.

We appreciate your time and would be happy to respond to any follow up questions by the Committee.

Sincerely,

Michael Lawrence
Vice President and General Counsel
CycleHop, LLC