



# City of Culver City

## Staff Report

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**CC - (1) Discussion of Options Regarding Bike-Share Services; and (2) Direction to City Manager as Deemed Appropriate**

**Meeting Date:** October 8, 2018

**Contact Person/Dept:** Sanjana Mada/Public Works Administration

**Phone Number:** (310) 253-5616

**Fiscal Impact:** Yes  No

**General Fund:** Yes  No

**Public Hearing:**  **Action Item:**  **Attachments:**

**Commission Action Required:** Yes  No  **Date:**

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (10/02/18);

**Department Approval:** Charles D. Herbertson, Public Works Director/City Engineer (09/27/18)

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### **RECOMMENDATION**

Staff recommends the City Council (1) discuss options regarding bike share services; and (2) provide direction to City Manager as deemed appropriate.

### **BACKGROUND**

#### **Bike Share**

Bike share is a shared mobility service that complements 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.

First implemented in Copenhagen in 1995, it has proved to be a successful active transportation shared mobility option in Europe, Asia, South America, and North America. In 1998, Vélo à la Carte in Rennes, France launched its first city-wide bike share system run in partnership between the city of Rennes and Clear Channel, the advertising company. This program was then a free service offered by the City.

In 2008, Washington DC launched the first bike share program in the country, SmartBike DC (later Capital Bikeshare), a 10-station, 120-bike pilot program, and the City continues to run a successful expanded bike share system. Globally, by 2013, bike share saw a 60 percent increase in the number of programs, with New York, Minneapolis, Denver, San Francisco, and Chicago launching bike share the same year.

### Bike Share in Los Angeles County

In Los Angeles County, Santa Monica was the first City to invest in a city-wide bike share system. In partnership with CycleHop, a private bike share company, Santa Monica launched a 500 bicycle dockless system in 2015. Since then Long Beach, Beverly Hills, West Hollywood, and University of California Los Angeles (UCLA) have joined this network. In the spring of 2018, the system in all the cities was integrated into one, allowing users across the system to use bikes in any of the partnering cities. Cycle Hop has since moved away from its original business model and is now a private dockless bike share company, Hopr.

Metro, launched its bike share system in 2016 in Downtown Los Angeles. Since then it has expanded into Port of LA, Pasadena, and Venice. The docked system features approximately 1,400 bikes available 24/7, 365 days a year with an average farebox recovery between 20% (Venice) to 8% (Pasadena). On May 2018 Metro board approved a revised business plan reducing fares and increasing sponsorship opportunities for City's partnering with Metro, and the Phase 3 expansion (Westside and downtown expansion) of the bike share system, Culver City included. In August 2018 the City of Pasadena pulled out of the Metro system citing financial infeasibility after a 14-month pilot program.

The bike share industry has undergone considerable shifts over the last year. In early 2017, after the failure of its city-owned bike share system Pronto, Seattle launched a one-year pilot program and gave out permits to three private dockless bike share companies to operate in the City. This pilot was concluded in December of 2017 for the 10,000 bike system and the City is currently evaluating the data. Initial surveys indicate that 74% of respondents were favorable of the system. Since Seattle, multiple cities across the county have introduced privately owned dockless bike share systems through pilots with an operating agreement. Improperly parked bikes, cluttered sidewalks, and bike share user education have been the biggest challenges. Instability of the market has caused several operators like Ofo and Lime Bike to cease operations in several cities.

In Los Angeles City, Ofo and Lime Bike piloted their bikes earlier this year at the Port of Los Angeles, Watts and Griffith Park. Both of these companies no longer operate in the City. The City of Monrovia and Bellflower are in single operator contracts currently with Lime Bike and Ofo respectively for City-wide bikeshare systems.

### Bike Share in Culver City

On October 3, 2017 Culver City released its bike share feasibility report (Attachment 3) that took into account five types of bike share system options:

1. Metro - Smart Dock
2. Metro - Smart Bike
3. Cycle Hop (Santa Monica)
4. Cycle Hop (Long Beach)
5. Zagster

On June 26, 2017, City Council opted for the Metro - Smart Dock system based on this feasibility

report and the competitive cost estimates (confirmed by Metro) for Metro Bikeshare. However, on May 2018, the Operation and Maintenance (O&M) costs for the bike share system increased by \$354,699 to a total of \$783,345 due to contract negotiations between Metro and their contractor, Bicycle Transit Systems (BTS). The revised costs and its implication is detailed in the May 31, 2018 memo to the City Council attached here. As per the latest cost estimates by Metro, received September 2018, the City will be paying \$1,047,724.05 for Capital, Pre Launch O&M and O&M costs the first year and ~\$626,899.65 yearly thereafter as annual O&M costs.

Currently, the City is negotiating the Memorandum of Understanding (MOU) with Metro. This effort is currently on hold awaiting further direction from the City Council. In the meantime, the City has also been approached by private dockless bike share companies to operate in the City. The City has currently earmarked Measure M local returns funds, set aside for active transportation infrastructure, for bike share.

On July 9, 2018, the City entered into a pilot program with dockless scooter share companies Bird and Lime through an Interim Operating Agreement (IOA).

#### How Neighboring Jurisdictions are Addressing Bike Share?

The following Cities have/ had a bike share systems.

- 1. Santa Monica:** Currently has a publicly owned bike share system of 500 bikes, Breeze that is operated by Cycle Hop. As of August 2018, the city has released a pilot program to allow four companies to manage fleets of 2,000 scooters and 1,000 e-bikes in the city for the next 18 months starting this September.
- 2. Los Angeles:** Currently has a publically owned Metro bike share system of 1,400 bikes. On September 2018, LA City Council approved a pilot allowing shared mobility companies to deploy up to 10,500 dockless scooters and bikes in the City's jurisdiction.
- 3. Long Beach:** The City currently has a City-owned bike share system of 400 bikes that are operated by Cycle Hop. The city has also approved a four-month pilot program with scooter sharing operators.

## DISCUSSION

#### Considerations for Assessing Bike Share Systems

The following considerations have to be taken into account to assess a bike share system:

- 1. Cost:** The primary costs for any bike share system is the initial capital costs and the on-going operations and maintenance (O&M) costs. Secondary costs involve increasing the bike parking capacity in the city, monitoring bike share data and staff hours for managing the program.
- 2. Accessibility:** Reliable and predictable location of bikes are critical for increasing and maintaining ridership. Easy accessibility to bikes, docked or dockless, is a key parameter for the success of bike share.
- 3. Level of Service:** Regular maintenance and rebalancing of bikes are required for an efficient and successful bike share system.
- 4. Equipment Quality:** Bikes have to be of good quality, reliable and not prone to breakdowns.
- 5. Data:** Regular availability of data is crucial to assess the success or changes required in a dockless bike share system.
- 6. Parking infrastructure:** Both Metro and private bike share companies avail dockless bikes in

the City which will require the City to increase its bicycle parking capacity as current parking is insufficient. Insufficient parking could lead to improper parking of bicycles on sidewalks.

7. **Connectivity:** A robust system that connects neighboring cities will create a better bicycle network that connects destinations.
8. **Equity:** Everyone, with or without a smartphone and/or despite their level of English literacy should be able to access the bike share system.

#### City Council Directions on the bike-share services

Below are the strategies for dockless bike share service for the City Council's consideration and direction:

1. **No Bikeshare:** Maintain the status quo and not invest in bike share.
  - a. City funds will be used to expand bicycle infrastructures like bike lanes, parking, signals, and intersection improvements.
  - b. Provides more time for the City to build out its bicycle infrastructure to support bike share operations.
  - c. Limits healthy and sustainable mobility options in Culver City to private dockless scooters and personal bikes.
  - d. Relies on scooters as the only short distance shared mobility option.
2. **Metro bike share:** Enter into an MOU with Metro
  - a. Metro bike share has a good level of service for maintenance and rebalancing of the bikes, and the new Smart Bikes are sturdy, easy to use and of very good quality.
  - b. Bikes will be available at Metro bike hubs across the city and can be parked outside of the hubs too with the new Smart Bike technology. The more bike hubs the City has the more predictable and accessible the system becomes.
  - c. Metro currently manages and aggregates data collected through the bike share station. This information can be made available to Culver City.
  - d. The Westside expansion will connect Culver City's Metro bike share network with the system in Palms, Mar Vista and Marina Del Rey forming a subregional system in the Culver City area.
  - e. There will be considerable on-going fiscal impact with a yearly O&M cost of \$626,899.65 which exceeds Culver City's current yearly Measure M local returns (~\$550,000). This will leave no Measure M local return money to invest in bicycle infrastructure. These costs will be partially offset by farebox and potential station sponsorship revenue. However, at this time farebox revenues are not expected to be sufficient to make up the deficit. In addition, no station sponsors have been identified at this time and the City may not benefit from a system/title sponsor as Metro's standard MOU calls for Metro to pay itself back first before sharing any sponsor revenues with the City. Therefore, an additional funding source to pay the difference between the system operating costs and the available Measure M local return revenue will have to be identified.
  - f. This system will require expansion of bicycle parking facilities in Culver City, outside of the bicycle hubs/docks, to accommodate the equal distribution of bicycles and reduce improper parking of dockless bikes throughout the City.
  - g. The system is available in multiple languages and accessible without smartphones.

3. **Private Dockless Bike Share Operators:** Enter into an operating agreement/permit/license

with dockless bike share operator(s).

- a. Easy accessibility to bike share as the system is dockless.
- b. Level of service and quality of maintenance and rebalancing depends on individual operator and should be monitored by the City. This can be controlled and negotiated through the operating agreement/permit/license the City enters into.
- c. No Primary Costs of Capital and O&M for the system. Secondary costs such as investment in bicycle parking, data monitoring and regular coordination with operators will be incurred. Some of these expenses can potentially be recouped by the City through fees charged to the Bike Share operators.
- d. Regular and timely availability of aggregated data is required to monitor the bike share system. Without proper data, the City will be unable to assess the success or failure of a system or the operator. Data will have to be managed by the City at an additional cost and staff time. This data can be used in the future to justify future active transportation projects and to validate recommendation made by the Bicycle Plan. Provisions for obtaining data can be included in an Operating Agreement.
- e. Dockless bicycles, without regulation, has the potential to impede pedestrian and ADA accessibility and clutter sidewalks. Operating agreement rules and regulations can help to mitigate this problem.
- f. This system will require considerable expansion of bicycle parking facility if the City wants to ensure equal distribution of bicycles and reduce improper parking of dockless bikes throughout the City.
- g. Without regulations, not all operators avail access to this infrastructure without a smartphone. Again, this can be a requirement in the Operating Agreement between the City and the Bike Share operator.

**4. Metro bike share + Private Dockless Bike Share Operators** Enter into an MOU with Metro and an operating agreement/permit/license with dockless bike share operator/s.

- a. This system will have good accessibility, be robust, have a good level of service and will provide a variety of bike share options for residents.
- b. Large fiscal impact as the City will have to pay primary costs of Capital and O&M for the Metro system and considerable secondary costs for the private dockless system.
- c. Regular and timely availability of aggregated data is required to monitor the private dockless bike share system. Without proper data, the City will be unable to assess the success or failure of the system or the operators. Data will have to be managed by the City at an additional cost and staff time.
- d. This system will require considerable expansion of bicycle parking facility in the City to accommodate the equal distribution of bicycles and reduce improper parking of dockless bikes throughout the City.

The Bicycle and Pedestrian Advisory Committee, after considering and deliberating on this topic on September 20, 2018, recommends the City Council to direct staff to work with private dockless bike share operators to explore the potential for bringing private bike share to the City.

Staff recommends the City Council to consider the various options and provide direction to the City Manager as deemed appropriate.

## **FISCAL ANALYSIS**

The City will incur primary and/or secondary costs with the Metro bikeshare and Private dockless bike share operators.

With Metro's bikeshare system, the City will need to invest ~\$1,000,000 the first year and ~\$650,000 each year thereafter. The yearly O&M costs are higher than the Measure M Local Returns by ~\$100,000 and therefore this option will require additional funds from other sources.. Additionally, secondary costs for expanding bicycle parking infrastructure and staff time for managing the program will also be required. Costs associated with the Metro bike share can be recovered in part through farebox recovery and sponsorship. Farebox recovery will be split between Metro and the City equally. Title sponsorship will first apply towards Metro's contribution towards O&M costs (35% of the total O&M costs) and then to the City's. Metro is looking to expand its sponsorship options with opportunities for City's to get local sponsorship that will add towards the City's O&M costs first.

With private dockless bike share operators, the City will incur secondary costs for expanding bicycle parking infrastructure, data management and staff time for managing the program and the operators. Some of the costs associated with private dockless companies can be recovered through permit or per-bike fees. Los Angeles, Santa Monica, Seattle, and San Francisco have implemented such fees.

## **ATTACHMENTS**

1. Metro bike share cost update memorandum
2. June 26, 2017 bike share staff report
3. Culver City bike share feasibility study

## **RECOMMENDED MOTIONS**

That the City Council:

1. Discuss options regarding bike-share services; and
2. Provide direction to the City Manager as deemed appropriate.