



# City of Culver City

## Staff Report

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**File #:** 20-833, **Version:** 1

**Item #:** A-2.

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**CC - (1) Discussion of Draft Operating Agreement (OA) for City's Phase 2 Electric Scooter Share Pilot Program (Phase 2 Pilot Program); (2) Authorization to the City Manager to Finalize and Approve the OA with up to Two Scooter Share Operators; and (3) Other Direction to the City Manager as Deemed Appropriate.**

**Meeting Date:** March 18, 2020

**Contact Person/Dept:** Diana Chang/Transportation Department

**Phone Number:** (310) 253-6566

**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 (03/11/20, 03/16/20)

**Department Approval:** Rolando Cruz (03/05/20)

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### **RECOMMENDATION**

Staff recommends the City Council (1) discuss the draft Operating Agreement (OA) for City's Phase 2 Electric Scooter Share Pilot Program (Phase 2 Pilot Program); (2) authorize the City Manager to finalize and approve the OA with two operators; and (3) provide other direction to the City Manager as deemed appropriate.

### **BACKGROUND**

In 2018, the Transportation Department, in collaboration with other City departments, established the Scooter Share Pilot Program (Initial Pilot Program). The goal of this program is to monitor and regulate the private operations of scooter share in the City and evaluate the performance of this emerging micromobility service. In July 2018, the City executed Interim Operating Agreements (IOA) s with Bird and Lime. Bird and Lime began their service in July and August of 2018, respectively. Subsequently, the City approved amendments to the IOA with Bird, extending the term of the IOA through March 31, 2020. The City also approved amendments to the IOA with Lime through September 30, 2019; however, Lime declined to extend the IOA beyond September 30, 2019. The

extended Pilot Program has allowed the Transportation Department additional time to monitor and analyze the results of the Program, research and compare against similar programs and prepare and propose an updated for Phase 2 Scooter Share Pilot Program (Phase 2 Pilot Program) in Culver City.

Throughout the Initial Pilot Program, Staff has been providing regular updates to the Mobility, Traffic, and Parking Subcommittee. At the May 28, 2019 City Council meeting, staff presented an update on the Initial Pilot Program and provided high-level information on requirement changes that will be incorporated into the Phase 2 Pilot Program. The City Council directed staff to evaluate and propose new fees for the next phase of the Program, engage operators on the proposed fees, and bring back results and recommendations to the City Council for consideration. The City Council further advised staff that they would consider replacing the existing operator(s) with other operator(s) for the Phase 2 Pilot Program.

Since May 28, 2019, staff has continued to administer the Initial Pilot Program, conducted further research, coordinated with other jurisdictions, engaged operators, and prepared updates to the Program requirements.

On February 25, 2020, Staff presented highlights of the proposed Phase 2 Pilot Program requirements to the Mobility, Traffic, and Parking Subcommittee.

## **DISCUSSION**

### **Current Electric Scooter Share Program**

Based on the data reports submitted by Operators, from the inception of the Initial Pilot Program until February 29, 2020, there were a total of 303,264 scooter trips recorded under this Program. In the past 12 months, there were approximately 130,400 scooter trips (approximately 356 trips per day). Based on the results of the user surveys, this accounts for approximately 171 scooter trips per day that would potentially otherwise be taken using cars. On average, these scooter trips are 1.31 miles in length and approximately 12 minutes in duration.

In late 2018, City started receiving the existing operators' (Bird and Lime) data that complies with City of Los Angeles' Mobility Data Specification. Using a 3<sup>rd</sup> party data management software (Populus Technologies Inc.), staff examined the aggregated trip path data (see Attachment No. 2) and found that scooter trips in Culver City are mostly concentrated in certain areas, including E Line (Expo) Culver City Station, Downtown Culver City, and West Washington Boulevard near Lincoln Boulevard. The aggregated trip path data also indicated that a portion of the trips that touched Culver City right-of-way also crossed into neighborhoods (such as Palms, Mar Vista, Marina Del Rey, and Venice) in the City of Los Angeles.

### **Phase 2 Scooter Share Pilot Program Operating Agreement (OA)**

Based on direction from the City Council and what the City has learned from the Initial Pilot Program, staff is proposing changes to the existing program requirements. Highlights of these changes include the following:

1. Phase 2 Pilot Program to commence on April 1, 2020.

2. 15-month initial operation period with three one-year optional extensions.
3. A new fee structure that recovers a higher percentage of the City costs to implement, administer and oversee the program.
4. Program requirements:
  - Daily deployment of a minimum of 50 and up to 200 scooters per day.
  - Increase response time to issues and complaints to within 1 hour of reporting during 6 am to 10 pm.
  - Design and establish “drop zones” to facilitate scooter deployment in coordination with the City’s Vision of a Mobility Hub.
  - Establish incentives to encourage riders to return scooters to “drop zones.”
  - Capability to implement geo-fencing, which would regulate and better manage scooter use through speed control, parking restriction, and deactivation in certain areas.
  - Direct issue resolution through City’s Civic Relationship Management (CRM) system.
  - Transit Access Pass (TAP) and Next CCBus integration.
  - Reporting data using the Mobility Data Specification with City’s 3rd party partner.

As with the Initial Pilot Program, staff is recommending executing the Phase 2 Pilot Program OA with two operators. The Phase 2 Pilot Program and related OA will be in place until a permanent program and regulations are established.

#### Current and Phase 2 Pilot Program Fee Structures

Under the Initial Pilot Program, Operator pays City \$1/day for each scooter deployed on Culver City rights-of-way. This fee was set up as revenue sharing in order to cover the City’s costs with regard to managing and overseeing the micromobility program. Staff conducted a comprehensive analysis of City’s costs associated with managing the Initial Pilot Program and found the revenue received through this current fee only covers approximately 11% of the actual City-incurred costs.

The table below shows the proposed Phase 2 Pilot Program fee structure. This fee structure is based on the analysis of City program implementation, administration and oversight costs and consideration of other jurisdictions’ fees for similar programs. The proposed fee structure largely follows Santa Monica’s program fee structure. Based on having two operators in the program, the proposed fees will generate revenue to cover approximately 50% of City’s anticipated oversight costs. Increasing the proposed fees would make Culver City’s fees higher than those currently charged by neighboring jurisdictions. Staff also evaluated other fee structures (such as a per-trip fee or a combination of per vehicle and per trip fees) but do not recommend these fee structures as they would generate much less (and less reliable) revenue to cover the City’s costs in implementing, administering and overseeing the program.

Table 1: Proposed Fees for Phase 2 Pilot Program

No.	Fee	Rate	Unit	Note
1	Annual Permit Fee	\$20,000	Per operator	
2	Annual Operations Fee	\$0.36	Per vehicle per day	Based on 200 permitted vehicles.
3	Public Right-of-Way (PROW) Fee	\$0.68	Per vehicle per day	Based on 200 permitted vehicles.
4	Impound Charge	\$100/vehicle + \$25/day	Per occurrence	

Note:

- The annual permit fee is proposed to be the same as the annual permit fee in Santa Monica’s Share Mobility Program and Los Angeles’ Dockless Mobility Program.
- The annual operations fee is proposed to be the same as Santa Monica and Los Angeles (\$130/scooter/year) but converted to a daily per-scooter fee.
- The PROW fee is calculated using the same methodology as Santa Monica, which is based on Culver City’s outdoor dining permit fee and the estimated space that an electric scooter would take when parked on the public right-of-way.
- The impound charge is proposed to be the same rate with City of Long Beach and the impound fee covers costs of collection and storage of non-compliant vehicles.

Discussion with Current Program Operators

Staff has had extensive discussions with Bird and Lime regarding the proposed fees and various other fee structures. Both Lime and Bird have stated the proposed fees are too high and did not offer an acceptable proposal. Lime has since ceased operation in the City for reasons unrelated to the proposed fees. Bird stated it would not be able to continue serving Culver City in the Phase 2 Pilot Program under the proposed fee structure, unless it raises its prices significantly. As a result, staff is recommending City Council consider other operators for the Phase 2 Pilot Program.

Other Operators for Consideration

In addition to Bird and Lime, Staff reached out to 11 other scooter share companies that operate in Santa Monica and Long Beach and/or had applied for permits to operate in Los Angeles. Staff evaluated these operators using a list of criteria such as responsiveness to City’s request for information, operations, maintenance, public outreach, parking management, safety, sustainability, past experiences, and interest in operating in the City given the proposed Phase 2 Pilot Program requirements. Based on the evaluation, staff is recommending two operators, Wheels and Spin, for consideration as they have shown significant interest in operating in the City under the Phase 2 Pilot Program requirements and are good candidates for the Phase 2 Pilot Program.

Both Spin and Wheels operate in the Los Angeles Region and hold permits from the City of Los Angeles. Both operators stated they are committed to collaborate with the City if they are selected for the Phase 2 Pilot Program. Based on the responses and materials provided, they also demonstrated a good understanding of the City’s Phase 2 Pilot Program requirements and have proper procedures

for daily operation, fleet maintenance, and public engagement. Both operators also offer low-income pricing for eligible users and cash payment options.

Spin hires benefited employees (instead of independent contractors) to manage the daily deployment, rebalancing, and maintenance of their vehicles. Spin aims to provide more responsive service and is also working on making the electric scooter share service more sustainable by partnering with local jurisdictions to establish electric scooter charging stations on the public right of way. Spin vehicles reportedly have a good suspension system and provide smooth rides. Spin also utilizes creative methods to incentivize correct user behaviors including broadcasting safety notifications when it detects the user has entered a geo-fenced area.

Wheels has contracts with Los Angeles and with UCLA to participate in its campus dockless mobility program. Wheels' device comes with a seat that make it more accessible to people with less physical capability. It is also easier for users to maintain balance when they are in the seated position. Wheels has also developed a helmet dispenser mechanism that is attached to the back of every device and can be unlocked using the Wheels' app. Its helmet is equipped with removable biodegradable hygienic headliners.

Staff is seeking City Council's authorization to finalize and execute the Phase 2 Pilot Program Operating Agreement with two operators as deemed appropriate by the City Manager.

## **FISCAL ANALYSIS**

City anticipates incurring costs on the administration, monitoring, and enforcement of the Phase 2 Pilot Program OA with each selected operator. Staff has conducted a fiscal analysis and as a result of this analysis, the annual cost of overseeing the program with two operators is approximately \$374,000. With the proposed fees, Staff anticipates a potetial revenue of \$191,840 per year to partially cover (approximately 50%) the costs of overseeing the program.

## **ATTACHMENTS**

1. 2020-03-18\_ATT - Draft Phase 2 Pilot Program Operating Agreement
2. 2020-03-18\_ATT - Aggregated Trip Path Distribution Map

## **MOTION**

That the City Council:

1. Discuss the draft Operating Agreement (OA) for City's Phase 2 Electric Scooter Share Pilot Program (Phase 2 Pilot Program); and
2. Authorize the City Manager to finalize and approve the OA with two operators; and
3. Authorize the City Attorney to review/prepare the necessary documents; and

4. Authorize the City Manager to execute such documents on behalf of the City; and
5. Provide other direction to the City Manager as deemed appropriate.