



City of Culver City

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Staff Report

File #: 21-1087, **Version:** 1

Item #: C-13.

CC- (1) Approval of an Update to the Existing Standard Operating Agreement (OA) for Scooter Share Services, Including New Fees and Terms; (2) Authorization to Staff to Release a Request For Qualifications to Seek up to Two Qualified Operators to Launch Service in Fiscal Year 2022; (3) Authorization to the City Manager to Select the Operator(s) and Negotiate and Execute the Final Terms of the OA with the Selected Operator(s).

Meeting Date: June 14, 2021

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 (06/09/2021)

Department Approval: Rolando Cruz (06/07/2021)

RECOMMENDATION

Staff recommends the City Council (1) approve an update to the existing standard Operating Agreement (OA) for scooter share services, including new fees and terms; (2) authorize staff to release a Request For Qualifications (RFQ) to seek up to two operators to launch service in Fiscal Year 2022 (FY22); (3) authorize the City Manager to select the operator(s) and negotiate and execute the final terms of the OA with the selected operator(s).

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 electric scooter share in the City and evaluate the performance of this emerging micromobility service. In July 2018, the City executed Interim Operating Agreements

(IOAs) 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 Lime until September 31, 2019 and with Bird until March 31, 2020.

The Initial Pilot Program ended on March 31, 2020, and a Phase 2 Pilot Program began on August 17, 2020. On March 18th, 2020, City Council authorized City Manager to finalize and approve the OA with two operators. However, due to the impacts of the COVID-19 pandemic on the electric scooter share market, only one vendor, Wheels, entered into an OA with the City. Since then, Wheels has been the sole permitted operator in FY 2021.

Since August 17, 2020, staff has administered the Phase 2 Pilot Program, conducted further research and analysis, coordinated with other jurisdictions, engaged operators, and prepared recommended updates to the OA in preparation for the continuation of the Electric Scooter Share Pilot Program in FY 2022.

DISCUSSION

Current Phase 2 Scooter Share Program

From August 17, 2020 to May 31, 2021, there were a total of 2,618 permitted scooter trips (average of 9 trips per day) recorded in Culver City. On average, 28 vehicles were made available for rent each day by Wheels with an average utilization rate of 0.32 trips/vehicle. While scooter share remains an important sustainable mobility service that accommodates essential first/last mile trips during the pandemic, the recorded trips during the pandemic constitute a decline of 98% compared to the Initial Pilot Program during the same time period in FY 2020. This decrease is largely attributable to fewer operators in Culver City, decreased demand for shared scooter rides during COVID-19, and limited deployment of vehicles by Wheels during the pandemic period.

Staff anticipates a growth in scooter share activities in FY22 as the pandemic subsides. With the percentage of the vaccinated population continuing to increase and most of the State's activity restrictions coming to an end on June 15, 2021, staff anticipates an increase in market demand as well as the size of fleet deployment by operators. Staff will continue to monitor the scooter share activities in and around Culver City as part of the program administration process.

Proposed Changes to the Operating Agreement (OA) for FY 2022

Based on findings from the Phase 2 Scooter Share Pilot Program and updated research on Scooter Share Programs in Los Angeles, Santa Monica, and other surrounding cities, staff is proposing an update to City's Phase 2 Pilot Program's OA, including an update to the fee structure to bring it in line with the fee structures of the surrounding jurisdictions and some minor updates to the program requirements. The proposed update to the OA is summarized below:

1. Proposed FY22 Scooter Share Program Fee Structure

The main proposed change to the FY22 Scooter Share OA is the changes to the scooter share

program fee structure. Under the FY21 Phase 2 Scooter Share Program, Operator pays the City an Annual Permit Fee of \$20,000, Annual Operations Fee of \$0.36 per permitted vehicles per day, plus a Public Right-of-Way (PROW) fee of \$0.68 per permitted vehicle per day. These fees are significantly higher than other nearby cities such as Los Angeles and Santa Monica, who have recently adopted new fees for their micromobility programs.

Staff recommends changing the Annual Operation Fee to \$100 annually per permitted vehicle. Staff also recommends changing the PROW fee to \$0.20 per trip that start and/or is within Culver City. The proposed changes in the Phase 2 program fees will bring the Phase 2 Program fee structure more in line with Santa Monica and Los Angeles. In addition, this fee structure is tied more directly to actual scooter ridership and usage and will address the concern operators have on the financial sustainability of providing this mobility service under the current fee structure.

PROPOSED FEES FOR FY22 SCOOTER SHARE PROGRAM

Item #	Fee	Rate	Unit	Note
1	Annual Permit Fee	\$ 20,000	Per operator	
2	Annual Operations Fee	\$100	Per vehicle	Based on the number of permitted vehicles.
3	Public Right-of-Way (PROW) Fee	\$0.20	Per trip	All trips that start and/or end Culver City.
4	Impound Charge	\$100/vehicle + \$25/day	Per occurrence	

Similar to the revenues from the existing fee structure, revenue from the proposed Phase 2 Program fee structure is not expected to fully cover the projected costs to administer the program. With this new fee structure, staff anticipate to recover, at a minimum, 35% of the program cost from fee revenues, with the potential for higher recovery if operators deploy more vehicles and/or achieve higher ridership compared to FY21. Consistent with the current practice, program fee revenue will be used to (1) pay for data software cost; and (2) recover staff cost for administration, monitoring, oversight, analysis, and evaluation of the pilot program.

As demonstrated through the pilot programs, scooter share is an important first/last mile mobility service. In addition to bringing the City's program fees comparable with neighboring jurisdictions, these proposed changes will create a program that balances the financial sustainability of the scooter share service with the costs of program administration, while ensuring that the City can attract quality operators to provide this key service to enhance the mobility for the community and increase the mode share of sustainable mobility services.

2. New OA Terms - the updated OA includes terms that:

- Provide additional information to Operator on what details to submit to the City through the Rebalancing and Maintenance Plan.

- Add a new requirement that Operators must revalidate a user driver's licenses every 3 months.
- Update the safety information that Operators must submit through in-app safety messaging and provide proof of such messaging to City every month. Operator must include in the safety notice to riders that riding under the influence is prohibited, and information on how to report an issue.
- Require that Operator must notify the City and customers at least 14 days in advance of any rate changes.
- Update the data sharing language that allows City to adopt additional data sharing requirements and specifies City's right to share data with third parties for purpose of research and other City projects.
- Add new instructions for operators with regard to service termination.
- Clarify provisions of the operator's indemnity obligations.

Amendment on the OA with Current Program Operators

The current OA with Wheels allows Wheels to extend the terms of the OA for up to three additional one-year periods as authorized by the City Manager and agreed to by the operator through amendments. Staff has reached out to Wheels to gauge its interest in continuing its operation in Culver City, and Wheels has expressed interest in extending the OA for another year. Upon City Council approval on the updated OA, Staff, working with City Attorney's Office, will prepare and execute an amendment to the OA that will allow Wheels to continue its operation in Culver City in FY22 under the terms of the updated OA.

Procedure to Select New Operator(s) for FY22 Program

Staff is seeking City Council's authorization to release a Request for Qualification (RFQ) to solicit up to two electric scooter share operators to enter into OA(s) with the City. The program, per previous City Council direction, allows up to two total operators to provide scooter share service in the City. If Wheels decides it will no longer operate in Culver City, then the RFQ will solicit two operators. If Wheels and the City execute an amendment for Wheels to continue service in Culver City, then the RFQ will solicit one operator. Upon City Council approval, staff anticipates releasing the RFQ in June, conduct the RFQ process in July and August, finalize the selection of operator(s) in August, prepare and execute the OA with operator(s), and launch the service by new operator(s) in September.

Responses to the RFQ will be evaluated and scored by an evaluation committee based on criteria that includes, but is not limited to, operator experience, compliance record, vehicle safety, maintenance, system features, safety education and public outreach, and customer service. The operator(s) with the highest scores will be recommended for executing an OA with the City.

In effort to ensure that there is no gap in the scooter share service in the City, staff is also seeking City Council's authorization for the City Manager to select the operator(s) and negotiate and execute the final terms of the OA with the selected operators. This would also allow the City to have two operators providing the scooter share service as soon as possible.

FISCAL ANALYSIS

Staff has conducted a fiscal analysis and as a result of this analysis, the total annual cost to oversee the program with two operators is approximately \$147,000.00, including the cost of software and staff hours to conduct basic level of monitoring, administration and reporting works. With the proposed fees, Staff anticipates a minimum revenue of \$52,000.00 annually to partially cover (approximately 35%) the costs of overseeing the program. This revenue will be recorded in Account #20370100.346595. The actual revenue received depend on the permitted fleet size and the actual number of scooter share trips. With the anticipated increase in scooter share demands, the revenue will likely be higher. The remaining cost of the program not covered by the fee revenues next fiscal year will be absorbed in the FY 2021/2022 Proposed Budget. Staff will also revisit the fiscal impact of this program each fiscal year to ensure there is sufficient funding available.

ATTACHMENTS

None.

MOTIONS

That the City Council:

1. Approve an update to the existing standard Operating Agreement (OA) for scooter share services, including new fees and terms;
2. Authorize staff to release a Request For Qualifications to seek up to two operators to launch service in Fiscal Year 2022;
3. Authorize the City Manager to select the operator(s) and negotiate and execute the final terms of the OA with selected operator(s);
4. Authorize the City Attorney to review/prepare the necessary documents; and
5. Authorize the City Manager to execute such documents on behalf of the City.