

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: August 20, 2015

To: Honorable City Council
c/o City Clerk, Room 395
Attention: Honorable Mike Bonin, Chair, Transportation Committee

From: Seleta Reynolds,  General Manager
Department of Transportation

Subject: **BIKESHARE PILOT PROGRAM FOR THE CITY OF LOS ANGELES**

SUMMARY

The City of Los Angeles is partnering with Los Angeles Metropolitan Transportation Authority (Metro) to launch a Pilot Bikeshare Program.

RECOMMENDATION

That the City Council, subject to the approval of the Mayor:

1. AUTHORIZE the General Manager of Los Angeles Department of Transportation (LADOT) to execute a Memorandum of Understanding (MOU) between the City of Los Angeles and Metro that dictates the terms of the pilot program; and
2. DIRECT LADOT, Bureau of Engineering (BOE), and Bureau of Street Services (BSS) to work together to site up to 85 bikeshare kiosks in the public right-of-way in preparation for installation prior to March 2016; and
3. DIRECT BOE to waive department to department permit fees for City of Los Angeles Bikeshare Program; and
4. TRANSFER AND APPROPRIATE, \$875,811 within the Local Transportation Fund No. 207, from the Capital Improvement Expenditure Program Account No. 94M902 to a Bikeshare - Operations and Maintenance Account Number to be determined; and,
5. TRANSFER AND APPROPRIATE, \$234,618 within the Measure R Fund No. 51Q, from the Bicycle Plan/Program Account No. 94M482 to a Bikeshare - Operations and Maintenance Account Number to be determined; and,
6. AUTHORIZE the City Administrative Officer to make technical corrections as necessary to the transactions included in this report to implement the Mayor and Council's intentions.

DISCUSSION

Bikesharing programs have grown throughout the years from the free white bike programs introduced by the Dutch in the 1970's to the current explosion of member-based, electronic kiosk-operated bicycle sharing programs globally. In 2015, the global number of bikeshare bikes surpassed 1,000,000. Most major cities in North America including Washington, D.C., New York City, Chicago, San Francisco, Seattle, and Houston, have developed bikeshare programs. Bikeshare has been an effective tool in expanding the number of mobility options available for short trips in other cities, improving the health of its users, decreasing crashes, and producing positive outcomes for business. For example:

- In Denver, 43% of bikeshare users say they use bikeshare to replace car trips.
- In Washington, D.C., 31% of bikeshare users report lower stress levels.
- In Paris, local bike sales increased 35% one year after the Velib bikeshare system was installed.
- New York's Citibike system has created 200 local jobs.
- In five cities with bikeshare systems, injuries to people bicycling decreased by 30% compared to cities without bikeshare systems.

Typically these projects are operated by a vendor that provides a fleet of bicycles and the back-end software that allow users to check out bicycles from automated kiosks and use them for short trips. Bicycles can conveniently be checked back in at any other station in the network at the end of a trip. The bicycles are maintained and rebalanced (redistributed throughout the network) by the operator. Liability is carried by the program operator. In many other cities including Washington D.C., Chicago, San Francisco, and most U.S. cities, bikeshare is subsidized, and is viewed as an extension of the transit system, often solving the first/last mile gap between transit stations and destinations.

Project Overview

The proposed pilot Program would operate similarly to those of other North American cities.

Following a formal procurement process by Metro, Bicycle Transit System (BTS) was selected to operate the bikeshare program in Los Angeles County. Additionally, a Regional Implementation Plan (Plan), attached as Attachment B, was developed with input from partner cities, including Los Angeles, to study feasibility, phasing, expansion plans, business plans, ridership projections, fare structure, and interoperability.

The Plan recommends Downtown Los Angeles as the pilot launch location with 65 stations and 1,090 bicycles. Factors considered in the siting of the pilot include bicycle infrastructure, employment density, residential density, retail density, transit ridership, and car ownership. Detailed analysis identified expansion neighborhoods including Hollywood, Mid-City, North Hollywood, and Venice. Expansion of the pilot to other areas of the City may require amendments to the MOU.

The City and Metro drafted an MOU, attached as Attachment A, to implement the bikeshare system with Metro administering the contract and sharing the capital and operating costs to implement bikeshare stations on City right-of-way. The MOU sets the terms of fiscal and administrative responsibility for the Pilot, in addition to procedures for reimbursement, rights of

title sponsorship, bikeshare station siting, and a funding split. Key terms of the negotiated MOU are as follows:

- Metro owns the program and the capital equipment and is responsible for procuring and managing the bikeshare vendor contract.
- Capital expenses are shared equally between the City and Metro.
- Operations and maintenance expenses, net of user revenues, are shared with Metro paying 35% and the City covering the remaining 65%.
- The City will identify and establish bikeshare station locations and secure any related permissions and agreements, waiving any related permit fees.
- Naming rights for the bikeshare system will be retained by Metro.
- Advertising rights on bikeshare stations will be negotiated separately from the MOU.

Many of the terms set forth in the MOU reflect Metro policy and direction to staff for the pilot as adopted by the Metro Board in June 2015 (see Attachment C). The MOU terms will govern the Program during the duration of the Pilot, which is expected to be two years from the execution of the MOU.

Regional Bikeshare Program CEQA categorical exclusion, led by Metro, is also underway.

Brief History

In October of 2012, Mayor Villaraigosa announced the intention of Bike Nation, a private company, to bring bike sharing to the City of Los Angeles at no cost to the city (CF #12-1554). The enterprise offered the city a pilot bikeshare program consisting of 4,000 bicycles at 400 kiosks in the communities of Downtown Los Angeles, Hollywood, Venice, and Westwood. Ultimately, the plan was not fiscally sustainable, and the system never materialized.

In October of 2013, a Metro Board Motion by Mayor Garcetti and Councilmember Bonin directed Metro to convene a bikeshare industry review and report on a phased implementation plan for implementing bikeshare in Los Angeles County.

In December of 2014, the Metro Board released its bikeshare Request for Proposal (RFP), with bids due in January of 2015.

In January of 2015, the Metro Board approved the undertaking of a study for a regional bikeshare program in Los Angeles County and authorized Metro to procure, contract, and administer the program with the City of Los Angeles as a partner agency. On the selection committee for proposal evaluation were participants from LADOT.

In June of 2015, Metro announced the selection of the vendor for the Regional Bikeshare Program.

FISCAL IMPACT

The proposed pilot varies from the model investigated with Bike Nation. Previously, at the request of City Council, LADOT created a Permit Package to allow private vendors to operate bike share on City right-of-way at no cost to the City. That model relied on projected advertising

and sponsorships to fund the program. Bike Nation was to administer this program. Ultimately, it was not launched by the proposed third party due to limitations of advertising per an existing exclusive advertising contract with CBS Decaux until the year 2021.

The proposed Regional Bikeshare Program reflects the fiscal reality of City of Los Angeles advertisement revenue. It varies from the terms identified in the previously approved permit Package, as that was developed to govern terms for a third party operating a privately-owned program on City right-of-way. The current Pilot program is a system in which bikeshare is a form of public transportation that is planned, managed, and subsidized by the City, like public transit, as a public benefit.

The Regional Bikeshare Implementation Plan's business plan is consistent with motions passed at the Metro Board and recommends splitting the costs of the program between the City and Metro. The capital purchase for the hardware and equipment is recommended to be split with the City paying 50% and Metro paying 50%. For maintenance and operations, the cost, net of user fee revenue, is required to be shared with the City paying 65% and Metro paying 35%.

The total capital cost of the Pilot Program is anticipated to be \$5,806,034, all of which is anticipated to be incurred in FY 2015-16. Metro grant funding from two sources is expected to cover all of these capital costs. The first grant is \$3,792,893 in ExpressLanes Net Toll Revenue, which was awarded in July 2014 for the Bikeshare – Downtown Los Angeles Project. In addition, the Metro Board has approved reprogramming \$2,013,141 in Metro Call for Project funding from two former CRA projects, F3510: Figueroa Corridor Bike Station and Cycling Enhancements and F5523: Expo Line Bike Hubs in South Los Angeles, to offset capital costs and pay for the remainder of the capital purchase of equipment for the Program.

The total operations and maintenance (O & M) cost of the two-year program is estimated to be \$5,259,639. The City's 65% share of these costs is anticipated to be \$1,283,985 in FY 2015-16 and \$2,134,780 in FY 2016-17, totaling \$3,418,765 over two years. These expenses will be offset by revenue from user fees, and the remaining net costs are recommended to be paid through a combination of funds from the Local Transportation Fund (TDA) and the Measure R Local Return 5% set-aside for bicycle programs. Funding for the City's share of O & M costs are shown in the following table:

Bikeshare Operations and Maintenance Funding/Expenditure Plan

		Contribution	FY 2015-16	FY 2016-17	2-Year Total
O&M Cost	Total		\$1,975,362	\$3,284,277	\$5,259,639
	Metro	35%	\$691,377	\$1,149,497	\$1,840,874
	City of LA Cost	65%	\$1,283,985	\$2,134,780	\$3,418,765
Funding					
	User Revenues (estimated)	65%	\$173,556	\$829,123	\$1,002,679
	Local Trans Fund (TDA)		\$875,811	\$1,305,657	\$2,181,468
	Measure R – 5% Bicycle		\$234,618		\$234,618
	City of LA Funding		\$1,283,985	\$2,134,780	\$3,418,765

Final funding for the City's share of O & M costs for next fiscal year (FY 2016-17) will be established through the budget process.

The total overall estimated pilot program cost for both the City and Metro, including capital, operations, and maintenance is \$11,065,673 over two years.

SJR: rg