

MBS Equipment Upgrade and Operations Information

Equipment Upgrade

The equipment exchange will provide two significant improvements that will increase the performance of MBS and the overall service provided to the public.

E-Bikes

The first improvement is an acceleration in the availability of pedal assist e-bikes. The Contractor has agreed to an immediate increase in the number of e-bikes, such that the MBS fleet will be comprised of 75% class 1 pedal assisted (not throttle controlled) e-bikes with a maximum speed of 20 mph. This will increase the on-street e-bike fleet from 370 to 1,350. E-bikes have consistently demonstrated a higher ridership rate. Currently, MBS e-bikes generate, on average, seven (7) times more ridership than compared to the classic pedal bikes. The usage rate demonstrates a definite preference of e-bikes by riders. Using a more conservative average of 2.0 trips/bike/day for e-bikes and 0.5 trips/bike/day for classic pedal bikes, the accelerated transition to 75% e-bikes is estimated to generate approximately 1.1 million rides annually versus an estimated 441,000 rides for calendar year 2023.

Station Electrification

The second improvement is the provision of up to 100 stations capable of supporting in-dock e-bike charging. While the Contractor has developed and implemented this technology with over 1,600 in-dock e-bike charging stations installed in a variety of locations including Pittsburgh, Chicago, Barcelona, and Madrid, the installation of these stations represents a new opportunity for MBS. The installation and full operation of this technology will improve the overall user experience as the number of e-bikes charged and ready for use will increase and enable more efficient operation; however, the installation of these stations will be dependent upon the Contractor securing approval from both Metro and the appropriate local jurisdiction(s). As the value of the e-bike is dependent upon the batteries, ensuring that the batteries are charged and therefore the e-bikes fully usable is essential. The alternatives to the in-dock charging stations are 1) to operate a battery swapping protocol that is both labor and material intensive with higher cost and resulting in an increase to the VMT to support the battery swapping protocol; or 2) reduce/eliminate the addition of the e-bike fleet which would negatively impact the value and service provided to the public.

Initial exploratory discussions have begun between Metro and the City of Los Angeles (LADOT, Bureau of Engineering and LADWP) to evaluate this opportunity and all parties are in general agreement to support this innovative solution. Metro will continue to evaluate this solution and work with all parties to identify the appropriate locations to ensure efficient e-bike charging, prioritizing EFCs (aiming for approximately 50% of

stations within these communities), identifying and securing appropriate power sources, supporting station connectivity to approved power sources, and obtaining final approval. Upon approval, Metro will take the appropriate steps to initiate the work, which may require Board authorization to modify the contract. Should the Contractor be unable to connect the stations to enable in-dock charging, then the stations will still be functional as a standard non-powered station; however, Metro will incur additional costs to support the in-field battery swap protocol.

There are also ancillary benefits to having electrified stations. This includes the opportunity to collaborate and leverage existing and planned privately owned micro-mobility equipment or possible EV charging capabilities, including the possible coordination with the City of Los Angeles' BlueLA electric carsharing program to provide e-bike charging, wherever appropriate.

Staff is investigating and will continue to investigate and pursue grant or alternative funding opportunities to help off-set these and other MBS costs.

Operations

The contract is structured with a 5-year base period of operation, following the 5-month transition/mobilization, and 2 separate 3-year options for a total potential operating period of 11 years. As part of the discussions Metro secured a letter of commitment from the Contractor's CEO to address prior public statements by the CEO regarding "inbound" interest in their bike and scooter program. The Contractor affirms that any contractual obligations will remain in place. That being stated, the contract contains terms and conditions that provide Metro with remedies and approval authority should there be any change in ownership/responsibility.

The Contractor shall be responsible for ensuring the reliable and efficient operation of MBS pursuant to the SOW and performance requirements. The SOW contains a series of performance requirements and associated metrics which, based on the Contractor's performance, if not met, will result in payment reductions via liquidated damages. In addition to these requirements and the associated liquidated damages, the SOW contains one incentive-based metric tied to ridership, specifically to the monthly average rides/bike/day. This incentive has been included to support the goal of increasing the overall ridership, value and impact of MBS. The trips/bike/day metric will be reviewed and revised annually and is capped to not exceed a total value of \$200,000 per year for a total potential of \$2.2 million over the 11-year contract period. Concurrently with this ridership-based incentive, there is a similar ridership-based metric which can trigger liquidated damages should ridership not reach the identified level.

The performance metrics, MBS equipment ownership and other provisions were developed to better align the roles and responsibilities between Metro and the Contractor. For example, Metro will retain authority over the fare structure, but the Contractor will be responsible for ensuring the implementation of the fare structure into its various fare collection and customer touch point systems. Other tasks are tied in

some level to performance metrics and/or approved operational plans with the Contractor being the primary subject matter expert to perform and operate as required and Metro providing the oversight and guidance as well as retaining certain foundational authority to ensure a sustainable and equitable program.

With respect to equipment ownership, while the Contractor will still be the owner and have primary responsibility for loss/theft mitigation, during the negotiations, the Contractor requested a slight modification to the loss/theft arrangement. To ensure a greater shared engagement on loss/theft, Metro and the Contractor agreed to the following: 1) the Contractor shall be solely responsible for the initial 5% annual bike loss; 2) Metro and the Contractor shall jointly be responsible (35% Metro – 65% Contractor) for the next 15% of annual bike loss; and 3) the Contractor shall be responsible for bike loss above 20% annually. For context, bike loss for calendar year 2023 was 76 bikes or 4% based on an average of 1,800 bikes. Comparatively, for calendar year 2022, the bike loss was 177 bikes or approximately 10% based on 1,800 bikes. Based on these loss figures, Metro would have no contribution for 2023 and would have provided 35% funding for the replacement of 87 bikes in 2022. This solution results in a lower set/fixed monthly fee, while enabling Metro and the Contractor to collaboratively engage in keeping the variable bike loss cost to a minimum as there are financial and operational benefits to both parties as well as to the public. This solution caps Metro's obligation to no more than 15% above the initial 5%, which is fully covered by the Contractor, thereby limiting Metro's overall exposure. For example, the industry bike loss average is 10% per year, if MBS was to experience a 10% bike loss the first 5% would be fully covered by the Contractor and Metro would contribute 35% of the cost for the next 5%. This contribution would equate to approximately \$75,000 (or 35% of the cost to replace 90 e-bikes). The alternative scenario is to cover this cost as part of the set/fixed monthly per dock operating fee. This would increase the total annual cost to Metro by approximately \$137,000 to cover the same loss scenario. As long as MBS bike loss is contained at 20% or less, Metro will realize a cost saving under this scenario versus the set/fixed monthly per dock fee scenario. As the industry average for loss is 10% and as MBS has diligently worked on reducing this figure, there is an opportunity to realize cost savings under this scenario. This scenario is similar to the model employed in Paris, France where the Agency and the Contractor share a 50%-50% responsibility for the first 10% of bike loss/theft.

Another area of potential operational improvement due to the transfer of equipment ownership is the ability to realize equipment advancements or innovations more efficiently. With the Contractor owning the equipment, it will be more efficient for MBS to realize equipment advancements or innovations, some of which are a result of the Contractor's operations and experiences in other bike share programs. In the past, the ability to improve equipment was based on Metro's ability to define or scope the work, secure the funding and execute a contract modification. For example, Metro required a modification to secure 100% GPS capability on all MBS bikes, which delayed the ability to introduce this capability to mitigate bike loss/theft. Under this SOW, should the Contractor develop any advancements, with Metro's approval, the Contractor will be able to expeditiously deploy such innovations to the overall benefit of MBS users.

Additionally, the SOW contains a provision that enables Metro to direct improvements, advancements, innovations or developments. For example, Metro could direct the development of a new interface and/or integration with the Long Beach bike share program to provide a more seamless experience for both MBS and Long Beach bike share customers, develop new uses for the electrified stations (if installed), pursue additional mobile application improvements, etc.

With respect to sponsorships/advertising, while Metro retains full authority and rights, Metro and the Contractor have had initial exploratory discussions regarding the potential to increase revenues from these streams and will continue to explore available options. Any agreement regarding sponsorship or advertising will be incorporated into a future contract modification and may require Board and local jurisdiction approval. In the interim, Metro will continue to retain full control and rights to advertising as currently structured.