



Board Report

File #: 2015-0995, File Type: Program

Agenda Number: 22.

PLANNING AND PROGRAMMING COMMITTEE JULY 15, 2015

SUBJECT: METRO COUNTYWIDE BIKESHARE

ACTION: RECEIVE AND FILE

RECOMMENDATION

PLANNING AND PROGRAMMING COMMITTEE FORWARDED WITHOUT RECOMMENDATION receiving and filing potential financial impacts of June 2015 Item 14 Board motions on **Metro Countywide Bikeshare**.

ISSUE

At the June 25, 2015 meeting, the Board adopted the Regional Bikeshare Implementation Plan (Plan) for Los Angeles County and awarded a two-year contract to Bicycle Transit Systems, Inc. (BTS) for the equipment, installation and operations of the Metro Countywide Bikeshare Phase 1 Pilot in downtown Los Angeles (Pilot). During the discussion period, several motions (Attachment A) were introduced as they relate to regional interoperability and expediting the implementation of the expansion communities. Portions of these amendments were referred to in an omnibus motion put forward by the Chair and approved by the Board. The specifics of the omnibus motion were not clear to staff. The following summarizes the potential financial impacts of the motions as expressed at the June meeting.

DISCUSSION

Motion by Directors Butts, Dubois, Knabe and Najarian

At the June 2015 meeting, Directors Butts, Dubois, Knabe and Najarian introduced Motion Item 14 addressing regional interoperability and funding (Attachment A-1). The following addresses the potential financial impact of some of the provisions included within the motion.

“3) Do not require cities receiving any grant funds (such as Metro’s Call for Projects or operating subsidies) to use Metro’s chosen bicycle technology.

Allow cities the discretion to choose the most cost-effective and locally-appropriate technology between BTS/BCycle and CH/SoBi; two systems selected through a competitive process with vendor contracts executed prior to Metro’s NTP.”

Potential Financial Impact: The 2015 Call for Projects (CFP) Preliminary Recommendations

includes three bikeshare projects for Metro funding. The City of Pasadena is recommended to receive \$1,527,416, City of West Hollywood is recommended to receive \$510,500 and the City of Beverly Hills is recommended to receive \$412,731. These amounts reflect only Metro's discretionary allocation and is not inclusive of each city's local match. In total, Metro would award \$2,450,647.

Cities that applied under the 2015 call were evaluated with the understanding that they would become a part of Metro's Countywide system. The CFP application specified that "Bikeshare programs must have interoperability and interchangeability with the Regional Bikeshare System. The program should strive to utilize the same products and services used by the Regional Bikeshare System. " In addition, the cities that submitted for CFP funding based their project costs and allocation requests on numbers indicated in the Metro Plan. Staff's evaluation and related scoring reflects the assumption that these cities would join Metro's system. A decision to join another vendor calls into question their evaluation scores and funding amounts.

Funding cities to select a bikeshare vendor other than Metro's may lead to two or more different systems. Multiple vendors further jeopardizes the likelihood of achieving interoperability, increases economic inefficiencies, requires duplication of bikeshare stations in overlapping service areas and risks the user experience. The full cost of addressing interoperability is unknown at this point, however it is anticipated that costs would increase depending on how many systems would need to be integrated. Staff will return to the Board with cost information.

"4) Recognize that cities must make sound business decisions in order to afford providing on-going bike share operations, even when fully committed to regional integration.

- a. Allow cities to pursue other revenue sources and retain the option for primary sponsorship, and be identified with the regional system in an alternative way."

Potential Financial Impact: a. In an effort to ensure Metro's Bikeshare system is financially sustainable and fiscally responsible, the January 2015 Receive and File (Attachment D) presented to the Board noted that as part of Metro's business structure, Metro would retain on-bike title sponsorship and reserve the right to sell to sponsor(s) as a source of Metro's funding commitment. Title sponsorship is the only source of revenue available to Metro that would allow us to fulfill our funding commitment of providing cities with ongoing capital and O&M support. Failure to retain title sponsorship would risk Metro's funding commitment, make the program financially unsustainable, reduce the opportunity to expand the system to other communities and may require the use of already strained local revenues used to fund rail and bus operations.

Additionally, Metro is best positioned to secure and manage a regional bikeshare title sponsor since Metro has an existing regional advertising contract that we can utilize for bikeshare. The experience and resources leveraged by Metro in this arena will prove to be an essential asset towards securing a regional long-term lucrative title sponsorship.

As the bikeshare market in Los Angeles County is yet untested, it is unclear what the

region's revenue potential may be. However, an average of other system title sponsorships, including Denver Bcycle, Minneapolis Nice Ride, New York CitiBike and Philadelphia Indego shows an average of title sponsorship revenue of approximately \$2 million per year based on a system of 1000+ bicycles. Retaining and selling the title sponsorship as a regional package may also be the most lucrative approach and would further secure Metro's ability to continue to invest in communities by sustaining and expanding bikeshare.

Retaining a steady source of revenue via a title sponsor, allows Metro to continue to invest in the bikeshare program, and sustain and expand the program to other communities. Under the terms of the MOU being negotiated with the City of Los Angeles, the City has agreed to this provision, and the agreement permits allocation of excess title sponsorship revenues to local partners once the Metro cost have been covered. Allowing local communities to seek their own title sponsorship would eliminate or severely reduce the funds available to Metro by as much as \$2 million per year.

"6) Accept Metro's responsibility for collecting and sharing data from all system owners, and funding technology upgrades necessary to facilitate that sharing of information for the purposes of regional integration."

Potential Financial Impact: Meeting these interoperability objectives will be complex and require staff and financial resources. And is dependent upon cooperation of Santa Monica and Long Beach vendors. As the full cost of achieving this has not been finalized, staff will return to the Board at the appropriate time with a cost estimate.

Motion by Director Ridley-Thomas

At the June 2015 meeting, Director Ridley-Thomas introduced a motion directing staff to include the Exposition/Vermont station area as part of the pilot effort (Attachment A-2).

Potential Financial Impact: The downtown Los Angeles Pilot includes stations that are adjacent to the Exposition/Vermont station. As such, including a station at the Exposition/Vermont station fits within the parameters of the Pilot and can be absorbed as one of the 65 station locations at no additional cost.

Motion by Directors Bonin and Kuehl

At the June 2015 meeting, Directors Bonin and Kuehl introduced a motion directing staff to accelerate bikeshare implementation (Attachment A-3). The motion which directs staff to compress a six-year bikeshare expansion program into two years, thereby launching all five phases by 2017 aims to ensure interoperability by not delaying roll out and reducing the risk of cities opting-out of Metro's system. Furthermore, in addition to expediting Venice's implementation, the motion also calls for the inclusion of the Playa Vista community.

Potential Financial Impact: Accelerating a six-year program into two years will be a labor intensive goal to achieve and will require additional staffing resources. Coordination with the City

of Los Angeles for the Pilot, oversight of the BTS contract and day-to-day administration of the program is requiring approximately two full time employees. With the award of contract to BTS, staff will now shift into implementation phase. As a nine-month roll out for the Pilot is contingent on several critical path items, amongst several other tasks, staff will be focused on coordinating with the City of Los Angeles on finalizing station locations and permitting processes, securing a title sponsor, working with the Bikeshare cities on identifying a recommended fare structure, and addressing interoperability objectives.

Moving towards an expedited implementation will require that staff engage each of the nine communities and at a minimum, conduct preliminary station siting, provide technical assistance to each city in regards to their respective permitting process and intra-departmental coordination and facilitate the implementation of bicycle infrastructure that will support the use of bikeshare and pursue grant funding in partnership with each city.

In response to Director Solis' interest of studying the feasibility of having a bikeshare network in Boyle Heights, particularly at the Mariachi Plaza station area and other communities within the San Gabriel Valley, staff would need to carry out preliminary station siting, develop the financial plan and work with the local jurisdiction to identify funding for a network in Boyle Heights. Staff will also reach out to the San Gabriel Valley cities through the Council of Government as we proceed with identifying bikeshare ready communities in the sub-region.

Pending Board resolution of the Amendments, staff will return with a proposed staffing plan to meet the Board's requirements.

In addition, conducting new feasibility studies and station siting for an accelerated launch will also require that staff modify the existing Implementation Plan contract. It is anticipated that the cost of this additional work would not exceed \$200,000.

The capital and annual operating cost of implementing all five phases, including interested Westside cities for a total of 4,012 bicycles and 269 stations is currently proposed to cost approximately \$22 million and \$13.5 million annually, respectively. As this cost reflects a later year launch with associated escalation rates, staff would engage BTS in renegotiating an expedited launch. In line with Motion 58, Metro's funding commitment would be approximately \$11 million for the capital commitment and \$4.7 million annually for O&M. The ability to quickly expand the system will also require the local communities to identify and commit capital and operating funding that will need to be accelerated and enter into an MOU with Metro. Attachment B includes each participating city's financial obligation.

To date, Metro has secured \$2.9 million for the Metro capital cost of the downtown Los Angeles Pilot, leaving approximately \$8.2 million to be found as Metro's capital cost for balances of the five phases identified in the capital plan. In partnership with the City of Pasadena and the City of Los Angeles, two ATP applications have been submitted. The City of Pasadena request is in the amount of \$5.171 million to cover capital and some

operating costs and the City of Los Angeles expansion to South Los Angeles and South downtown Los Angeles is in the amount of \$2.805 million for capital costs. We anticipate learning of funding awards in the fall.

It is anticipated that user fees and sponsorship revenue will cover a portion, but not all of the annual operating cost. It is anticipated that a combination of user fees and title sponsorship may reduce Metro's funding responsibility.

In response to Director Kuehl's interest of Metro conducting an evaluation of the bikeshare systems operating in Los Angeles County after an initial operating period, staff would contract a consultant to at a minimum evaluate the experience of the respective agency working with their respective vendors, the ability to meet performance criteria including bicycle distribution, removal and replacement of inoperable bicycles and system cleanliness, conduct a customer satisfaction survey, evaluate impact of bike share on businesses near bike share stations and evaluate fare structure. It is anticipated that this evaluation study would not exceed \$150,000.

DETERMINATION OF SAFETY IMPACT

The Countywide Bikeshare Phase 1 Pilot will not have any adverse safety impacts on our employees and patrons.

FINANCIAL IMPACT

The cost of implementing all five phases is currently a one-time capital cost of \$22 million and O&M is \$13.5 million annually. As this cost reflects a later year launch with associated escalation rates, staff would engage BTS in renegotiating an expedited launch. In line with Motion 58, Metro's funding commitment would be approximately \$11 million for the capital commitment and \$4.7 million annually for O&M. Of this amount, \$2.9 million has been secured for the Metro capital cost of the downtown Los Angeles Pilot, leaving approximately \$8.2 million to be found as Metro's capital cost for balances of the five phases identified in the capital plan. Staff is pursuing additional grant funds through the ATP program. However, funding awards will not be known until fall.

It is anticipated that user fees and sponsorship revenue would cover a portion, but not all of the annual operating cost. It is anticipated that a combination of user fees and title sponsorship may reduce Metro's funding responsibility.

Metro would need to work with interested cities in identifying grant funds and confirming their capital and O&M commitment. Staff will return to the Board once each city has confirmed funding and an MOU has been executed with a recommended funding source (s).

Impact to Budget

The additional funds needed for the accelerated implementation plan would be Proposition A, C and TDA Administration, which is not eligible for bus/rail operating or capital expense.

NEXT STEPS

Staff will engage the Bikeshare communities and begin to meet on a monthly basis. Staff will return to the Metro Board in September with an oral report on progress made.

ATTACHMENTS

Attachment A-1 - June 2015 Amendment by Directors Butts, Dubois, Knabe, Najarian

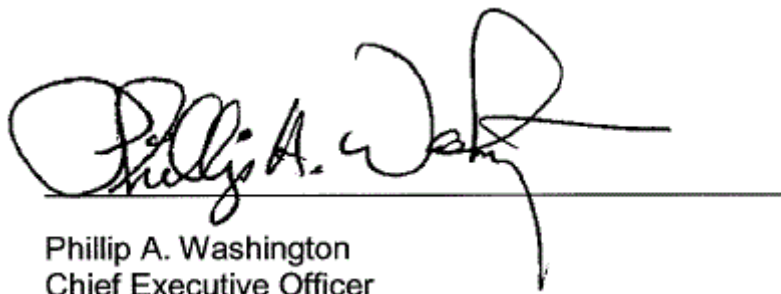
Attachment A-2 - June 2015 Motion by Director Ridley-Thomas

Attachment A-3 - June 2015 Motion by Directors Bonin and Kuehl

Attachment B - Countywide Bikeshare Expansion Cost

Prepared By: Avital Shavit, Transportation Planning Manager V, (213) 922-7518
Laura Cornejo, Deputy Executive Officer, (213) 922- 2885
Diego Cardoso, Executive Officer, (213) 922- 3076
Cal Hollis, Managing Executive Officer, (213) 922-7319

Reviewed by: Nalini Ajuha, Executive Director, Office of Management and Budget
(213) 922-3088
Martha Welborne, FAIA, Chief Planning Officer (213) 922-3050



Phillip A. Washington
Chief Executive Officer