



Board Report

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FINANCE, BUDGET AND AUDIT COMMITTEE APRIL 20, 2022

EXECUTIVE MANAGEMENT COMMITTEE APRIL 21, 2022

SUBJECT: METRO BIKE SHARE CONTRACT EXTENSION AND REPLENISHMENT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATIONS

AUTHORIZE the Chief Executive Officer to:

A. EXECUTE Modification No. 11 to Contract No. PS272680011357 with Bicycle Transit Systems (BTS) to extend the contract period of performance by 12 months through July 30, 2023, purchase new bicycles to replenish and stabilize the on-street bicycle fleet, purchase and install GPS equipment, and maintain a 10% inventory, to ensure a consistent on-street fleet for the duration of this contract, in the amount of \$15,250,213, increasing the total contract value from \$95,343,861 to \$110,594,074; and

B. ESTABLISH a Capital project with a \$2 million Life of Project (LOP) value in support of the purchase of Metro Bike Share (MBS) equipment, including bicycles, GPS equipment, and other associated equipment and materials.

ISSUE

The Board of Directors approved Motion Item No. 41 “Improving the Effectiveness and Sustainability of Metro Bike Share” in December 2021 (Attachment A). Directive A of the motion requires staff to develop an action plan to stabilize the current fleet size. Directive C of the motion requires that staff develop a plan to provide uninterrupted bike share service as the next iteration of the MBS program is determined and executed.

The recommendations address both directives by purchasing bicycles to stabilize the bike share fleet, establishing an ongoing replenishment plan, and extending the current MBS contract by a period of 12 months to provide uninterrupted service while a new regional bike share model is developed in collaboration with stakeholders.

BACKGROUND

The MBS program was launched in July 2016 in partnership with the City of Los Angeles. It continues to provide a service to Los Angeles County residents with more than 200 stations located in the Downtown Los Angeles, Central Los Angeles, Hollywood, Westside, and North Hollywood service areas. The program recently completed the conversion of the North Hollywood service area from a Smart dockless system to a Classic docked system and relaunched service in March 2022. With this change, the program now offers one seamless system that is compatible between service areas. To date, over 1.3 million trips have been taken, 4.4 million miles have been traveled, and 4.2 million pounds of CO2 have been averted.

As impacts from COVID have decreased, the program is seeing improvements overall. Monthly data comparing February 2021 to February 2022 shows that ridership increased by 36% (12,596 vs. 18,451). The number of passholders also increased overall. For example, there were 47% more 30-Day members and 25% more 1-Ride users in February 2022 than in February 2021. Although the system expanded to Hollywood in 2021, the number of stations was similar due to the temporary shutdown of North Hollywood for the conversion. These measures provide a high-level overview of the program.

DISCUSSION

The Metro Bike Share motion passed by the Metro Board of Directors in December 2021, directs staff to take a series of actions focused on stabilizing the current program and preparing for the next iteration of bike share in Los Angeles County. In March 2022, staff submitted a response to the motion (Attachment B) that outlined several actions addressing all six Directives (A) - (F). Included in the response for the development of the next MBS model and to better understand current operations, staff will be reviewing and updating performance metrics as needed to better monitor and manage the program. Metrics will cover categories such as ridership, cost, demographics, loss/theft and other key performance criteria. Examples under consideration include bike and station utilization, cost per ride, lost bike recovery rate, reduced fare media utilization, etc. This report recommends actions specifically in response to Directive (A) and Directive (C). These recommendations address the stabilization of the current MBS program as staff works with regional stakeholders to develop the next MBS model consistent with the December 2021 motion.

Directive (A)

(A) An action plan to stabilize the current fleet size including actions for how to identify, prioritize, and address new mechanisms of theft as they arise.

As presented in the MBS March 2022 Receive and File response, staff is recommending the purchase of new bicycles, GPS equipment and the establishment of a 10% inventory to ensure the stability and consistency of the on-street MBS bicycle fleet size for the duration of this contract. In addition, to support the purchase of this equipment, a new Capital project with an LOP of \$2 million is requested.

- Purchase of New Bicycles

The purchase of the new bicycles will directly address the need to stabilize the bicycle fleet. Since launching the program, MBS has experienced a number of changes to the system - expansion to new service areas, reduction of service areas, introduction of dockless Smart bikes and the conversion of Smart bike installations in the Westside and North Hollywood back to traditional docked bicycle systems. As a result, over the years the MBS effective on-street fleet size has also fluctuated. The current effective fleet size, based on the industry dock-to-bike average of 2:1, is 1,800 bikes.

Currently, there are 1,480 bicycles that comprise the operational fleet which consist of on-street bikes and bikes in the warehouses awaiting deployment, available for rebalancing or under maintenance. In order to achieve and maintain an on-street fleet of 1,800 bicycles and maintain a 10% bicycle inventory for the duration of this contract, staff recommends a bike purchase of up to 735 bicycles. 500 bicycles will be purchased to restore the on-street fleet to 1,800 and establish the initial 10% inventory, the remaining 235 bicycles will be procured when needed to maintain the fleet and inventory size due to lost, stolen or damaged bikes.

The initial 500 bicycles to replenish the fleet will be comprised of 259 Converted 2.5 bicycles from Memphis, 201 Electric bikes and 40 Classic or 2.5 bikes that will be provided free of charge by the Contractor. The 235 as-needed bikes will consist solely of Electric bikes. These bikes will only be purchased when needed to ensure the stability and consistency of the on-street bike fleet. All bicycles will be equipped with GPS units to ensure greater visibility over the fleet and support missing/lost bicycle recovery efforts.

The distribution of the bicycles to be procured is in recognition of cost containment, future inventory availability and ridership impacts. Bike share programs are integrating more Electric bikes into their systems. The availability of the 259 bikes from Memphis is due to their program transitioning to an electric fleet. The current supplier of bikes to MBS has stated that they are transitioning to only support Electric bikes; thereby, limiting the future availability of Classic bikes. MBS data shows that Electric bikes, when available, experience over 9-times more use than Classic bikes. A recent report from the City of San Francisco concurred with this data by identifying that there was a spike in ridership with their deployment of Electric bikes. The purchase of Electric bikes will enable MBS to monitor and better understand the value of deploying these bikes. This information will be integrated into the final recommendations regarding the future deployment of the MBS program.

The recommendation also includes the establishment of a 10% inventory. This inventory will support the ability of the Contractor to swap out bikes that are undergoing routine maintenance and to replace missing, lost, stolen or damaged bikes. The bike share industry average for bikes lost, stolen or damaged ranges from 1% to 2% per month. While staff does anticipate losses due to theft, accidents, vandalism, and user neglect, as presented in the March 2022 Motion Response Work Plan, staff is actively working with the Contractor and other parties to reduce theft and increase recovery. MBS's goal is to contain the loss at less than 1% per month. The goal of the 10% inventory is to ensure a stable and consistent on-street fleet for the duration of this contract.

Per the MOU with the City of Los Angeles, the City will provide 50% of the funds in support of the

purchase of the bicycles. Staff has reviewed this item with the City of Los Angeles staff and has received their concurrence to proceed with the purchase.

- GPS Devices

The technology around GPS has evolved in the last several years, especially technology related to bicycle tracking systems. MBS implemented several GPS initiatives which had various levels of success. During the early years of the program, GPS initiatives proved to be either costly, limited in functionality, and/or did not increase bicycle retention or recovery rates.

The GPS solution that is recommended has been tested and has proven to be effective in increasing recovery rates. Since July 2021, the majority of Electric bikes with GPS that have gone missing have been recovered. Also, the Contractor has established an Asset Recovery team dedicated to monitoring GPS tracking information and deploying staff to recover bikes that are located per the GPS location. Staff recommends purchasing up to 800 GPS units for the existing bicycle fleet to ensure it is also equipped providing 100% GPS coverage for the entire bicycle fleet.

Per the MOU with the City of Los Angeles, the City will provide 50% of the funds in support of the purchase of the GPS units. Staff has reviewed this item with the City of Los Angeles staff and has received their concurrence to proceed with the purchase.

- Establish Capital Project and LOP

In order to move forward with the purchase of this equipment, staff recommends the establishment of a new Capital project with an LOP. This recommendation directly supports the ability to purchase the new bicycles and GPS equipment, management of the 10% inventory, and ongoing replenishment of the fleet. The LOP is inclusive of the cost to procure the initial 500 bikes, the GPS equipment and the 235 additional bikes to be procured as-needed for the duration of the contract.

Directive (C)

(C) A plan to provide uninterrupted service as the next iteration of the program is determined and executed.

Directive C of Motion No. 41 requires the provision of ongoing service which requires staff to modify the current contract for Metro Bike Share operations and maintenance to continue providing the necessary services and ensure uninterrupted operation of MBS. The contract will be extended for a period of 12 months with a new expiration date of July 30, 2023. The extension will allow staff to implement the directives in Motion No. 41 and complete a new procurement process for the next bike share contract.

Per the MOU with the City of Los Angeles, the City will provide 65% of the funds in support of on-going operation and maintenance of MBS. Staff has reviewed this item with the City of Los Angeles and has received their concurrence to proceed with the extension.

DETERMINATION OF SAFETY IMPACT

The Board action will not have a negative impact on the safety of Metro's patrons or employees. The Metro Bike Share program has demonstrated effectiveness in providing a mobility service to Los Angeles County residents.

FINANCIAL IMPACT

Approval of the recommendation will authorize the creation of a Capital LOP for the replenishment of MBS in the amount of \$2 million for Capital purchases. The \$2 million project cost is included in FY23 Proposed Budget. If approved, the LOP will be added to Cost Center 4540, under a new Project.

Impact to Budget

The funding sources for the BTS contract include bikeshare operating revenue, City of Los Angeles quarterly reimbursement, and Measure M 2% Active Transportation. The funding sources for replenishment of the fleet are Measure M 2% Active Transportation and Prop C 25% Streets and Highway, which are not eligible to fund bus and rail operating and capital expenditures.

EQUITY PLATFORM

In support of Directives A and C, staff will proceed with the replenishment of the fleet, which if approved, would provide up to 735 additional bicycles to the on-street fleet. In addition, the contract will be extended for 12 months to provide ongoing, uninterrupted bike share services to Los Angeles County residents. Positive impacts for marginalized groups and improvements to equity outcomes are anticipated with the Board's approval of the recommended actions, which direct staff to increase the number of bikes available to users systemwide and to extend the contract term to continue offering bike share to all including residents from EFCs. Staff will be ensuring that new bikes are deployed equitably. Staff will review the EFC map and identify stations within these areas. Bikes will be deployed to these stations at a 2:1 dock to bike ratio and efforts will be made to prioritize deployment to these stations.

In addition, metrics for the program will include analyses of differences between EFC and non-EFC areas. These metrics will include ridership, passholders, bike deployment by station, distances between stations, CO2 reduction benefits, miles traveled, and trips taken. Information will also include additional user demographics, language translation availability, use of MBS by transit riders, and review of potential barriers to socioeconomic and marginalized groups (such as pricing and communications). Staff will work with OER to establish equity goals for the program which will be tracked and reported as part of staff's response to Motion No. 41.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports the following strategic plan goals:

1. Provide high-quality mobility options that enable people to spend less time traveling;
2. Deliver outstanding trip experiences for all users of the transportation system; and
3. Enhance communities and lives through mobility and access to opportunity.

ALTERNATIVES CONSIDERED

The Board may choose to not authorize the requested actions. This alternative is not recommended as this would not be supportive of the Board motion and could impact the stability of the program, including the ability to provide uninterrupted MBS service. Increasing the fleet size would provide bicycles more widely and restore the on-street fleet to industry standards. GPS devices are needed to increase the recovery of missing bicycles and serve as a deterrent. In addition, if the BTS contract is not extended, Metro Bike Share operations would end July 31, 2022.

NEXT STEPS

Upon Board approval, staff will execute Modification No. 11 to Contract No. PS272680011357 with BTS to extend the contract for 12 months and purchase the equipment and coordinate with OMB to establish a Capital LOP for the purchases of the bicycles and GPS equipment as well as initiate the process for amending the FY22 budget. Staff will continue working on other aspects of Motion No. 41.

ATTACHMENTS

- Attachment A - Board Motion Item No. 41 (November/December 2021)
- Attachment B - Metro Board Report March 2022 (Item 2021-0812)
- Attachment C - Procurement Summary
- Attachment D - Contract Modification/Change Order Log
- Attachment E - DEOD Summary

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