



Board Report

File #: 2023-0616, File Type: Contract

Agenda Number: 34.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
JANUARY 18, 2024

SUBJECT: METRO BIKE SHARE CONTRACT AWARD

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATIONS

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a firm fixed price Contract No. PS102304000 to Lyft Bikes and Scooters, LLC for the Metro Bike Share (MBS) program for a base term of five years and five months in the amount of \$62,933,262, and two separate, three-year options, for the mobilization, operation, maintenance, and expansion of the MBS program, in the amounts of \$33,146,835 and \$36,478,001, respectively, for a total contract amount of \$132,558,098 effective February 1, 2024, to initiate the transition of the program, subject to the resolution of any properly submitted protest(s), if any and;
- B. EXECUTE individual contract modifications within the Board approved contract modification authority.

ISSUE

The current MBS contract will expire on June 30, 2024. To provide continued and seamless service to the public, a new contract incorporating the Board approved model, from the December 2021 Board Motion No. 41, authored by Directors Krekorian, Garcetti, Kuehl, and Sandoval (Attachment A), is needed to continue operations.

BACKGROUND

As a program, MBS was authorized in 2015, with the initial bikes deployed in 2016. The current contract with Bicycle Transit Systems (BTS) represented the first deployment of a regional Los Angeles County bike share program as well as Metro’s first direct engagement with bike share. While the initial program grew to include the City of Los Angeles, the City of Pasadena, and the Port of Los Angeles as partners, both the City of Pasadena and the Port of Los Angeles elected to leave the program, citing cost considerations. Through this period, the City of Los Angeles has been a steadfast partner.

As with most first-time programs, there have been several challenges which MBS has faced and

overcome, this includes the departures of the City of Pasadena and the Port of Los Angeles, increased bike loss/theft, the introduction and subsequent replacement of Smart bikes (which enabled users to check out bikes independent of a docking station - supporting stand-alone operations but also greatly contributed to bike loss) and the impacts of the COVID pandemic. Despite these obstacles, MBS has not only continued to operate but has expanded to incorporate three distinct service areas within the City of Los Angeles - Downtown/Central Los Angeles, Westside and North Hollywood. Post pandemic ridership continues to grow and has been setting new milestones above pre-pandemic levels. August 2018 represented the highest pre-COVID ridership at 33,329 trips, comparatively August 2023 post-pandemic ridership was 41,845 trips (an increase of 8,516 trips or 25.6%). Ridership has continued to steadily increase as reflected in the 50,146 trips taken in October 2023 and 41,887 trips taken in November 2023. Total calendar year 2023 ridership reached 441,199, which is the highest annual ridership ever. The 2023 ridership figure is an increase of 128,787 trips or 41% compared to the highest pre-COVID ridership of 312,412 trips registered in calendar year 2018. Additionally, there have been increases in MBS passholders/memberships. As of November 2023, there are 3,149 passholders compared to 1,952 in November 2022 (61% increase). Of these for November 2023, 1,000 or 32% are reduced fare compared to 278 reduced fare passholders in November 2022 (260% increase).

This growth can be attributed to several actions, including actions directly associated with Board direction, per Motion No. 41 (Attachment A), and has resulted in improvements to MBS. The actions taken have:

- 1) stabilized the program and provided for more on-street bikes (consistent on-street fleet of approximately 1,800 bikes - for comparison 1,726 on-street bikes for November 2023 versus 1,224 on-street bikes in April 2022);
- 2) ensured a substantive decrease in bike loss/theft - due to installation of GPS on all bikes, improved staff oversight and coordination with law enforcement and other services resulting in an overall decrease in bike loss by 101 bikes or 57% when comparing calendar year 2023 to 2022;
- 3) increased the number of pedal assisted e-bikes from 97 in April 2022 to 370 as of November 2023 (MBS e-bikes generate approximately 7 times more use than the classic pedal bikes - 2.9 trips/bike/day versus 0.4 trips/bike/day);
- 4) enabled the adoption of the new bike share operational model with the objective of decreasing costs, improving service, and increasing the program footprint through partnership with additional jurisdictions toward a more sustainable, equitable and seamless regional MBS program.

DISCUSSION

Pursuant to the October 2022 Board approved MBS operational model, staff, in collaboration with the City of Los Angeles, engaged in the development of a Scope of Work (SOW) which incorporated several changes with the goal of improving the MBS program and enabling a sustainable and equitable future for the program. The SOW focused on the following items: 1) the Contractor providing and owning MBS equipment versus the current model of Metro procuring and owning the equipment; 2) service based performance requirements with payments based on fixed unit rates versus monolithic milestones; 3) improved cost awareness and management to support sustainable operation and expansion; 4) realignment of roles and responsibilities between the Contractor and Metro; 5) improved customer experience and neighborhood engagement; 6) improved equitable

access and service; and 7) decreasing overall cost.

Per the SOW, the Contractor, Lyft Bikes and Scooters, LLC, shall be responsible for:

- Providing MBS equipment, including replacement of lost/stolen equipment to ensure on-street bike availability and fleet stability;
- Ensuring a transition with minimal impact to MBS customers;
- Ensuring MBS operates as a “Good Neighbor/Community” member;
- Operating and maintaining the entire MBS system (equipment, hardware, software and systems) to ensure adherence to performance requirements and standards;
- Ensuring improved equitable access to MBS;
- Increasing ridership, rider diversity, and use cases for MBS;

In addition, through discussions/negotiations, the Contractor and Metro agreed to the following changes/improvements:

- Transitioning/updating to all new equipment
- Updating the MBS website and mobile application;
- A limited not-to-exceed annual cost-sharing for bike loss;
- Deploying a Community Ambassador program to support MBS engagements;
- Conducting monthly bike education, safety and riding classes;
- Supporting improved ridership diversity and equity focus community engagement;
- Evaluating and the possible development of alternative/adaptive bike solutions;
- Evaluating the ability to integrate and/or improve the collaboration with bike library programs;

Metro will continue to retain authority over station placement, fare structure, expansion, sponsorship/advertising and the overall MBS brand. Additionally, Metro, in collaboration with MBS partners, will continue to actively monitor and manage the program to ensure the Contractor’s adherence to the performance requirements and the SOW. Finally, Metro will, pending the award and execution of this contract, engage with interested parties to determine a path for expansion of MBS into new jurisdictions. Staff will reach out to jurisdictions that have expressed prior interest in joining MBS to review their current level of interest and identify the potential size of the system, placement of stations, any local or community-based requirements or concerns and cost. Staff anticipates being able to initiate this effort within 60 to 90 days from the execution of the contract.

A key element to the future success of MBS is in enabling the sustainable and equitable expansion of the system. This expansion consists of both gap/in-fill expansion and new partner expansion. There are a number of jurisdictions, which include Culver City, Pasadena, Burbank, San Fernando and others, who have in the past expressed interest in becoming MBS partners. The ability to expand MBS not only requires the internal/contractual capability but also agreement on cost. This new contract represents not only a reduction in the initial capital cost to support expansion as equipment cost from the new Contractor is over 30% less than the current contractor, but also is roughly a 30% reduction from current MBS operational costs. All things being equal, the total 11-year 5-month contract value is approximately 26% or \$47 million less than the estimated cost of the current contract, with a similar annual cost escalation. Similarly, the average annual cost for this contract,

which includes the impact of the annual escalation, is \$1.6 million less than the 2023 annual cost of the current contract. This significant cost reduction, coupled with improved services and the Contractor's ability to provide the necessary equipment in a shorter time frame, is anticipated to result in the sustainable expansion of MBS. Additionally, due to the accelerated e-bike transition, ridership is projected to grow, resulting in increased fare revenue and the possibility of increased advertising/sponsorship opportunities, which will provide additional offsets to operating costs.

With respect to expansion, during the procurement process for this contract, Metro successfully received a \$7.5 million Regional Early Action Planning (REAP) grant from the Southern California Association of Governments (SCAG). This grant is specific to expanding MBS to fill a service gap between the Downtown/Central and Westside service areas (from Koreatown to Westwood). The execution of this new contract will enable staff to finalize the plan with the Contractor and the City of Los Angeles to implement this expansion. A contract modification will be needed, and staff anticipates returning in the near future to obtain Board approval for this grant supported expansion and contract modification.

New Contract System Improvements

Overall, this new Contract will provide a number of immediate and long-term benefits that will improve the service provided to the public and the efficiency of the overall program, this includes:

- Immediate increase in the number of on-street pedal assisted e-bikes from the current 370 to 1,350, representing 75% of the system when the new system is fully deployed. E-bike usage is consistently an order of magnitude higher with MBS e-bikes being used 7x more than classic pedal bikes, indicating the public's preference for e-bikes.
- Continued support for classic pedal bikes. While e-bikes are preferred, there is still a need to provide classic pedal bikes to address special situations, such as in locations which restrict the use of e-bikes. The current supplier of MBS equipment no longer manufactures the classic bikes, Lyft will continue to manufacture and provide classic bikes based on MBS requirements/need.
- Improved battery for the new e-bikes provides a range of over 45 miles compared to the current MBS e-bike range of 30 miles.
- Provision of 100 stations capable of providing in-dock battery charging. The value of the e-bike is dependent on the battery being charged. The ability to have stations that support in-dock battery charging will greatly increase the reliability and availability of charged e-bikes for the public. Note that final approval is still required from the appropriate agencies to connect the stations to a power source and enable the in-dock charging capability. Neither the current MBS system nor the current equipment provider has a station capable of in-dock charging which will result in higher costs and VMT due to the need to implement a battery swapping solution. (Attachment D)
- Improved docking system that provides a more secure anti-theft solution. The new stations will have securing technology at the dock which is inaccessible to the public reducing instances of vandalism versus the current design where the clamps and bike striker loops are visible and exposed to vandalism.
- Improved integrated GPS units with functionality that enables historical, real-time and loss/theft monitoring - use of data will conform with all regulations and restrictions regarding personally identifiable information.

- Improved e-bike design with the battery installed within the bike frame to reduce battery theft and/or vandalism. The current MBS e-bikes were retrofitted with a u-lock to secure the exposed battery.
- Capability to update bike technology/software while docked versus bringing the bike into the warehouse. Includes the remote monitoring of the battery which improves the efficiency of battery maintenance, this feature is not currently available in MBS.
- Stations will be provided with kiosks to support walk-up transactions. The current equipment provider is phasing kiosks out of their offerings, which will make future station equipment purchases with kiosks more costly and increase delivery time.
- Improved cash-based solution to be implemented by the new Contractor for purchasing passes, similar to PayNearMe which is currently only available to MBS users through taptogo.net and not the MBS mobile app. Expansion of other methods such as Apple Pay and the Mobility Wallet pilot (currently supported) are also expected.
- Reduced equipment cost, improved equipment delivery capabilities and reduced operational cost will enable MBS to present a more cost-effective and streamlined solution to support system expansion with partners, who identified cost as a barrier to participation.

Transition/Mobilization

With respect to the transition, the Contractor will coordinate with Metro, LADOT and the current provider to minimize the impact of the transition for all parties. To support the transition from the current to the proposed Contractor, there will be a period of up to 5 months (February 1 to June 30, 2024) where both the current and the new contracts will be active. This is needed to ensure that the new Contractor has adequate time to mobilize and secure all the necessary staff and equipment to affect the transition, while the current Contractor ensures that MBS continues to provide service to the public.

The new Contractor will be providing all new equipment as part of their operation including new stations, bikes and systems (website, mobile app). The Contractor has experience conducting similar transitions having recently concluded the successful transition of the Mexico City bike share program (Ecobici) comprised of over 450 stations and 6,500 bikes. The transition to the new equipment will improve the overall program and is necessary to ensure that the Contractor is able to fully meet all service level requirements. The Contractor is also responsible for working with Metro to properly address the handling of existing MBS equipment. This includes equipment sales, donations, salvage and other approved solutions.

Additional customer focused improvements will also be implemented, including a new website, mobile application and streamlined methods to check out a bike. With respect to the mobile application, the Contractor and MBS staff will investigate, develop and/or update its mobility application in coordination with Metro's concurrent work towards the development of a single Metro app. The Contractor is also responsible for the transfer of existing MBS membership. This will require some member interaction to upload the new application and appropriately set-up the application (password, payment, etc.). Upon successful completion of the transfer of member information, Metro will take steps to ensure the proper closure of the prior mobile application and the appropriate removal of all data.

With respect to existing contractor staff impacts, the new Contractor, via their subcontractor, has provided a letter of commitment which states that they will recognize the Transport Workers Union (TWU) and coordinate with Metro, the existing contractor and TWU to ensure staff have the information and opportunity to transition from their current employer. This letter will be incorporated into the Contract, which provides additional assurance and a greater ability for Metro to enforce this commitment. The Contractor and their subcontractor have similar experiences in other locations where they have successfully transitioned prior staff. Of note, the subcontractor has conducted similar actions in Portland and Chicago, where existing Transport Workers Union members accepted new positions with the subcontractor. Although not a requirement of this procurement, the Contractor and subcontractor will be providing wages and benefits in excess of Metro's current Living Wage requirement.

Finally, the procurement was issued with a goal of 28% DBE participation. The Contractor met this requirement through Good Faith Efforts and a 9.21% commitment. Both Metro and the Contractor agree that despite the Good Faith Efforts this is not an acceptable level of participation. To that end, the Contractor stated in their proposal and further confirmed in a separate letter that they are committed to supporting small and disadvantaged businesses and will continue to conduct DBE outreach in an effort to increase their DBE participation. The Contractor has stated that they have a potential partner identified, which pending contract award and agreement with this partner, will immediately improve the level of their DBE participation and commitment. The Contractor acknowledges that this will require the existing non-DBE subcontractor to modify their level of work/participation and all parties are in agreement and support of this effort. As with the prior letter of commitment regarding existing staff transition, this letter of commitment will also be incorporated into the Contract. Metro will actively work with and monitor the Contractor's actions in support of this commitment. Additional information regarding the Contractor's Union and SBE/DBE participation with other programs is provided in Attachment E.

DETERMINATION OF SAFETY IMPACT

Approval of this item will ensure the continued safe and reliable operation of the Metro Bike Share program and is not anticipated to have any negative safety impacts. Additionally, this Contract will provide monthly bicycle education, safety and riding classes to improve safety, awareness and capability of future bike riders.

FINANCIAL IMPACT

Funding in the amount of \$15,000,000 for the mobilization, operation, maintenance and expansion of the MBS program for the remainder of FY24 is allocated under cost center 4540 - TDM Policy & Regional Shared Mobility, account 50316, Professional Services, under various projects. Under the existing cost sharing partnership with the City of Los Angeles, any Capital costs are shared equally between Metro and the City (50/50), while operating costs are allocated on a 35% Metro - 65% City/Partner split. The City is aware of the cost, provisions and requirements of this contract and has provided their concurrence to proceed.

Since this is a multi-year contract, the cost center manager and Deputy Chief Operations Officer, Shared Mobility will be accountable for budgeting the costs for future years.

Impact to Budget

There is no impact to the current FY24 budget. Funding for MBS is included in the FY24 budget and consists of City of Los Angeles subsidy, fares, DoorDash advertising revenue, and other bus and rail operating-eligible funds.

EQUITY PLATFORM

The approval of this new contract will ensure Metro's ability to continue to operate and maintain a regional bikeshare program that is accessible to Los Angeles County residents. Metro is committed to expanding the program beyond the City of Los Angeles to include other jurisdictions including those with Equity Focus Communities (EFC). Currently, 47% of stations are in EFCs and 40% of all trips start at EFC stations. Under the new contract, the Contractor will implement strategies to build community partnerships through local engagement opportunities with stakeholders and residents at events, both in-person and virtual, and by ensuring information is provided in multiple languages and formats. The Contractor will also develop a "Good Neighbor" plan approved by Metro, with adherence to this plan being a performance metric subject to potential liquidated damages. The "Good Neighbor" plan is tied to the goal of MBS providing exemplary customer service and being a valued addition to the community/neighborhood that MBS operates within. The purpose is to better understand how MBS can serve the community and all customers - this includes passholders, single riders, potential riders, partners, businesses and any others that may be impacted by MBS throughout construction/relocation, as well as during general operations, with the goal of enabling MBS to better implement and operate its service to meet community and customers' needs. The plan will outline how MBS will engage, listen, adapt and serve the neighborhoods, businesses and communities within which it operates. Key to this expansion strategy will be to maintain ongoing communication with residents of these communities and to provide a process so that station planning is transparent and allows community members to provide their input.

Metro will collaborate with the Contractor and MBS partner(s) to establish a national model for bike share equity, focusing on communities with "High Need" and "Very High Need" based on the Equity Need Index. The Contractor will propose service metrics, non-smartphone and non-credit card payment options, outreach strategies for disadvantaged populations and plan for engaging with EFCs. Metro will also collaborate with our MBS partner(s), the Contractor and other stakeholders to consider and identify options that will support expansion of MBS into EFCs through potential grants, such as Better Bike Share Partnership grants, cost-sharing and other solutions.

In addition, offering an option for individuals who are unbanked or may not have access to a digital device, will be advanced with the new contract as part of the Mobility Wallet solution. Working closely with TAP and the Office of Strategic Innovation will allow Metro to identify an implementation plan for MBS users beyond the current pilot phase. The contract will also allow Metro to work toward an improved and integrated payment solution that provides a more streamlined process. Integration will allow payments within TAP and outside of the TAP environment leading to improved user experience and allowing for greater access overall.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

MBS program supports the following Vision 2028 Strategic Plan Goals:

1. Provide a high-quality mobility option that enables people to spend less time traveling.
2. Deliver an outstanding trip experience for all users of the transportation system.
3. Enhance communities and lives through mobility and access to opportunity.
4. Transform LA County through regional collaboration and national leadership.
5. Provide responsive, accountable, and trustworthy governance within the organization.

ALTERNATIVES CONSIDERED

The Board may reject the approval of the recommendation. This alternative is not recommended as it could negatively impact the public as the current contract for MBS services will expire on June 30, 2024. To continue providing the service without interruption, an extension of the current contract would be required or there would be a service gap until such time as a new contract is approved.

The Board may also decide to cease all MBS operations. This alternative is not recommended as MBS provides a reliable and growing mobility option for many residents, as well as visitors, within Los Angeles County, with over 441,000 trips taken in 2023. MBS is a key component to providing a comprehensive transportation solution to meet the varied needs of Los Angeles County residents and visitors. MBS provides an effective zero-emissions VMT alternative to using a vehicle for short trips.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS102304000 with Lyft Bikes and Scooters, LLC for the MBS program and initiate the transition from the current to new contractor in as seamless a manner as possible. Staff will initiate outreach efforts to identify and introduce any changes/improvements to the public and existing MBS members and work with the Contractor to secure authorization to enable installation of the in-dock e-bike charging stations. Staff will actively coordinate and monitor actions to ensure the Contractor's adherence to their commitment related to the transition of existing staff to the new Contractor. Staff will continue outreach efforts to interested jurisdictions and initiate discussions regarding the possible expansion of MBS and begin work on the fare structure review. Staff will engage with the Contractor to ensure efforts are being made per their commitment to increase the DBE participation rate under this contract. Finally, staff will begin the discussion with the Contractor to finalize the contract modification needed to support the implementation of the REAP grant extension which will be brought back for Board approval.

ATTACHMENTS

Attachment A - Motion #41

Attachment B - Procurement Summary

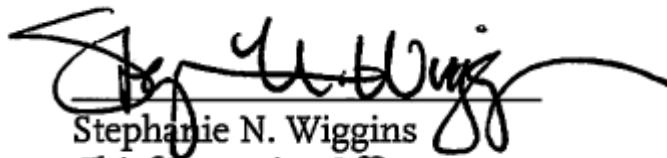
Attachment C - DEOD Summary

Attachment D - MBS Equipment Upgrade and Operations Information

Attachment E - Contractor Union and SBE/DBE Participation Summary

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