



## City of Long Beach

Working Together to Serve

Memorandum

**Date:** June 1, 2015

**To:** Patrick H. West, City Manager *PH West*

**From:** Ara Maloyan, PE, Director of Public Works *AM*

**For:** Mayor and City Council

**Subject:** History of the City's Bike Share Program

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In 2007 and 2009, the City won consecutive Los Angeles County Metropolitan Transportation Authority (Metro) programmed grants to provide a bike share program in the City, beginning with a pilot launch, and expanding with a subsequent, larger Phase 2. Bike share programs generally consist of a system of bikes deployed in a defined geographic service area that paying members can use for short trips. The system works well as an extension of transit for destinations beyond walking distance from main transit stops and incentivizes decreasing reliance on the automobile.

Following a Request for Proposals (RFP) process in 2012, the City Council authorized a contract with Bike Nation, Inc., of Tustin, CA, for the pilot, Phase 1 program. Phase 1 was focused on a small, public private partnership launch in Downtown Long Beach, to be entirely funded by the private sector. Following that launch, Phase 2 was set up to expand to additional neighborhoods and destinations via funds set aside for capital costs alone.

In the months following, Phase 1 was significantly delayed by unforeseen changes in the bike share market. The bankruptcy of a major manufacturer and software provider led to the collapse of the market for advertising on bike share equipment. A number of planned bike share systems across the country similarly faltered, stalled, or were canceled outright. As such, Bike Nation began to question whether they would be able to move forward with the program without a City subsidy.

In light of these delays to the Phase 1 launch, Metro removed the phasing requirements of the remaining \$2.2 million funding for the expanded system. Following talks with Bike Nation and the City, Nextbike, of Germany, agreed to take over the Phase 1 pilot program. This essentially allowed Bike Nation to step out of its obligation to provide a pilot system and gave Nextbike, a successful international bike share company, an opportunity to deliver a third United States deployment, to be operated via a public private partnership with no operating or capital costs to be paid by the City.

Parallel with the continued pilot Phase 1 efforts, the City conducted a procurement process for 50 bike stations and 500 bikes via the Metro federal grant of \$2.2 million. Federal procurement procedures required a competitive bid process. Pursuant to state and federal requirements, the City selected CycleHop, of Santa Monica, CA, in order to move forward with the Phase 2 purchase of equipment to meet state deadlines for project delivery.

As Nextbike's planned pilot phase had not yet deployed before the City had to select a low bidder, both the City and Nextbike agreed to terminate the Nextbike pilot project, as moving forward with a Phase 1 would no longer be financially or operationally feasible for Nextbike. Staff will continue to work to implement a bike share program as soon as possible and will work with CycleHop to quickly install and deploy the 50 bike share stations and 500 bikes secured via the federal grant.

In recent months, a number of bike share initiatives across the country have regained momentum, including systems with public private partnerships that primarily rely on advertising and sponsorship revenues to operate. As the bike share market appears to be stabilizing, this model continues to be the goal of the City's efforts and staff will work closely with CycleHop to realize such a model if at all possible.

### **Next Steps**

In the coming weeks, staff will work diligently to determine a bike share operator and operating model, to be deployed as soon as possible, and will work with CycleHop to install and deploy the bike share stations and bikes.

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