



City of Seattle
Edward B. Murray, Mayor

Date: February 23, 2016

To: Councilmember O'Brien

From: Scott Kubly, Director, SDOT
Nicole Freedman, SDOT

Subject: Response to Councilmember questions from February 19th briefing

This memo responds to Councilmember questions raised during the February 19, 2016 Sustainability and Transportation Committee briefing (Questions 1-9) as well as those received prior and subsequent to the meeting (Questions 10-15) that have not yet been addressed.

QUESTION 1 – Please send interim contract

Please see two interim contracts. The first contract is the proposed operating contract between Motivate and the City; the second is with the City and Pronto to purchase bike share assets.

QUESTION 2 – Provide ridership from other cities

Ridership and revenue from peer systems that informed the projections presented on February 19, 2016 are as follows:

Bike share Peer City Service Area and Operating Characteristics							
City	Dependent			Independent			
	Trips/Month	Trips/Bike	Revenue	# Bikes	# Stations	Population of Service Area	Jobs in Service Area
Minneapolis	51,061	1.3	\$1,104,067	1,525	169	339,299	314,621
Wash DC	245,607	4.9	\$4,181,398	241	339	812,453	784,451
Boston	129,729	2.58	\$1,665,231	1,168	141	499,041	639,410
Denver	31,436	1.5	\$1,073,924	719	86	148,663	188,196
Chicago	204,027	2.24	\$4,900,000	3,000	300	755,697	794,004
Toronto	48,972	2.1	\$860,000	1,000	79	222,295	442,000
Columbus	3,742	0.56	\$552,365	225	30	26,105	86,786

Seattle's Pronto, by comparison, has 54 stations and 500 bikes and saw 11,960 trips per month, .78 trips per bike and \$613,000 revenue.

QUESTION 3 – Please send original ridership projections

In 2012, a business plan titled “King County Bike Share Business Plan” was prepared by Alta Planning and Design for the Bike Share Partnership, an organization which was the precursor to Puget Sound Bike Share. The plan provides ridership and revenue projections for a 50 station system similar to our current system with 35 stations downtown and 15 stations in the U District.

Ridership and Revenue Projections 50 station/500 bike system	
•	446,000 trips
•	2.4 trips per bike per day
•	4,000 annual members
•	20,500 casual members
•	Total user revenue \$860,000

Alta’s response to the RFP in 2013 projects \$1,078,000 for the same system. We are trying to connect with them to determine why the numbers are different.

QUESTION 4 – Please meet with Councilmember O’Brien regarding the RFP Process

SDOT is more than happy to work with and incorporate feedback from Councilmembers for the RFP. In order to achieve a 2017 launch, we are planning to issue a bid for proposals by April 15, 2016. We are happy to do this however you would like but we can also offer following process:

- Pre-meeting with interested Councilmembers to get input Week of February 29, 2016
- Draft circulated Week of March 7, 2016
- Councilmember comments due Week of March 14, 2016
- (Optional) 2nd meeting to respond to comments Week of March 14, 2016
- High level review of bids with Councilmembers¹ August, 2016
- Proviso Lift – submit final financial analysis and business plan for approval September, 2016 (?)

RFP proposed timeline	
1. Issue RFP	April 15, 2016
2. RFP’s returned	July 31, 2016
3. Award	August 15, 2016
4. Contract Signed	December 15, 2016
5. Order Equipment	January 5, 2016
6. Launch	June 30, 2016

QUESTION 5 – How many miles are put on Pronto vans?

We will provide this information as soon as we receive it from the operator.

QUESTION 6 – Clarify the FTA rules

- FTA staff clarified that a transfer to an FTA approved designee (instead of sale) can take two forms: “(1) grantee-to-grantee transfer [pg. IV-27], or (2) transfer to another public entity [pgs. IV-12 & IV-28] under 49 USC 5334(h)(1)-(h)(3)
- Repayment to FTA is not required in either approach – even if SDOT receives payment from the other entity [note: there are restrictions on what type of funding can be used by the other entity to make such a purchase]

¹ As permitted by procurement rules

- However, if the property is sold on the open market, FTA repayment of its remaining share may be required
- The calculation of the amount owed FTA, if any, depends on the disposition approach taken. With the various options, there are a number of subtleties and implications.”²

QUESTION 7 – Provide more details on equity plans

We are happy to have ongoing discussions with Councilmembers around our approach to equity. Equity is of paramount importance to the City and as such, we researched some of the most successful programs. Cited best practices are as follows:

Strategy	Description
Station Placement	The most equitable systems place more than 20% of stations in low-income neighborhoods. Portland intends to place 40%, and Chicago has 33% of stations in low-income neighborhoods.
Reduced Cost Memberships	Cities provide dramatically reduced memberships for low-income residents. Boston and Chicago charge \$5 for an annual membership.
Accommodations for the Unbanked	Washington DC, Philadelphia and Boston allow the unbanked to purchase memberships without a credit card. Philadelphia’s model system allows cash payments at 7-Elevens.
Pricing	Numerous cities are testing pricing methods, such as monthly payments instead of annual to attract lower income residents.
Jobs Training	Less common, Chicago and Montreal implemented programs to provide internships and full time jobs for low-income youth.

Source: 2015 Draft NABSA Annual Member Survey

Based on the research, we recommend:

1. Locate a minimum 20% of stations in low-income neighborhoods, extending into southeast Seattle, as possible
2. Implement a suite of equity programs including a low-income membership program

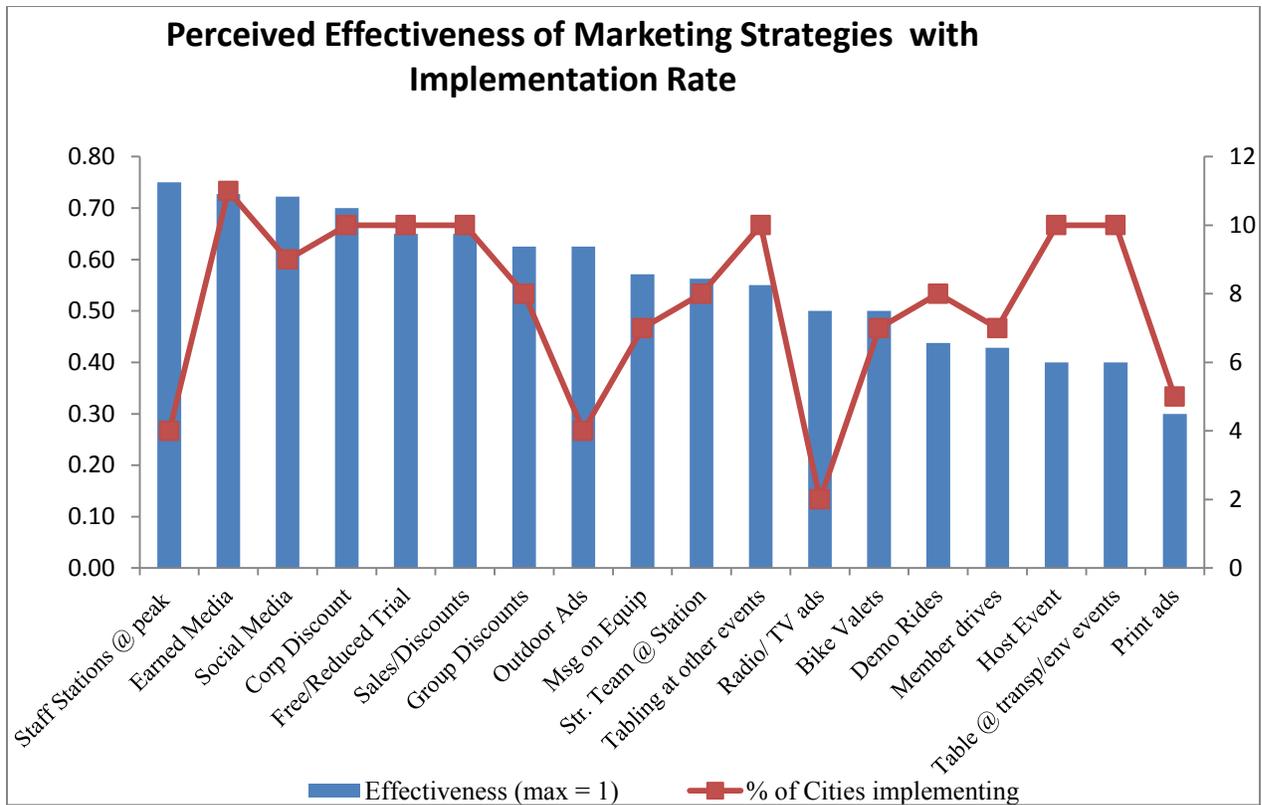
We look forward to refining the details to our approach, including determining how we define low-income neighborhoods.

QUESTION 8 – What operating changes can be made in 2016 to improve the existing system?

Below is a list of changes that SDOT will work towards implementing immediately. The increased focus on improvements will likely increase the City’s staff time to .5FTE from .25 FTE. Based on analysis done to date, primary areas of improvement include:

1. Marketing – We have worked with Motivate to analyze 2015 marketing and propose improvements as follows
 - a. *Earned Media* – Motivate did minimal public relations outreach in 2015. However, earned media is regularly cited as one of the most effective strategies for marketing by other cities. In 2016, SDOT will work with Motivate to increase emphasis on earned media.
 - b. *Corporate Memberships* - Corporate memberships, like earned media, are regularly rated as one of the most effective marketing strategies. While some corporate sales were initiated in 2015, Motivate intends to increase the time invested in such membership sales in 2016.

² This response is a direct quote from FTA. We are awaiting further information from our grants oversight manager who is not currently in the office and will provide relevant information at that time.



2. Station Re-location – SDOT will meet with Alta Planning + Design which oversaw the initial station permitting and locations to review all opportunities for relocation to try and improve system performance in 2016. Locations that have been identified as priorities, among many others, include:

- a. Central Library
- b. 3rd waterfront station (waterfront stations are highly popular)
- c. International District light rail (currently across street at Amtrak)
- d. 2nd Ave, near bike lane
- e. Pike Place (currently a few blocks away)
- f. UW light rail station (needs to be closer)
- g. Broadway (needs to be closer)

It is important to note that many of these locations and other seemingly obvious locations, were previously considered but are not feasible for a variety of reasons including:

- h. Lack of sunlight
- i. Utility conflicts
- j. Space constraints
- k. Abutter complaints
- l. Property owner objections

We estimate that of 54 stations, we may be able to change the location of 5-6 locations. The regional grant that funded stations in the University District will allow relocation within, but not outside of, the district.

QUESTION 9 – What are we getting for \$1.4M?

The City will purchase 26 stations from Pronto as well as all remaining hard assets including spare parts, vehicles, tools, helmets and equipment.

	Total Bike Share Assets	Pronto Owned Assets
On-street Station Equip	\$ 2,061,234	\$ 1,061,234
Helmet Services (hard assets)	\$ 128,729	\$ 128,729
Station Services (hard assets)	\$ 61,711	\$ 61,711
Bike Department (hard assets)	\$ 602,081	\$ 602,081
Deployment (hard assets)	\$ 8,258	\$ 8,258
Rebalancing/Dispatch (hard assets)	\$ 110,341	\$ 110,341
Spare Station Equipment	\$ 119,395	\$ 119,395
	\$ 3,091,750	\$ 2,091,750

QUESTION 10 – Could we support the system without taking over the system?

Pronto does not currently have funding to pay future operating bills. There is no mechanism available (without delay) by which the City can give the non-profit money to fund operations into the indefinite future.

QUESTION 11 - Why not focus just on expansion and not take ownership now?

Councilmembers do have the option to vote “no” on purchasing Pronto, and ask SDOT to focus only on expansion. Risks of this strategy include breaching trust with potential sponsors and existing members, and losing continuity which may make future expansion more challenging.

QUESTION 12 - What is Pronto’s outstanding debt?

The outstanding debt is \$1,237,500.

QUESTION 13 - What are decommissioning costs?

The cost to the City will be approximately \$25,000. Total removal and disposition costs are approximately \$200,000, with \$175,000 to be paid via Pronto’s performance bond.

REMOVAL & DISPOSITION, 54 STATIONS		
<i>Details</i>		<i>Description</i>
54		Stations
\$ 43,200		Removal (\$800/stat), transport, staff
\$ 112,500		Storage (7.5k sq ft * \$15/sq ft, 12 months)
\$ 23,105		SDOT staff (0.5 FTE, 6 wks) ; NF, permits
\$ 8,333		Management staff (Motivate, 4 wks)
\$ 195,472.11		Grand total

QUESTION 14 - Will ebikes be part of the expansion plan?

We intend to write an RFP to encourage, but not require, e-bikes.

QUESTION 15 - How good are the sponsorship projections?

Sponsorship projections are based on the average of 11 cities surveyed which average over \$1,300 per bike. Peer cities average more. We projected \$1,200 per bike in our calculations. The sponsor appeal for bike share is growing. The two recent sponsorships from peer cities, Philadelphia and Portland, received over \$2,000 per bike from their *lead* sponsor alone. Securing a high-level sponsor is critical to the financial success of the system.