

## INTEROFFICE MEMORANDUM

June 8, 2015

**MEMO TO:** Ruffin Hall, City Manager

**FROM:** Eric Lamb, Transportation Planning Manager

**SUBJECT:** Budget Note 13 – Bike Share

Council Member Gaylord requested additional information on a potential Raleigh bike share program. This memo provides an overview of the program and a summary of the potential benefits, projected membership and the status of sponsorships.

**Overview**

The City has completed its analysis of a potential bikesharing system. The first phase of a proposed system would entail 30 stations with 300 bikes, with deployment primarily within the downtown and NC State University area.

In 2014, the City contracted with Toole Design Group to conduct an operational feasibility study and develop a potential implementation plan for a bikesharing system in Raleigh. The study examined factors such as demographics, destinations, and network, and determined that Raleigh is well-suited to support such a program.

The annual operating cost of a system of this size is estimated to be \$653,000. The City will charge fees for this program (proposed fee amounts below). Based on projections, the system is expected to generate \$215,000 in user fees. The remaining \$438,000 per year would be provided by a mix of sponsorships and City funding.

User Fee		Usage Fees	
		0-30 mins	Additional Half Hours
Annual	\$80	Free	\$4.00
24-Hour	\$8		
Student	\$50	Free	\$2.00

The City has been awarded a grant through the Capital Area Metropolitan Planning Organization that provides 80% of the capital cost of the system, estimated at \$2.0 million, with a required city match of \$425k. Staff recommends reallocating \$425k from sidewalk improvement projects to fund the city portion, and this is included in the FY16 budget. The grant requires funds to be obligated for construction by September 2016. If a city match is not identified in FY16, staff will not be able to implement the planning and design work necessary to meet the grant requirements before the deadline, and the City would be required to reapply for the grant in the future.

Based on the experience of other community bike share programs, a successful implementation will likely require an operating subsidy to incentivize private investment. Staff anticipates that at launch, user fees and sponsorships will cover two-thirds of the direct operating costs, with the city needing to contribute the remaining one-third (\$220k). Additionally, a full-time staff position is needed to manage the program, bringing the city's total annual operating costs to \$285k per year.

### **Potential Benefits**

Bikeshare systems historically have provided multiple benefits to their host cities, such as:

- **Transit support:** bikeshare systems are often located in close proximity to transit systems as a means of expanding and enhancing the reach of transit services. Bikeshare systems can contribute to improving the “last mile” experiences for users.
- **Trip reduction:** each trip made by bike reduces the need to make by car. For example, in Arlington, VA, riders with annual memberships averaged 1.2 miles per trip via bikeshare, while average trips for casual users were 3.2 miles per trip.
- **Healthy living:** Bikeshare systems have the potential to improve physical and mental health for riders and help reduce health care costs.
- **Environment:** By reducing automotive trips, bikeshare systems can reduce greenhouse gas emissions. In its first season of operation, Denver B-Cycle users took over 100,000 trips and rode more than 200,000 miles. A survey of members showed that over 40% of trips replaced a vehicle trip, resulting in almost a 16,000-gallon savings in gasoline consumption and avoiding over 150 tons of greenhouse gas emissions.
- **Safety:** the expansion of cycling on City streets helps create a “safety in numbers” condition that benefits both bikeshare system users and other cyclists.
- **Marketing:** the presence of a bikeshare system helps improve the profile of the City for potential employers, residents, and visitors. It also promotes the City's commitment to being a “bike friendly city.”

### **Economic Development**

According to Toole Design's feasibility study, there are a number of economic benefits that bikeshare system can provide to the community. At a community level, a bikeshare system provides a tool to attract and retain workforce talent. It also provides an outstanding opportunity for visitors looking for a unique way to experience the city. Staff is already considering means of positioning the City as a bicycle tourism destination given our significant on-road and off-road infrastructure expansion, and the installation of a bikeshare system would further enhance the City's appeal in this regard.

### **Membership Forecast**

Based on the size and extent of the system we are proposing, Toole Design forecasts that the program would likely generate 600 annual memberships in the first year, which would generate 45% of all rides taken on the system. They also expect a Raleigh Bikeshare system to see 11,670 casual members, representing 55% of total rides.

### **Status of Sponsorships**

Staff has not yet begun soliciting sponsors for the system pending the outcome of the budget discussions. We anticipate there will be several types of sponsorship opportunities available for this system, including primary/naming, secondary, and station-based sponsors. There are also

opportunities to solicit corporate memberships for companies that wish to provide memberships for employees.

The City has considered the possibility of developing a formal partnership with North Carolina State University, as five of the proposed stations included in Phase I of this project would be located within their campus.

### **Prior Plans**

The development of a bikeshare system has been supported by the 2030 Comprehensive Plan and by the Council's adopted Strategic Plan.

- Comprehensive Plan Policy DT 2.13, Car and Bicycle Sharing: Promote car and bicycle sharing services within the downtown.
- Strategic Plan, Transportation Objective 2: Enhance the safety, maintenance, convenience and appearance of the transportation network in order to give more people more choices.
  - Initiative 1: Identify and implement projects that strengthen connections between modes.

Attached is a copy of the presentation presented to Council at the March 17<sup>th</sup> work session.

Should you or Council Members have additional questions regarding the Raleigh Bikeshare program, please let me know.



# «» Raleigh **Bike**Share

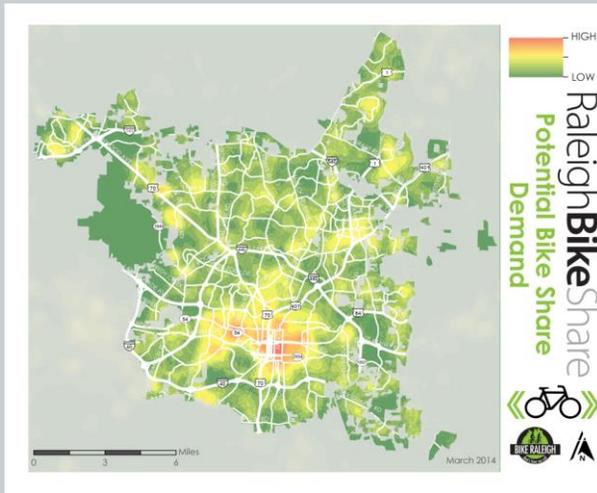
## IMPLEMENTATION PLAN

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# POTENTIAL BIKE SHARE DEMAND

- Employment
- Residential
- Transit
- Bicycle infrastructure
- Public input
- Equity
- Geography

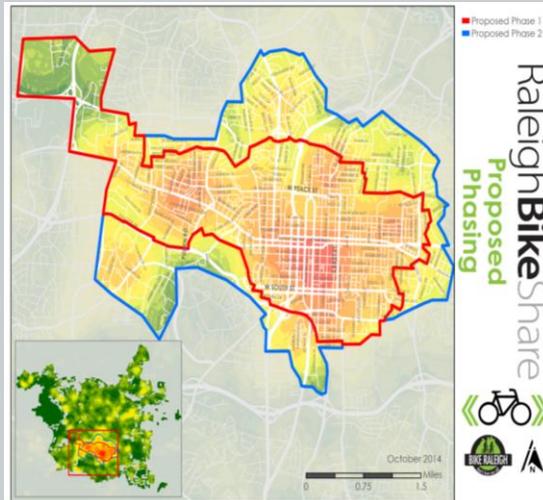


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# SYSTEM AREA AND PHASING

- Phase 1  
25 stations
- NC State  
5 stations



# USER FEE STRUCTURE

User Fee	Usage Fees		
		0-30 mins	Additional Half Hours
<b>Annual</b>	\$80	Free	\$4.00
<b>24-hour</b>	\$8	Free	\$4.00
<b>Student</b>	\$50	Free	\$2.00

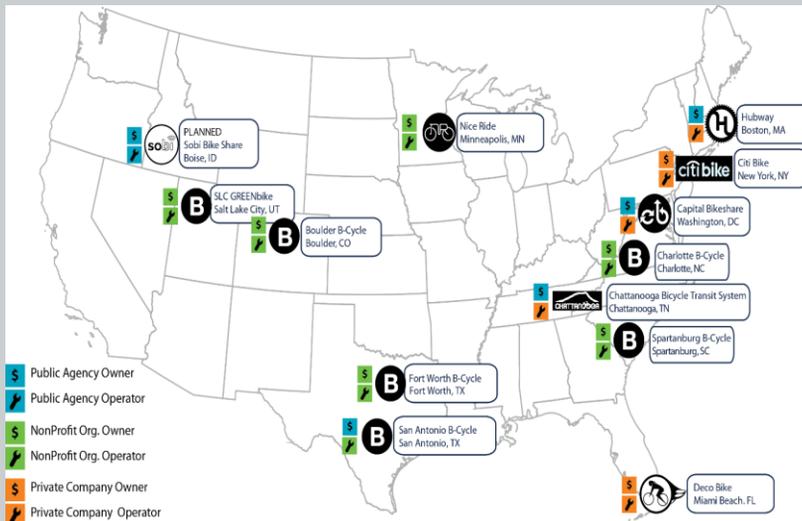
- Pricing supported by online survey responses during feasibility study
- Student rate is per semester

# FORECAST RESULTS

- **Membership & Ridership:**
  - 600 annual memberships first year (45% of total rides)
  - 11,670 casual members (55% of total rides)
- **Rides per Member:**
  - Annual member will take 19 trips per year
  - Casual member will take 1.7 trips per year
- **Average User Fee Incurred:**
  - Annual members incur \$5 per trip
  - Casual member incur \$9 per trip



# BUSINESS MODEL REVIEW



## RECOMMENDED OPTION: CITY OWNED, PRIVATELY OPERATED

- Maximizes City control
- Well-tested model
- Most efficient mobilization
- Mirrors City's transit system model

## RECOMMENDED OPTION: CITY OWNED, PRIVATELY OPERATED

- One full-time employee to oversee vendor contract, manage system and marketing
- Potential partnership with NC State
- City responsible for fundraising and generating sponsorships
- Potential for future expansion through local and regional agreements

## CAPITAL AND INSTALLATION

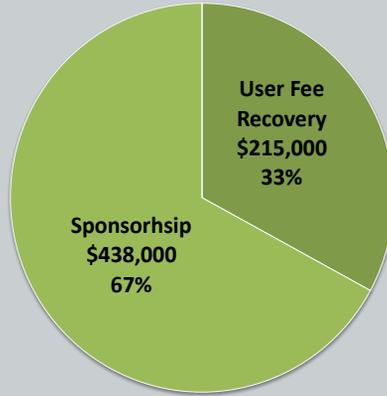
- Total Phase 1 Capital Costs = \$2 million
- City awarded grant via CAMPO for \$2 million to install up to 30 stations
- City match requirement of \$400,000 to be addressed in Draft FY16 CIP
- \$100,000 for Station Planning and Design to be addressed in FY16 CIP

## OPERATIONS

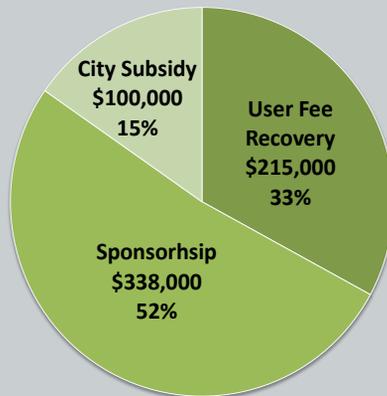
	<b>Annual Costs</b>
<b>Operating Costs</b>	\$653,000
<b>User Fee Recovery</b>	\$215,000
<b>Funding Gap</b>	\$438,000

- Operating costs vary based on vendor selection and re-balancing efficiency
- \$1,440 operating cost per dock per year

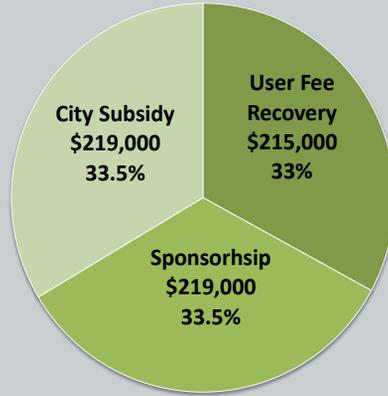
# ANNUAL FUNDING SCENARIO: No City Subsidy



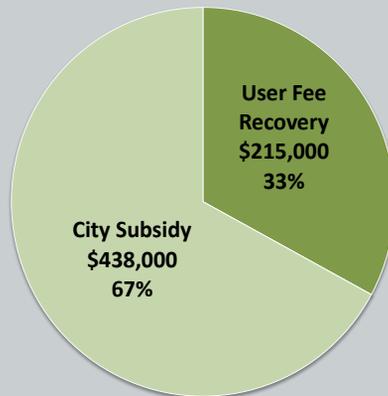
# ANNUAL FUNDING SCENARIO: Majority Sponsorship



# ANNUAL FUNDING SCENARIO: Equal City Subsidy & Sponsorship



# ANNUAL FUNDING SCENARIO: No Sponsorship



# SPONSORSHIP TYPES

	Station	Bike	Bike Detail	Website / App	Membership Key
<b>TITLE SPONSOR</b> Example: New York City					
<b>PRESENTING SPONSOR</b> Example: Minneapolis					
<b>INDIVIDUAL SPONSOR</b> Examples: Denver, Madison, Miami Beach, San Antonio					

# SPONSORSHIP



**Title sponsorship**



**Presenting sponsorship**



**Bike sponsorship**



**Station sponsorship**



# ADVERTISING

- Amendment to current advertising regulations needed



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# IMPLEMENTATION TIMELINE

	Summer 2015	Fall 2015	Winter 2015	Spring 2016	Summer 2016	Fall 2016	Winter 2016	Spring 2017
Procure Equipment & Operation Vendor								
Solicit Sponsorships								
Station Planning								
Federal Funding Requirements								
Construction								
System Launch								

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