

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Eugene Bike Share

Meeting Date: October 14, 2015
Department: Public Works
www.eugene-or.gov

Agenda Item Number: B
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ISSUE STATEMENT

Modern bike share is a convenient way to encourage point-to-point human-powered transportation in cities. No longer about free bikes placed throughout a city, modern bike share systems are reliable, safe, convenient and integral parts of urban mobility strategies. In Eugene, bike share will improve first-mile/last-mile connectivity with Lane Transit District (LTD) buses, will reduce congestion on the most popular EmX routes, and complement environmental sustainability goals in addition to appealing to a wide cross section of the community.

Bike share systems are not free, however. There are substantial costs involved in developing and launching a successful bike share system and public subsidy is generally a component of bike share delivery. Bike share systems require proper management to be successful, and rely on the commitment of public agencies to ensure longevity. Fortunately, community support for bike share is high, and agency partners such as the University of Oregon and LTD are along for the ride.

RELATED CITY POLICIES

Ordinance 20540 (Climate Recovery Ordinance) was established to achieve the goal of reducing fossil fuel use by 50 percent by 2030, compared to 2010 usage. Emerging City plans, including the Transportation Systems Plan and Envision Eugene, call for greater utilization of non-car transportation modes to complement compact development, mixed-use neighborhoods, and complete streets suitable for safe travel using a variety of transportation modes.

BACKGROUND

The City of Eugene is a gold-level bicycle friendly community and has a robust bicycling network and culture. Bike share has been identified as an ideal transportation option for Eugene based on its climate, the close proximity of unique destinations near downtown, and the desire for increased integration with transit and, more specifically, the region's bus rapid transit system (EmX).

A modern bike share system includes a bicycle which is generally three-speeds, includes full-time front-and rear-running lights, a basket for carrying items, and adjustable seat posts to fit people 5'- 6'4" in height. The bikes are locked to a "station" that enables users to reliably locate the bikes at a particular

site, and some form of transaction capability that is either located at a kiosk at the bike station, or is on the bike itself. Users can choose from a variety of membership types including hourly, daily, monthly, annual, or fixed-price fees. Software is used to track bikes, monitor operational needs, and adjust system performance over time. The bikes and stations contain space for leasing advertisements or displaying sponsorship logos.

The City of Eugene, in partnership with the UO and LTD, has recently completed a feasibility study and a valuation process to assess sponsorship opportunities. The City was awarded \$909,066 from the State of Oregon to develop the system; accepting this grant includes a 20-year commitment to maintaining a bike share system by the City. Including local grant match and a contribution from the UO, there is roughly \$1.2M available to launch the Eugene Bike Share system.

System Evaluation

In 2013, the City of Eugene and LTD solicited a feasibility study of bike share for Eugene using regional STP-U money. A national firm specializing in bike share (Toole Design Group) was selected to prepare the analysis. It included a look at the benefits of bike share, and analysis of comparable cities that have bike share, the development of system goals, stakeholder and public outreach, and a system plan. In addition, the plan evaluated business models, generated a financial pro-forma, and concluded with an implementation plan. A summary of the *Eugene Bike Share Feasibility Study* findings include:

- Bike share provides a variety of benefits for economic development, environmental preservation, and improved health outcomes;
- Comparable communities go about establishing bike share systems in different ways, but the involvement of a non-profit is common;
- A community process revealed that the overall system goal for the City of Eugene should be “Personal Mobility” so that use of the system is easy, convenient, and complementary to other modes such as transit and walking;
- A GIS analysis in tandem with a community-sourced wikimap were used to generate a “heat map” of geographies with the potential for high bike share use;
- A Eugene bike share system phasing plan was developed which divides build-out into five phases;
- Anticipated bike share operating fundraising need is projected to be \$650K - \$1.7M over five years, this is the funding “gap” to be filled by sponsorship or public subsidy.

Most bike share systems require a subsidy of some type. The amount of subsidy varies by region, system size, and operating plan but can range from 0 to 80 percent of the operating cost. Toole Design Group forecasts a relatively low subsidy for the Eugene Bike Share system based on existing bicycle infrastructure, university presence, land use types, and proposed high density of stations. Still, the potential for an operating gap remains.

Bike share is a nascent technology in the US and operations models are still evolving. It should be noted that since the first modern bike share systems were launched just five years ago (c. 2010) the technologies and pricing schemes have evolved considerably. With this in mind, the agency partners decided to pursue a system valuation and sponsorship strategy to determine what the actual operations funding gap may be for Eugene Bike Share.

In 2015, LTD contracted with WME/IMG to develop a *Valuation & Sponsorship Strategy Report* to determine the value of Eugene Bike Share in the marketplace. This sponsorship revenue can be used to reduce or eliminate the projected operations gap. The analysis included benchmarking existing bike share systems, determining the appropriate sponsorship structure (Title Sponsor, Station Sponsors, etc.), and determining a value for the overall system. Recommendations include:

- Pursue a title sponsor;
- Do not pursue station-naming rights (too much marketing time spent on relatively small revenue source);
- Estimated marketplace price of Eugene Bike Share (title sponsor): \$1M-\$1.5M over five years.

Next Steps

The City of Eugene in coordination with LTD and the UO has begun to assemble a request for proposals for soliciting a bike share equipment provider. These same agency partners are also interested in forming, or contracting with, a community non-profit to manage the bike share system. The desire to seek sponsorship has also been expressed by all partners so contracting with a marketing firm (which works on commission) is likely.

The UO student government (ASUO) earmarked ~\$200K for a campus bike share in 2013. After vendor selection some contracting issues ensued that prevented system launch. As a result of delays and the desire for interoperability with a larger bike share system, the UO has signed over the remaining \$193K to the City of Eugene for development of a city system that includes at least four bike share stations on the UO campus. City staff are currently pursuing agreements with both LTD and the UO for system operations commitments.

Anticipated system launch is some time in 2017, depending on the procurement of sponsorship, equipment availability, and contracting requirements.

COUNCIL OPTIONS

No council action or recommendations are suggested.

CITY MANAGER'S RECOMMENDATION AND SUGGESTED MOTION

No council action or motions are suggested. This item is informational only.

ATTACHMENTS

None.

FOR MORE INFORMATION

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