

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: SEPTEMBER 1, 2020**

FROM: PUBLIC WORKS DEPARTMENT **WARDS: 1, 2**

SUBJECT: RIVERSIDE BICYCLE SHARE PROGRAM – UPDATE OF BIKE RIVERSIDE AND REVIEW OF AGREEMENT WITH BEWEGEN TECHNOLOGIES, INC.

ISSUE:

Receive an update on the City's Bicycle Share Program, Bike Riverside and provide direction on future of the program.

RECOMMENDATIONS:

That the City Council:

1. Receive and file the Bike Riverside program update.
2. Direct staff to do the following:
 - a. Allow the existing agreement with Bewegen to sunset in October of 2020;
 - b. Sell back operator-specific equipment and replace bike share racks with standard bicycle racks as an interim improvement; and
 - c. Seek public-private partnerships for a new micromobility program.

COMMITTEE RECOMMENDATION:

The Mobility and Infrastructure Committee met on August 13, 2020 with Chair Conder, Vice Chair Perry and Member Hemenway present, to receive an update on the Bike Riverside program and consider options for the City's Bike Share Program. After discussion the Committee unanimously voted to recommend that the City Council direct staff to allow the existing agreement with Bewegen to sunset in October of 2020, sell back operator-specific equipment, replace bike share racks with standard bicycle racks as an interim improvement, and plan to seek public-private partnerships for a new micromobility program.

BACKGROUND:

Bike share systems are active transportation programs operating in cities of all sizes around the world. These systems provide users with a bicycle for short, point-to-point trips within the

program's service area and are often combined with other modes of transportation. In 2013 and 2014 the City obtained a combination of grant funds intended to reduce vehicle trips and promote biking and walking for its own bike share program.

Following a competitive bidding process, the selected service provider, 'Bewegen', began planning the Citywide Bicycle Share Program in collaboration with City Staff in the spring of 2018. Planning focused on providing an accessible and convenient mode of transportation to residents and visitors within the Downtown and adjoining areas. On November 2, 2018 Bike Riverside launched operation for public use with three stations along Main St, a station on Orange and University, one outside the Fox Plaza, and another at Riverside City College. A final station outside the Downtown Metrolink station was available for public use in December 2018.

Each station is equipped with backlit advertising and system map panels and 6 of the 7 stations also include a touchscreen registration, payment, and information kiosk. Alternatively, users have the option to register and access bikes using the Bike Riverside mobile phone application.

The network launched with 55 electric pedal assist (pedelec) bicycles. Pedelec technology assists the rider's peddling with a small electric motor. This feature is especially helpful when riding on inclines and encourages those who would otherwise be unwilling to try a bike to do so. Bikes are also equipped with safety and convenience features including fenders, a skirt guard, an enclosed drive train, a large front basket, safety lighting, a digital screen displaying current speed, battery level, trip distance and time, a horn, a secondary lock for quick stops, GPS tracking, and a double-sided kickstand.

The system temporarily suspended operations from August to October of 2019 to curtail excessive vandalism and again in the spring of 2020 due to the Coronavirus (COVID-19) pandemic. The system resumed operations on July 28, 2020.

DISCUSSION:

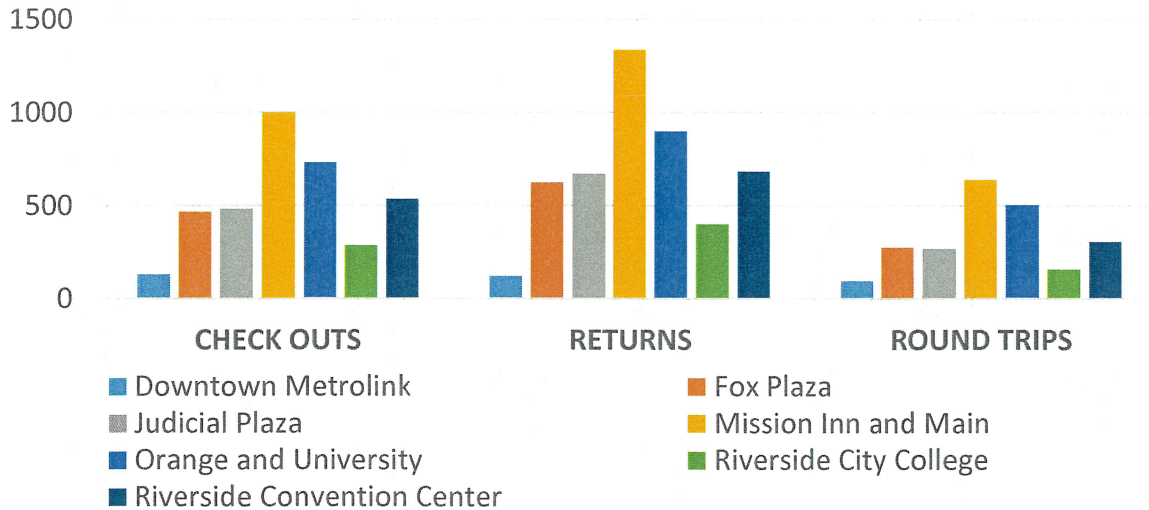
Bike Riverside is situated in the Central Business District and has been used by both locals and visitors to the City. In the first year, riders burned a total of 1,632,925 calories, riding 10,433 miles, and reduced CO2 emissions by an estimated 5.4 tons.

Usage

As shown in the chart below, the Mission Inn and Main station was the most popular, with the Orange and University and Riverside Convention Center stations coming in 2nd and 3rd, respectively.

NUMBER OF TRIPS PER STATION

NOVEMBER 2018 TO NOVEMBER 2019

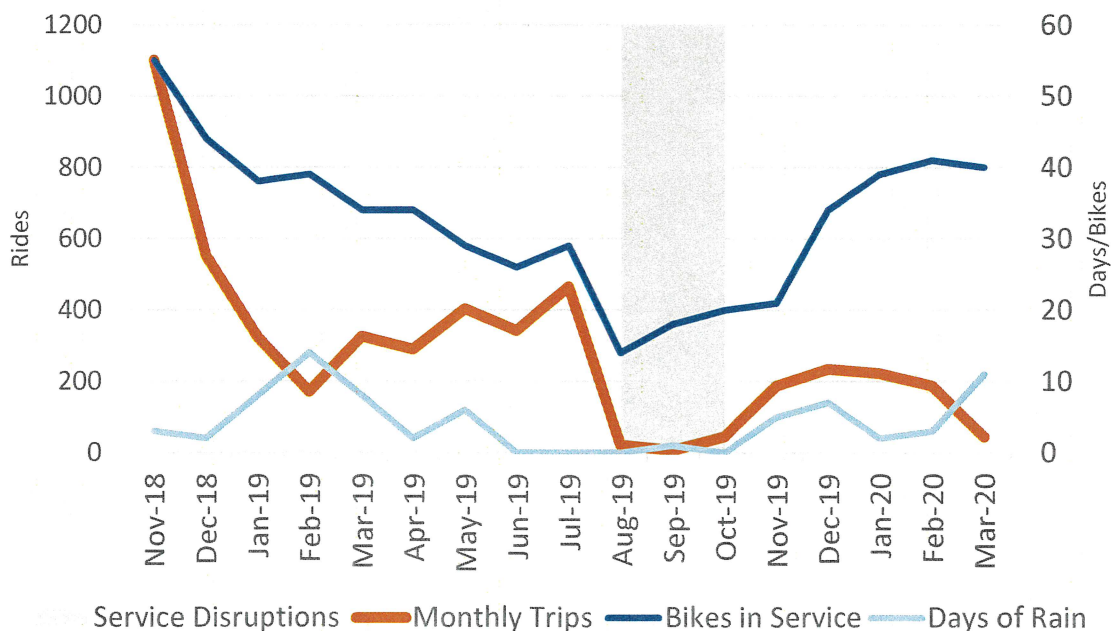


While it provides a convenient and eco-friendly mode of transportation for point-to-point utilitarian trips, the system was heavily used for leisure and recreation. Users enjoyed longer rides to explore the City in and around the Downtown area. As shown in the chart above, round trips account for roughly half of all rides.

The overall use of a shared active transportation system can be influenced by several factors such as convenience, availability, and reliability. Usage can also be impacted by less predictable factors such as weather or a major public health crisis. Bike Riverside maintained reasonable usage when the weather was clear and a majority of the fleet was in service. However, as shown in the graph below, visual dips in usage can be seen in correlation with heavier rainfall and a reduction in the number of bikes in service.

MONTH-TO-MONTH USAGE

NOVEMBER 2018 TO MARCH 2020



The initial dip in ridership can be seen surrounding February 2019, which had 14 days of rainfall. Ridership began to climb again as the weather improved. A similar downward trend in ridership occurred in March 2020, which saw 11 days of rain.

The greatest impact to ridership occurred in the summer of 2019 when a large wave of vandalism damaged 75% of the fleet. Ridership plummeted due to the lack of available bikes. The system was temporarily shut down while the operator worked to repair the bikes and remedy factors contributing to the vandalism.

After reopening the system, ridership gained a small increase before poor weather and the Coronavirus pandemic hit the City of Riverside. The System was shut down in late March, alongside State, Regional, and local orders. The system is targeting a reopening in July upon increased commerce activity in the Downtown, however, staff expects the pandemic-related restrictions still in place will have some impact on the usage of the system.

Revenue

Bewegen bike share systems operate with a model that allows for two streams of revenue: 1) usage fees and 2) sponsorships and advertising. Along with the planning, implementation, and operation of the system, Bewegen was tasked with obtaining program sponsors. They chose an outside Marketing agency to lead this effort.

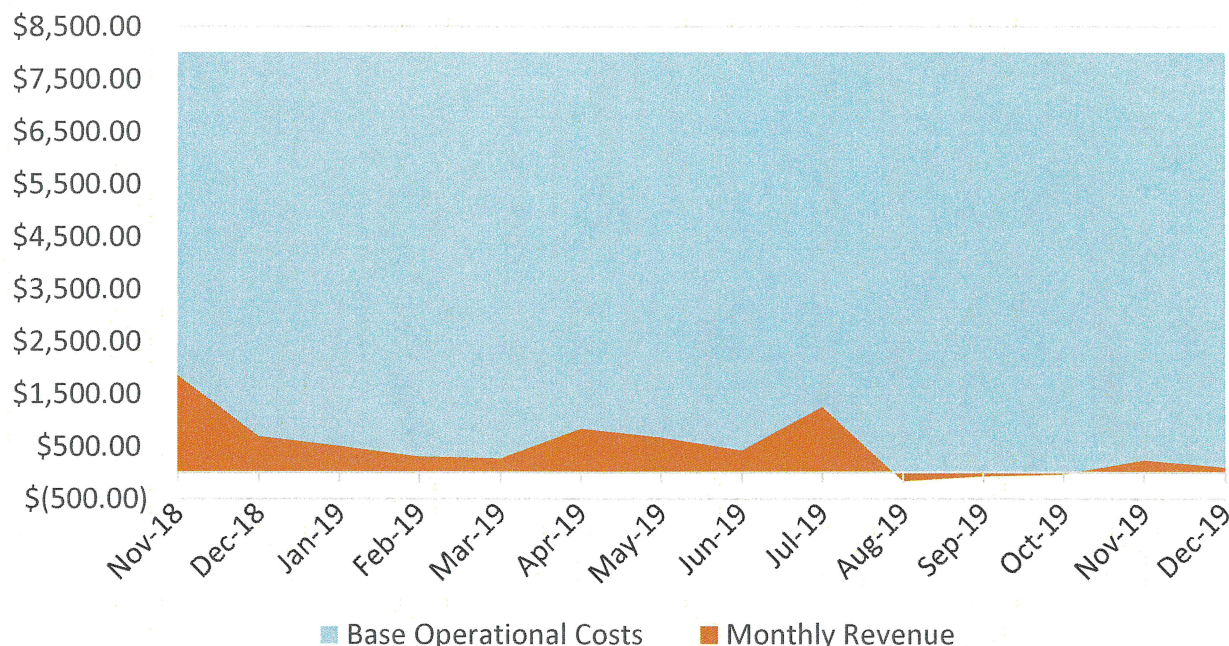
Sponsorships were structured into tiers with the bottom tier being a simple advertisement at a single station kiosk and the top tier being a complete system rebrand at the discretion of the City. Despite support provided by the City (including meetings, field visits, and a letter campaign), the marketing agency failed to obtain any sponsorships for the system and Bewegen took over the task directly in the spring of 2019. Bewegen has yet to obtain any sponsors for the system.

Without revenue from sponsorships, the system becomes solely reliant on rental fees to cover operational costs. This would require the system to maintain ridership at or above the approximately 1.7 rides per bike per day. This level of ridership is difficult to achieve with a smaller system such as Bike Riverside.

Bewegen's proposal offered the City two options for operations. Option A provided the City with zero-cost operations and, in turn, Bewegen would retain all revenue, including usage fees, and sponsorship and advertising revenue. Option B would allow the City to retain all system revenue, and would be charged a \$1,750 per bike fee on an annual basis for operations and maintenance. The City moved forward with Option A, which allowed staff to assess the performance of the system and determine if revenues would sufficiently cover the operational and maintenance costs.

In reviewing annual revenue reports provided by Bewegen, the City discovered revenues for the first year of the program only covered 6.8% of their proposed operations and maintenance costs. This would have left a shortfall of \$89,692.29 had the City chosen Option B. As shown in the graph below, the months with the highest amount of revenue still fall well below operational costs on a month-to-month basis.

SYSTEM REVENUE VS. OPERATIONAL COSTS



Few public bike share systems turn a profit and most rely on local and regional subsidies to operate as an affordable service to the community. Subsidies from other organizations can also facilitate special rates for low-income users and the deployment of stations in disadvantaged communities.

Operations and Customer Service

Bewegen subcontracted Veteran-owned DBE, Corps Logistics, to carry out the program's maintenance and customer service. Corps Logistics, which aims to hire local veterans, was responsible for ensuring docking stations, kiosks, and bicycles were clean and in working order. They were also responsible for the redistribution (balancing) of bikes to optimize usage, and provided customer/technical support to users and City Staff.

The condition of the bikes and stations were to be inspected regularly. Damaged and stolen equipment was to be replaced with 72 hours of report at no cost to the City. However, both Corps Logistics and Bewegen faced difficulties in maintaining this practice, particularly when the system saw the unexpected wave of vandalism in July and August 2019.

Bewegen ended its partnership with Corps Logistics In March 2020, assuming all maintenance and customer service responsibilities, upon establishment of its own US-based system maintenance organization, BWG Field Ops. Because the system had to be shut down in response to the pandemic, the City has been unable to adequately assess the level of service provided by BWG Field Ops.

Service Agreement with Bewegen Technologies

The service agreement established with Bewegen Technologies, Inc. is due to expire in October of this year. As the expiration approaches, the City has been examining its options for the future of Bike Riverside. Due to the higher than expected costs of operation within the City of Riverside

along with the detrimental effects of vandalism and the Coronavirus Pandemic to system ridership, Bewegen has expressed its inability to renew the agreement with the existing model. Should the City wish to continue the program with Bewegen as its operator, an agreement with a model in which the City keeps all system revenues and pays Bewegen an annual fee of \$185,000 for the operation of the system would need to be established. The total initial two-year contract with Bewegen which included operations, maintenance, and the full purchase of all system equipment and bicycles was awarded at \$333,943. Bewegen's current proposal for maintenance and operations of the system is approximately \$18,000 more costly on an annual basis and does not include the provisioning of any new equipment. Furthermore, the new proposal shifts full responsibility to the City for securing sponsorships.

Should the City decide to end the agreement with Bewegen, operator-specific equipment such as the bikes, charging docks and kiosks can be sold back at a prorated rate. On August 13, 2020 the California Department of Transportation (DOT) advised that the City must return revenues from equipment buyback to the granting agency, and that the City may be liable to return approximately \$60,000 in additional funds. The City, DOT, and the Riverside County Transportation Commission have scheduled additional negotiations that will occur prior to September 1, 2020 and City Staff is seeking to reduce the requested return of funds.

Next Steps

Based on data collected since the launch of the program, the financial impacts of the coronavirus pandemic on City finances, and Bewegen's proposed annual operational costs, renewal of the agreement with Bewegen would require program subsidies to be identified.

Public Works is actively identifying grant opportunities as well as partnerships with other organizations that aim to encourage active transportation, reduce vehicle miles traveled, and provide equitable transportation options to the community.

The City should consider the impacts the pandemic has had and will have on ridership. Although activity in the Downtown has increased substantially since the initial Stay-at-Home Orders were issued in March, tourism from the Riverside Convention Center and Downtown hotels is minimal. As of the writing of this report, the County is experiencing an increase in cases alongside reopening efforts, and the opening of the system will continue to be evaluated. Staff anticipates ridership will be lower until these businesses resume normal operations.

Public Works Staff has outlined 3 options for moving forward:

Option 1 - Identify local funding to establish a new agreement with Bewegen under the proposed terms at a cost of \$185,000 plus contingencies.

Option 2 - Allow the existing agreement to sunset in October of 2020, sell-back operator-specific equipment, and discontinue the City Bike Share Program. Replace bike share racks with standard bicycle racks.

Option 3 - Allow the existing agreement with Bewegen to sunset in October of 2020, sell back operator-specific equipment. Replace bike share racks with standard bicycle racks as an interim improvement, and plan to secure grant funding for a new program. Options will include public/private partnerships.

Recognizing the need for a shared mobility program along with the unique fiscal and demand challenges brought forth by the coronavirus pandemic, the Public Works Department is

recommending the City Council move forward with Option 3. Staff will have the opportunity to secure funding, apply lessons learned and best practices for the establishment of a sustainable program, and identify a shared mobility system that best serves the needs of Riverside.

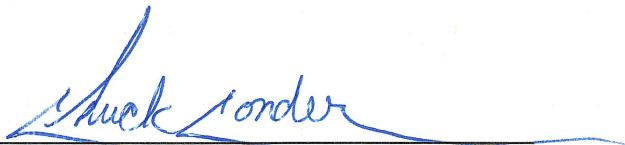
While Bike Riverside has seen challenges, there is still a need for shared active transportation options in the City of Riverside. Bike Riverside has been an important piece in the City's economic puzzle. In fact, new housing units have used the system as a selling point and hotels have encouraged their visitors to use the system for getting around. Active transportation plays a vital role in fostering a healthy, active community. Bike share systems can provide a fun, convenient mode of transportation that promotes the use of public mass transit, and reduces the dependence and emissions of personal vehicles.

FISCAL IMPACT:

The estimated cost to install new bicycle racks in place of the Bewegen system is \$25,000. Should Council and the granting agency approve the sale of existing bike share equipment and the use of resulting revenues, it would be sufficient to cover costs of new bike racks. In the event City Council wish to establish a new agreement with Bewegen at a cost of \$185,000 plus contingencies, staff will work to identify available funds within the approved budget.

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Concurs with;



Councilmember Chuck Conder, Chair
Mobility and Infrastructure Committee

Attachments:

1. Proposal Letter
2. Presentation