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June 16, 2015

Metro Board of Directors
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012-2952

Honorable Metro Board Chair Garcetti and Metro Board Members,

The City of Santa Monica supports the momentum behind bike share in Los Angeles County, and the Metro Board direction to staff to pursue an integrated and regional bike share system. Bicycling is a crucial first and last-mile component of an effective transit system, and bike ridership has been exponentially growing in our region. With over 40 percent of trips in LA County less than 2 miles in length, bicycling is an effective choice for many trips and will reduce vehicle trips, vehicle ownership rates and regional congestion, and increase overall transit usage and network effectiveness. The Board's support for healthy active modes such as bicycling, walking and bike sharing are key to our regional transportation future, and compatible with Santa Monica's sustainability goals.

Santa Monica received bike share funds through Metro's Call for Projects, and these federal funds were due to expire in June 2013 and received a one-time extension from the California Transportation Commission. The Santa Monica City Council selected a bike share operator in November 2014, and we will be launching a citywide bike share system by November 2015. The selection process was rigorous, inclusive and transparent and engaged subregional partner cities in the Westside Cities Council of Governments (WCCOG) as well as Metro, LA DOT, UCLA and Santa Monica College. Cycle Hop/Social Bicycles was selected based on the consensus of the review panel. Our executed contract contains provisions for regional coordination and interoperability, allowing other agencies to receive the same contract terms and pricing to expedite implementation. This approach was successfully used in the Arlington Virginia/D.C. system.

Having a user-friendly, legible and integrated bike share system is a priority for the Council. Regional interoperability has been a concern and priority for the Council for years, and has guided City staff's feasibility study, selection process and implementation actions. We have been carefully moving forward consistent with grant funding deadlines while prioritizing choices that maximize regional integration. Our staff provided all documentation, research, system criteria, performance metrics, RFP provisions, fare and revenue information to Metro staff as they were being produced in order to inform a regional solution. Once Metro began preparation of an RFP in late 2014, we have had to proceed without the benefit of the regional integration conversation.

1685 Main Street • PO Box 2200 • Santa Monica • CA 90407-2200
tel: 310 458-8201 • fax: 310 458-1621 • e-mail: council@smgov.net

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With the goal of interoperability in mind, Santa Monica is concerned that Metro staff's recommendation to select Bicycle Transit Systems/BCycle will not result in an integrated regional bike share system. The BCycle bicycles are a 'smart dock' system that is not physically compatible with the 'smart bikes' that are already selected by Santa Monica and Long Beach, and are likely to be selected by other cities and agencies as the most current, flexible, user-friendly and cost-effective technology. Unfortunately, the systems cannot be physically integrated due to their locking mechanisms and control systems. Integration of non-physical infrastructure such as the user interface and software managing secure customer and financial information will require close collaboration from competing private companies. This selection ensures that regional integration would be more complicated and costly for all parties, and would require significant additional effort. In making its final selection, the Metro Board should carefully consider the regional consequences of using a 'smart dock' system prior to approving a contract. Specifically, and of primary concern, the customer experience should not be substantially degraded compared to other bike share systems.

In early June, Metro released "Interoperability Objectives with Existing Local Bikeshare Programs". Our Council strongly supports county-wide bike share and interoperability, and the Interoperability Objectives should encourage and facilitate agencies throughout the county to initiate bike share. Additional work is needed on these Interoperability Objectives to both coordinate with Santa Monica's system and the needs of other agencies, and to provide a financial structure that will facilitate local agencies to initiate system expansion. We share Metro's desire to deliver a regionally integrated and financially feasible bike share system, and provide the following comments with those objectives in mind.

- Other cities and agencies are already engaged with CycleHop/Social Bicycles and should be included in the definition of "existing bike share programs." Language limiting the terms to "Cities that have executed a contract with a bikeshare vendor are identified as 'existing bikeshare programs" should be deleted. Other cities and agencies that choose the existing regional vendor CycleHop/Social Bicycles should not be penalized regardless of when they choose to participate.

- **Title Sponsorship:** Even with Metro's proposed capital and operating funds, local jurisdictions will have substantial work to identify funds for system start up and to cover the annual operating deficit. Like transit, bike share operates with a deficit, which is covered with sponsorship or advertising funds in most systems. If expected to fund 65 percent of annual operating costs, local jurisdictions need greater opportunity to raise those funds. Santa Monica is concerned that the current proposal will limit the financial feasibility of bike share for local agencies, and thus chill the expansion of regional bike share. (See also fare structure discussion below.)

- **Branding & Marketing:** Inclusion of the Metro logo and recognition of being part of a Metro Countywide system is very achievable. Inclusion of additional program, system, or sponsor names would need further discussion.

- **Membership Reciprocity:** We share the goal of a reciprocal membership system that is easy for customers. Reciprocal membership revenue and user fees should be based on the location where bikes are used, and must be carefully and fairly negotiated among agencies within the system. Reciprocal memberships will require close collaboration between the private operators which will take time and budget to complete. Similar to countywide transit operations, the will require creating a third-party reconciliation system to ensure appropriate revenue and data distribution. TAP should be used as the member identifier, and TAP technology should be advanced quickly so it can be the single tool used for both identification and financial transactions.

- **Reciprocal Docks:** Co-location will be challenging given the space demands of Metro's 'smart dock' system. Co-location will increase the operating costs for bike share vendors and diminish the customer experience. In some areas, such as those proximate to Cycle Hop/Social Bicycle service areas or connected with transit or bicycle infrastructure, contracting with the area vendor should be pursued first, with co-location as a secondary option.

- **Unified Fare Structure:** Adjustment to our fare structure now would require substantial changes to the system and have significant financial impacts. Our staff provided Metro with all of our fare development information and research in 2014, and requested further collaboration in 2015. Santa Monica's fare structure was presented to Council on November 11, 2014, and will be before Council on June 23, 2015 as part of budget adoption. Santa Monica's structure provides daily free minutes to members (30 or 60 depending on membership) with additional minutes charged at a pro-rated $6 per hour. Non-members simply pay the pro-rated hourly rate for all minutes used. This structure has a higher cost recovery rate, offers members some package minutes, and encourages greater overall use. Santa Monica encouraged Metro to use this pricing model as it aids local jurisdictions. Santa Monica staff will continue discussions of unified pricing in the interest of regional integration, and the discussions should be inclusive of other agencies including all WCCOG cities.

In June, Metro staff indicated an interest in using a traditional fare structure. Bike share systems throughout the US have shown that the traditional model of unlimited 30-minute free sessions per day jeopardizes the system's financial sustainability. Regional unified pricing structures that offer unlimited free time result in higher annual operating cost to jurisdictions. This higher annual operating cost burden on local jurisdictions could hinder the expansion of the bike share system.

- **Data/Software Integration:** Each bike share vendor has developed proprietary software, customer interface and data systems. Data integration to provide a single customer portal and to ensure secure customer personal information and financial transactions will require substantial infrastructure adjustments. The cost, terms and infrastructure for data/software integration needs to be addressed in the Interoperability Objectives. Interoperability will require the creation of data standards, revision of software, and on-going administration to ensure data security and quality. This work, including the possible creation of a data clearinghouse, will increase the operating costs and complexity for each jurisdiction.

The Santa Monica City Council supports the expansion of bike share throughout LA County, and the development of interoperability terms that enable local jurisdictions to afford to participate. We ask that the Metro Board evaluate the impacts of selecting and deploying a 'smart dock' system that is physically incompatible with systems already underway in the County. Regional integration is more complicated and costly between the two systems. Regardless of the bicycle deployed, regional interoperability for customer memberships and fares will require careful consideration and discussion among the many agencies affected. The financial impacts of fare choices, the cost of creating a data and fare clearinghouse, and burden of additional operating costs should be carefully considered as they can significantly catalyze or stall the regional expansion of the system.

We look forward to continuing to work with Metro on this regionally important and transformative project.

Sincerely,

Kevin McKeown
Mayor