



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

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## *Memorandum*

TO: Administration Committee

DATE: May 6, 2015

FR: Executive Director

RE: Bike Share Expansion Proposal: Motivate International, Inc.

### **Background**

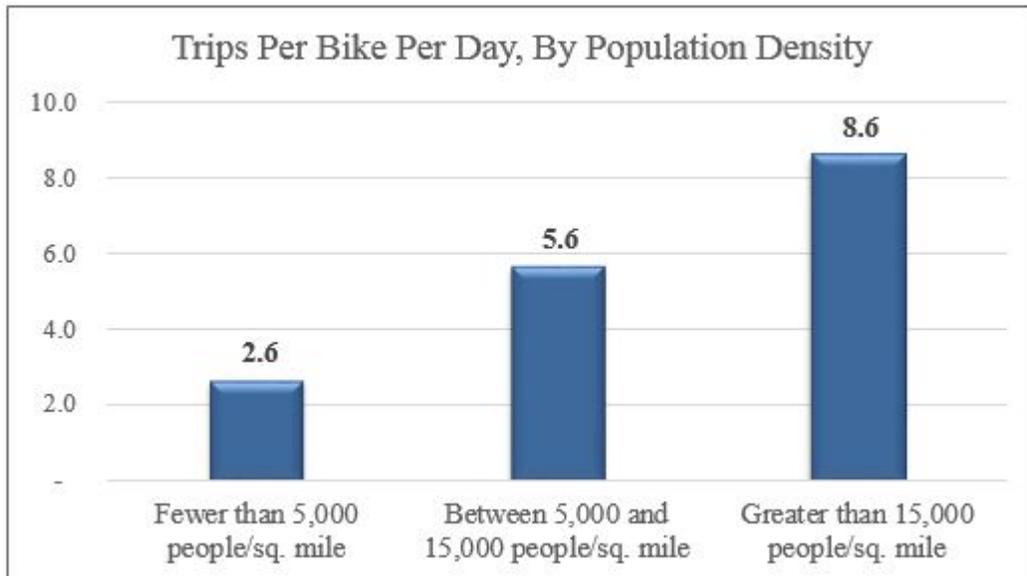
At your meeting on April 8, 2015, staff presented a bike share expansion proposal from Motivate International, Inc. (Motivate) which, if approved, would provide 7,000 bikes in Berkeley, Emeryville, Oakland, San Francisco, and San Jose by 2017 at no cost to the taxpayer. While the Committee voted to refer the item to the full Commission in May, staff was directed to report back to this Committee on several issues, including funding alternatives for pilot cities on the Peninsula and other potential expansions of the bike share program.

During the robust Committee discussion, there was concern expressed about what options may be available to new communities that become interested in bike share in the future. A similar concern was raised by the Bay Area Air Quality Management District's (BAAQMD) Mobile Source Committee, which voted to support the transfer of the pilot program and assets to MTC with a request that \$4.5 million in funding be set aside to expand bike share to emerging communities beyond the five cities included in the Motivate proposal. This Committee also asked for more detail in the following areas: (1) how the proposal would ensure compliance with the American with Disabilities Act; (2) substantiation of the sole source justification; and (3) options and timing for investing the more than \$16 million in federal and state funds that would not be needed to expand bike share should the Commission authorize a contract with Motivate.

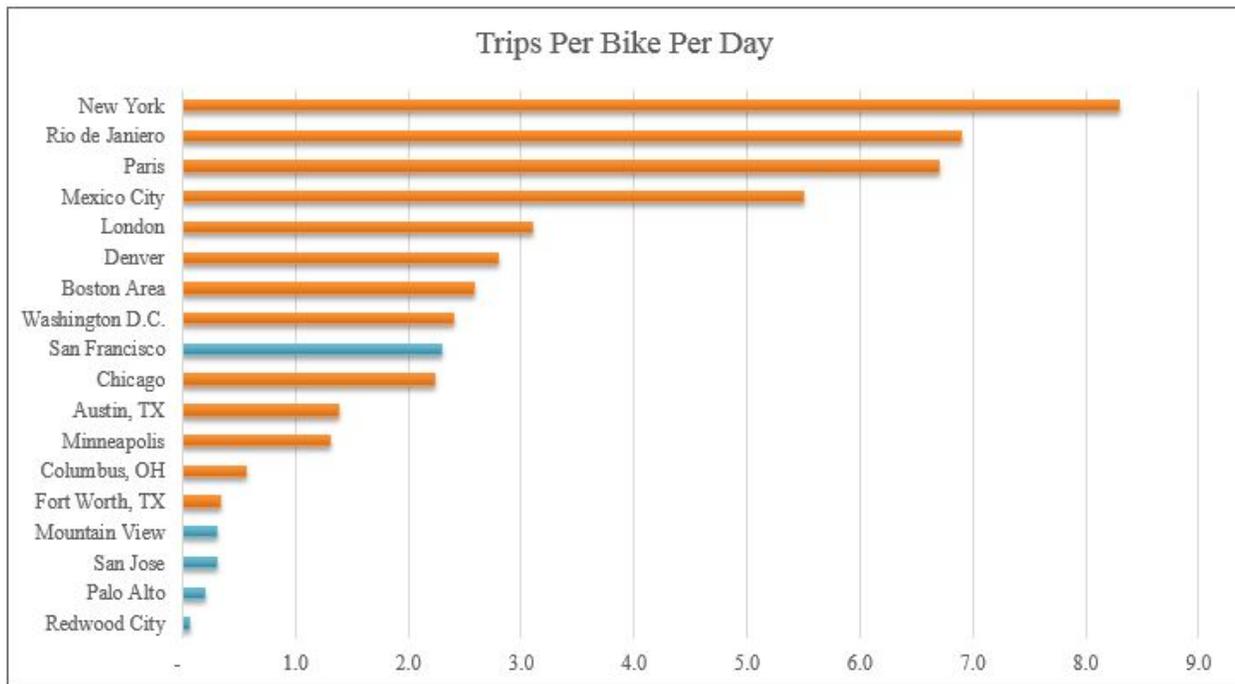
Staff is therefore submitting this report as an informational item for Committee review in advance of consideration of approval to enter into an agreement with Motivate at the May Commission meeting.

### **National and International Comparison on Bike Share**

Before providing responses to the issue areas, staff wanted to provide some additional helpful context about successful bike sharing in this country and abroad in hopes of putting a finer point on why Motivate chose to focus on five cities. A 2013 study of fourteen U.S. and international bike share systems shows positive correlation between population density and bike share usage. The chart below displays the average trips per bike per day for cities that have fewer than 5,000 people per square mile, between 5,000 and 15,000 people per square mile, and more than 15,000 people per square mile. For comparison, San Francisco has more than 15,000 people per square mile, and the other four proposed cities each have more than 5,000 people per square mile. The average population density for the entire Bay Area is a little more than 1,000 people per square mile.



The following chart compares the five pilot cities to other U.S. and international systems in terms of trips per bike per day:



### Proposal to Continue Bike Share in Pilot Cities

In response to Commissioner feedback and subsequent meetings with staff of the pilot cities, Motivate has offered terms regarding pricing, discounts, and sponsorship for Mountain View, Palo Alto, and Redwood City. Please note that the City of San Mateo has decided not to pursue bike share along these terms at this time. San Mateo officials instead requested consideration to redirect some of the \$1.3 million in funding capacity that would have gone into bike share in their community to other elements of their bike and pedestrian program.

The three remaining pilot cities would not be required to purchase new equipment, but would instead pay a monthly premium to cover the cost of retrofitting the existing pilot bikes and stations. If a city wants to expand, new equipment is priced to match the pilot program prices, plus 10%. Ongoing operations and maintenance for new equipment would cost \$100 per dock per month. The table below shows the proposed costs for these three cities.

City	Bikes	Docks	Cost per dock per month	Annual cost
Mountain View	54	117	\$112.50	\$158,000
Palo Alto	37	75	\$112.50	\$101,000
Redwood City	52	117	\$112.50	\$158,000
<b>Total</b>	<b>143</b>	<b>309</b>	<b>\$112.50</b>	<b>\$417,000</b>

If these cities reach agreements with Motivate, there are two primary ways to offset or reduce ongoing operating costs. First, cities will be able to offer recognition for local sponsors on one ad panel at each station, which has been shown to cover approximately half of a station’s annual cost. Second, cities would receive discounts for achieving the ridership levels shown below. Therefore, if a pilot city can attract a sponsor and maintain an average ridership of 1.5 trips per bike per day, it is likely that there would be no public funds required to continue the bike share program.

Trips per bike per day	Discount
1.0	25%
1.5	50%
3.0	100%

The cities have requested up to one year to explore sponsorship options as well as continue to refine service locations to see if they can improve system use before making a decision about whether to continue bike share at the costs noted above. Motivate has agreed to operate the current equipment in these cities through December 31 at no cost, and MTC staff proposes to subsidize the cities through June 30, 2016 for approximately \$200,000. Cities wishing to continue must notify Motivate by May 31; for cities that decide not to continue by this time, Motivate will plan to relocate the equipment in July 2016.

**Terms for Other Interested Bay Area Communities**

Motivate has established similar terms for any Bay Area community that would like to join the system after the 7,000-bike expansion is completed. The capital cost for new bikes is the same as for the pilot cities. For a typical configuration, full capital costs are approximately \$5,600/bike, plus \$4,000 per new station for installation activities. For example, five stations with 50 bikes would cost approximately \$300,000. Ongoing operations and maintenance would cost \$130 per dock per month, or just over \$150,000 annually in the five station example. The discount levels described above are available for all Bay Area cities based on ridership, and all cities will be able to capitalize on local sponsorship. In addition, and as described more below under funding, staff is proposing to set aside \$4.5 million in funding for capital expenses associated with emerging

communities interested in bike share. This would follow the installation of the 7,000-bike proposed expansion and would be conditioned on communities covering the ongoing annual operating costs through local funds, sponsorship, ridership discounts, or a combination thereof.

### **Compliance with the Americans with Disability Act (ADA)**

The term sheet has been revised to reflect how Motivate will comply with ADA requirements, including for both physical components of the system and the system website. The website and mobile app will utilize adaptive design and will be accessible and usable on desktop computers, tablets, and mobile devices. Ecommerce functionality will comply with Section 508 of the Rehabilitation Act of 1973. Station positioning protocol and individual station components will also comply with ADA requirements.

### **Sole Source Substantiation**

To expand on the April discussion of the compelling business reasons for entering into a sole source with Motivate, staff is quantifying the monetary savings for the Bay Area of this approach in the table below, which assumes 80% farebox recovery and no advertising or sponsorship revenue.

<b>Bike Share Cost Element</b>	<b>Estimated Annual Expenses</b>	<b>10-Year Value (2015 dollars, 3% discount rate)</b>
Capital cost for 6,300 expansion bikes / roughly 630 station sites	-	\$37.6 million
Annual operating and maintenance Cost above 80% farebox recovery	\$3.2 million	\$21.4 million
Staff oversight, marketing and contract management	\$1.0 million	\$6.7 million
<b>Total</b>	<b>\$4.2 million</b>	<b>\$65.7 million</b>

In addition to the approximately \$65 million value of the sole source contract for no public investment over the 10 year time period, the Motivate proposal also offers the opportunity to launch the robust 7,000 bike system quickly within 2.5 years, thereby attracting stronger usage earlier, in line with the Bay Area's aggressive greenhouse gas reduction targets. A pay-as-you go model at the level of investment to-date would likely require five or more years to complete.

### **Funding**

As described at the April Administration Committee meeting, fully private funding means that public funds originally intended for bikes and stations can instead be reprogrammed. The \$19.1 million that the Commission approved from 2012 to 2014 for the pilot and the continuation and expansion of Bay Area Bike Share includes both federal Congestion Mitigation and Air Quality Improvement (CMAQ) and state Active Transportation Program (ATP) funds as summarized in the table below.

<b>Program</b>	<b>Fund Source</b>	<b>Unreimbursed Amount (\$ in millions)</b>
STP/CMAQ Cycle 1: Pilot	CMAQ	\$2.7
STP/CMAQ Cycle 1: Expansion	CMAQ	\$2.7
STP/CMAQ Cycle 2 (OBAG): Expansion	CMAQ	\$6.0
Regional ATP Cycle 1: Expansion	ATP	\$7.7
<b>Total</b>		<b>\$19.1</b>

The ATP funds have strict timely use of funds as well as competitive process selection requirements. Therefore, to avoid loss of those funds and in line with the last month's discussion at the Programming and Allocations Committee meeting, staff recommends that \$7.7 million be allocated to ready-to-go contingency ATP projects. Additional detail is included in agenda item 4a on today's Programming and Allocations Committee agenda.

Staff further recommends directing \$4.5 million to address the concerns raised by several Commissioners as well as the BAAQMD Mobile Source Committee members (this may require a funding exchange given the sole source nature of the agreement with Motivate and federal rules). These funds would be set-aside for capital costs associated with bike share expansion in emerging communities. Staff would conduct a call for projects to solicit interest from communities in a timeframe to allow expansion to begin following installation of the 7,000-bike expansion. This funding level would support acquisition of an additional 750 bikes, roughly the size of the current pilot, in emerging communities.

In addition, staff is recommending that \$0.5 million in CMAQ be provided to the city of San Mateo to advance its bicycle and pedestrian program. Staff is proposing that the remaining \$6.4 million be subject to the broader discussion of priorities for OBAG2 as the Commission considers a draft framework next month at the Programming and Allocations Committee meeting.

### **Other Clarifications**

Further, based on questions by Commissioners and city staff, the term sheet has been revised to clarify the following areas:

- *Exclusivity:* Motivate has clarified the terms attached to this report to show that the proposed exclusivity provision only applies to public right-of-way in Berkeley, Emeryville, Oakland, San Francisco, and San Jose. Moreover, the exclusivity provision does not apply to an existing pilot electric bike share program, facilitated by City CarShare and planned for Berkeley and San Francisco. The approximately 90 electric bikes at 25 planned stations will be available only to members of City CarShare.
- *System Size:* Motivate has agreed to maintain a 2:1 dock-to-bicycle ratio in Mountain View, Palo Alto, and Redwood City during the extended grace period and continuing forward if those cities decide to continue with their current systems. Under current station configurations, a 2:1 ratio represents 155 bikes across these three cities. This adds 55 bikes to the original proposal for a total of up to 7,055 bikes across eight cities. If fewer than all three

pilot cities decide to continue, Motivate will deliver enough bikes to maintain a 2:1 ratio in the cities that continue bike share. If this requires fewer than 100 bikes, additional bikes will be placed among the original five cities to ensure that the system has at least 7,000 bikes.

- *Launch Timing:* Motivate has agreed to adjust launch timing deadlines to guarantee full expansion installation in the East Bay cities by the end of 2016, pending prompt approval and permits in hand according to the schedule dictated in the attachment. Launch deadlines for other cities are unaffected.
- *Station Siting:* Motivate has agreed to place at least 20% of stations in MTC's Communities of Concern (COC). The cities have expressed a desire to determine where the 20% will be placed, to which Motivate has agreed.

Staff welcomes additional feedback on the revised term sheet to ensure that this unique opportunity best addresses the Commission's concerns and the needs of the Bay Area going forward. As noted above, this proposal will be presented to the full Commission for approval on May 27<sup>th</sup>.



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Steve Heminger

**Attachment A**

**Motivate-MTC Proposed Term Sheet**

This term sheet is intended to be used to facilitate discussions between the Metropolitan Transportation Commission (“MTC”) and Motivate International Inc. (“Motivate”) in order to develop a contract for the acquisition, launch and operation of a bike share system in the Bay Area.

<b>Contract Topic</b>	<b>Contract Terms</b>
Equipment Ownership	<p>If required by the FHWA, Motivate will be obligated to purchase the equipment initially acquired with federal funds according to the terms of the FHWA agreement.</p> <p>As currently outlined in the FHWA agreement, any item with a current per-unit FMV of less than \$5,000 will be transferred to Motivate at no cost. For items with a current per-unit FMV of more than \$5,000, the purchase price will be based on the share of federal funding for the project multiplied by the equipment’s FMV, as established by past sales of comparable equipment.</p>
System Size	<p>7,000-7,055 bikes total</p> <ul style="list-style-type: none"> <li>• 4,500 in SF</li> <li>• 1,000 in San Jose</li> <li>• 1,400 in East Bay (850 in Oakland, 100 in Emeryville, 400 in Berkeley, 50 TBD based on additional system planning analysis)</li> <li>• Between 100 and 155 to be determined: <ul style="list-style-type: none"> <li>- If Mountain View, Palo Alto, and Redwood City all decide to agree with Motivate and continue bike share, Motivate will provide 155 bikes among the three cities.</li> <li>- If one or two of the three pilot cities listed above decide to continue bike share, Motivate will provide enough bikes to maintain a 2:1 dock to bike ratio with the docks currently stationed in each city. If this is less than 100 bikes, Motivate will deliver enough bikes to another city to reach a program total of at least 7,000.</li> <li>- If none of the three pilot cities listed above decides to continue bike share, 100 bikes to be determined among SF, San Jose, and the East Bay.</li> </ul> </li> </ul>
Launch Dates	<p>Sites representing 25% of the total bikes for San Jose, East Bay and San Francisco should be approved and permitted by December 30, 2015. Motivate will install these bikes by June 1, 2016.</p>

<b>Contract Topic</b>	<b>Contract Terms</b>
<p>Launch Dates (continued)</p>	<p>Sites representing an additional 15% of bikes for San Jose, East Bay and SF should be approved and permitted by April 30, 2016. Motivate will install these bikes by October 1, 2016.</p> <p>Sites representing the remaining 60% of bikes for the East Bay should be approved and permitted by July 30, 2016. Motivate will install these bikes by January 1, 2017.</p> <p>Sites representing an additional 30% of bikes for San Jose and SF should be approved and permitted by November 30, 2016. Motivate will install these bikes by April 1, 2017.</p> <p>Sites for the remaining bikes in San Jose and SF should be approved and permitted by May 31, 2017. The remainder of bikes shall be installed no later than November 1, 2017.</p> <p>Delays in receiving permitted and approved sites by specified dates will result in extension of the installation dates in an amount equal to the delay.</p> <p>The above dates are based on completion of the contract with the MTC by July 31, 2015. If Motivate is negotiating in good faith and the contract signing occurs after July 31, 2015, the above dates will be extended by a duration equal to the difference between the contract signing date and July 31, 2015.</p>
<p>Term</p>	<p>10 year term, reduced to 5 years if Motivate does not achieve the aggregate bike target numbers described above (includes provisions for force majeure and siting issues) or if Motivate is in persistent and material breach of its contractual obligations as of the time renewal is considered in the fourth year.</p> <p>The contract may be extended for two additional five-year terms upon mutual agreement of the MTC and Motivate. If Motivate is in substantial compliance with the terms of the contract, MTC will engage in good faith negotiations to renew the contract on substantially equivalent terms one year prior to the expiration of the current term.</p> <p>MTC will provide notification of non-renewal no later than six months prior to the end of the term. If neither party provides no notice of non-renewal by six months, the contract should be extended for five years on the same terms.</p>

<b>Contract Topic</b>	<b>Contract Terms</b>
Exclusivity	<p>During the Term of this Agreement, Motivate shall have the exclusive right to operate a bike sharing program that utilizes public property and public right of way anywhere within San Francisco, Berkeley, Oakland, San Jose and Emeryville.</p> <p>The exclusivity provision does not apply to an existing pilot electric bike share program, facilitated by City CarShare and planned for Berkeley and San Francisco. The approximately 90 electric bikes at 25 planned stations will be available only to members of City CarShare.</p>
System Buy-In	<p>San Jose, San Francisco, Berkeley, Emeryville, and Oakland may contribute public funding for additional bikes and stations that are interoperable with the existing system. Costs to cities for purchasing, installing and operating the equipment is as follows:</p> <ul style="list-style-type: none"> <li>• Capital Equipment: Aggregate pricing for bike share solution as specified in the Air District contract + 10%. Adjusted annually by the producer price index.</li> <li>• Installation: \$4,000 per station, including site planning and drawings, growing at CPI.</li> <li>• Operations and maintenance of the equipment: \$100 per dock per month, growing at CPI</li> <li>• Motivate is obligated to maintain equipment purchased by the cities in a state-of-good repair throughout the term. At the end of the term, Motivate shall return the equipment to the city in good working order acknowledging that there is expected to be normal wear and tear from use.</li> </ul> <p>San Mateo and existing pilot cities other than San Francisco and San Jose that want to continue and/or expand existing system operations after the expiration of the BAAQMD contract can develop a new service agreement with Motivate using their own sources of funds. Costs to cities for purchasing, installing and operating the equipment is as follows:</p> <ul style="list-style-type: none"> <li>• Existing equipment upgrade cost: \$12.50 per dock per month, growing at PPI.</li> <li>• New capital equipment: Aggregate pricing for bike share solution as specified in the Air District contract + 10%. Adjusted annually by the producer price index.</li> <li>• Installation of new equipment: \$4,000 per station, including site planning and drawings, growing at CPI</li> <li>• Operations and maintenance of the equipment: \$100 per dock per month, growing at CPI.</li> </ul>

Contract Topic	Contract Terms
System Buy-In (continued)	<ul style="list-style-type: none"> <li>- Price is reduced to \$75 per dock, adjusted by CPI, if an average of 1 ride per bike per day citywide occurs for a 12 month period</li> <li>- Price is reduced to \$50 per dock, adjusted by CPI, if an average of 1.5 rides per bike per day citywide occurs for a 12 month period</li> <li>- Price is reduced to \$0 per dock, adjusted by CPI, if an average of 3 rides per bike per day citywide occurs for a 12 month period</li> </ul> <ul style="list-style-type: none"> <li>• Motivate is obligated to maintain equipment purchased by the cities in a state-of-good repair throughout the term. At the end of the term, Motivate shall return the equipment to the city in good working order, acknowledging that there is expected to be normal wear and tear from use.</li> <li>• Cities are able to raise sponsorship to offset the costs of purchasing and operating the bike share system in their locality. Local sponsorship packages may include recognition of the sponsor on one side of one ad panel on the station. System naming rights, bike branding, and other branding of physical assets will be determined by Motivate in conjunction with title sponsor and in compliance with local advertising regulations. Local sponsors cannot be in the same category as the title sponsor, unless approved by Motivate.</li> <li>• Motivate will operate the current configurations of stations and docks, following the expiration of the BAAQMD contract, with enough bikes to provide a 2:1 ratio of bikes to docks, at no cost until December 31, 2015.</li> <li>• MTC will pay \$100 per dock per month to Motivate from January 1, 2016 through June 30, 2016 to maintain operations in the pilot cities.</li> <li>• Cities must decide whether or not to continue and/or expand bike share by May 31, 2016. Motivate will begin relocating equipment in cities that decide not to continue in July 2016.</li> </ul> <p>Subsequent to deployment of 7,000 bikes within San Francisco, San Jose, Oakland, Berkeley and Emeryville, other cities in the MTC region that want to participate in the regional bike share system can develop a service agreement with Motivate using their own sources of funds. Costs to cities for purchasing, installing and operating the equipment is as follows:</p>

Contract Topic	Contract Terms
<p>System Buy-In (continued)</p>	<ul style="list-style-type: none"> <li>• New capital Equipment: Aggregate pricing for bike share solution as specified in the Air District contract + 10%. Adjusted annually by the producer price index.</li> <li>• Installation: \$4,000 per station, including site planning and drawings, growing at CPI</li> <li>• Operations and maintenance of the equipment: \$130 per dock per month, growing at CPI.               <ul style="list-style-type: none"> <li>- Price is reduced to \$97.50 per dock, adjusted by CPI, if an average of 1 ride per bike per day citywide occurs for a 12 month period</li> <li>- Price is reduced to \$65 per dock, adjusted by CPI, if an average of 1.5 rides per bike per day citywide occurs for a 12 month period</li> <li>- Price is reduced to \$0 per dock, adjusted by CPI, if an average of 3 rides per bike per day citywide occurs for a 12 month period</li> </ul> </li> <li>• Motivate is obligated to maintain equipment purchased by the cities in a state-of-good repair throughout the term. At the end of the term, Motivate shall return the equipment to the city in good working order, acknowledging that there is expected to be normal wear and tear from use.</li> <li>• Cities are able to raise sponsorship to offset the costs of purchasing and operating the bike share system in their locality. Local sponsorship packages may include recognition of the sponsor on one side of one ad panel on the station. System naming rights, bike branding, and other branding of physical assets will be determined by Motivate in conjunction with title sponsor and in compliance with local advertising regulations. Local sponsors cannot be in the same category as the title sponsor, unless approved by Motivate.</li> </ul> <p>In addition, Motivate has the right to contract with private entities that want to provide funding for stations and bikes that are situated on privately-owned property.</p>
<p>Pricing</p>	<p>\$149 annual pass that can be increased no more than CPI + 2% annually.</p> <p>Annual pass can be paid in 12-monthly installments of no more than \$15.00</p> <p>All other pricing can be set at Motivate’s discretion.</p> <p>Motivate will offer a discounted pass set at 40% of the annual price. The discount will be available to customers who are eligible and enrolled in Bay Area utility lifeline programs. If participation</p>

<b>Contract Topic</b>	<b>Contract Terms</b>
Pricing (continued)	in the discounted program is below expectations, Motivate and MTC may mutually agree on other eligibility criteria so long as the eligibility is determined by a third-party.
Revenue Share	<p>User Revenue: 5% of user revenue above \$18,000,000 earned by Motivate (in accordance with GAAP) in any year will be paid to MTC. Amounts owed will be paid within 120 days of the end of the calendar year.</p> <p>Sponsorship Revenue: 5% of sponsorship revenue in excess of \$7,000,000 earned by Motivate (in accordance with GAAP) in any year will be paid to MTC. Amounts owed under the sponsorship revenue share agreement in years 1-5 will be deferred and paid in equal installments in years 6-10. For years 6-10, amounts owed under the sponsorship revenue share agreement will be paid within 120 days of the end of the calendar year.</p> <p>The revenue share hurdle will be adjusted for CPI starting in year 2.</p>
Brand Development and Sponsorship	<p>Motivate is responsible for identifying sponsors and developing system name, color, logo and placement of system assets. MTC, in consultation with the cities, will have approval rights over title sponsorship and branding.</p> <p>Motivate will abide by cities' existing guidelines and restrictions with regards to outdoor advertising. Motivate will not choose sponsors that are in age-restricted categories (alcohol, tobacco or firearms), products banned by the local government, or deemed offensive to the general public. Rejection of proposed sponsors by municipalities are limited to the grounds above.</p>
Advertising	Motivate will have the right to sell advertising on physical and digital assets. Advertising on physical assets are subject to local restrictions on outdoor advertising.
Siting	<p>Motivate to develop site locations, which will be prioritized based on demand. Motivate will also use city analyses and recommendations already developed where possible.</p> <p>If a city does not approve a proposed site location, they must provide an alternative within one-block.</p> <p>Motivate to provide a 20% minimum placement in communities of concern system-wide. Participating cities may designate other areas for 20% minimum placement instead of communities of concern.</p>

<b>Contract Topic</b>	<b>Contract Terms</b>
Siting (continued)	<p>Motivate will work together with cities on community engagement and outreach as part of the station siting process, including necessary business associations and city meetings.</p> <p>Motivate can relocate or resize underperforming stations while maintaining minimum placements in communities of concern.</p> <p>Motivate will hire planning and engineering firms to minimize the cities' costs and resources related to planning. Motivate will discuss staff time requirements with each city and determine ways to reduce demands on staff. If staff time exceeds estimates due to errors or omissions or by Motivate or its contractors, Motivate will reimburse cities for reasonable and documented direct staff time related to these issues.</p> <p>Cities to provide estimates on costs of permits within seven days of signing term sheet. If costs of permits are significant, Motivate will seek a waiver on permit costs given the public benefits of the project. If Motivate and Cities cannot reach agreement on a waiver, Motivate may consider reimbursing actual direct costs incurred by the city to provide the permit (e.g, a field visit by an inspector).</p>
Security Fund	<p>Motivate will provide \$250,000 into a Security Fund account controlled by MTC prior to the installation of the first new station. The Security Fund shall serve as security for the faithful performance by Motivate of all obligations under the contract.</p> <p>MTC may make withdrawals from the Security Fund of such amounts as necessary to satisfy (to the degree possible) Motivate's obligations under this Agreement that are not otherwise satisfied and to reimburse the MTC or cities for costs, losses or damages incurred as the result of Motivate's failure to satisfy its obligations.</p> <p>MTC shall not make any withdrawals by reason of any breach for which Motivate has not been given notice and an opportunity to cure in accordance with the Agreement.</p> <p>If funds are withdrawn from the Security Fund, Motivate will be required to replenish the Security Fund to an amount equal to \$250,000 on a quarterly basis.</p> <p>Interest in account accrues to Motivate. 90 days after the end of the term, any remaining funds will be returned to Motivate.</p>

<b>Contract Topic</b>	<b>Contract Terms</b>
Liability	Motivate shall defend, indemnify and hold MTC and its officers and employees harmless, to the fullest extent permitted by law, etc. Similar indemnities for cities.
Default	Termination and default clauses include the option to require Motivate to remove equipment, assign or transfer equipment and IP to a third party. IP assignment is limited to the extent needed for a third-party to maintain and operate the system.
Data	<p>All data owned by Motivate. Cities granted a non-exclusive, royalty free, perpetual license to use all non-personal data.</p> <p>Monthly Reports shall be provided for each of the above KPIs and other system data, to be determined.</p>
Responsibilities of Motivate	<p>Brand development, station siting, design, permitting, purchase of equipment and software, installation of bikes and stations, station relocation, equipment replacement, bike share safety training, monthly operating meetings with MTC and cities, marketing, sales and sponsorship, operations and maintenance of system including customer service.</p> <p>Station relocation by public agencies will require reimbursement of costs incurred by Motivate. However, if a newly installed station is found to be unsuitable by a city for its location, the city may request within 30 days of installation the relocation of a station at Motivate's cost. The number of available free station moves is equal to 10% of the installed station base less any prior moves. For example, if a city has 100 stations installed, they have a total of 10 free station moves less any free station moves used to date. If the system grows to 200 stations, they then have 20 station moves less any station moves used to date.</p>
Site Design and Planning	<p>Motivate will hire a planning and engineering firm with experience in the specific locality to do surveying, site design and permit submission. Motivate will solicit input from each city to help determine its planning and engineering partners.</p> <p>Motivate will hire a community relations firm to assist with organizing and hosting community meetings and to conduct outreach to local residents and businesses.</p> <p>Motivate will use commercially reasonable efforts to subcontract the work to DBEs where possible.</p> <p>Each municipality should provide a point of contact to coordinate the community engagement efforts and the permitting process.</p>

Contract Topic	Contract Terms
Marketing	<p>MTC, in consultation with the cities, has final approval of marketing plans and activities.</p> <p>MTC, in consultation with the cities has approval over marketing and outreach plans for low-income communities, non-native English speaking populations, and disadvantaged communities. Motivate must do outreach and marketing in Spanish, Chinese and Vietnamese. MTC retains the ability to conduct outreach and program support in low-income and Limited English Proficiency neighborhoods.</p> <p>Motivate’s other marketing activities must comply with MTC and local standards for decency and not offend the general public. Motivate will not advertise or promote any products in prohibited categories (tobacco, alcohol, etc.).</p>
Parking Meter Revenue	<p>Motivate must make best effort to avoid taking metered parking spaces. If a city requires reimbursement of lost parking meter revenue for a given site, the city must also provide an alternative site location within one city block that is not sited in metered parking areas. Motivate can choose to locate in either site.</p>
KPIs	<p>Key Performance Indicators:</p> <ol style="list-style-type: none"> <li>1. Rebalancing: no station will remain full or empty for more than 3 consecutive hours between 6AM and 10PM.</li> <li>2. Bicycle Availability: the number of bikes available for rent on an average, monthly basis shall be at least 90% of all bikes in service.</li> <li>3. Station Deactivation, Removal, Relocation, and Reinstallation: as notified by MTC, perform the necessary action within the number of days in the established schedule for each task.</li> <li>4. Station/Bike Maintenance, Inspection &amp; Cleaning: check each bike and station at least once per month and resolve each issue within a given time frame.</li> <li>5. Program, Website, and Call Center Functionality: the system, website, and call center shall each be operational and responsive 24/7, 365 days a year.</li> </ol> <p>Liquidated damages related to KPIs may not exceed 4% of annual user revenue for the year.</p>

<b>Contract Topic</b>	<b>Contract Terms</b>
Transition of Project from Bay Air Quality Management District (BAAQMD) to MTC	Subject to Air District Board approval, BAAQMD, MTC and Motivate will cooperatively develop a plan to effectuate the transfer of the project from the BAAQMD to MTC. The plan will provide for the implementation of new pricing, the continuation of existing memberships, the transfer of system data, the transfer of assets, and any other provision to ensure a seamless transfer and provide Motivate with the ability to operate the system under the MTC contract.
Resolution of Terms with BAAQMD	<p>Resolution includes:</p> <ul style="list-style-type: none"> <li>• Motivate will settle all outstanding claims with the Air District for the amount of \$150,000.</li> <li>• Air District agrees to release funds withheld for billed expenses and to pay all legitimate past and documented unbilled expenses totaling \$582,872 less the \$150,000 settlement amount.</li> <li>• On a go-forward basis, Motivate will be paid for all eligible reimbursable costs per month to the maximum amount of one twelfth of the Annual Operations Fee, or \$136,638.67 per month. Cost caps within categories will not be relevant.</li> <li>• This agreement will resolve prior SLA claims and any other prior potential claims that could be asserted through the date of Settlement</li> </ul>
Americans with Disability Act (ADA) Provisions	In implementing and operating the bicycle sharing system, Motivate shall comply with all applicable requirements of the Americans with Disabilities Act, Section 508 of the Rehabilitation Act of 1973, and all other applicable federal, state and local requirements relating to accessibility for persons with disabilities, including any rules or regulations promulgated thereunder. Such compliance shall extend to the location and design of system equipment and related facilities as well as the system website and any mobile application for the system.

Mayor Jeff Gee  
Vice Mayor Rosanne Foust

Council Members  
Alicia Aguirre  
Ian Bain  
Diane Howard  
Barbara Pierce  
John Seybert



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April 24, 2015

Hon. Dave Cortese  
Chair and MTC Commissioner Representing Santa Clara County  
President, Santa Clara County Board of Supervisors  
70 West Hedding Street  
Tenth Floor – East Wing  
San Jose, CA 95110

RE: Bay Area Bike Share Expansion Proposal: Motivate International, Inc.

Dear Mr. Cortese:

On April 2, 2015 the City of Redwood City (City) learned that the Metropolitan Transportation Commission's Administration Committee planned to discuss, at its April 8 meeting, a proposal received from Motivate International, Inc. The proposal outlines Motivate's recommendation to expand the existing Bay Area Bike Share pilot system from 700 bicycles to 7,000 bicycles using no public funds. Per the proposal, the current bike share pilot project cities of Redwood City, Palo Alto, and Mountain View are excluded, but may "buy-in" at their own cost.

Redwood City and the cities between San Francisco and San Jose form critical links in the Bay Area's transportation networks, including the Bay Area Bike Share system. This is particularly true for Peninsula cities along the Caltrain line, including the bike share pilot cities of Redwood City, Palo Alto, and Mountain View. As with any transportation system, it's important to provide access and connections at both the beginning and end of the user's trip (first and last mile).

Up and down the Peninsula, Redwood City and our neighbors to our north and south are bringing significant transit-oriented developments to our city centers, collectively enabling thousands of new residents and employees to connect to local and regional transit. For example, an additional 1,635 apartments are being constructed within a half mile of Redwood City's Caltrain station. One third of these units are completed, with the balance to be finished and occupied within one year. Additionally, Box, Inc. is moving its corporate headquarters to Redwood City. The new office, currently under construction and adjacent to Redwood City's Caltrain station, will bring an additional 1,200 employees to downtown Redwood City later this year.

The timing of the Bay Area Bike Share pilot was a bit early for Redwood City given our downtown development timeline, but nonetheless the City joined the team and dedicated significant staff time to all phases of the pilot program, including planning, design, development, launch, and ongoing operations. Throughout the 5-year pilot process our staff contributed input, ideas, and feedback to

support the program and help ensure its success, laying the groundwork for other cities to join the post-pilot expansion throughout the Bay Area.

Given Redwood City's considerable investment of resources, and in light of our downtown development schedule (new construction to be completed in early 2016), we ask to remain a bike share partner for one year beyond the end of the pilot program, at no "buy-in" cost to Redwood City. This one-year period is needed to evaluate the options and considerations for moving ahead with the sole-source agreement proposed by Motivate. Given Motivate's post-pilot target launch date of June 2016 (initial expansion), this should not impact or overlap with the expansion.

The proposal being considered is a non-solicited sole-source (non-competitive) proposal received from the current operator of the bike share pilot program. Many challenges, problems, and delays were encountered throughout the design, development, launch, and operation phases of the pilot program. Therefore, we additionally recommend and request that MTC staff coordinate with the pilot partners and the Bay Area Air Quality Management District to ensure that the contract terms build from lessons learned during the pilot program, in order to:

- Protect the public interest and investment in the program to date
- Identify and address operational shortcomings experienced during the pilot
- Outline alternatives for cities who choose to buy into the system, e.g. allow those cities to use sponsor revenue to subsidize local costs

We appreciate your attention to this matter and thank you in advance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Gee", written in a cursive style.

Jeffrey Gee, Mayor  
City of Redwood City

C: City Council, Redwood City  
Bob Bell, City Manager  
MTC Commissioners  
Steve Heminger, Executive Director, MTC



April 7, 2015

Steve Heminger (transmitted via email)  
Metropolitan Transportation Commission  
101 Eighth Street  
Oakland, CA 94607

Subject: MTC Administration Committee Agenda Item 4: Bike Share  
Expansion Proposal: Motivate International, Inc.

Dear Mr. Heminger,

Motivate's proposal to expand bike sharing could be an extraordinary opportunity to establish bike share as a meaningful transit system for the Bay Area. We share MTC's enthusiasm and support moving ahead with negotiations to expand the regional bike share program.

Because we only learned of Motivate's proposal on April 2, 2015, we are unable to provide detailed input at this time. However, we encourage MTC to address the following points as you refine your term sheet and negotiate a contract with Motivate:

- Identify how the key performance indicators and contract terms reflect lessons learned during the pilot program. The staff report includes information on the system costs and number of trips taken, but it does not provide background on the performance of Motivate, previously Alta Bicycle Share, in terms of delivering the service.
- Clarify what it means for Motivate to be the 'exclusive supplier and operator of bike share in the Bay Area.' Smaller communities, corporate campuses, universities or similar entities may find the cost to buy into this system to be cost-prohibitive, requiring them to pursue a different system within their jurisdictions.
- Determine how the current pilot cities (those not selected for the expansion program) can preserve their public investment in the pilot.
- Identify the cost and process for the current pilot cities to buy into the system, keeping in mind:
  - A considerable investment of staff resources have gone into designing, developing, launching, and operating the pilot program and siting existing stations.

- Non-expansion, pilot cities wanting to continue service would have the existing equipment sold to Motivate, only to have to pay to have the equipment put back.
- Smaller communities' ability to subsidize capital and/or operating costs could be compromised if Motivate has exclusive rights to sell advertising and is entitled to all sponsorship revenue.
- The cost to provide service and the revenues associated with it will depend on usage.
- Identify the process by which Bay Area Bike Share members who live or use the system in Redwood City would be notified of its departure and when the system would be removed.

Although the current bike share system in Redwood City has not been used as extensively as we would have liked, it is important that our ability to participate in the system is preserved. Similarly, all Bay Area communities should be able to reap the benefits of bike sharing, where and when it may be appropriate – and the contract terms should reflect this.

Thank you for your consideration and I look forward to continued communication with your staff to ensure that we leverage our experience in the bike share pilot project to get the best possible bike share system for the Bay Area.

Sincerely,



Jessica Manzi, PE  
Senior Transportation Coordinator

cc: Administrative Committee members  
Dr. Robert B. Bell, City Manager - Redwood City  
Jeff Gee, Mayor - Redwood City  
Alicia Aguirre, Redwood City Councilmember & MTC Commissioner

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**From:** Vanessa Warheit  
**Date:** April 27, 2015 at 3:27:03 PM PDT  
**To:** [abockelman@mtc.ca.gov](mailto:abockelman@mtc.ca.gov),  
**Cc:** [rafael.rius@cityofpalo.org](mailto:rafael.rius@cityofpalo.org)  
**Subject:** Please continue (and extend) bike share in Palo Alto

Dear MTC,

I am writing to urge you to continue, and to expand, the bikeshare program in Palo Alto. I have used citibikeshare in NYC, and would happily use it here in Palo Alto if it were available in my neighborhood. Currently, I commute to San Francisco using my bicycle, and despite the hassle of hauling it up and down steps, I usually bring my bicycle on board (in part because the train schedules mean I don't always get off at the same station - and also because there aren't enough bikeshare stations in San Francisco). If there were a bicycle station near my home, somewhere in the College Terrace neighborhood, I would use the bikeshare to get to the train station (and possibly to get to other local amenities as well).

I firmly believe that it's impossible to assess a bikeshare program's viability without fully implementing it - which means placing the facilities in neighborhoods and shopping districts, and not simply at large employers. I encourage you to make the program more extensive in all cities where it's been introduced.

Many thanks,

Vanessa Warheit  
Palo Alto resident

**From:** tracy c  
**Date:** April 28, 2015 at 5:13:45 PM PDT  
**To:** "[abockelman@mtc.ca.gov](mailto:abockelman@mtc.ca.gov)" <[abockelman@mtc.ca.gov](mailto:abockelman@mtc.ca.gov)>

**Subject:** Redwood City Bikeshare program  
**Reply-To:** tracy c <[tracylynn85@yahoo.com](mailto:tracylynn85@yahoo.com)>

Dear people,

I was interested to hear that MTC has proposed defunding the bike share program in Redwood City, Palo Alto and Mountain View, forcing those cities to pay to keep the program going. As a 16 year Caltrain/bike commuter I would say that the bike share program is not worth those cities' money, since the program isn't a solution to most people's commute.

In my case, I found that the program was too limited in geography to be useful. That is, it didn't go anywhere near my workplace. Until the end of last year, I worked in Redwood Shores and commuted via Caltrain. I needed a bike to get to my job from the train station. The nearest bike share docking station to my work was at the Redwood City Caltrain station, approximately 3.5 miles away from my work. I couldn't have used one of those bikes even if I had an account, because there was no docking station near my workplace to check the bike back in to. I needed my own bike to get me to work from Caltrain, then from Caltrain back home in the evening. Bike share wasn't a workable solution.

Also, I don't believe that a formal bike share program is the real solution to overcrowded bike cars on Caltrain. Expanding capacity for people to bring their own bikes on the trains is the solution.

Best regards,

Tracy Corral  
San Jose