



Memorandum

Date: 05.07.14 **RE:** Plans and Programs Committee
May 13, 2014

To: Plans and Programs Committee: Commissioners Mar (Chair), Kim (Vice Chair), Breed, Campos, Yee and Avalos (Ex Officio)

From: Maria Lombardo – Chief Deputy Director for Policy and Programming *mel*
David Uniman – Deputy Director for Planning *Dell.*

Through: Tilly Chang – Executive Director *TC*

Subject: **ACTION** – Recommend Approval of the Strategic Analysis Report on Local and Regional Bike Sharing Organizational Models

Summary

At the September 10, 2013 meeting of the Transportation Authority Board, Chair Avalos requested that we initiate a strategic analysis report (SAR) to investigate possible governance structures of a regional bike sharing program beyond the current Bay Area Bike Share pilot, which opened to the public on August 29, 2013. In November, the Board approved the scope of work for the SAR. The purpose of this study is to examine the strengths and tradeoffs of various organizational models for the expansion of bike sharing in San Francisco and throughout the Bay Area region so that San Francisco can best achieve its goals for this emerging mode of transportation. As called for in the Transportation Authority's adopted procedures governing the development of SARs, we first brought the draft SAR to the March 18, 2014 meeting of the Plans and Programs Committee, on which Chair Avalos sits as an ex-officio member, and are now bringing the final SAR through the standard Board process for approval. Since November 2013, we have conducted numerous interviews with practitioners, local stakeholders, and other researchers and have received a number of comments since the March release of the initial draft SAR. At the same time, the Metropolitan Transportation Commission and the Bay Area Air Quality Management District conducted planning and outreach to guide the next phase of the Bay Area Bike Share pilot, culminating with the release of a proposed expansion plan in April 2014. The regional proposal was informed by, and is mostly consistent with, the findings of this SAR. **We are seeking a recommendation to approve the SAR on Local and Regional Bike Sharing Organizational Models.**

BACKGROUND

Bike sharing is a service in which bicycles are made available for shared use to individuals on a very short-term basis. The main purpose is transportation: bike sharing allows people to depart from point A and arrive at point B without the costs or security concerns associated with bicycle ownership. It aims to increase bicycling (and potentially bicycling mode share), provide a first-mile/last-mile connection to transit (particularly regional transit), and offer an easy and convenient way for frequent and occasional riders to make short trips. In some cases, bike sharing can also serve as an alternative to transit, reducing peak loads and crowding on an established transit system while also providing the public health benefits of an active transportation alternative.

In 2010, the Metropolitan Transportation Commission awarded \$7.1 million in Bay Area Climate Initiatives (BACI) funding to the Bay Area Air Quality Management District (Air District) for the Bay Area Bike Share pilot program in cooperation with the cities of San Francisco (implemented through the San Francisco Municipal Transportation Agency (SFMTA), Redwood City, Palo Alto, Mountain

View, and San Jose. As originally proposed, the initial pilot, funded by the BACI grant and local match funding, included 1,000 bicycles and 100 stations, with 500 bikes and 50 stations in San Francisco. The system opened to the public on August 29, 2013. Due to higher-than-anticipated costs, the initial launch included a total of only 700 bikes (350 in San Francisco) and 70 stations (35 in San Francisco).

The regional system has seen more than 140,000 trips through the end of February 2014. The San Francisco bike sharing system, which focuses on the Downtown, SOMA, and Civic Center areas, was almost immediately a success, and currently more than 90% of the overall pilot's trips occur within the City despite the fact that it only has 50% of the deployed infrastructure. On average, each bike share bicycle in San Francisco is used more than 2.5 times per day, a good rate for a system of its size.

As local and regional stakeholders are currently working to define a governance model for a successful regional bike sharing system beyond the initial Bay Area Bike Share pilot program, now is an opportune time to examine the advantages and tradeoffs of various models. Thus, at the September 10, 2013 meeting of the Transportation Authority Board, Chair Avalos requested that we initiate a strategic analysis report (SAR) to investigate possible governance structures of a regional bike sharing program beyond the current Bay Area Bike Share pilot. In November 2013, the Transportation Authority Board approved the scope of work for the SAR. As called for in the Transportation Authority's adopted procedures governing the development of SARs, we first brought the draft SAR to the March meeting of the Plans and Programs Committee, on which Chair Avalos sits as an ex-officio member. Since then, we have continued to meet with stakeholders and solicit comments on the draft SAR. After incorporating that input, we have prepared the final draft of the report.

The purpose of this item is to present the SAR to the Plans and Programs Committee and to seek a recommendation to approve the SAR on Local and Regional Bike Sharing Organizational Models.

DISCUSSION

Purpose of the SAR: The purpose of this SAR is to examine the strengths and tradeoffs of various organizational models for the expansion of bike sharing in San Francisco and throughout the Bay Area region so that San Francisco can best achieve its goals for this emerging mode of transportation. The SAR is not intended to determine precisely how San Francisco should achieve goals for expansion, financial sustainability, regional interoperability, and equity; rather, it evaluates the various organizational structures on how well they provide a way for San Francisco (and the region) to address these primary goals.

A permanent bike sharing system in San Francisco would benefit from integration with a regional system. Similarly, the success of a regional system would likely be anchored by a healthy and robust program in San Francisco. Further, San Francisco would also benefit from a strong regional bike sharing system because it could serve as a cost effective way to complete the first and last mile of reaching regional transit destinations, removing a final barrier for those wishing to take transit into San Francisco rather than drive, thereby reducing congestion on freeways and local streets while adding space on local and regional transit during peak periods (which often have crush loads in downtown San Francisco) by reducing the need to bring bicycles on board trains.

The SFMTA has completed the required environmental review to install an additional 500 bicycles beyond the amount allotted through the Air District's initial Bay Area Bike Share pilot, for a total of 1,000 bicycles in San Francisco, and its long-term desire is to continue to expand the system to 3,000 bicycles and 300 stations. The regional pilot is currently scheduled to end in August 2015, but the SFMTA may seek to expand beyond its allotted 500 bicycles before then, either by amending the Air

District's contract or through a separate agreement with the regional program vendor.

Before San Francisco installs new bicycles and stations beyond those approved as part of the pilot, important questions need to be addressed regarding how the local system relates to the regional system. For example, there is a strong desire from all entities to have regional interoperability throughout the system. The SFMTA wishes to expand quickly and in a way that meets local needs, but is concerned that regional stakeholders may not reach agreement on a permanent structure for the Bay Area Bike Share system in time to meet its desired expansion timeline.

Framework for Analysis: Based on interviews, research, and other analysis we identified two main decision points to consider moving while planning for expansion in San Francisco: whether the bulk of governance happens at the regional or local level; and whether the system is administered and operated by a non-profit, public, or private entity. Each option has its own pros and cons, as outlined in the SAR, and for each decision point we found that a hybrid solution seemed the most appropriate path for San Francisco and the Bay Area.

Findings: The SAR lays out the possible organizational structures, the pros and cons of each, and presents a recommendation for how San Francisco and the region should move forward in planning for expansion. It also identifies areas that deserve additional study, including issues around geographic and social equity, regional operating and governance standards, consideration of what constitutes an appropriate level of public subsidy, how bike sharing relates to transit, and how private sponsorship can still be sensitive to San Francisco's urban environment.

As described in further detail in the SAR, our high-level findings include:

1. SFMTA should set goals for San Francisco's bike sharing system and evaluate how expansion plans would work toward those goals.
2. Given the clear benefits of a regional bike sharing system, SFMTA, the Air District, MTC, and other stakeholders should agree upon standards for a regional system beyond the current Bay Area Bike Share pilot.
3. In the near term, we recommend that San Francisco pursue an organizational model for bike sharing where the bulk of decision-making happens at the local level while ensuring these decisions do not preclude the ability to meet regional standards (See Recommendation #2 in the SAR for detail).
4. For the region, we recommend a hybrid model where a public agency or a non-profit associated with or managed by a public agency administers the program and contracts with a private-sector operator.

Response to Draft SAR/Update on Next Phase of Regional Pilot: After the release of the draft SAR, we received written comments from the SFMTA, the San Francisco Bicycle Coalition, and owners of several San Francisco bicycle rental companies. Many of these comments were clarifications of findings and facts, but others surfaced issues for us to address and new considerations. Suggestions included a proposal for additional sensitivity in designing the bike sharing expansion that acknowledges existing bicycle rental companies and the different markets for bike sharing and rental, and recognition of the importance of adequate staffing, both at the local and regional levels, for success of the system.

During development of the SAR and continuing subsequent to the March release of the draft report, MTC and the Air District undertook planning and outreach through a regional working group for the next phase of the existing pilot. The draft SAR complemented this effort and served as a resource to

focus the discussion.

In April, MTC and the Air District released a proposal for the next phase of the Bay Area Bike Share pilot expansion, committing a total of \$8.7 million in new BACI funding to expand Bay Area Bike Share into Berkeley, Oakland, and Emeryville and provide additional operations, maintenance, and potentially expansion support to the initial pilot cities, including San Francisco. MTC staff has also indicated it will seek additional funding for bike sharing from the state's new Active Transportation Program. Over the next several months, MTC has proposed to work with Air District staff to develop a strategy to transition future program management to MTC, including contract management, planning, staffing, and a criteria-based strategy for expansion.

We anticipate that expansion into the East Bay will complement the success of San Francisco's system, and the growth of the system in both areas (and beyond) is critical for the success of Bay Area Bike Share. We will continue to work with SFMTA to explore opportunities to plan for the expansion of San Francisco's bike sharing system in coordination with the regional system.

We are seeking a recommendation to approve the SAR on Local and Regional Bike Sharing Organizational Models.

ALTERNATIVES

1. Recommend approval of the SAR on Local and Regional Bike Sharing Organizational Models, as presented.
2. Recommend approval of the SAR on Local and Regional Bike Sharing Organizational Models, with modifications.
3. Defer action, pending additional information or further staff analysis.

CAC POSITION

The CAC was briefed on the SAR on Local and Regional Bike Sharing Organizational Models at its March 26 meeting, and unanimously adopted a motion of support for the staff recommendation.

FINANCIAL IMPACTS

None.

RECOMMENDATION

Recommend approval of the SAR on Local and Regional Bike Sharing Organizational Models.

Enclosure: SAR on Local and Regional Bike Sharing Organizational Models