



Board Report

File #: 2018-0138, File Type: Plan

Agenda Number: 17.

PLANNING AND PROGRAMMING COMMITTEE MAY 16, 2018

**SUBJECT: METRO BIKE SHARE BUSINESS PLAN AND FARE
STRUCTURE**

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. ADOPTING the new Bike Share Business Plan for Metro Bike Share Program (<http://libraryarchives.metro.net/DPGTL/bikeplans/2018-Bikeshare-Business-Plan.pdf>);
- B. APPROVING new Bike Share fare structure as outlined in Attachment A; and
- C. AUTHORIZING the Chief Executive Officer (CEO) to negotiate future non-title sponsorship agreements.

ISSUE

Staff has developed a new business plan for the Metro Bike Share Program that includes a proposal for a new fare structure. The goal of the new business plan is to increase ridership and develop performance benchmarks to determine future operational adjustments and expansion opportunities. The new Bike Share Business Plan also identifies the creation of a branding position, sponsorship assets, planning and performance monitoring metrics, equity outcomes, new technology, new marketing strategies, and cost analysis and reduction.

In collaboration with existing Metro Bike Share partners, staff recommends a fare structure that is based on system performance, customer feedback, and the current program environment. The proposed fare structure includes: more affordable 1-ride, 1-day, 30-day, and annual passes options; a reduced fare pass for eligible individuals; and transfers via the TAP rewards program for all bus/rail trips accepting TAP, pending TAP integration.

Administration of non-title sponsorships was not identified in the original business plan. Board authorization is requested to allow the CEO to negotiate agreements with potential non-title sponsors on various bike share assets.

BACKGROUND

In January 2014, Board Motion 58 authorized the CEO to procure, contract, and administer a countywide bike share program (Attachment B). With this motion, Metro became the first transportation authority to launch a countywide bike share program. At the time, only the cities of Santa Monica and Long Beach had established publicly-owned bike share systems.

In June 2015, the Board adopted the Metro Bike Share Implementation Plan and awarded a contract to purchase equipment and operate the Metro Bike Share system. In November 2015, the Board approved the fare structure and TAP Bike Share Integration Strategy of the Metro Bike Share Program.

Since the inception of the program, Metro Bike Share has provide Los Angeles County residents with an additional environmentally sustainable transit option that has generated over 400,000 trips and has reduced over 1.1 million pounds of CO₂ gas emissions. In 2017, Phase II expansion was implemented in Pasadena, Port of Los Angeles, and Venice. The proposed Phase III expansion which includes Marina Del Rey, Culver City and the following communities in the City of Los Angeles: Palms, Mar Vista, Playa del Rey, Del Rey, Playa Vista , Expo Park/USC/University Park, Korea town, MacArthur Park/Westlake and Echo Park/Silver Lake will be implemented pending Board approval in 2018.

In the meantime, other privately-owned bike share providers have emerged and have become available to cities in the region at no cost. In order to respond to a competitive business operating environment and to further define Metro Bike Share Program as a transportation solution, a new comprehensive business plan is critical.

DISCUSSION

Bike Share Business Plan

The new Business Plan recommends a new fare structure, addresses sponsorships, defines performance metrics, identifies equity outcomes, discusses and establishes a preferred technology approach, outlines a marketing and outreach strategy, and performs a cost analysis.

- ***Performance Metrics***

Establishing planning and performance monitoring metrics will allow the Metro Bike Share Program to implement and operate a sustainable system meeting the program vision. The system will utilize different operating data including, but not limited to, ridership and user types to determine and make proper operational and implementation adjustments on the program. Metro will work with its partners to optimize each service area by continuously evaluating the system.

Planning steps include identifying interested communities; evaluating bike share readiness; performing a technical analysis on bike share suitability, estimated ridership, bike infrastructure, location, and equity; and prioritizing expansion communities.

Performance monitoring after implementation includes regular evaluations roughly every six months at the station and service area levels. Action items vary in level of intervention as the time in service lengthens.

- *Equity Outcomes*

The program will implement previously-identified recommendations to improve equity for Metro Bike Share. These include mechanisms for non-credit card payment, implementing a low-income rate pass, developing marketing materials with additional languages, locating stations in underserved communities, and providing grass-roots educational outreach.

Additional efforts will be made to develop measurable community outreach strategies and implement equity-based planning and performance metrics into the prioritization and monitoring processes.

- *Technology*

Step 3 of TAP integration, as defined in the TAP Bike Share Integration Strategy, will allow users to purchase Metro Bike Share 1-ride and passes through a TAP account, TAP rewards equivalent to intermodal transfers, and multimodal account management with the goal of providing a seamless user experience. Launching Step 3 will provide centralized reporting functions to staff and a platform to integrate with other bike share systems via the TAP account system.

A comprehensive analysis on bike share equipment technology was performed and identified the preferred strategy of maintaining existing smart dock equipment and expanding the system with newly available smart bike equipment for Phase III and future expansions. Smart bike technology consists of Global Positioning System (GPS) and a TAP card integrated checkout system providing flexibility for users to pick up and drop off in different locations. Primary benefits are flexibility for the user, station siting, and the changing environment and lower capital costs.

- *Marketing and Outreach Strategy*

Past marketing tactics have been analyzed for effectiveness. Initial marketing and outreach tactics were focused on implementation and introduction of the program to the public. Proposed new marketing and outreach strategies have been developed to focus on promoting new trials, retaining repeat usage, widening the user base, and raising levels of awareness, education, and consideration of Bike Share for transportation. Various tactics will be deployed to focus on retention and efficient use of resources. The new strategy is designed to strengthen and define Metro's Bike Share Program as a practical transportation solution that operates as part of the county's transit system.

- *Cost Analysis*

Costs are a major component of long-term program sustainability. Smart bike technology has been identified as the preferred expansion strategy in part due to its lower capital costs. Staff will continue to work closely with the Metro Bike Share operator to reduce ongoing operations and maintenance costs.

New Fare Structure Recommendation

Based on user survey input, partner feedback, equity concerns, and the current operating environment, an assessment was performed on the current fare structure.

The recommended new fare structure addresses the needs expressed in the survey, is more user-friendly, and creates a stronger integration to Metro bus and rail. For example, the 1-Ride fare of Metro Bike Share (\$1.75) is the same as the 1-Ride fare with the Metro bus and rail.

To further integrate Metro Bike Share as part of the countywide transportation system, a “transfer” fare program is recommended. The program will be delivered with Step 3 TAP account integration, tentatively in fall 2018. Staff is recommending a single 1-Ride fare of 30 minutes to be considered as the TAP reward equivalent to “transfer” fare. Transit users will be able to redeem TAP rewards at their discretion and to use Metro Bike Share to connect to their final destination without paying for an additional bike share fare. This will allow Metro Bike Share to function as a true First/ Last Mile service to bus and rail, providing seamless user experience.

To ensure accessibility and equitable outcomes as outlined in the business plan, the recommended fare structure will introduce a new reduced fare option available to Low-Income Fare is Easy (LIFE) participants, delivered as part of TAP account discounts. The reduced fare pass is \$5 a month or \$50 a year.

Below is the recommended new fare structure.

Current Fare Structure			
Walk Up \$3.50/30 minutes	One Day Pass \$7/day	Monthly Pass \$20/month	Flex Pass \$40/year
All trips 30 minutes or less are \$3.50	All trips 30 minutes or less are free	All trips 30 minutes or less are free	All trips 30 minutes or less are \$1.75
\$3.50 per 30 minutes thereafter	\$1.75 per 30 minutes thereafter Limited Time Offer	\$1.75 per 30 minutes thereafter	\$1.75 per 30 minutes thereafter

Recommended Fare Structure			
1-Ride \$1.75/30 minutes	1 - Day Pass \$5/day	30-Day Pass \$17/month	Annual Pass \$150/year
All trips 30 minutes or less are \$1.75	All trips 30 minutes or less are free	All trips 30 minutes or less are free	All trips 30 minutes or less are free
\$1.75 per 30 minutes thereafter	\$1.75 per 30 minutes thereafter	\$1.75 per 30 minutes thereafter	\$1.75 per 30 minutes thereafter

More Pass Options

Reduced Fare Pass: \$5/month or \$50/year for eligible seniors, students, disabled/Medicare, and low-income individuals.

Bike Share for Business: 40% off monthly pass.

Bulk Passes: Up to 50% off when you buy single-ride passes in bulk.

Smart bikes

The new smart bike fleet has location tracking technology that offers users the flexibility of not having to return their bikes to a Metro Bike Share station at the end of their trip. In order to maximize efficiency and to lower operations and maintenance costs, the program will continue to promote the return of bikes to a designated area or a Metro Bike Share station.

The smart bike fleet shall be put into service beginning with Phase III and continue to expand to other areas served by Metro Bike Share Program. Staff is recommending relocation fees of \$2.00 for users leaving smart bikes outside a Metro Bike Share station and \$20.00 for users leaving smart bikes outside the designated system area. A “return policy” with incentives will be offered to patrons for returning bikes from outside a Metro Bike Share station to any Metro Bike Share station.

Non-title Sponsorships

Non-title sponsorships are non-naming rights to parts of the Metro Bike Share system. Non-title sponsors may pay for ads on bicycle components, station ad panels, social media, and/or advertising marketed to certain geographic areas. In order to attract more viable sponsors for the Metro Bike Share Program, additional outreach is needed to identify appropriate sponsor match(es) so that each non-title sponsorship opportunity is unique and customized to the needs and goals of the sponsor.

Monetizing Bike Share Data

Some of the privately-owned and operated Bike Share systems appearing across Los Angeles County rely on selling data to third parties as part of their business model. Through the development of Metro Bike Share’s privacy policy, staff and county counsel researched and determined that monetizing bike share ridership information and/or any other related data is prohibited per the stipulations in the California Streets and Highways Code Section 31490, (https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=SHC&division=17.&title=&part=&chapter=8.&article=&), and therefore, selling personally identifiable data are excluded from the proposed business plan. Staff recommends retaining the Metro Bike Share Privacy Policy which adheres to the California Streets and Highways Code.

DETERMINATION OF SAFETY IMPACT

The Metro Bike Share Business Plan will not have any adverse safety impacts on Metro employees and patrons.

FINANCIAL IMPACT

Adoption and implementation of the new Bike Share Business Plan and fare structure is expected to be revenue neutral. It is anticipated that the new fare structure will increase ridership of Metro Bike Share and transit. Net revenue and cost impacts compared to the existing structure are to be determined.

Impact to Budget

There is no impact to the FY18 budget. If additional funds are required in FY19, we will return to the Board or reallocate funds through the FY19 mid-year budget process.

ALTERNATIVES CONSIDERED

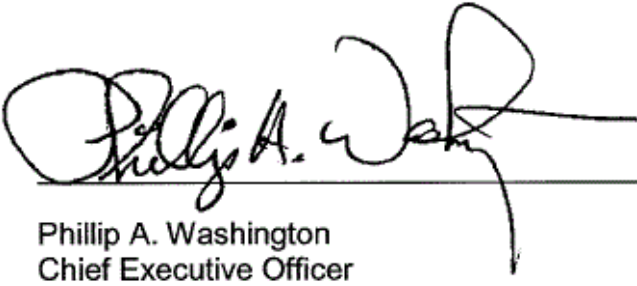
The Board may choose not to adopt the new Bike Share Business Plan, adopt the new fare structure, and/or authorize the CEO to negotiate future non-title sponsorship agreements. This alternative is not recommended, as it does not allow the Bike Share Program to respond to the new operating environment and customer feedback, address equity outcomes, and enhance the program performance, which is not in line with previous Board direction.

NEXT STEPS

Upon adoption, all elements in the business plan for the Metro Bike Share Program will be enacted immediately. The new fare structure will be implemented within 60 days and multi-modal transfers will be activated pending TAP integration. Staff will report back to the Board with updates on implementation of the business plan in spring 2019.

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Phillip A. Washington
Chief Executive Officer



Planning and Programming Committee

May 16, 2018

Legistar File 2018-0138

**Metro Bike Share Business Plan
May 2018**

Metro Bike Share is Transportation

Total Trips



407,349

Passes Sold



13,522

Calories Burned



29,858,018

Miles Traveled



1,185,389

Emissions Reduced
Pounds of CO₂



1,126,119

60% of users are making first/last mile connections to transit



SHARE

S.W.O.T Analysis

Strengths

- Thorough Planning Process
- TAP Integration
- High Quality Equipment and Maintenance
- Transportation Option
- Consistent Service Performance
- No Bicycle Litter

Weakness

- Lack of bicycle culture
- Price sensitivity who are new to bike share
- Low Market Share
- Limited and Spread Out network

Opportunities

- Phase III expansion
- Implementation of New Technology- SMART Bike
- TAP Integration and Mobile App

Threats

- Potential growth of dockless
- Lack of Revenue Sources
- Consumer confusion



Metro Bike Share

- Organized
- Maintain High Safety and Service Standard
- Mobility Infrastructure
- Integrate with Transit
- Quality Fleet
- Environmental Study
- Strategic locations



Recommended Fare Structure

Recommended Fare Structure

1-Ride

\$1.75/30 minutes

All trips 30 minutes or less are \$1.75

\$1.75 per 30 minutes thereafter

1-Day Pass

\$5/day

All trips 30 minutes or less are free

\$1.75 per 30 minutes thereafter

30-Day Pass

\$17/month

All trips 30 minutes or less are free

\$1.75 per 30 minutes thereafter

Annual Pass

\$150/year

All trips 30 minutes or less are free

\$1.75 per 30 minutes thereafter

Free transfers via TAP Rewards available for all bus/rail trips accepting TAP

More Options

Reduced Fare Pass

\$5/month or \$50/year

Bike Share for Business

40% off monthly pass

Bulk Passes

Up to 50% off when you buy single ride passes in bulk



Non-Title Sponsorships



Ryan Seacrest
@RyanSeacrest

Follow

hey @mayorofla, how about that bike ride? Gotta try out one of those new #MetroBikes downtown Metro.net/bikshare

RETWEETS
35

LIKES
165



10:35 AM - 7 Jul 2016

4

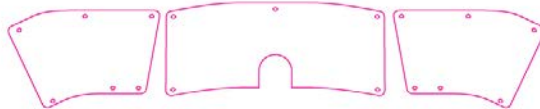
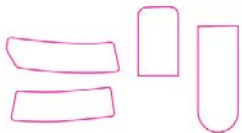
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Front Shroud

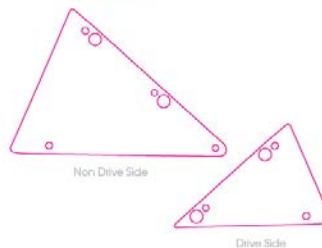
Basket Ad Panel



Frame Mounted Graphics



Dear Skirt Guard

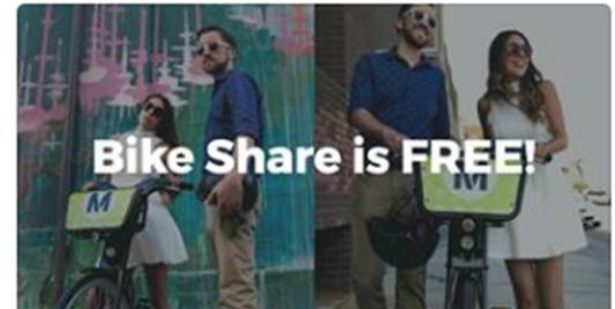


Metro Bike

Sponsored ·



A month of Metro Bike Share for FREE. Sign-up using promo code BIKEMONTH17



Start Riding Today

Offer good from first ride

Technology

Step 3 TAP Integration



Makes possible:

- Multimodal transport accounts
- Transfers across modes
- Senior/ low-income/ student fares across modes

Creates platform for integration with other regional bike share systems.

Smart Bike



- New to fleet in Phase III Expansion
- Flexible for users – dockless option
- TAP access enabled
- Stations provide wayfinding without a smart phone
- Can operate in existing service areas
- Lower capital costs

Performance Metrics

6-8 month check-in

1

Initial Assessment

- Measure bike share ridership within the jurisdiction
- Identify under-performing stations and review stations for potential improvement

12 month check-in

2

Cursory Intervention

- Measure bike share ridership within the jurisdiction
- If needed, perform cursory interventions to improve ridership
- If needed, identify stations for relocation within jurisdiction

18 month check-in

3

Follow-up Assessment

- Measure bike share ridership within the jurisdiction to assess if interventions or station relocations improved ridership
- If exceeding expectations, evaluate service area and stations for expansion

24 month check-in

4

Detailed Intervention

- Measure bike share ridership within the jurisdiction
- If ridership is still below expectations, evaluate system for termination
- If ridership is exceeding expectations, expand service area and/or stations within the jurisdiction

Continual 6 month check-ins

1

On-going Assessments

- Continue to measure bike share ridership within the jurisdiction
- Continue to identify under-performing stations and review stations for potential improvement
- Repeat steps 2-4 as needed



Cost Analysis

- Smart bike technology reduces capital costs by approximately 40%
- Step 3 of TAP Integration can create opportunities to reduce O&M costs in administration, reporting, and fees
- Analyzing the effectiveness of marketing efforts to maximize productivity
- Evaluating and adjusting operator service level agreements to meet current needs could result in cost savings

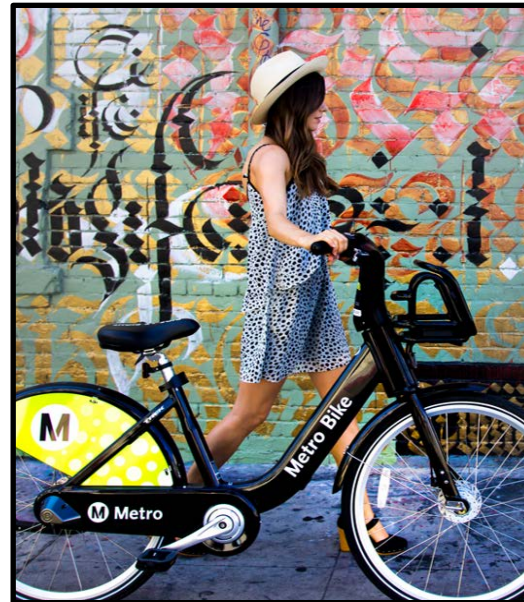
Marketing Campaign

Messaging/Strategies will be focused on:

- Bike Share as a form of transportation
- Target audience and identify market share
- Focus on increase ridership
- Message new fare structure
- Rebranding to appeal to Metro's transit users

Tactics

- Program and Promos
- Events
- Digital & Print Communications
- Social Media



Share
a
bike

Ride for
\$ 1.75



Marketing Campaign

Ride
for
\$1.75

