City of Palo Alto
City Manager's Report

TO:     HONORABLE CITY COUNCIL
FROM:   CITY MANAGER
DEPARTMENT: PLANNING AND
          COMMUNITY ENVIRONMENT
DATE:   DECEMBER 1, 2008
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REPORT TYPE:   REPORT OF OFFICIALS

SUBJECT: Evaluation of Alternatives and Direction on Implementation of a Bike
          Rental/Bike Sharing Program for Palo Alto

EXECUTIVE SUMMARY
With the increasing emphasis on carbon emissions reductions and attention to healthier lifestyles,
there is a renewed popular movement in support of increasing opportunities for bicycling,
marked by the advent of bike sharing programs in the United States. Following Council
directive, staff has evaluated the current proposal from Library Bikes, and conducted a case
study review of similar bike-share programs across North America. In meeting with regional
and local stakeholders, possibilities of a more regionalized program combined with interest from
the local private sector have moved the discussion toward a model that can be more cost-
effective on a larger scale. Given such, staff recommends that the City continue to work in
collaboration with Valley Transportation Authority (VTA) to take advantage of economies of
scale in implementing best practices found from the case study review, tailored toward a
regionally-focused program with Palo Alto as a potential pilot location.

RECOMMENDATIONS
Staff recommends that Council provide further policy direction on a bicycle sharing program for
Palo Alto. The following options have been identified as possible courses of action:

1. Defer action on an independent local bike sharing program for one year, but continue
collaboration with Santa Clara Valley Transportation Authority (VTA) and other local
partners to explore establishment of a regional bike sharing program including a
potential pilot project in Palo Alto.

2. If the Council wants to proceed with a local (Palo Alto) program, direct staff to move
forward to issue a Request for Proposals (RFP) for a program independent of the
regional effort. If an independent program is pursued, staff recommends that local
private companies and institutions representing end-users be involved early in the
planning process to ensure the long-range success of the program.
BACKGROUND
On June 5, 2008, Bill Burton of Library Bikes in Arcata, made a presentation to the City Council regarding the Arcata bike sharing program and its potential application in Palo Alto to enhance the City’s efforts to promote bicycling.

On July 21, 2008, City Council passed a motion for staff to evaluate the proposal of a Library Bikes program and similar public bike-share systems, in response to the City Council Colleague’s Memo dated July 17, 2008 (see Attachment A). Three stipulations made by City Council were that such a program:

- be targeted toward commuters in the City of Palo Alto;
- require the availability of funding sources; and
- limit City contribution to a moderate subsidy.

DISCUSSION
Library Bikes, Bike-share, or Public Bike programs have commonly been found in European cities, but have more recently drawn the interest of North American cities. Such systems are popular in metropolitan cities throughout Europe. Paris’ *Roue Libre* program was the first well-known model of a public bike system, which has since been replaced by the *Velib* program in 2007. *Roue libre* is a French word, translated “freewheel”—which is the likely origin of the name Freewheelin’, the public-shared bicycle system at the Democratic and Republican National Conventions.

This type of program has taken place in many shapes and forms throughout the U.S. on smaller scales for different purposes—e.g. serving to enhance tourism, providing a convenient local transportation alternative to commuter employees, delivering a service to make bicycling more affordable, or simply wanting to promote the sport of cycling by giving people more opportunities to bicycle. Such programs have not been launched within the U.S. on a scale as large as in Europe, as of yet. The closest North American example is in Montreal, which launched its program on September 22, 2008 with 2,500 bicycles (40 during trial) and 300 solar-powered fully automated stations managed by Public Bike System (PBS). According to the PBS Executive Vice President, the program should expect a 10-year amortized cost recovery, and then be self-sustaining through membership subscription and user-fees. The biggest domestic program was launched in Washington, D.C. a few months ago with 120 bicycles managed by Clear Channel.

The greatest issue municipalities seem to face is cost-effectiveness, especially with the tendency for bicycles to come up missing or damaged. More sophisticated systems utilize security and tracking systems to prevent bicycle loss, but this technology tends to be expensive. Such programs become more cost effective on a larger scale. In successful cities, these public bike-share programs can be responsible for up to a 5%-8% mode-shift from automobile to bicycle1—

1 Victoria Transport Policy Institute, http://www.vtpi.org/tdm/tdm126.htm
albeit, contributing factors such as existing infrastructure, saturation, density, other parking/auto policies of the city also need to be taken into account.

**Case Studies**

Fifteen cities were contacted with a set of questions regarding their Library Bike/Bike-share programs (see Attachment B):

- Annapolis, MD;
- Arcata, CA;
- Fort Collins, CO;
- Long Beach, CA;
- Louisville, KY;
- Morgan Hill, CA;
- Portland, ME;
- Portland, OR;
- Sacramento, CA;
- San Francisco, CA;
- Santa Barbara, CA;
- Seattle, WA;
- Vancouver, WA;
- Washington, D.C.;
- Montreal, Canada.

Although the scope and implementation varied from city to city, all the programs were in their preliminary research or early trial phase. A number of cities were still in research phases (Louisville, Sacramento, San Francisco, and Seattle). The city of Portland, Oregon decided not to launch the program until it discovers a more cost-viable model. Library Bikes of Arcata has temporarily put its program on hold while they find a permanent location for the bike shelter. Four cities—Long Beach, Montreal, Vancouver, and Washington, D.C.—are utilizing automated systems that use smartcards (i.e. specially-zoned cards for E-Lockers) or other variations of electronic lock systems. Santa Barbara will be launching an automated system in the near future in partnership with its local BikeStation. Fort Collins promotes its bike pathways through its Bike Library program, which attracts many out-of-town users. The Portland, Maine *White Bike* system is the most organic (grassroots community-initiated rather than City-implemented) and publicly-accessible with a common lock code that is available to anyone who goes to its website. Cooperation with Portland, Maine police to recover bicycles found outside city perimeters and the fact that all equipment, materials, and volunteer hours are donated help alleviate the cost impact of lost bikes.

**Current Proposal**

The Library Bikes proposal for the City of Palo Alto can be summarized as follows (see Attachment A, for original proposal):

1. **Library Bikes** would provide 20 bicycles in one location chosen by the City.
   - Bicycles to-be-used have been retired from Paris’ former bike-share program *Roue Libre*.
   - Bicycles would be uniformly branded, and include chain guards, fenders, a taillight, a rack, and bell.
Available bicycles would be stored in a portable cabin/kiosk provided by the vendor, with equipment to detect bicycles entering and exiting the kiosk.

2. Library Bikes would manage the membership program and maintain the bicycles throughout the trial; they also cover $1M in liability insurance.
   - Members can sign liability waivers online.
   - Station would be staffed by contractor during early stage of program.
3. Bicycles would be available during daylight hours at a nominal charge to members of the public, over 18 years of age, who have registered with the program.
   - Membership: Subscription for Library Bike users would be $11/month or $29/six months.
   - User Fees: First two hours of a rental use would be free; $2/hour thereafter; with a $20 charge for all day (over 8 hours); $40/twenty-four hours; $150/one week; $340/two weeks.
   - 100% of the revenue would go to the contractor.
4. The cost of the program to the City would be $64,860 for a six-month trial phase.

Staff believes the specialized nature of this type of program would be considered a professional service. The City’s Purchasing procedures require an informal request for proposals for professional service contracts in excess of $25,000 but not to exceed $65,000 and a formal request for proposals for contracts over $65,000. Staff would prepare the appropriate solicitation process based on Council direction on the parameters for a bike share program. Library Bikes could submit a proposal in response to the solicitation.

Issues and Considerations
In the course of evaluating the Library Bikes and the bike-sharing concept, staff has identified a number of issues that would need to be included and evaluated in a request for proposals for a local bike share program if Council wishes to pursue a local independent program (see Attachment C, for a detailed discussion).

1) Management Issues – Two issues that need to be resolved before soliciting a contractor are:
   a) who (vendor/contractor, partner, or the City) would be responsible for the management of the program and ongoing maintenance of bicycles; and
   b) if advertising would be incorporated into the program, as a way to subsidize program costs

2) Trial Phase Issues:
   a) the expected duration of a trial program; and
   b) whether membership will be open or limited (e.g. to City employees, partner employees, or those with a Palo Alto work address, etc.).
3) Type of Bicycles – An RFP should specify:
   a) new or used bicycles;
   b) specifications on bicycle types and amenities
   c) the minimum number of bicycles expected for the trial period.

4) Stations – Other specifications to be included in an RFP are:
   a) the type of stations (e.g. cabin, kiosk, covered racks, e-lockers, solar-powered);
   b) whether the stations should be automated or staffed, and
   c) the number of stations expected for the trial program.

5) Fee Schedule – Depending on the objectives of the program, Council should provide direction:
   a) on whether a long-term or short-term rental program should be pursued; and
   b) if one-time credit card users should be allowed during the trial phase.

6) City Subsidy— Council should provide further guidance on the level of City subsidy, including:
   a) a total, not-to-exceed amount for this program; and
   b) a reasonable per bicycle subsidy level: low subsidy—$0-499/bicycle; moderate subsidy—
      $500-2,499/bicycle; heavy subsidy—$2,500+.

Regional Efforts
In the course of research, staff discovered that there are several other agencies that have been
exploring the idea of a bike-share program (i.e. VTA, Samtrans, Caltrain, and the City of
Mountain View). Corinne Winter of Silicon Valley Bicycle Coalition (SVBC) has been
coordinating efforts to get interested parties together to discuss the possibility of a regional
program. A meeting was held on Monday, September 29th with representatives from SVBC;
Santa Clara Valley Transportation Authority (VTA); Caltrain2/San Mateo County Transit District
(Samtrans); Santa Clara County Supervisor Ken Yeager’s Office; City of Palo Alto
(Councilmember Yoriko Kishimoto and Transportation staff); City of San Jose (Councilmember
Sam Liccardo, Department of Transportation, Visitors’ Bureau, and Economic Development
staff); City of Mountain View (Vice Mayor Margaret Abe-Koga); VTA Bicycle & Pedestrian
Advisory Committee (BPAC); Stanford University Parking and Transportation; Guadalupe River
Parks and Gardens (GRPG); Silicon Valley Leadership Group; Moffett Park BTA; Apple;
Google; Lockheed Martin; Library Bikes; independent avid bicyclists; and the Bay Area Air
Quality Management District (BAAQMD). There was strong support for such a program. While
local sponsorships/partnerships with private companies were seen as a viable opportunity, many
were opposed to contracting the program to a large advertising media company. As a result of the

2 Caltrain has a strong interest in a regional collaboration, as the Caltrain Bicycle Access & Parking Plan
suggests a bike-share program as one possible method of alleviating overcrowded bicycle cars and
preventing passengers with bicycles from getting “bumped” to the next train.
meeting, a steering committee has been formed and VTA is currently taking a lead role to discover if there is funding within their agency for an initial study.

**Local Perspectives**

At the August 5, 2008 Palo Alto Bicycle Advisory Committee (PABAC) meeting, the committee unanimously passed a motion expressing “reservations about the Library Bikes concept and specifically the proposal submitted by Library Bikes. The committee feels other items in the existing Palo Alto Bicycle Transportation Plan should be given priority instead, for example, the bicycle route signage project, Park Boulevard bicycle boulevard project, other new bicycle boulevards and bicycle parking throughout the City, etc.” They are in agreement that such a program, if implemented, would not be of as much value to residents, but should target commuters. They suggested the City explore a loaner/rental bike program at the BikeStation that could accommodate casual bike use. (See Attachment D).

On October 16, 2008, several local private stakeholders were invited to a meeting with Transportation staff to discuss how a potential public bike-share program would fit into the context of Palo Alto. Representatives from the Palo Alto Chamber of Commerce, California Avenue Development Association, Facebook, Palo Alto Medical Foundation, Stanford University, Stanford Research Park, and Palo Alto Bicycles were present. There seems to be greater support for a program with a regional focus or driven by private companies, rather than a city-run program. There was a consensus that shorter-term rentals with multiple stations around University Ave. and California Ave. (including Caltrain stations) would be ideal. Participants were not opposed to membership subscription fees, and user fees ($3-5/daily) were highly lauded as an effective way to off-set costs. Factors precipitating the necessity of such a program include bicyclists being “bumped” from Caltrain due to capacity issues, parking shortages and high expenditures on parking tickets. Some concerns raised included uncertainty of whether or not this should be a government-subsidized program, lack of infrastructure for existing private bicycles (especially on California Avenue and in Midtown), the need to address safety, and the cost of maintaining heavily-used public bicycles. Companies such as Google and certain departments on Stanford University’s campus have adopted smaller fleets for limited/internal bicycle-share programs. Innovative designs and bicycle parking alternatives that only require small footprints and don’t necessarily need to replace valuable parking spaces were shared. Promoting healthy modes of travel was also noted as a positive externality to such a program.

**CONCLUSIONS**

Given the high expected capital cost for a viable bike-share program, as well as information collected from several stakeholder groups and case studies across North America, staff believes a regional collaboration would provide greater financing opportunities and potential impact. Benefits of working on a regional scale include: opportunities to develop a high-tech program with the flexibility, ease of access and infrastructure desired for a successful program, reducing the amount of public-subsidy required by improving the cost-effectiveness of the program,
leveraging opportunities to partner with local private companies, increasing chances of obtaining competitive grant funding, and ensuring a program that is compatible within the region.

Staff recommends that Council continue to participate in the countywide collaboration to develop a bike sharing program led by VTA and report back to Council in one year on the progress achieved before considering initiating a local, independent program.

If Council elects to initiate such a program at a local level independent of the regional collaborative, staff would request guidance on the Council’s desired parameters for the program as discussed previously. If Council decides to proceed on a regional level, the same program elements are still important to set Palo Alto’s expectations within a larger program.

RESOURCE IMPACT
The cost to implement the six-month Library Bikes proposal is in the range of $60,000-65,000.

Staff also investigated the use of Citywide Traffic Impact Fees (TIF) and the General Fund Budget Stabilization Reserve (BSR). The use of Citywide TIF funds is a possibility for an ongoing program, but that use would likely be a high hurdle because it would need to be substantiated with data (from the trial period) showing that it will accomplish the same results as a project in the Citywide TIF Nexus Study. This would require Council action to substitute this project with another identified project in the Nexus Study. The General Fund BSR is already below recommended levels and is not recommended to be used for this purpose. Depending on the Council direction at this meeting, staff will develop a more definitive funding plan, if needed.

Potential outside funding sources for this project are as follows:
*Bay Area Air Quality Management District (BAAQMD) grants* - Transportation Funds for Clean Air (TFCA) Grants through an ongoing application process. They are out of funds for this fiscal year; the next application round begins spring/summer 2009. The Bicycle Facility Program (BFP) subsidiary fund was created recently as a result of bicycle programs not being competitive with other projects in the larger TFCA pool, and follows a similar timeline (summer deadline).

*Santa Clara Valley Transportation Authority (VTA) Bicycle Expenditure Program (BEP) and Project List*—Applications for the Santa Clara Valley Transportation Authority (VTA) Bicycle Expenditure Program (BEP) are accepted in December. The RFP process in December is more competitive with criteria such as cost-effectiveness of program.

*Public/Private Partnership/Local Sponsorships*—Morgan Hill, CA has a City employee-shared bicycle fleet donated by Specialized, whose headquarters are located in Morgan Hill. The City could work with local business community to obtain sponsorships, or could partner with local businesses to have bike sharing stations located on employment sites with demand for bike sharing/bike rentals.
Based on Council direction, staff would pursue the appropriate funding sources.

**POLICY IMPLICATIONS**
A bike sharing program would be consistent with the Comprehensive Plan Transportation goals of having less reliance on single-occupant vehicles (Goal T-1); developing facilities, services, and programs that encourage and promote walking and bicycling (Goal T-3); and playing influential role in shaping and implementing regional transportation decisions (Goal T-9). The program would also be consistent with the City Council priority toward Sustainability efforts.

**ENVIRONMENTAL REVIEW**
This report only requests further Council direction on the bike sharing programs and is therefore not considered a project under California Public Resources Code Section 21065 (California Environmental Quality Act).

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**ATTACHMENTS**
Attachment A: Colleague’s Memo, Library Bikes Proposal  
Attachment B: Bike Sharing Programs Sample Cases Spreadsheet, Survey Responses  
Attachment C: Bike Sharing Programs Issues and Considerations (detailed discussion)  
Attachment D: August 5, 2008 PABAC Minutes

**cc:**  
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