



Transportation Committee

Item #16-3-6 Information

February 25, 2016

Regional Bike Share System Update

Issue: The Bike Share Policy Steering Committee has recommended that SACOG own, operate, and maintain a regional bike share system.

Recommendation: None; this is for information and discussion only.

Discussion: On February 1, 2016, the Bike Share Policy Steering Committee of elected officials and local agency executive management reviewed findings from SACOG's bike share consultant, Toole Design, and recommended the development of a SACOG owned and operated regional bike share system (see Attachment A, Regional Bike Share Needs Assessment and Opportunities Analysis). Members of the Bike Share Policy Steering Committee include:

- Lucas Frerichs, City of Davis Councilmember,
- Jeff Harris, City of Sacramento Councilmember,
- Steve Hansen, City of Sacramento Councilmember,
- Christopher Cabaldon, Mayor of West Sacramento,
- Mike McKeever, SACOG Chief Executive Officer, and
- Larry Greene, Sacramento Metropolitan Air Quality Management District (SMAQMD) APCO.

As part of the analysis, SACOG and Toole Design conducted over 20 interviews with stakeholders across the region. The stakeholders represented a diverse group including elected officials, city staff, transit agency staff, developers, business associations, housing advocates, college and university staff, and bicycle advocates. These stakeholders asked for a regional bike share system that would balance the needs of individual cities and the region as a whole, with SACOG managing the program through a public-private partnership. Stakeholders expressed the desire to have the system reflect the transportation, economic, and livability goals of the region while remaining agile enough to respond to changes in system deployment and expansion.

Many of the stakeholders stated that it could be easier to attract potential sponsors, and have local businesses support the program if a government agency took ownership. Many felt that the system should function like a private business enterprise, where ridership is maximized and the system is kept in a state of good repair and function, and is financially stable; however, there was not overwhelming support for a privately owned and operated system. The stakeholders wanted the ability to have their local concerns represented, something that is difficult in a private system.

SACOG and Toole Design are now working on the details of what a SACOG owned and operated system might look like and how each of the three pilot cities and additional partners might support the system. Balancing the responsibilities of maintenance costs and sponsorship revenues will be

keys to ensuring a successful public-private partnership with a future bike share system operator and equipment vendor. To that end, SACOG staff will be drafting formal agreements for how SACOG and various city councils and funding partners would together develop, own, and operate the regional bike share system.

SACOG staff plans to return to the Committee in April with a more detailed recommendation for consideration. Below is a general development schedule of key bike share project tasks:

1. Completed Governance Implementation Plan (Dec 2015 to June 2016)
 - a. Detailed Governance Implementation Plan
 - b. Interagency and Partnership Agreements

2. Bike Share System Contracts (April to June 2016)
 - a. Request for Proposals Framework for Operations and Equipment
 - b. Request for Qualifications for Sponsorship Development
 - c. RFP/RFQ Advertisement, Negotiations, and Awards for bike share operations

3. Bike Share-Related Initiatives and Collaborative Efforts (Scope by April 2016, Development through Spring 2017)
 - a. Connect Card Interoperability Specifications
 - b. Mobility Outreach & Planning Integration

4. Bike Share System Development with Contractors (June 2016 to Spring 2017)
 - a. Bike Share System planning, permitting, and environmental clearances
 - b. Secure bike share system sponsorships to help cover operating costs
 - c. Nine to twelve month system installation, including public station planning process, system testing, etc.

Background: On December 17, 2013, SACOG awarded \$3.9 million in funding from the 2014 SACOG Flexible Funding Round to the SMAQMD to develop a Regional Bike Share project in the cities of Sacramento, West Sacramento and Davis, and on the UC Davis, Sacramento State University, and Sacramento City College campuses. This initial multi-agency partnership also committed \$885,000 in local matching funds for capital and operating expenses. SMAQMD was the lead agency and took steps to begin the project, including drafting interagency agreements and considering consultant services to establish a non-profit to manage the bike share program once operational.

During the fall of 2014, the Bike Share Executive Committee and SACOG and SMAQMD staff recognized that subsequent tasks related to developing the governance model, finalizing interagency agreements, planning coordination, Connect Card integration, and federal aid processes would be better managed by SACOG. In January 2015, the Bike Share Executive Committee, composed of management staff from multiple cities, transit operators, the University of California Davis (UC Davis), SMAQMD, and SACOG, requested that SACOG become the lead agency and assume project management of the Regional Sacramento Bike Share project. In April 2015 the Regional Bike Share Project was added to SACOG's Overall Work Program.

For more background on bike share development efforts between April 2015 and February 2016, see the website updates provided in Attachment B.

Approved by:

Mike McKeever
Chief Executive Officer

MM:SS:ds
Attachments

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MEMORANDUM

Project: Sacramento Bike Share Governance Analysis

Subject: Needs Assessment and Opportunities Analysis - **DRAFT**

Date: January 21, 2016

To: Sam Shelton, SACOG

From: Sean Co and Adrian Witte, TDG

Selecting an appropriate governance structure is an important decision for any bike share system, but is particularly important for a regional bike share program to ensure that the correct model is established to ensure collaborative decision making and a consistent user experience. The selected governance structure will need to have the flexibility to meet the needs of the participating agencies, allow others to join the program, and at the same time provide clear responsibilities for decision making, program fundraising, ownership, branding, technology, operations, and other program needs.

The 2013 *Bike Share Business Plan* identified a pilot system of 88 stations and 616 bikes serving the cities of Sacramento, West Sacramento, and Davis as well as the campuses of the University of California – Davis (UC-Davis) and Sacramento State. Future phases could expand into other parts of the region. The agency partner list that is contributing to the \$4.8 million in identified federal and local funding includes regional and transit agencies and university partners. There is also the potential for other partners to be involved in the program through community partnerships and sponsorship opportunities in the future.

The Business Plan identified two potential governance structures: (1) a non-profit model; or (2) a publicly-owned / privately operated model. While these are still legitimate options for the program, recent changes in the industry have seen several variations of the above models and new regional models. Non-profit organizations are now deciding whether to operate the system themselves (e.g., Minneapolis and Cincinnati) or contract to a third party (e.g., Seattle and Salt Lake City). As well, cities operating in a regional bike share system have historically operated with informal understandings or through Memoranda of Understanding (MOU) between participating municipalities (e.g., Capital Bike Share and Hubway), but increasingly, regional agencies are becoming involved to administer programs on behalf of their regions (e.g., Bay Area Bike Share and Los Angeles Metro). In addition, transit agencies are seeing the benefit of

bike share as an extension to transit as a first and last mile solution and are taking an active role in setting up programs (e.g., Fort Worth) or directly in operations (e.g., Boise).

The key to this project is to understand the local context and to use this information to decide on the most appropriate governance structure that will promote the success of the system. In general, the following functions are required to mobilize and operate a bike share system:

- Obtain political, public, and other support.
- Raise funds for initial capital and ongoing operating costs.
- Procure the equipment vendor and the operator.
- Administer contracts with the equipment vendor and the operator.
- Own and maintain the system and its assets.
- Brand and market the program.
- Conduct outreach and administer equity and other programs.
- Evaluate and expand the system.

These functions can be undertaken by one or more organizations. Existing U.S. bike share programs operate under different business models depending on the jurisdiction's funding environment, institutional capacity, and local transportation needs. A map of existing regional and multi-state bike share systems operating in the United States is shown on **Figure 1**.

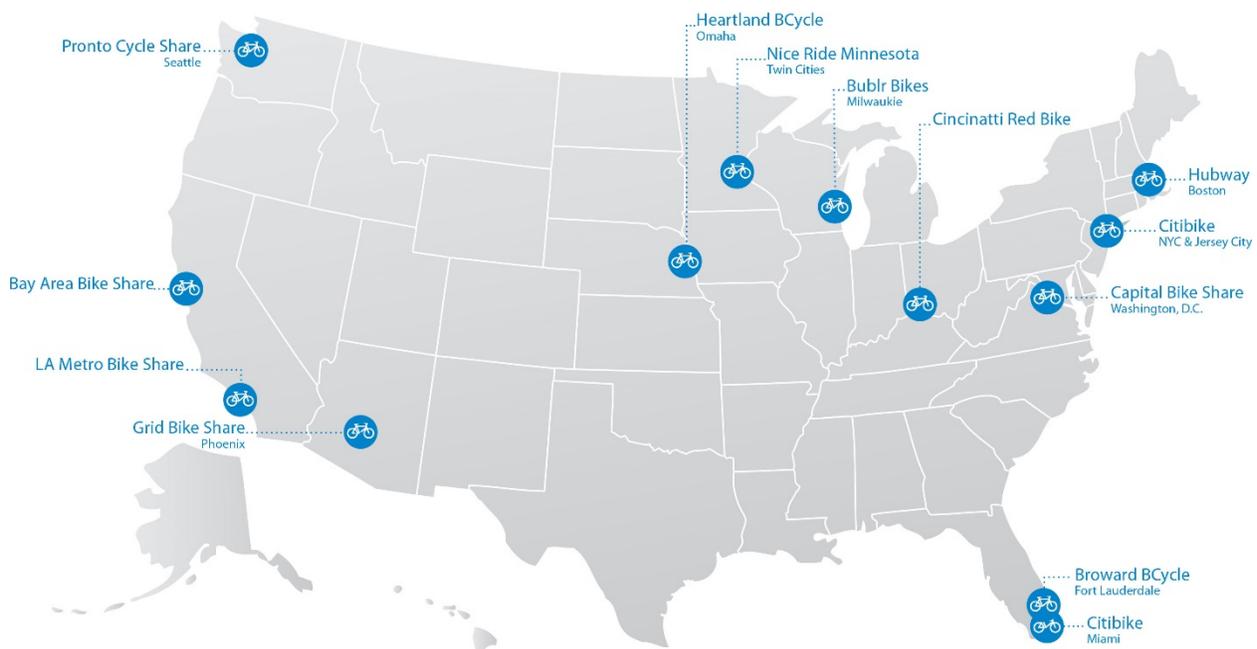


Figure 1: Existing Regional Bike Share Programs in the United States.

The project team conducted over 20 interviews with an extensive list of stakeholders in the region to understand their needs, assets, capacity, and capabilities and to see if there was an obvious candidate to take on one or more of these roles. From this scan, the project team developed several potential governance models that will be taken forward to the Project Management Team (PMT) for further consideration and then to the Policy Steering Committee (PSC) for selection of a preferred model. Future memoranda will focus on developing the details of the preferred model and moving it forward towards implementation.

Needs Assessment

The following section outlines the needs of a bike share system and in particular calls out some of the considerations that will need to be taken into account in selecting a model that can operate across jurisdictional boundaries. Multi-jurisdictional bike share systems need to consider which functions and decisions should remain regional and which can or should be undertaken locally. The specific conditions in each community will also be a factor (e.g., the ability for on-street advertising in some communities and not others). Some of the questions that will need to be resolved are listed below.

Obtaining Support

- How will a decision about the governance structure be reached?
- How will decisions be made within the governance structure? Will all partners be represented and will they each have equal voting power?
- Are the fundamental goals for bike share the same in each community?
- How much involvement would local agencies and participating entities like to have in the program?
- Is there support amongst regional stakeholders for a particular organization to take on certain functions?

Funding and Fundraising

- What funding currently exists and how will this be shared between jurisdictions?
- Are individual jurisdictions responsible for capital funding beyond the existing funding sources? Could this lead to competition for grants, etc.?
- How will operating revenues and expenses be shared?
- What is the decision-making process for developing a consistent fare structure?
- How will the fare structure and the technology be integrated with other transit modes?
- Is sponsorship / advertising allowed in all jurisdictions? How will this be contracted and will this revenue be used locally or shared regionally?

Equipment and Procurement

- Is a single technology solution or multiple technology solutions possible in the region?
- Are connections / consistency with the Bay Area or other systems significant factors?

- Are contracting requirements and payment structures different amongst the participating agencies? How will agencies coordinate to procure equipment and operations services?
- Is there a single (region-wide) procurement process that will simplify the process for future entities to join the program?
- How will proposal evaluation be conducted – who will be represented on the selection panel?

Operations

- Are all agencies in agreement with who should operate the system?
- If a third party is used to operate the program, who will be responsible for administering the contract with the operator?
- Will each jurisdiction have a separate contract with the operator or will operations be regional?
- Can jurisdictions select different operators or should a single operator be selected?
- How will performance standards be created? Will these be different for each jurisdiction or consistent throughout the region? How does this impact system costs and cost-sharing amongst the project partners?

Branding and Marketing

- Will one brand be created for the program throughout the region?
- How will this brand be created?
- Will the operator be responsible for marketing the program and if not, who will take on this responsibility?

Outreach and Equity

- What level of marketing and promotions is necessary in each community?
- What priority is social and geographic equity and how is this reflected in the priorities of the governance structure?
- Who will take on responsibility for planning and undertaking outreach and equity programs?

Evaluation and Expansion

- How will the program be evaluated and participation / expansion decisions be made in the future?
- Who decides on where the system expands?
- How do other communities join the system and what are the criteria for joining the system, e.g., does a new jurisdiction need to bring capital and operating funds to the table?

Business Model Scan

This section summarizes the different regional bike share business models and governance structures that exist in the United States. These models, or variations of these models, could be considered in the Sacramento region. **Figure 2** shows a family tree of regional bike share programs in the United States.

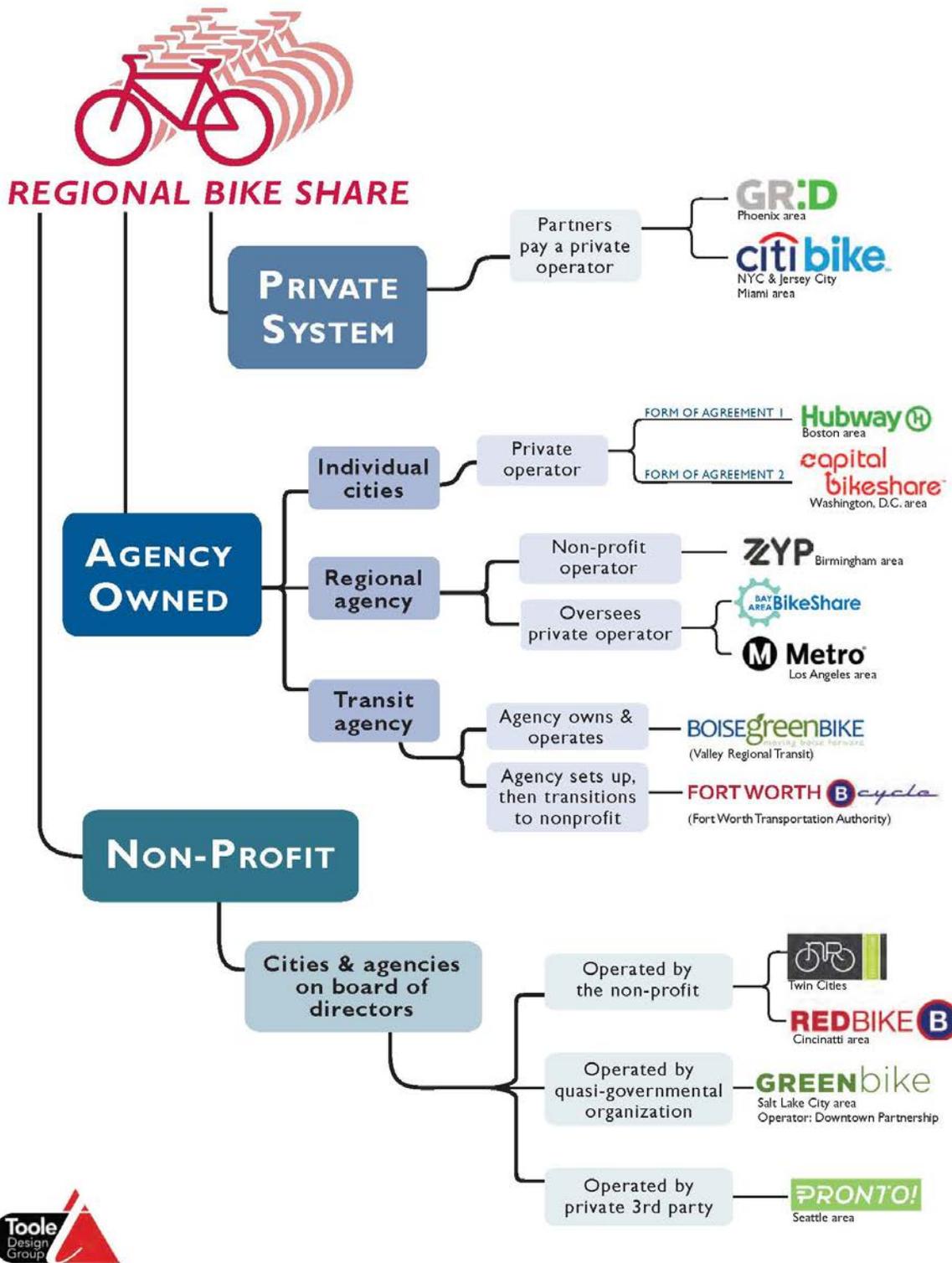


Figure 2: Family Tree of Regional Bike Share Systems in the United States.

There are three broad categories of governance structures – privately owned and operated, agency owned, and non-profit owned. These are described below along with variations of each type.

There are several **privately owned and operated** programs that operate regionally in the United States including Citibike, which is owned and operated by Motivate under the common sponsorship banner of the Citigroup in New York City, NY, Jersey City, NJ, and Miami, FL. Similarly, the Grid system is owned and operated by CycleHop in Phoenix, AZ and will soon be expanding to Tempe and Mesa, AZ. In these systems, the private entity responded to a Request for Proposal (RFP) issued by one of the local jurisdictions and offered a “no cost” bike share system in exchange for use of the city’s right-of-way for station placement and collection of user fees and system sponsorship revenues. Under this model, the financial risk is removed from the local agency, but because of this there is often less control over program priorities and decision-making such as where the system should expand, level of effort to address equity, etc. which may be dictated more by financial needs and criteria. However, even in these systems, agency involvement is critical, particularly for local agencies that allow the use of their rights-of-way for station placement and for street furniture sponsorship. Local agencies may create a revenue-sharing or profit-sharing agreement with the private entity to compensate for the privilege of using of this space. These funds, as well as other agency-obtained funding sources (such as grants), can be invested into the program to expand it into less-profitable areas or to fund programs such as low-income and equity access programs.

Agency owned programs come in a number of forms and vary by the type of agency involved and their level of involvement in establishing, procuring, and overseeing the bike share program. In the case of Capital Bikeshare in the Washington D.C. area, a collection of different city and county agencies that were interested in bike share came together to create a collective agreement in the form of a Memorandum of Understanding (MOU) that identified the common elements of the system, such as its name, branding, selection of the equipment vendor and third-party operator, etc. However, each city retains control over certain elements of the program such as negotiating their own service levels and operating costs with the third-party operator (Motivate).

In other agency-owned bike share programs, the regional agency has played a part in establishing the program. In Birmingham, AB, the Regional Planning Commission of Greater Birmingham (RPCGB) led planning of the system, capital fundraising, and procurement of an equipment vendor. It also identified REV Birmingham, a private-public partnership focused on economic development in the City Center and in Birmingham’s Neighborhood Commercial Centers to take on operation of the program. Similarly, the Fort Worth Transportation Authority (the T) led the development of a bike share program in Fort Worth with capital fundraising and procurement of B-cycle as their equipment vendor. They also established a non-profit to transition ownership and operation of the program. Many of the serving members on the Board of Directors of the new non-profit represent the T, the City, and other agencies.

In the Boston area, the regional planning agency, the Metropolitan Area Planning Council (MAPC), led the procurement process to find a bike share equipment vendor and operator. Individual cities can purchase equipment through this contract and enter into their own operating contracts with the selected third-party operator (Motivate). The individual cities have a collective agreement with one another through an

Intergovernmental Agreement (IGA) that establishes common elements of the program, a voting structure for decision-making, cost- and revenue-sharing responsibilities, etc.

Other regional agencies have been more active in ongoing ownership and administration of bike share programs. In the Bay Area, prior to the Motivate offer for private ownership and operations, the Metropolitan Transportation Commission (MTC) was to take on ownership and oversight of a regional bike share program where individual cities would “buy in” to the program. MTC would provide initial capital, select an equipment vendor, and select and contract with a third party operator that would operate under one contract with MTC rather than through individual contracts. The Los Angeles County Metropolitan Transportation Authority (Metro) is taking on a similar role in Los Angeles. It will be the ongoing owner of LA Bike Share and led the procurement process for an equipment vendor and operator (Bicycle Transit Systems). Individual cities in the region (such as Los Angeles and Pasadena so far) can join the program under an agreement where Metro agrees to pay up to 50 percent of the capital cost of the equipment (the participating jurisdictions contribute the remaining share) and up to 35 percent of any operating shortfall (the participating jurisdiction will be responsible for the other 65 percent of the shortfall).

In Boise, ID, Valley Regional Transit, the region’s transit provider has taken on both ownership and operations of the Greenbike program as an extension to their existing suite of transit services. To date, the program is funded by federal and state grants for capital and user revenues and sponsorship for ongoing operations and does not rely on local public funding.

Non-profit owned systems are also a popular form of governance for regional bike share systems. In these programs, the idea for bike share often starts in a city agency or at the Mayor’s Office. An existing, or most often, a newly formed non-profit is then tasked with bringing bike share to that city or region. The non-profit is most often responsible for fundraising, procurement, ownership, and ongoing oversight of the program. The most familiar non-profit model is that of Nice Ride Minnesota that both owns and operates the bike share program in Minneapolis, St. Paul, and Bemidji, MN. Red Bike in Cincinnati is similar in that the non-profit owns and operates the program in Cincinnati, OH and in several smaller cities in Kentucky. Agencies are often represented on the Board of Directors of the non-profit and on technical advisory boards to assist with planning, programming, and expansion decisions.

In Salt Lake City, Greenbike was founded as a public-private non-profit partnership between several public agencies including Salt Lake City, the Wasatch Front Regional Council, and the Utah Transit Authority as well as quasi-governmental and private entities such as the Salt Lake City Chamber of Commerce, Downtown Alliance, and Visit Salt Lake. The new non-profit has taken on ownership and operation of the program. In Seattle, the Pronto Cycle Share program was borne from a planning study conducted by King County Metro and supported by the Cities of Seattle, Kirkland, and Redmond, as well as a collection of other regional stakeholders. That study identified that a non-profit would be the best ownership model to allow the program to expand to multiple jurisdictions including the University of Washington. The non-profit contracts to a third party (Motivate) for day-to-day operation of the system.

Opportunities Analysis

As the business model scan shows, there is no “one size fits all” solution to bike share. Because of its multi-jurisdictional nature, there are many options in the Sacramento region. During the week of December 7th, 2015, SACOG and Toole Design Group staff conducted over 20 interviews with stakeholders in the Sacramento region that are expected to be involved in a pilot regional bike share system. The stakeholders represented a diverse group that included elected officials, city staff, transit agency staff, developers, business associations, housing advocates, college and university staff, and bicycle advocates. Interviews were conducted with the following stakeholders:

- Sacramento Area Council of Governments: Mike McKeever, Chief Executive Officer and Kirk Trost, Chief Operating Officer.
- City of Sacramento: Jeff Harris, Council Member, Steve Hansen, Councilmember, Nick Theocharides, Engineering Services Division Manager, Judy Matsui-Drury, Senior Engineer.
- City of West Sacramento: Chris Dougherty, Transportation Program Specialist and Seamus Laffey, Planner.
- City of Davis: Jennifer Donofrio, Bicycle/Pedestrian Coordinator and Brian Abbanat, Transportation Planner.
- Sacramento Regional Transit: Mike Wiley, Chief Executive Officer.
- Yolo County Transportation Authority: Mike Luken, Deputy Director of Planning.
- Unitrans: Anthony Palmere, Director.
- Capitol Corridor Joint Power Authority: Jim Allison, Manager of Planning.
- University of California, Davis: Cliff Contreras, Director of Transportation and Parking Services and David Takemoto-Weerts, Bicycle Program Coordinator.
- California State University, Sacramento: Tony Lucas, Director of Transportation and Parking (by phone).
- Los Rios: Laduan Smedley, Chief Financial Officer (by phone).
- The River District: Patty Kleinknecht, Executive Director.
- Midtown Business Association: Emily Michaels, Executive Director.
- Downtown Sacramento Partnership: Emilie Cameron, Policy and Advocacy Manager, Valerie Mamone-Werder, Senior Business Development Manager.
- Sacramento Housing and Redevelopment Association (SHRA): Celia Yniguez, Senior Management Analyst.
- La Familia: Rachel Rios, Executive Director.
- Heller Development: Michael Heller, Founder.
- Sacramento Area Bicycle Advocates: Jim Brown, Executive Director.

A list of interview questions is included in **Appendix A**. In particular, the team explored the interests, capacity, and capabilities of each to see if there was an obvious candidate to take on ownership and administration of the bike share program or whether capacity needs to be built outside of these organizations.

Summary of Stakeholder Interviews

The interviews showed that there was general consensus among the stakeholders that a regional bike share system would be beneficial both to the individual cities and the region as a whole. Many of the stakeholders expressed interest in either SACOG managing the program or playing a strong leadership role in a public-private partnership. There was general agreement that SACOG is extremely effective at building consensus in the region and is well-respected.

Stakeholders expressed the desire to have the system reflect the transportation, economic, and livability goals of the region while remaining agile enough to respond to changes in system deployment and expansion. Many of the stakeholders stated that it may be easier to attract potential sponsors, and have local businesses get behind the program if a government agency took ownership of program. While many felt that the system should function like a private business enterprise where ridership is maximized, the system kept in a state of good repair and function, and be financially stable; there was not overwhelming support for a privately owned and operated system. The stakeholders wanted the ability to have their local concerns represented in the system, something that is difficult in a private system.

Preliminary Governance Structure Ideas

The findings of the stakeholder interviews suggested that having a region-wide governance structure is important. As well, several possible models were eliminated because they did not fit this requirement or because of a lack of interest from stakeholders in those models (e.g., a new JPA, regional transit agencies operating the program, and independent city-run program models were eliminated based on a lack of stakeholder support). From this, a couple of models rise to the top including a SACOG managed program and a non-profit managed program. These models (and variations to these models) are described below and were discussed with staff representatives on the Project Management Team prior to bringing them forward for consideration by the Policy Steering Committee.

A decision-making flowchart is included in **Appendix B** to help decision makers with the stepwise process of selecting a regional bike share governance structure. The first major consideration is to determine overall ownership of the program – will SACOG own the program or will it be turned over to a non-profit. The role of SACOG, the local agencies, and other partners changes dramatically under the two models. These differences are outlined in **Appendix C** from the perspectives of SACOG, local agencies, and other partners (e.g., higher education partners, the private sector, etc.). Depending on the ownership decision, the two models take different paths, however the next critical decision is funding and fundraising responsibility. Particularly under a SACOG model, the funding responsibilities of local agencies and other partners needs to be determined and should be directly related to how much control and say these entities want in the program.

Option 1a: SACOG Managed Program

There seemed to be support for a SACOG managed bike share program. In this model, SACOG would be responsible for the overall management of the system including fundraising, procuring an equipment provider, and managing a contract with a third-party operator. While SACOG is experienced in managing

regional projects, such as the Downtown/Riverfront Streetcar Project and the development of the Connect Card, very few of these programs require ongoing operations, with the exceptions of the Freeway Service Patrol (FSP) and the Service Authority for Freeways and Expressways (SAFE).

Opportunities

A SACOG managed program would provide stability to the program, represent regional interests, simplify procurement, and allow for easy future expansion. Individual cities and universities would have the ability to set their own performance levels that are appropriate for their local context. Operations and maintenance costs would be determined for each area. SACOG would apply funds from a regional sponsor to offset capital, operations and maintenance costs and could also serve as a broker for local advertising revenue. SACOG is experienced in managing and allocating federal and state funding and could also accept local or private funding to expand the program if necessary (e.g., from UC-Davis or Sacramento State or via a private sponsorship).

SACOG would need to dedicate staff to the project for procurement of the equipment vendor and operator, during set-up of the program, and for ongoing administration of the program including monitoring and setting performance targets, managing agreements with cities, and ongoing fundraising for expansion, operations, and maintenance.

The SACOG board provides an already established framework for decision making and program evaluation. All of the city agencies in the pilot program are already represented as members of the SACOG board, although other entities such as UC-Davis and Sacramento State are not represented. Sub-regional rules would allow the flexibility to create a subset of the board to make decisions on the bike share program if necessary. It will be important to create the appropriate level of oversight from the board so as to maintain nimble decision-making around day-to-day operations and using the SACOG framework for high-level policy decisions.

It is possible that the program could expand to other cities in the Sacramento region in the future. The program could also expand in the pilot cities if successful, resulting in a much larger service area than was originally studied. SACOG would be well positioned to take on this growth by developing guidelines with the board's input for expansion. SACOG is also well placed to lead transit and fare integration through its management of the Connect Card project.

Issues for Consideration

While the SACOG board has representatives from the pilot cities, UC Davis, Sacramento State, or Sacramento City College have no representation. None of the college or university staff saw this as a large barrier to a SACOG managed system but acknowledged they would like to have a stake in the program. In general, the level of investment in the system for the local agencies is important to create a sense of ownership and responsibility for the program in each area. This could be achieved through financial investment (i.e., cost-sharing responsibilities) and the establishment of a technical advisory committee that meets regularly to discuss local issues and priorities.

The SACOG board would need to make decisions about bike share that are beneficial to the region even though board members would be voting on actions that initially affect only a few cities. SACOG staff would need to strike a balance with keeping regional interests in mind but also address any perceived inequities from elected officials who will not be part of the initial roll-out.

SACOG may be in a position to fundraise or distribute regional funds towards bike share capital costs. It will also collect user-generated revenues from the system that can be applied towards the cost of operating the system. However, there is likely to be an operating shortfall and SACOG does not control local revenue-generating opportunities such as street furniture advertising and sponsorship. SACOG will need to create an IGA to operate the program in the cities of Sacramento, West Sacramento, and Davis and on the UC-Davis and Sacramento State university campuses. The IGA would need to allow SACOG the use of these entities' rights-of-way for station placement, establish a framework for how decisions will be made around local service levels and other area-specific program characteristics, and it may also need to establish agreements on the use of revenues collected from station advertising or sponsorship and address cost-sharing responsibilities for capital and operating expenses.

Under this model, SACOG would negotiate contracts with the private operator for either a system-wide service level or different service levels in each area. If cost-sharing is part of the IGA with local agencies, these service levels need to reflect local cost-sharing expectations, with SACOG negotiating on behalf of the local agency.

Internal staff capacity to manage an operations program like bike share would need to be addressed. SACOG would need to examine how staff for the program would fit into the organization and how the position would be funded. Cities participating in bike share could contribute financially to fund staff necessary for the program.

Under this model, SACOG would retain responsibility for branding, marketing, outreach, and development of equitable access programs. Ideally, SACOG would build Transportation Demand Management (TDM) and Congestion Mitigation and Air Quality (CMAQ) support for equitable access programs, but for any of the functions above, could provide these services in-house or contract out to third party organizations or work with local non-profits to provide these programs.

Option 1b: Variation on SACOG Managed Program

Option 2 is similar to Option 1 in that SACOG would manage the overall program, but, would separate out operating contracts for different areas. For example, a professional operator could be contracted in Sacramento and West Sacramento and a non-profit could be trained to operate the program in Davis and on the UC-Davis campus. This model could react to local needs and priorities, but would increase the level of effort for SACOG staff with two contracts to manage rather than one.

Another variation could be the split of sponsorship revenues. On-bike sponsorship revenues could be retained by SACOG to disperse amongst the whole system and local sponsorship revenues at the kiosks and other fixed assets could go to the local agency or non-profit. Under this model, the local agencies could be given more control over the expected service levels and other local decisions. However, they would be

expected to take more financial responsibility through a cost-sharing agreement with SACOG (e.g., in Los Angeles, LA Metro covers 35% of any operating shortfall and the local agency covers the remaining 65% of the shortfall).

Option 2: Regional Non-Profit Model

There was some support among stakeholders for a new non-profit to be established to manage the bike share program. In other cities, the non-profit has also taken on day-to-day operations of the program, e.g., this is the case for the Nice Ride system operating in Minneapolis, St. Paul, and Bemidji, MN. Nice Ride is responsible for all the administrative, customer service, maintenance, and operations functions and staffing their organization accordingly. In the Seattle region, the Pronto Cycle Hire program contracts operations to a third-party operator.

Opportunities

A non-profit managed program may provide a more representative decision-making structure, may be more nimble in its decision-making, and could be more attractive to potential sponsors. However, these organizations take time to establish, often have less investment and involvement from local agencies, and have little oversight of performance standards or financial performance.

A new non-profit board would provide the opportunity for the UC Davis, Sacramento State and Sacramento City Colleges to have representation on a board that is not currently available to them under the SACOG managed governance structure. However, it would duplicate the level of effort and representation required for city agencies that are currently represented on the SACOG board. A new non-profit board would more actively engage the private sector through board representation and this may materialize in a more active decision-making framework that may be able to implement, maintain, and expand the system faster than a government agency

The involvement of a non-profit may be more effective at fundraising than a government agency (see the “Supplemental Non-Profit” section below). The project team heard that former City of Sacramento programs such as the Crocker Art Museum and the Sacramento Zoo were able to increase donations when turned over to a non-profit.

Issues for Consideration

Non-profit systems such as Nice Ride, where the non-profit owns and operates bike share, are less accountable to agency and public expectations and as such they generally set their own performance standards, functioning similar to a private system with often little oversight from a government agency. During the stakeholder interviews, the team heard a common theme that much of the control and business decisions should involve public agencies and should serve the best interests of the public. This may prove difficult if following the Nice Ride model.

Feedback received from stakeholders indicated that bike share should be a regional system and a new non-profit would most likely replicate the representation on SACOG. A new non-profit could also take some time to establish and would need to work with the timelines for funding allocation, etc.

Another consideration is that under a non-profit model, financial and public image risk is transferred from the public agency to the non-profit.

Supplemental Non-Profit (Supports Options 1a and 1b)

The success of the system will be dependent on local engagement from cities that have bike share and on the ability to fundraise to cover operating expenses. A non-profit could be established to support a SACOG managed program that would utilize public agency, private industry, and members of the public to raise funds and awareness of the program. This is similar to a “Friends of ...” organization or the American River Parkway Foundation, a non-profit that raises funds and organizes volunteers for the American River Parkway, which is part of the Sacramento County Regional Park system.

This non-profit could work in conjunction with any publically managed bike share system as a separate entity and could include representatives from organizations not represented on the SACOG board such as UC Davis, Sacramento State, and members of the private sector such as developers. The non-profit could also service as the public “face” of bike share in the region by marketing and promoting the system. It could also involve other local established non-profits such as the Sacramento Area Bicycle Advocates (SABA) and equity interest groups such as La Familia.

Next Steps

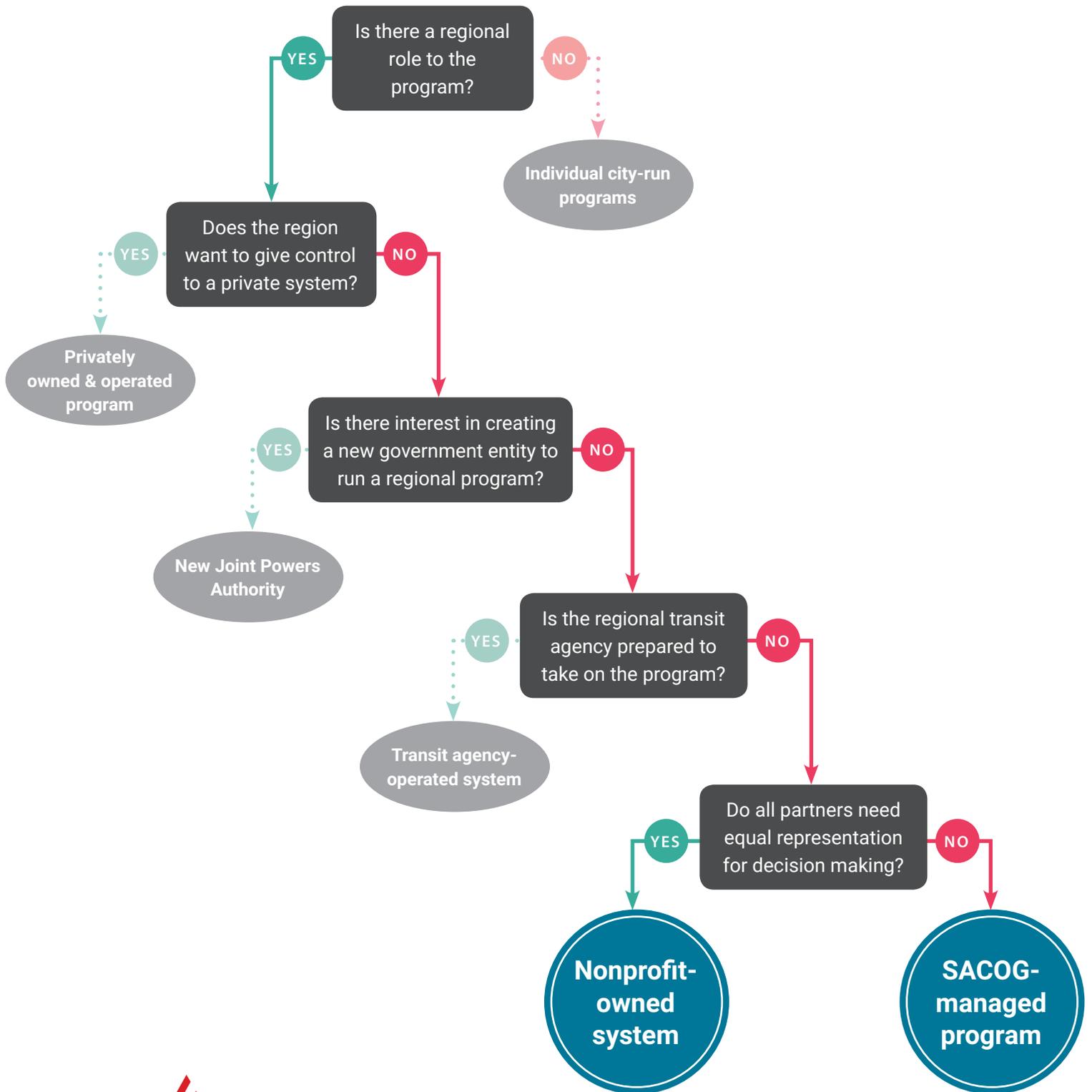
SACOG and the Toole Design Group team will present the summary of stakeholder interviews and its preliminary governance structure recommendations to the Project Management Team to ensure that feedback from all the stakeholder interests was well represented. They will then make any necessary revisions before presenting the governance structure ideas to the Policy Steering Committee in late January. In February, a draft set of governance options will be presented to the stakeholders, SACOG board and the bike share advisory teams.

Appendix A: List of Interview Questions

- What function do you see bike share playing in the Sacramento region?
- Where does your organization fit into that vision?
- What do you see as the biggest opportunities for a regional bike share program?
- What do you see as the biggest challenges for a regional bike share program?
- What support can your organization / agency provide to the program in the following areas:
 - Funding or fundraising (both capital and operations)?
 - Owning the system assets and assisting with equipment or other procurement?
 - Administering or overseeing the program?
 - Performing operations and maintaining the program?
 - Site identification, system planning and permitting support?
 - Marketing and branding?
 - Outreach and promotions?
 - Other?
- Who do you think should own, administer, and operate the program?

Appendix B: Regional Bike Share Governance Decision-Making Flowchart

Bike Share Governance Feedback



Appendix C: Comparison of Primary Regional Governance Models

| Criteria | Feedback from Stakeholders | Option 1a: SACOG Managed Program | | | Option 2: Non-Profit Owned Program | | |
|--|--|---|--|--|---|--|--|
| | | SACOG Perspective | Local Agency Perspective | Other Perspectives | SACOG Perspective | Local Agency Perspective | Other Perspectives |
| Examples | Interviews were conducted with SACOG, the Cities of Sacramento, West Sacramento and Davis. Sacramento Regional Transit, Yolo County Transportation Authority, Unitrans, Capital Corridor, UC Davis, CSUS, Sacramento City College, The River District, Midtown Business Association, Downtown Sacramento Partnership, SHRA, La Familia, Heller Development, SABA | LA Metro Bike Share | City of Los Angeles, City of Santa Monica | UCLA, Santa Monica, etc. | Nice Ride Minnesota (NP owned and operated); Pronto Cycle Share, Seattle (NP owned, 3rd party operator) | Cities of Minneapolis and St. Paul; City of Seattle, etc. | University of Minnesota; University of Washington; local developers |
| General Pros | Overall support to develop a regional bike share system | Regional Goals easier to achieve. Easier to attract sponsors with trusted regional government. | Less liability / risk if someone else owns and operates the system. Leveraging regional funding support reduces need for local funds. | Connected to regional system instead of a College-only system (e.g., Zagster). Shows commitment to achieving regional goals by participating in regional system. | A new board could include stakeholders not represented by the SACOG board. Less liability / risk if someone else owns and operates the system. | A new non-profit may be more successful at fundraising than a government agency. | Groups not on SACOG board would have the opportunity to be represented on the new board. |
| General Cons | Some distrust of government agencies compared to a non-profit structure | Harder to function like a private business. | Harder to represent local interests. | No voting power on SACOG Board. | A non-profit board would be duplicative of the SACOG board. | The creation of a new board may slow the process down. | The creation of a new board may slow the process down. |
| Level of Support Based on interviews and RFI responses | Many stakeholders expressed interest in SACOG either managing or playing a strong leadership role in a public-private partnership | ● | ● | ◐ | ◐ | ◐ | ◐ |

| Criteria | Feedback from Stakeholders | Option 1a: SACOG Managed Program | | | Option 2: Non-Profit Owned Program | | |
|--|--|--|---|--|---|---|---|
| | | SACOG Perspective | Local Agency Perspective | Other Perspectives | SACOG Perspective | Local Agency Perspective | Other Perspectives |
| <p>Roles Description of responsibilities to be undertaken by different agencies / organizations</p> | <p>Local agencies don't want to own or operate bike share, but they do trust SACOG. Local agencies, transit, and other stakeholders expressed interest in being involved in a regional program run by SACOG and providing assistance to the program. Although higher education institutions and private sector representatives do not have a voice on the SACOG Board, there was general trust in SACOG to represent their interests.</p> | <p>SACOG as lead agency. SACOG would own the program and be responsible for coordinating fundraising, leading procurement, managing the contract with the operator, and making final decisions on the program. Supplemental Non-Profit The success of the program will depend on fundraising ability. A non-profit could be established to support SACOG and raise funds and awareness of the program, e.g., "Friends of..." or the American River Parkway Foundation.</p> | <p>SACOG Board members, staff representatives on TACs via MOUs. Local agencies would be represented in decision-making through their representatives on the SACOG Board. Local agencies would provide technical support such as assistance with fundraising (including determining the feasibility of sponsorship), expedited permitting, etc. Decision-making power would be determined based on the level of local involvement. SACOG would likely set up a Technical Advisory Committee to provide a voice for local agency staff. Option 1b - Flexible local partnership option: Opportunity to transition to SACOG/local non-profit agreement vs. SACOG/City IGA</p> | <p>Higher education and private sector representatives on TACs University partners would be represented as per the local agencies with the exception that they do not have representatives on the SACOG Board. Private sector and other interests could be represented on the Technical Advisory Committee. UCD and Sac State want at least TAC reps and do not require a voting member on fiscal actions. IGA for service between SACOG and Higher Ed would clarify PI's, accountability, and financial contributions.</p> | <p>SACOG kickoff with transition to Non-profit, NP Board with both public and private reps SACOG would provide initial support to establish a non-profit to take on ownership and management of the program. SACOG's role would transition into a partner that could provide fundraising, transit integration, and other support on regional issues. SACOG could be provided a seat on the non-profit Board of Directors.</p> | <p>City reps on NP Board, limited local control Local agencies would provide technical support such as assistance with fundraising (including determining the feasibility of sponsorship), expedited permitting, etc. Cities may be represented on the Board of Directors.</p> | <p>Higher education and private sector reps can be voting board members The non-profit framework opens up opportunities for university partners and the private sector to be included in the decision making framework through representation on the Board of Directors.</p> |
| <p>Experience Is there experience running similar programs</p> | <p>Bike share programs are sufficiently different from other transit programs that no matter which agency takes it on, they will be building capacity and experience. Most stakeholders thought there was a significant role for an experienced private operator.</p> | <p>Operating programs is not a typical SACOG activity. However, SACOG does have experience operating FSP and SAFE. SACOG would need to make decisions around staff capacity and organizational structure. A private operator would be selected to conduct day-to-day operations.</p> | <p>Cities and transit agencies that have experience running other transit programs are represented on the SACOG Board and with membership to the TAC.</p> | <p>Some universities (e.g., UC-Davis) operate significant bicycle programs.</p> | <p>It would be difficult to find an existing non-profit with experience necessary for bike share. Likely, a new non-profit would need to be established and the appropriate capacity built within this organization. The non-profit could take on day-to-day operations or contract to a 3rd party vendor.</p> | <p>Cities and transit agencies that have experience running other transit programs could be represented on the NP Board.</p> | <p>Some universities (e.g., UC-Davis) operate significant bicycle programs. As well, Board structure would allow private and advocacy experience to be represented.</p> |

| Criteria | Feedback from Stakeholders | Option 1a: SACOG Managed Program | | | Option 2: Non-Profit Owned Program | | |
|---|---|--|--|---|---|--|---|
| | | SACOG Perspective | Local Agency Perspective | Other Perspectives | SACOG Perspective | Local Agency Perspective | Other Perspectives |
| Agreements Required What is the format of agreement between parties | Local agencies, transit, and other stakeholders expressed interest in being involved in a regional program run by SACOG and providing assistance to the program. | Contract required with operator and an intergovernmental agreement with the cities and higher education partners. | An intergovernmental agreement with SACOG that ensures local interests are represented. | An intergovernmental agreement with SACOG that ensures local interests are represented. | A funding agreement would need to be established with new non-profit. | Agencies may issue permits to non-profit or operator. A contract would be needed for a new non-profit to operate in each city. | A contract would be needed for a new non-profit to operate on university and college campuses. |
| Decision Making Structure | Stakeholder felt that the SACOG board provides an already established regional decision-making framework. Stakeholders want to ensure that structure is nimble enough to allow for quick and flexible decision-making. | The SACOG board or sub-regional committee would vote on strategic bike share decisions. Day-to-day decisions would be within the power of the Program Manager with the advice of the TAC. | Local agencies are represented on the SACOG board and could be involved on a technical advisory committee. | College and universities are not represented on the SACOG board but could be involved on a technical advisory committee. | Many of the decisions will be left to the non-profit. The NP Board would vote on bike share decisions. | The new board would make decisions with local agency representation. | The new board would make decisions with local college, university, and private sector representation. |
| Capital Fundraising | Many of the stakeholders had contributed to the existing capital funding that would be used to start the program. Stakeholders were open to exploring other capital opportunities to contribute to the program (e.g., developer funding). | SACOG programs federal and state funds for many capital programs and projects. SACOG would allocate a base level of capital funding to start the program. | Limited local funds are available. However, cities may contribute additional funds to expand system. | University and college partners maybe be able to leverage existing sponsors or use mechanisms such as student fees to raise additional capital. | SACOG would provide funding to a non-profit for capital. | Local agencies would provide assistance with funding but would rely on non-profit to take the lead. | University and college partners maybe be able to leverage existing sponsors or use mechanisms such as student fees to raise additional capital. |
| Operations Funding | User-generated revenues (i.e., membership and usage fees) will make up a portion of operating costs. Cities did not see significant barriers to sponsorship in the street right-of-way. | Federal and state funds are limited for operations. SACOG would collect and use user-generated revenues for pay for operating services. SACOG could retain some or all sponsorship assets to raise additional funds. | Limited local funds are available. However, cities may retain some sponsorship assets to raise additional funds. | University and college partners maybe be able to leverage existing sponsors or use mechanisms such as student fees to offset costs. | Federal and state funds are limited for operations. SACOG would assist with sponsorship and advertising for the system. | Local agencies would provide assistance with funding but would rely on non-profit to take the lead. | University and college partners maybe be able to leverage existing sponsors or use mechanisms such as student fees to offset costs. |
| Fundraising Responsibility | Agency staff recognized that limited or no local public dollars could be spent on the program. | Models vary from full SACOG responsibility to partial SACOG responsibility depending on agreements with partner agencies. | Models vary from no responsibility to partial or full responsibility depending on agreement with SACOG. | Models vary from no responsibility to partial or full responsibility depending on agreement with SACOG. | Non-profit would lead. | The non-profit would lead with local agency assistance. | The non-profit would lead with college and university assistance. |

| Criteria | Feedback from Stakeholders | Option 1a: SACOG Managed Program | | | Option 2: Non-Profit Owned Program | | |
|--------------------------------------|--|--|---|---|---|--|---|
| | | SACOG Perspective | Local Agency Perspective | Other Perspectives | SACOG Perspective | Local Agency Perspective | Other Perspectives |
| Procurement | Procurement would be the responsibility of the owning agency. Involvement / interest in procurement would depend on financial stake in the program. | SACOG would lead and take appropriate level input from partners. | SACOG would lead and take appropriate level input from partners. | SACOG would lead and take appropriate level input from partners. | Non-profit would lead with input from SACOG Board representative. | Non-profit would lead with input from city's Board representative. | Non-profit would lead with input from university's or other partner's Board representative. |
| Operations and Service Levels | A well run and professional looking program is important to the success of the program. Most stakeholders felt there was a role for a professional operator. Setting of performance level would reflect amount paid into the system. | SACOG board would be able to dictate through bike share contract. | SACOG board with local agency input, would be able to dictate through bike share contract. | SACOG board would be able to dictate through bike share contract. Other partners would provide feedback through a technical advisory board. | Non-profit would set levels with board input. | Non-profit would set levels with board input. | Non-profit would set levels with board input. Other partners may have greater input if they have a seat at the board. |
| Staff Capacity | SACOG indicated that they would need to consider staff capacity and organizational structure. Existing staff in other agencies may be able to provide supporting roles. | At least one full time staff person would need to be hired to manage the program. Other (existing) staff may have an increased role in certain aspects of the program, e.g., marketing and outreach. | A staff liaison would need to be involved with SACOG board or advisory committee. | A staff liaison would need to be involved with advisory committee. | A staff person would need to be involved with either a board seat or advisory committee. | A staff person or elected official would need to be involved with either a board seat or advisory committee. | A staff person would need to be involved with either a board seat or advisory committee. |
| Branding | A regional brand is important to success of the system. | SACOG would need to establish a regional brand with rules for title sponsorship and advertising. | Agencies would have to work under the regional brand structure with limits on local branding. | Colleges and universities would have to work under the regional brand structure with limits on local branding. | A non-profit would establish the brand identity with limits on advertising and sponsorship assets. | Agencies would have to work under the regional brand structure with limits on local branding. | Colleges and universities would have to work under the regional brand structure with limits on local branding. |
| Marketing and Promotions | Stakeholders seemed willing to provide support within existing programs and promotions. | This would be leveraged with other current regional marketing efforts and staff. | Local agencies could conduct additional marketing and promotion on top of regional efforts. | Local universities and colleges could conduct additional marketing and promotion on top of regional efforts. | The non-profit would lead with little SACOG involvement. SACOG could work bike share into other regional marketing efforts. | Local agencies could conduct additional marketing and promotion on top of regional efforts. | Local universities and colleges could conduct additional marketing and promotion on top of regional efforts. |
| Outreach and Equity | A number of local partners that would like to be involved in promoting the program to low income and minority populations. | SACOG would organize local partners and non-profits to reach low-income populations. | Local partners would need to be engaged to reach low-income populations. | Local partners would need to be engaged to reach low-income populations. | SACOG would only serve in an advisory role. The non-profit would engage local partners and existing non-profits. | Local partners would need to be engaged to reach low-income populations. | Local partners would need to be engaged to reach low-income populations. |
| Evaluation | Would provide an opportunity to adjust station locations, service levels, evaluate new areas for entry, etc. | SACOG would lead an evaluation on program effectiveness especially if using public funds. | Agencies would provide local data but otherwise would have little involvement. | Universities and colleges would provide local data but otherwise would have little involvement. | SACOG would lead an evaluation on program effectiveness especially if using public funds. | Agencies would provide local data but otherwise would have little involvement. | Universities and colleges would provide local data but otherwise would have little involvement. |

SACRAMENTO REGIONAL BIKE SHARE PROJECT

Website Article Status Updates

<http://www.sacog.org/bike-share>

FEBRUARY 2016 UPDATES

Should SACOG own and operate a regional bike share system?

The answer is yes, according to the Bike Share Policy Steering Committee of elected officials and local agency executive management. On February 1, 2016, the committee reviewed findings from SACOG's bike share consultants, Toole Design, who recommended the development of a regionally owned and operated bike share system.

SACOG and Toole Design conducted over 20 interviews with stakeholders across the region. The stakeholders represented a diverse group that included elected officials, city staff, transit agency staff, developers, business associations, housing advocates, college and university staff, and bicycle advocates. These stakeholders asked for a regional bike share system that would balance the needs of individual cities and the region as a whole, with SACOG managing the program through a public-private partnership. Stakeholders expressed the desire to have the system reflect the transportation, economic, and livability goals of the region while remaining agile enough to respond to changes in system deployment and expansion.

Great! What are the next steps?

The committee recommendation for operations is a great step forward in implementing a world class bike share system here in the Sacramento region, but what we need now is action. The SACOG Board, various city councils and funding partners need to create a formal agreement that details how to develop, own, and operate a regional bike share system together.

Look for bike share governance information and action items to come to the SACOG Board, and the cities of Sacramento, West Sacramento, and Davis over the next six months. Stakeholders will be notified of board actions through these newsletters.

Can I help plan bike share station locations or help sponsor the system?

Yes and Yes! We need your help to plan and sponsor the system.

SACOG plans to advertise for a bike share system operator and equipment vendor by releasing a Request for Proposals (RFP) in late spring 2016 with a full system rollout by spring 2017. That means that a more detailed plan for bike share station locations will most likely happen by the summer of 2016.

SACOG will also need to secure system sponsors to fully fund operating and maintenance costs. SACOG plans to work closely with a bike share operator to extend various levels of sponsorship to each community hosting the regional bike share system. Look for more information about system sponsorship later on during the summer of 2016.

NOVEMBER 2015 UPDATE

Bike Share to come by 2017, why not next year?

SACOG and local agency partners are moving quickly to select a bike share operator by Spring 2016 and begin bike share service by Spring 2017. But why can't we have a bike share system by Spring 2016 instead? Since January 2015, after SACOG became the lead agency to manage the Regional Bike Share Project, SACOG conducted extensive research to understand current best practices and lessons learned within a dynamic bike share industry.

SACOG's research will help the region avoid issues that existing bike share systems already face. For example, SACOG will conduct a governance study to decide what model of governance would best suit the Sacramento region. Research and analysis will also be conducted for an equity component and continue to explore Connect Card compatibility. The most recent advancement is the consultant selection for the governance study, along with a Request for Information (RFI) release. It may seem like Spring 2017 is too far in the future, but taking the time to address the mistakes of other bike share systems and work closely with bike share operators will help build a world class bike share system for the region.

Who's in charge of our future bike share system?

Right now, SACOG is developing the system. But, that doesn't mean that SACOG will own, operate, and maintain the system once it's up and running. Of the 50 or so bike share systems operating in the United States, all of them are uniquely managed to suit the area's needs. SACOG has hired Toole Design to complete a Regional Bike Share Governance Analysis to help answer the question, "Who should be in charge of our bike share system?" They plan to begin with interviews of key stakeholders in November to understand how they can support bike share.

What is SACOG doing to understand current trends?

SACOG released a Request for Information (RFI) in September to gather additional information from potential vendors. Responses to the RFI will inform the upcoming Request for Proposals (RFP). The RFI responses will help to implement best practices in the development of the region's bike share system. SACOG is interested in learning about the type of technology currently available, marketing techniques, governance

structure models, budget and cost estimates, and overall recommended approaches. The RFI also seeks information on equity strategies. The RFI will close on October 30 and the results will be analyzed and incorporated into the RFP as deemed appropriate.

Who *really* benefits from a bike share system?

Equity is a critical factor in the world of bike shares. Almost all systems in the US have come across equity issues in various ways. Recent studies show that major bike share systems are predominantly used by affluent, educated Caucasians. [A 2012 survey](#) of 10,000 bike share users from DC to Minneapolis showed that nearly 80% are white, 88% had higher education, and 47% make over \$75K a year. By targeting bike share equitable access and usage issues early on, we have a chance to break the mold on typical bike share system usage. SACOG is developing an equity analysis and potential components of an equity program for the implementation of bike share. This process has started with a literature review of best equity practices of current and forthcoming bike share systems. The next steps of the governance study will potentially address equity issues, as Toole Design will engage with key stakeholders in the community.

Can I use the Connect Card to pay for Bike Share too?

Currently, SACOG is working with multiple regional partners to create the Connect Card payment system, a new streamlined payment form for almost all transportation in the region. The region's bike share has the potential to use this payment format, but compatibility research is still needed. Based on other agencies' experience, the problems that reoccur with streamlined payment formats are rooted in the incremental fees that accrue with a bike share system. For riding a bus or light rail there is only one payment. However, for a bike share system there are incremental fees based on the amount of time a bike is used. Another complication is that personal user accounts are required to protect against liability, whilst for a bus or light rail use the Connect Card acts like cash and isn't tied to one person. The Connect Card will need to go beyond a cash-like fob that you can tap and go. SACOG is taking steps by researching the current status of Connect Card to address the payment scale issues and how to best integrate both technologies for the convenience of all riders in the region. LA Metro is currently tackling similar issues, and it is in the region's bike share system's best interest to address the problem early on.