

City of Minneapolis

Request for Committee Action

RCA #: RCA-2018-00474

TO COMMITTEE(S):

#	Committee Name	Meeting Date	Submission Deadline
1	Transportation & Public Works Committee	May 1, 2018	Apr 24, 2018
2	Ways & Means Committee	May 8, 2018	May 1, 2018

FROM: Public Works Department

LEAD STAFF: Josh Johnson, Assistant Parking Systems Manager, Traffic & Parking Services

PRESENTED BY: Jon Wertjes, Director, Traffic & Parking Services

SUBJECT:

Contract amendment with Nice Ride Minnesota to operate a Pilot Dockless Bicycle Sharing Program

ACTION ITEM(S)

#	File Type	Subcategory	Item Description	Public Hearing
1	Action	Contract/Agreement	Authorizing Amendment No. 3 to Contract No. C-27786 with Nice Ride Minnesota to operate the Bicycle Share System, including a dockless bicycle sharing pilot through a License Agreement, for the remainder of the term through Aug 1, 2021.	No

PREVIOUS ACTIONS

[2018-00314 - Regulation of bicycle sharing ordinance](#)

July 18, 2014 -- Special Boulevard Permit - Nice Ride Minnesota: [Nice Ride Boulevard Permit RCA; Permit Application; Blvd Ordinance](#)

Approve Special Boulevard Permit application submitted by Nice Ride Minnesota to pave the boulevard at the northwest corner of 11th Ave S and 2nd St S at Gold Medal Park.

June 17, 2011 -- NTP Grant Awards for Bicycle Sharing Project Expansion: [Bicycle Sharing Project Expansion RCA; Maps; Revised RCA](#)

- a) Authorize the acceptance of two Non-Motorized Transportation Pilot Project (NTP) federal grants for the Bicycle Sharing Project Expansion in the total amount of \$1,043,000;
- b) Authorize an amendment to the existing agreements with Mn/DOT and Nice Ride Minnesota to reflect the grants;
- c) Increase the appropriation and revenue for the project by \$1,043,000; and d) Request Mn/DOT to act as the City's agent in accepting the federal funds.

September 3, 2010 -- Nice Ride Bike Share: [Nice Ride RCA](#)

Execute contract with Nice Ride Minnesota to expand current bike share network into North Minneapolis (\$228,500).

April 16, 2010 -- Bike Share Program: [Bike Share Program RCA](#)

Authorize payment of \$250,000 from Convention Center 2010 Operating Budget to Nice Ride Minnesota, a 501c3 non-profit organization, for the purpose of bikes and kiosks for the Convention Center and six related facilities.

January 15, 2010 Council Action -- Non-Motorized Transportation Pilot Project (NTP) Grant Award: [NPT Grant Award RCA;](#)

- a) Accept NTP federal grant of \$1,750,000 for the Bicycle Sharing Project and authorize an agreement with Mn/DOT to accept the grant;
- b) Authorize agreement with Nice Ride Minnesota to implement, operate, and maintain the system;
- c) Passage of Resolution increasing the appropriation for the project by \$1,750,000;
- d) Passage of Resolution authorizing the issuance of special permits to allow for the installation of bicycle facilities in the public right-of-way; and
- e) Passage of Resolution requesting that Mn/DOT act as the City's agent to accept the grant.

WARD / NEIGHBORHOOD / ADDRESS

#	Ward	Neighborhood	Address
1.	All Wards		

BACKGROUND ANALYSIS

History and Current Status

In 2008, the City of Minneapolis partnered and supported Nice Ride Minnesota's (NRMN) development as the first non-profit business plan for modern public bike sharing in North America. The key goals included establishing and piloting public bike sharing as a convenient and reliable form of transportation, increasing bicycle mode share, and increasing cultural acceptance of active transportation. The business plan included a combination of public and title-sponsor funding for the capital costs and used a combination of station-sponsorship and sales revenue to cover operating costs. The City has facilitated approximately \$3 million in federal funding and contributed \$360,000 in city funds. In addition, NRMN engaged Blue Cross Blue Shield as the bike share title sponsor who has contributed significantly to the bike share program. The 2008 Business Plan was successful. NRMN has achieved these goals, expanded using funds from multiple public sources, and become a model for over 50 similar nonprofits in other cities.

Based on NRMN's original 2008 business plan, the City applied for FHWA's Nonmotorized Transportation Pilot Program federal funding to begin this new pilot for bike sharing. In April 2010, the City of Minneapolis entered into separate grant funded agreements with Minnesota Department of Transportation (MnDOT) and NRMN that resulted in federal Non-motorized Transportation Pilot Program and local funding sources to be used to start a docked, or physical station-based bike share program.

The current City and NRMN Agreement C-27786 includes ten articles that address:

- Definitions and descriptions of the Bike Share Program,
- City support for the Program,
- Responsibilities and obligations of NRMN; that includes a business plan
- Responsibilities and obligations of the City,
- Provisions and requirements of the federal grant,
- Defaults and Remedies,
- General Conditions and Miscellaneous; that includes NRMN's ability to subcontract with City approval, and
- Term and Termination; that includes the ten year term.

Agreement C-27786 between the City and NRMN was further amended twice for subsequent grant funding, geographic area and disbursement procedures. NRMN was started in 2010 and the Agreement term ends on August 1, 2021.

NRMN has grown the system from 65 stations and 700 bikes to 200 stations and 1,850 bikes. NRMN has worked with many partners in our region, including the Federal Highway Administration, National Park Service, MnDOT, Metro Transit, Minneapolis Park and Recreation Board, University of Minnesota, and the City of Saint Paul. The NRMN program in the Twin Cities was eventually expanded beyond Minneapolis, and now includes Saint Paul. Currently, NRMN has begun its docked station deployment for 2018.

Change in bike share industry from docked to dockless

NRMN has been a leader in the bike share industry, recognized new changes were forthcoming, and began local stakeholder discussions in early 2017. Like other technology related businesses, the bike-sharing industry is experiencing a period of rapid change. The industry is rapidly shifting away from docked, or physical station-based model, to a “dockless” bike sharing. Over \$3 billion in private capital has funded and deployed over 20 million “dockless” bikes worldwide in the last 18 months at rental rates substantially lower than station-based systems. While this change has benefits that can result in better bicycle transportation and access, this change is also not without its challenges. Some of the challenges with this rapid change have been multiple vendors introducing 10,000 plus dockless bicycles in a few months, public safety issues regarding bicycles improperly parked and lying on their sides, poor bicycle quality, impacts to pedestrian flows, and implications for people with disabilities. These challenges run counter to the City’s obligation to promote public health, safety and welfare, moreover, they impact the City’s goals for active transportation. The City desires to effectively capture the benefits of a sustainable dockless bike share system while addressing these challenges directly.

NRMN Proposal for the Bike Share System with a continued pilot focus

The NRM Board of Directors has adopted the following conclusions and corresponding actions:

- The current business model NRMN has relied on since 2008 is outdated and no longer sustainable and a new updated business model is needed.
- NRMN should seize the opportunity to reach many more people with many more bikes more conveniently and at lower prices by pursuing a dockless strategy.
- Current problems with service/equipment quality level and right-of-way obstruction are solvable with collaboration between cities and entrepreneurs.
- A new and updated NRMN bike share business plan is being finalized and will be subject to approval by the Public Works Director. This updated business plan is available for public review and comment at www.niceridemn.org. Identified key strategies for the next five years are:
 - Contract for transparency and innovation
 - Using virtual station technology to create orderly, designated dockless bike parking areas
 - Assuring availability of bikes throughout the service area
 - Equitable service
 - Robust data sharing while maintaining privacy of users’ personal data

- Continue to prioritize quality and reliability over rapid growth
- Continue to collaborate with public sector partners seeking active transportation solutions
- NRMN has issued Request for Proposals that would help them transition from docked to dockless stations and has selected a preferred vendor. The current contract allows for subcontracting subject to City approval.

The NRMN proposal for the updated bike share system including docked and dockless elements is summarized below:

- Operation of the existing docked bikes and stations in 2018 at per-trip prices substantially lower than now offered.
- Introduction of a dockless bike pilot by adding:
 - 1,500 in 2018
 - 1,500 additional bikes in 2019
 - 1,500 additional bikes in 2020 if usage targets are met
 - 1,500 additional bikes in 2021 if usage targets are met
- A dockless bike pilot that will experiment, test, and evaluate the results of collaboration with right of way owners, focusing on eliminating challenges with low-quality bikes and bikes improperly parked (impeding sidewalks, delivery zones, etc) currently seen in other cities.
- After establishment of a sustainable dockless system, a phased replacement of the existing grant-funded bikes and docked stations.
- Commitment to implement an updated business plan that addresses four components of Service/Station/Fleet, Equity, Data Sharing and Privacy, and Asset Transition.
- Commitment to service levels intended to assure dockless bike sharing will be implemented with attention to quality and reliability at levels similar to successful dock-based systems, including adequate staffing levels.
- The Plan maximizes the beneficial reuse of existing assets to their fullest extent. One idea is the conversion of existing kiosk stations to electric-bike charging stations and other station-based services.
- All of NRM's Twin Cities employees (except its Executive Director) will be offered living wage employment by their third party subcontractor.
- No additional public cost than the current docked bike share system.

Actions and Agreements

To ensure bike share continues to be meaningful in our community, we must learn, address, and thrive on the benefits and the challenges of a new dockless bike sharing model. As such, City and NRMN staffs have engaged in numerous meetings and conversations to chart a path forward for a Minneapolis bike share program. A dockless bike share pilot will inform decisions for future actions by the City. As such and with input from the City Attorney's Office, Public Works has determined a two pronged approach to enable the pilot:

1. Update Ordinances -- New ordinances have been developed to regulate all forms of bike sharing, and a separate City action is pending, [2018-00314 - Regulation of bicycle sharing ordinance](#).
2. Contract amendment – The City’s existing agreement with NRMN must be amended to allow NRMN to implement a dockless bike sharing pilot. The key terms included in the contract amendment follow below.

Additional terms have been identified and drafted as Amendment #3 to Grant Funded Agreement (C-27786) between the City and NRMN. The primary Agreement changes are:

1. Incorporates a License Agreement allowing NRMN to operate dockless bike sharing pilot program on city controlled right of way.
2. Makes NRMN the City’s exclusive provider of bike share operations for the duration of the Grant Funded Agreement.
3. Keeps ultimate discretion and control of right of way with the City, and acknowledges the City’s fundamental legal obligations surrounding right of way management.
4. Provides definitions for Bike Share System, Dockless Bike Sharing and Dockless Facilities.
5. Provides that NRMN will continue to manage and provide the sole bicycle share system within the City, including both docked and dockless operations.
6. Requires the City to undertake reasonable measures to enforce against unauthorized (illegal) bike sharing operations.
7. Allows the City to terminate the License Agreement, with or without cause, for public good reasons.
8. Allows NRMN to subcontract its dockless bicycle sharing operations to a third party, while still maintaining ultimate responsibility for compliance with all license agreement terms.
9. Allows NRMN to eventually phase out its current docked bicycle sharing operations in a manner that is consistent with City objectives and public purposes.
10. Requires NRMN to submit an updated business plan, including city-accepted language related to four key components: Service/Station/Fleet, Equity, Data Sharing and Privacy, and Asset Transition; all of which are subject to approval by the Public Works Director.
11. Requires NRMN to pay \$5 per dockless bicycle annually to offset City administrative costs, while allowing for the Public Works Director to lower and/or waive this fee for additional dockless bicycles added to primarily serve another right of way owner (for example St. Paul or U of M), if such apportionment is desired and agreed to by all parties.
12. Allows the Public Works Director to lower and/or waive any on-street parking space cost or fee for dockless bike share stations.
13. Reserves the City’s right to limit or reduce the number of bicycles allowed in the system, if needed, based on bicycle parking behavior.
14. Requires dockless bicycles to be self-locking, and parked within defined virtual stations when not in use.
15. Defines virtual stations as GPS geo-fenced areas designated on an app and/or website identifying locations. Virtual station layout is to be proposed by NRMN and approved by

Public Works Director, and will allow for flexibility to incorporate multiple types and/or characteristics of virtual stations. The permitted virtual stations will be field identified by some combination of signage, striping, or other traffic control devices.

16. Grants the City the authority to cite or impound NRMN bicycles based on improper parking.

17. Requires NRMN to maintain responsibility for:

- o submitting and obtaining all proper permits and approvals by City staff
- o all costs of permitting, notices
- o all cost of deploying and maintaining virtual stations
- o informing adjacent property owners of virtual station installation
- o all bicycle relocation and maintenance activities, including handling requests for relocation or unsafe bicycles, and providing prompt service.
- o all costs associated with enforcement and impoundment of bikes covered by the agreement
- o providing anonymized data to the City on a quarterly basis or as requested, including but not limited to, ride, demographic and survey data
- o providing the City with real time data access consistent with past practices under the Grant Agreement
- o adherence and compliance with all federal grants and their provisions.

17. City-standard general terms and conditions for professional services will apply, and all previous Agreement provisions are reconfirmed.

No fiscal impact is anticipated. Approximate \$15,000 annual revenue will offset a similar City expense for bike share program costs.

FISCAL IMPACT STATEMENT

No fiscal impact anticipated	
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