

*Proposed Resolution: Authorize staff to publish the following RFP in advance of the national industry association meeting next week.*

# Request for Proposals for Transition of Twin Cities Bike Sharing System

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## OVERVIEW

Nice Ride Minnesota was formed in 2009 as a nonprofit corporation to own and operate the Twin Cities bike sharing system. At that time, third-generation bike sharing was new to North America and experimental. It was viewed as a potential tool to achieve civic goals: encouraging physical activity, reducing congestion, and enhancing urban vitality. The public-private partnership for this experiment included these elements:

- Two thirds of the capital to purchase bikes and stations would come from federal agencies. One third would come from a private sponsor, Blue Cross and Blue Shield of Minnesota.
- Nice Ride would operate the equipment and run a comprehensive bike sharing program (including community engagement for station siting, outreach activities, marketing, etc) using revenue from sales and station sponsorship.

This model has operated successfully since our launch in 2010 with 65 stations and 700 bikes and has grown to include 201 stations and over 1,850 bikes. Nice Ride employs 35 people today and has led thousands of outreach events and bike rides. Nice Ride has also piloted new tools and programs to introduce Minnesotans to cycling in small cities and targeted populations.

Our fleet of bikes and stations are aging, but are in good condition, having been maintained and upgraded continuously with support from Blue Cross. Nice Ride has invested in facilities, equipment, spare parts, and training and has strong capacity to operate the existing bikes and stations for the foreseeable future. Nice Ride has been awarded additional federal funds to add more bikes and stations in 2018.

The bike share industry, however, has dramatically changed. Beginning in 2016 in Asia, a shift from publicly-funded, station-based business models towards much larger privately-funded, dockless business models has strong momentum, fueled by venture capitalists investing in “Internet of Things” start-ups. The dockless technology has many benefits for riders, particularly lower-pricing (capital costs are many times lower) and convenience (bikes can be rented and returned anywhere and are ubiquitous). The dockless model has also faced early challenges: obstruction of right-of-way, consumer confusion, and low investment in quality and reliability.

The Nice Ride Minnesota Board has concluded that we should seize the opportunity to reach many more people with many more bikes more conveniently and at lower prices by pursuing a dockless strategy. We should simultaneously fulfill our obligation to utilize the publicly-funded bikes and stations for their useful life, provide for a seamless customer experience during the transition between station-based and dockless systems, and have a contingency plan if the transition to



dockless proves rocky or the current venture-capital boom driving its growth ends in a bust not unusual among tech sector start-ups. We should also ensure that civic goals around equity, innovation, experimentation, and maintaining order in our right-of-way are built into our transition strategy, so we do not lose some of the most important benefits of our public-private partnership.

To achieve these goals, Nice Ride is proposing to change from an operating organization to a contracting organization for the transition period. We are seeking to contract with a partner who will:

1. Operate and maintain our existing bike share system for its useful life.
2. Furnish and operate dockless bikes and enable customers to use both types of bikes seamlessly.
3. Meet civic goals for quality, reliability, and growth while working with right-of-way owners to manage introduction of new technology and thousands of new shared bikes.
4. Furnish related equipment, software, and services to meet civic goals for equity and innovation, and
5. Privately fund all of the above.

To negotiate and oversee this transition contract, we are proposing to change the composition of our board of directors to include our public right-of-way/land owners (the City of Minneapolis, the City of St. Paul, the University of Minnesota, and the Minneapolis Park & Recreation Board). In the past, while the cities supported our efforts to secure funding and expand, they also regulated our expansion in traditional ways through right-of-way permits for stations. During the transition period, the right-of-way impact, the tools we use to regulate that impact, and the relationship with permitting authorities will change. Important decisions will be made, including:

- where dockless bikes can be parked (virtual stations versus park anywhere legal?);
- how business and landowners will interact with permitting process (traditional permitting or new processes that let businesses geofence parking zones? Or a hybrid?);
- how real-time data will be used to enforce desired service levels (dashboards that show the number of bikes parked outside of permitted zones for more than 24 hours, for example); and
- how incentives and/or dynamic pricing could be used to accomplish equity or congestion-mitigation goals (such as reduced pricing during a transit outage or during a stadium event).

These decisions will be made during a period of experimentation and iteration. Results will inform how we encourage and regulate shared-use urban mobility service providers in the future. The nonprofit board will take on the new role of assisting the right-of-way owners to implement consistent policies and regulations. The University of Minnesota Humphrey School of Public Affairs will assist the new board in this role and evaluate its effectiveness (funded by McKnight Foundation).

Our preferred approach will be for Nice Ride's current employees to become employees of the contractor, who will commit to provide a great place to work. Nice Ride's Executive Director would remain with recomposed nonprofit in an interim position.

In Minneapolis and throughout North America, private sponsorship of bike share has supported expansion and driven enhancements in quality, reliability, and equity. During the transition period, we encourage potential contractors to use private sponsorship to fund their work and keep prices



low. We anticipate entering into an exclusive vendor contract providing for sponsor recognition on bikes and stations in a manner similar to current sponsor recognition for the transition period.

These changes and the resulting transition agreement must be approved by our federal funders (with regard to disposition of grant-funded equipment) and right-of-way owners (with regard to operation of a bike share system in the public right of way).

## PROCESS FOR PROPOSALS

Respond to: [proposals@niceridemn.org](mailto:proposals@niceridemn.org)

Deadline for proposals: ~~September 22<sup>nd</sup>, 2017, 5pm CST~~

[ **Note: The deadline to submit proposals has been extended to Friday, October 6, 2017. 5pm CST** ]

Background materials: contracts, financial materials, and other information will be made available to proposers via a shared Dropbox folder. Contact [proposals@niceridemn.org](mailto:proposals@niceridemn.org) for access.

Questions: Because this Request For Proposals envisions a restructuring of both staff and board, serious proposers are encouraged to contact Bill Dossett, Executive Director; Melissa Summers, Associate Director; and/or Mark Bixby, Board Chair, to discuss our current staffing, facilities, operations, existing sponsor relationships, etc. Contact [proposals@niceridemn.org](mailto:proposals@niceridemn.org) to set up a call. Questions regarding our current equipment or operating system should be directed to Mitch Vars, our I.T. Director.

Site visit: If you would like to visit our facilities and meet our team, contact [proposals@niceridemn.org](mailto:proposals@niceridemn.org) to set up a site visit.

Review team and confidentiality: Our review team will include local advocates, current public funders, current sponsors, right-of-way and land owners, current directors and employees, and other partners who have supported bike sharing in the Twin Cities. If any part of your proposal is confidential, please submit that portion separately with clear labelling of confidentiality.

## CURRENT STATE

### Station Equipment

The current Nice Ride system is comprised of 201 modular, wireless, solar powered stations which were manufactured by PBSC Urban Solutions and 8D Technologies. These portable stations are seasonally installed and operated from April to November. The capacity of each station may vary according to site requirements and the modularity of the equipment. The Average station size is 19 docking points. Operation of the system requires maintaining a docking point to bike ratio of approximately 2:1.

Each station is comprised of a series of base plates on which docking points, a pay terminal and solar panel are mounted. Stations are powered entirely by with AGM lead acid batteries charged by solar. In addition, each station contains a large double-sided frame for display of maps and posters. Stations are connected to the back office via 3G cellular modems.



The current system contains:

- 201 Terminals
- Approximately 955 base plates
- Approximately 3630 docking points, 75% from PBSC, 25% from 8D Technologies
- 196 Map/Poster frames

Nice Ride began operations in 2010 with 65 stations. Additional station equipment has been added as the system has expanded.

*Type and age of station equipment*

Item	Year purchased	Quantity
PBSC V1 Terminal	2010	65
PBSC V1 Terminal	2011	51
PBSC V2 Terminal	2012	29
PBSC V2 Terminal	2013	25
8D Bonfire Terminal	2014	20
8D Bonfire Terminal	2016	8
8D Bonfire Terminal	2017	3

All station equipment has been part of a program of continual maintenance and upgrades. All station equipment should be considered proprietary with many replacement parts only being available from the OEMs.

**Bike Fleet**

Nice Ride's bike fleet is comprised of approximately 1850 PBSC Urban Solutions Iconic bikes. The bikes are purpose built for public use and employ a number of anti-theft and anti-vandalism features. Bike maintenance and repair requires specialized tools and access to compatible parts, some of which are unique or proprietary.

All bikes have been part of an on-going maintenance program with many consumable parts such as tires, brakes, chains and saddles having been replaced. Condition of the fleet overall is good, however more than 50% of the fleet has been in service 5 or more years and may require a higher level of maintenance to continue operation.

*Age of bike fleet*

Year purchased	% of fleet
2010	35%
2011	20%
2012	13%
2013	12%
2015	8%
2016	6%
2017	5%



## Spare Parts and Additional Equipment

Nice Ride maintains a spare parts inventory for both station equipment and bikes. Current supplies on hand are estimated to last an average of 3-6 months of operations. Nice Ride owns a fleet of vehicles, trailers and heavy equipment used for system installation, bike redistribution and other activities related to bike share operations. This fleet includes:

- 3 compact pickup trucks
- 1 heavy duty 1 ton stake side truck
- 1 full size ½ ton pickup
- 1 cargo van
- 1 articulated loader /forklift
- 2 heavy duty equipment trailers
- 5 custom bike trailers

## Buildings

Nice Ride owns real estate that houses our operations including:

- 6,500 ft<sup>2</sup> heated building divided between 3,000 ft<sup>2</sup> office space and 3,500 ft<sup>2</sup> shop space
- 2,000 ft<sup>2</sup> unheated storage building
- Fenced lot with approximately 18,000 ft<sup>2</sup> storage space
- 5,000 ft<sup>2</sup> parking

## PLEASE INCLUDE IN YOUR PROPOSAL

Plan to operate and maintain existing bikes and stations, including back-end hosting, winter storage.

- We anticipate transferring all buildings, vehicles, tools, spare parts, etc. to the contractor.
- We anticipate that the grant-funded equipment (existing bikes and stations) would continue to be owned by the nonprofit, but would be operated by the contractor. Responsibility for disposition of the existing bikes and stations when their useful life has expired would remain with the nonprofit.
- We anticipate that all revenue from operations and sponsorship would go to the contractor.
- The “orange bike” fleets currently used in Bemidji, Rochester, and the Nice Ride Neighborhood program are excluded from this RFP.

Plan to introduce dockless bikes, including initial quantity and expansion plan.

Plan to enable existing customers and new customers to use both existing bikes and new bikes seamlessly.

Specifications for your proposed initial bike and opportunities to include new types of bikes in the system that would meet Twin Cities consumer preferences (general preference for lighter, faster



bike) and opportunities to introduce bikes designed for different user groups (smaller riders, children, trailhead locations).

Plan for on-street operations for both existing bikes and stations and new bikes that will avoid redundant rebalancing and maintenance vehicle trips and minimize impact on right-of-way.

Proposed dockless technology including rental process and security/lock mechanisms.

Proposed bike location technology, including capacity for geofenced return zones.

Pricing philosophy, initial plan, and capacity to implement incentives or dynamic pricing (based on trip beginning/ending location and/or time).

Proposed user interface integration with local transit and/or parking interfaces.

Plan to reduce sign-up hassle through integration with mobile payment apps and other transportation apps.

Customer service plan.

Proposal to work with right-of-way owners on methods of regulation and cycle of technology development to achieve civic goals and limit interference with right-of-way.

Proposal to serve and promote ridership in diverse communities. (With public and sponsor support, Nice Ride has invested in equity through locating stations in neighborhoods with concentrated poverty and programs that introduce people in these communities to cycling through group riding experiences and subsidized subscriptions. Continuing this investment is an important goal of this transition strategy. We encourage proposals that incorporate equity into the core pricing model in a simple and intuitive way.)

Contingency plan to continue bike share in the Twin Cities if dockless model is not successful.

Proposed duration of transition agreement (recommended: 3-5 years, based on useful life of existing equipment).

Plan for branding and sponsorship recognition on both existing and new dockless bikes.

Proposed contract terms regarding business continuity in the event of bankruptcy, merger, or other disruption.

Proposed financial terms, taking into account: (1) value of the assets received by the contractor, (2) value of the opportunity to operate the grant-funded equipment, (3) cost to public right-of-way owners and the nonprofit to regulate and oversee bike share, (4) the value of the equipment and services to be furnished by the contractor and the contractor's commitment to civic goals, (5) and approaches to align the contractor's incentives with civic goals.

Proposal to provide other pilots or innovative solutions to grow bike sharing in the Twin Cities, such as electric bike sharing, winter bike sharing, or bike sharing solutions targeted to small cities, campuses, or low-income communities.



Description of your workplace policies and goals as an employer.

Description of your relevant experience and expertise.

Description of your sources of capital and financial capacity to deliver your proposed plan and respond to unexpected challenges.

