

Attachment A



June 2, 2020

Bay Wheels Ebike Pilot Proposal for the East Bay

Dear East Bay cities,

Thank you for taking the time to discuss our proposal for an ebike pilot in the East Bay. As promised, we've provided details on the proposal below and addressed some of the questions that you raised during our call.

Before we dive in, we want to acknowledge and thank you for taking the time to share your response to our pricing proposal. It was an oversight not to address this at the beginning of the call. We did review the proposal in detail, and we appreciate the thought and time that went into your recommendations. In response to your specific suggestions, we are taking the following actions:

1. *Equity*: Equity pricing and memberships across all bike types is already highly discounted, and a monthly membership is likely to be prohibitively expensive for this rider segment. We are committed to partnering with cities to find external sources of funding to subsidize these offerings.
2. *Mode Shift*: We are actively exploring premium memberships that would better fit the needs of high volume ebike riders. Early results suggest that, at a price point consistent with monthly Transit passes, premium memberships only appeal to a small percentage of users when sold direct to consumers. As Kerby noted on the call, other channels (e.g., corporate, government) may offer subsidization, which is something we will also explore further.
3. *Safety*: We are actively exploring the merits of per-mile fee pricing and plan to share results later this year.

While we recognize the importance of pricing, a lot has changed since our last ebike discussions in the spring and this has required us to think differently about the path forward. As you're aware, as a result of the unprecedented challenges posed by the COVID-19 pandemic, bikeshare ridership across the Bay Area is down 80% from previous peaks. However, we know how critical bikeshare will be for the transportation system during the COVID-19 recovery process and we remain fully committed to our partnership and to providing a meaningful transportation option in the months and years ahead.

In addition to the challenges presented by COVID-19, over the last nine months, we have seen theft and vandalism increase at alarming rates across both our station and bike hardware. Oakland stations, in particular, are being vandalized over 40 times per month, which has cost Motivate hundreds of thousands of dollars in repairs. Ebikes are also presenting new theft and loss challenges, with more than 3% of our entire fleet and 10% of our ebike batteries being stolen or damaged each month. We're making significant investments to reduce theft across all vectors, including hardening our hardware and locking mechanisms, and working with city staff to mitigate losses in high risk areas. We've also filed hundreds of police reports but unfortunately have received little support from local authorities. Solving the theft and loss issue is critical to the long-term viability of ebikes in the East Bay, and we need cities' help in escalating this as a priority with local police departments.

Despite the challenging circumstances and uncertain future of transportation, we remain committed to working with you to deliver ebikes to the East Bay and have proposed a plan that achieves that goal while building towards a sustainable future. By starting with a short-term pilot program and measuring the pilot against key success criteria, both Motivate and the Participating Cities can build greater confidence in a long-term agreement. Below is an initial set of proposed terms and we are open to discussing them further once you've had a chance to review.

Our driving objective behind this proposal is to maintain the possibility of permanently adding more ebikes into the Bay Wheels program, while also being direct and realistic about the very real operational challenges that we face in the East Bay. As cities reopen for business and try to balance the ongoing COVID-19 risks, we expect that bikeshare will be an even more important transportation option as residents look for alternatives to mass transit that do not include dense crowds of people. This expected demand is also something that the pilot can help gauge. As you review this possible path with your relevant stakeholders, please let us know if you have additional questions or if we can provide support in any other way.

Thanks,

A handwritten signature in black ink, appearing to be 'JD' with a stylized flourish.

Jake Darby
General Manager, Bay Wheels

Pilot Terms (Draft, subject to modification)

1. **Pilot Term:** 4 months (Deploy within 60 days of signed agreement)
2. **Fleet Size:** 350 bikes (Oakland: 180 bikes, Berkeley: 130 bikes, Emeryville: 40 bikes)
 - a. Note: These reflect target fleet counts in each city, but actual fleet levels may vary due to ridership and commute patterns between cities.
3. **Service Area:** Geofence around the station footprint; see service area map below
4. **Pricing:** Consistent with Bay Wheels ebike pricing in SF
5. **Program KPIs:** Targets required to support a sustainable long term ebike service.
 - a. Fleet utilization >5 rides per bike per day
 - b. Ebike theft/loss less than or 3% of active fleet per month
 - c. Ebike battery theft/loss less than 10% of active batteries per month
 - d. Station battery theft/loss less than 5 per month (currently average >40 per month)
6. **Extension Criteria:** One of the objectives of the pilot is to ensure that all parties are equally aligned in its success. Accordingly, the performance of the pilot against Program KPI targets will inform a longer term agreement.
 - a. *If all KPIs are met:* This triggers an automatic extension for a minimum of two years and a maximum of the remaining term in the Program Agreement. Additional terms (e.g., Data, Bike Rack fees, Premium membership, etc.) can be discussed as part of the long-term extension. Fleet size and service area will also be subject to change based on mutual agreement.
 - b. *If all KPIs are not met:* Program extension and any additional terms and conditions would require mutual agreement.

Service Area Map

