

Operator for the Madison Bicycle Center Preliminary Proposal

Freewheel Community Bike Shop
1804 S. Park St #6, Madison, WI 53713
RFP #: 8569-0-2016-DM

Freewheel is an ideal partner for the Judge Doyle Square (JDS) Bicycle Resource Center. Our partnership will help the City of Madison increase bicycle ridership both in our city and Dane County. Freewheel's mission is to increase access to safe, healthy transportation, while reducing waste and empowering riders through mechanical education. The JDS location will offer us the opportunity to provide amenities such as secure parking for bicycles, as well as lockers, showers, and changing rooms for riders. Additionally, the proposed Bicycle Resource Center will give us increased space for retail, bicycle service, free classes, and events, all of which will enrich the bicycle community and increase Madison's ridership.

Non-Profit Operations

Freewheel was founded in 2003 by a group of local cyclists. The original intent of the founders was to create a space for the community to share tools, skills, and knowledge, while maintaining their own transportation, reducing waste, and promoting cycling in Madison. Over the past fourteen years our mission has not changed and in the past two years we have given away over 1000 bicycles, taught 700 people mechanical skills, and diverted 30 tons of waste from landfills. Our programs have included Build-A-Bike classes, basic to advanced mechanic courses, esoteric/rare bicycle repair courses, safety education, women's bicycle classes, bike cart welding, and DIY open shops. In an effort to divert waste from landfills and provide transportation to developing countries, we have created a program in which we send bikes to Africa. We offer off-site classes in libraries, police departments, schools, and community centers. All of these programs have been operated by our strong base of volunteers and are provided 100% free of charge to all members of the community.

For-Profit Operations

In 2010, we incorporated Bike Right, a for-profit bicycle retail business. This entity allows us to provide living wages for Freewheel staff and fund our charitable and educational programs. Increased staffing hours enhances our professional knowledge and skills, and provides the community more access to the workshop space. For every bicycle that Bike Right sells, we are able to give away two. We average around \$120,000 in sales each year, operating on a break-even model. This model means that we spend our profits to expand the non-profit programs to

increase our capacity to help the community. Almost all of our funding (over 90%) for our charitable and educational programs comes from the Bike Right's revenue.

Bike Right is currently converting to a worker cooperative, with all branding and marketing consolidated to Freewheel. Market research indicates that Freewheel's brand recognition is stronger than Bike Right among local cyclists, businesses, schools, and charitable organizations. Freewheel Worker Co-op will continue to support the non-profit's mission in the same manner as Bike Right.

Team Bios

In addition to the following core staff and advisors, Freewheel is comprised of independent contractors, members of the community, and numerous volunteers.

Worker Co-op Owners:

Acadia Prestidige

Acadia is the assistant manager, mechanic, volunteer coordinator, and instructor at Freewheel. She serves as the Secretary of our Board of Directors. She has been a volunteer at Freewheel since 2014 and has extensive experience with bicycle, housing, and worker co-ops in Madison, NYC, Austin, Oakland, Mexico, and Costa Rica. She has been involved in various child-care services and has operated an organic farm. Acadia's fluency in Spanish allows Freewheel the opportunity to engage with Madison's Spanish speaking population.

Phone: 608-316-0190

Brel Hutton-Okpalaeke

Brel is an instructor, mechanic, and the former general manager at Freewheel. He serves as the Treasurer on our Board of Directors. He has volunteered at Freewheel since 2012. Brel attended UW Madison and MIT School of Engineering. He is co-founder of Santas Without Chimneys, which has provided over 1,500 homeless children with toys, clothing, and books. He is currently the maintenance coordinator at Madison Community Cooperative, where he supervises maintenance of 200 units of affordable housing. Brel coordinated the \$800,000 restoration and remodeling of an historic low-income housing cooperative. Brel has taught classes both in Spanish and English.

Phone: 617-901-9419

Elijah McCloskey

Elijah is the executive director, general manager, sales associate, and instructor at Freewheel. He has volunteered at Freewheel since 2005 and was crucial in the revitalization of Freewheel 2011. Elijah is an alumnus of the UW Madison Business School, a member of the Madison Community Cooperative's board of directors, and founded Cycling Sustenance, which delivered free food via bicycle to over 300 low-income persons a week. He is a former intern for Working Capital for Community Needs Market Research and has organized and managed numerous charitable fundraisers in the Madison area. He is also fluent in Spanish.

Phone: 608-446-1194

Noah Preuss-Greene

Noah Preuss-Greene is the manager of online shipping at Freewheel and has been a part of the organization since 2014. He is an alumnus of the University of the Wisconsin-Madison and attended a doctoral program at NYU. Noah teaches guitar and tutors German, Italian, Latin, and Ancient Greek. He has volunteered as a guest instructor at the Girls Rock Music Camp, and Frank Allis elementary. He has coordinated charitable events, including concerts for Freewheel and Planned Parenthood.

Phone: 608-345-3422

Nick Pastore

Nick Pastore is a mechanic and sales representative at Freewheel. He routinely handles our difficult mechanical work and challenging projects. Despite his young age, he has been volunteering at Freewheel since 2005. He has attended Madison College, where he took classes on metalworking and ceramics.

Phone: 608-501-3978

Steve Buss

Steve Buss is a mechanic, carpenter, and has performed management functions at Freewheel. He has volunteered at Freewheel since 2015. Steve holds a Master's Degree in Resource and Energy Analysis and Policy from the University of Wisconsin-Madison. Steve is a former senior analyst at the Energy Center of Wisconsin and the former Manager of Regulatory Relations at Alliant Energy. He has lived in Freiburg, Germany and has experience with Euro-style cycling cities.

Phone: 608-256-3113

Advisory Board:

Abby Davidson

Abby Davidson is an alumna of the School of Engineering at the University of Wisconsin-Madison and a structural engineer at Qaultim.

Phone: 608-358-6951

Beth Gehred

Beth is an alumna of the University of Wisconsin-Madison and a member of the Fort Atkinson City Council. She is the membership coordinator at Madison Community Cooperative, and former program coordinator at Town and Country Resource Conservation & Development, Inc.

Phone: 920-728-3170

Emily Allred

Emily is an alumna of the University of Utah. She holds a BA in Finance and a BS in Economics. She is the founder of Fireseed Consulting, and a principal on finance and securities compliance contracts. Emily has worked at NuCivic as the CFO, GovDelivery as finance manager, and Working Capital for Community Needs as a loan fund manager.

Phone: 801-864-1444

970-669-1109

Rick Brooks

Rick Brooks is the co-founder of Little Free Library and Dane Buy Local as well as the former vice president of Wisconsin Partners for SustainAbility.

Phone: 608-345-0750

Our Approach:

Freewheel envisions the Madison Bicycle Resource Center as a hub of the cycling community, similar to our South Park Street (S. Park) location but with a wider reach in the general population. We will continue to involve community members in our decision-making processes and rely on feedback from the community in regard to the goods, services, classes, and charitable programs that we will offer. In addition to paid service work, we will offer services for both novice and experienced riders—including classes and a space for the cycling events. We hope that these services will increase bicycle ridership in Madison and the greater Dane County region. Additionally, this space will allow us to distribute a wide range of cycling literature, maps, safety guides, and information on other local bike shops and businesses to the community.

Features and Services:

We will provide a wide range of services at JDS and S. Park to paying members and the general public. In the JDS location, there will be a basic bicycle repair stand and vending machine of consumable parts in an unlocked vestibule for any member of the public to perform quick adjustments and repairs. The JDS location will become our central space for classes that will include a range of topics, including basic maintenance, bicycle safety, touring, and winter riding. More advanced and specialized classes will be available at our S. Park location. Bicycles, parts, accessories, and service will be available to the general public during regular business hours.

We will offer two membership options, both with needs-based scholarships and family discounts. A basic membership will cost \$20 dollars and require two volunteer hours per year. This option will entitle the member to discounts on all purchases at both the JDS and S. Park locations, priority booking for classes, the ability to book the space for bicycle community events, and access to members-only open shops and events. This pricing is based off of the membership fees of the Willy Street Co-op, REI, and other comparable cooperatives.

A commuter membership will cost \$30 dollars a month. Commuter members will receive all the benefits of basic membership, as well as 24-hour key card access to showers, lockers, bathrooms, changing space, secure bicycle parking, and priority bicycle service. Commuter members may request that their bikes be serviced before an evening commute, or next day service. Our pricing is based on the 2012 City Cycling Survey, single bike locker costs, and the cost of the closest comparable fitness centers, such as Capitol Fitness which charges \$49-77 dollars per month. We will offer 150 parking spaces for bicycles, two showers, two bathrooms, and two changing rooms. We will offer lockers for storage of clothing and other items—our exact number of lockers will be determined by further market research, but we will most likely have a mix of reserved, and short-term use lockers.

Bicycle Service and Retail:

The JDS location will house a standard full service retail bike shop, high-quality used bicycles, new and used parts and accessories. We will focus on merchandise from local companies and distributors, and will provide full service for all bikes. We will offer staffed service from 11am-7pm Tuesday-Sunday in peak seasons (spring, summer, and fall), and limited hours in the winter. We will offer automated vending of common parts and tools in a 24/7 unlocked vestibule. Our S. Park location will continue to provide niche bicycles and a more complete selection of parts. We also hope to partner with B-Cycle for bicycle rental options.

Operational Plan:

Freewheel will continue to operate our S. Park location along with our JDS Bicycle Resource Center. Each location will have a different focus, though we will share a unified key card access system, employees, and membership perks. We have pledged matching funds available for S. Park key card installation.

The JDS location will be our primary retail, service, event, and community outreach location. Basic classes, bicycle events, as well as most service and repairs will take place at JDS.

The S. Park location will continue to host DIY open shops, advanced mechanical courses, donation drop-off, and light machining work. S. Park will house our free parts and our selection of used, obscure, and vintage parts. This location will be the site of our storage and processing for online sales and have retail hours for “as-is” bicycles, repaired vintage bicycles, and limited weekend service, with appointments available during the week. S. Park will offer our Build-A-Bike class, as well as our specialty classes.

JDS Facility Cleaning and Maintenance:

Showers, bathrooms, and other Commuter Member spaces will be cleaned daily before the opening of the shop, and deep cleaned after the evening commuter rush. This schedule follows the practices of most food service and fitness-center cleaning schedules.

Our employees will complete minor maintenance, while more major work will be contracted to appropriate union vendors. For maintenance expenses, we use the 2012 Pro Forma numbers and adjusted the cost of union labor at CPI cost for inflation.

Racial Equity and Social Justice:

We will offer scholarships for both standard and commuter memberships, JDS will provide us a location to offer classes free of charge. Persons of color and other marginalized populations comprise half of our attendees for our classes and free bike programs, and a more centralized location will help reach these communities by increasing the accessibility to our classes. We believe that a more centralized location will increase the numbers of women in our women’s

bike classes, and the number of women repairing bicycles. By providing free bicycles, parts, and education, we help members of the community achieve greater transportation independence. Transportation independence increases school attendance and employment opportunities, and decreases inequality, incarceration, recidivism, and pollution. Our staff chooses to work at Freewheel because we support racial equity and social justice.

Estimated Budget:

For the purpose of this preliminary budget, we assume the S. Park location will break even, and neither contribute nor detract from the JDS location. The threshold for city revenue percentage payouts will be tied to inflation. In subsequent budgets, we will provide greater detail for all financial projections.

BUDGET SUMMARY PROJECTIONS - MEDIAN CASE STUDY SCENARIO

Size of Facility (sqft)			3975	Staff Hourly Wage @	(hr)	\$	15.00	Winter	96
Rent	% sales/mo between	\$15000.00	5%	Number of Staff persons Per shift				2 Summer	44
	% sales/mo between	\$20000.00	10%	Bike Parking Spaces				150	
	% sales/mo over	\$30000.00	12.50%	Tier 1 Membership Charge	(yr)	\$	20.00		
				Tier 2 Membership Charge	(mo)	\$	30.00		

Number of Tier 2 (Monthly) memberships paid per month

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
59	59	77	86	86	81	81	81	81	77	72	59

Amount of Retail Rental and Repair Revenue received each month

\$	19771.24	\$	19771.24	\$	25803.14	\$	28819.09	\$	28819.09	\$	27143.56	\$	27143.56	\$	27143.56	\$	25803.14	\$	24127.61	\$	19771.24	\$	19771.24
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		Year One	
INCOME			
	Basic memberships	\$ 4000.00	200 @ 20\$/year
	Commuter Memberships	\$ 26310.00	Based on 2012 estimates, multiplied by 30\$/mo
	Retail and Repair Revenue	\$ 263577.70	Based on 2012 pro forma, adjusted to 2017 dollars at implied 4.83% rate from 2012 pro forma
	TOTAL INCOME SUBTOTAL	\$ 293887.70	
	TOTAL COST OF GOODS	\$ 66725.00	Probably to low, depends on retail/service mix
	GROSS PROFIT	\$ 227162.70	
	EXPENSES		
	Annual Operating Costs*	\$ 40000.00	Work on this
	Total Marketing	\$ 9502.83	Based on 2012 pro forma adjusted at rate in 2012 pro forma
	Total Gross Staffing	\$ 113280.00	Based on projected staffing
	Total Professional Fees	\$ 6255.20	Based on 2012 pro forma adjusted at rate in 2012 pro forma
	Rent	\$ 8434.52	
	Total Utilities	\$ 9383.33	Based on 2012 pro forma adjusted at rate in 2012 pro forma
	Contingency	\$ 10087.79	Based on 2012 pro forma adjusted at rate in 2012 pro forma
	TOTAL EXPENSES	\$ 196943.67	
	Operator Profit Margin	\$ 30219.03	

*Operating Costs are assumed to refer to security and access system overhead, as well as retail system and website costs.