



Legislation Text

File #: 21106, **Version:** 2

Fiscal Note

The three year agreement provides for a \$100,000 annual contribution from the City for support of this program. For the Year 2011, funding of \$100,000 would be appropriated from the Contingent Reserve to Parks Division account GN01-54901-617150. Funding for the subsequent two years would be requested through the regular operating budget process.

Title

SUBSTITUTE Amending the 2011 Operating Budget by appropriating \$100,000 from the Contingent Reserve to the Parks Division and authorizing the Mayor and City Clerk to execute a three year agreement and lease with "B-cycle LLC." Various AD's

Body

Preamble:

The City of Madison has been approached by parties interested in providing a rental bicycle sharing service. The system proposed by B-cycle LLC, the vendor of the equipment, involves kiosks and locked storage docks for bicycles. B-Cycle was formed out of a partnership involving Trek Bicycles, a local international corporation and ongoing partner in the City's successful Ride the Drive events. The B-Cycle bikes are rented by use of a credit card, after which the rented unit is released from the dock. Bikes must be returned by the end of the day, and may be returned to a kiosk and dock other than that of the original rental, if a space is available. It is expected that several rental kiosks will be located on City of Madison property, and elsewhere throughout the City, as part of this program. In addition to the cost of purchasing the equipment and necessary licenses to run the program, if the City were to run the program there would be additional costs (such as maintenance and liability related issues) that would make the service difficult to operate and cost-prohibitive to provide. By providing leased public space and contributing financially to the program, the City can successfully provide its citizens with this service, at less cost and liability risk than if it were to do so itself.

This system is currently active in a number of European and American cities, including Paris, Chicago, Denver, and Des Moines. The proposed system would be externally owned, operated, and maintained. The City will lease space for some of the bike stations.

Whereas, the Trek Bicycle Corporation is a Madison area-based company that is among the largest bike manufacturers in the world and a major employer in our region; and

Whereas, Trek has proposed that Madison be a pilot city for its prototype B-Cycle bicycle sharing system, a unique product on the world market; and

Whereas, Trek made this proposal after passage of the 2011 City of Madison operating budget, requiring a budget amendment to meet its objectives; and

Whereas, Trek is proposing that the company provide high quality bikes, bike parking stations, bike maintenance and repositioning, and GIS systems (the value of the capital investments alone at about \$1.4 million) for three years; and

Whereas, after inquiry by the Parks Division, Trek Bicycle was found to be the only company in the nation that offers this product and service, and thus the contract is proceeding as a sole source contract pursuant to Sec. 4.26(4)(a)2., MGO., and

Whereas, Trek proposes that the City contribute \$100,000 for each of the next three years to maintain the system; and

Whereas, the B-Cycle bike sharing system will: be an important amenity and means of transportation for City residents, workers and visitors; bring visitors to our downtown; displace car traffic and take pressure off of downtown parking; help Madison meet its goals of reducing air pollution and greenhouse gas emissions and having 20% of all downtown trips done by bike by 2020; provide a major area employer with a meaningful test of its new product in an easily accessible location for the company to observe and improve it; and

Whereas, this test and demonstration could lead to new production and jobs for Madison residents;

NOW, THEREFORE BE IT RESOLVED that the 2011 Operating Budget be amended by appropriating \$100,000 from the Contingent Reserve to the Parks Division as follows:
GN01-54901-617150 \$100,000

BE IT FURTHER RESOLVED that Trek will provide a report on the system's performance each year by September 1 (in time for the city's consideration for the next year's city operating budget).

BE IT FURTHER RESOLVED that Trek projects that it will not make money on the system, but if there is any profit, they commit to share it equally with the city.

BE IT FURTHER RESOLVED That Trek will open its books for the B-Cycle system at any time at the request of the city.

BE IT FURTHER RESOLVED That any agreement shall take into account issues related to the City's sign ordinances and use of public rights of way, and that the Common Council will be informed of the location of bike kiosks.

AND BE IT FINALLY RESOLVED that the Mayor and City Clerk are authorized to enter into a three year agreement and lease, subject to the approval of the City Attorney, with B-Cycle, LLC to operate the B-Cycle program in Madison, consistent with this resolution..