



## Legislation Text

File #: 22275, Version: 1

### Fiscal Note

This resolutions rescinds resolution RES-11-00106, which authorized a three-year contract with Trek Bicycle Corporation for a bicycle sharing program. Three annual payments of \$100,000 were to be made by the City to Trek, and a sharing of profits with Trek over the lifetime of the contract was to occur. The new five-year contract authorized by this resolution provides for payments of \$1 per year to Trek for each of the next five years, and eliminates the profit sharing provision. The \$100,000 appropriated from the 2011 Contingent Reserve to the Parks Division will be restored to the Contingent Reserve, as follows:

GN01-54901-617150 (\$100,000) Parks Division - Other Services General

GN01-57600-971000 \$100,000 Contingent Reserve - Miscellaneous Direct Appropriations.

### Title

Rescinding RES-11-00106 and Reauthorizing the Mayor and City Clerk to execute a five-year agreement with Trek Bicycle Corporation for the operation of a City-sponsored bicycle-sharing program in the City of Madison.

### Body

WHEREAS, the City of Madison was approached by Trek Bicycle Corp. ("Trek") who expressed an interest in providing a bicycle-sharing program in the City that would consist of the short-term rental of bicycles from kiosks located throughout the City, including on City property; and,

WHEREAS, this City-sponsored bicycle-sharing program was to be operated by Trek Retail Corporation ("Trek Retail"), a fully owned subsidiary of Trek, with the use of equipment manufactured and licensed by B-Cycle LLC ("B-Cycle"), another subsidiary of Trek, and provided for by an approximate \$1.7 million investment by Trek;

WHEREAS, on February 1, 2011, the Common Council adopted RES-11-00106 (Legistar File No. 21106), authorizing the Mayor and City Clerk to enter into three-year agreement and lease with B-Cycle for the operation of the bicycle-sharing program, and also amending the 2011 Operating Budget by appropriating \$100,000 from the Contingent Reserve to the Parks Division to support the bicycle-sharing program;

WHEREAS, among the terms of the operating agreement specified by the Common Council was a requirement that the City would contribute \$100,000 for each of the three years of the operating agreement to support the bicycle-sharing program, and any profit made from the operation of the program would be shared equally with the City; and,

WHEREAS, based upon the changed fiscal outlook for the City, the City and Trek have come to a new agreement about the terms of the operating agreement for the bicycle-sharing program, and have agreed to execute the initial City-Sponsored Bicycle-Sharing Program Operating Agreement Between the City of Madison and B-Cycle LLC for 2011-2013 in order to meet critical time deadlines, but subsequently terminate this initial operating agreement between the City and B-Cycle and replace it with a new five-year operating agreement between the City and Trek where the City's contribution will be reduced to \$1 and Trek will be fully entitled to any profit made from the operation of the program.

NOW, THEREFORE, BE IT RESOLVED that the City Of Madison hereby rescinds RES-11-00106 in its entirety; and,

BE IT FURTHER RESOLVED that the 2011 Operating Budget be amended by re-appropriating \$100,000 from the Parks Division to the Contingent Reserve as follows:

GN01-54901-617150 (\$100,000) Parks Division - Other Services General

GN01-57600-971000 \$100,000 Contingent Reserve - Miscellaneous Direct Appropriations.

BE IT FURTHER RESOLVED that Trek will provide a report on the system's performance each year by

August 1 (in time for the city's consideration for the next year's city operating budget).

BE IT FURTHER RESOLVED that while Trek projects that it will not make money on the system, if there is any profit Trek is fully entitled thereto.

BE IT FURTHER RESOLVED that Trek will open its books for the Madison bicycle-sharing program at any time at the request of the City.

BE IT FURTHER RESOLVED that the operating 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 five-year operating agreement, with one option to renew for five-years on terms mutually agreeable to both parties, with Trek and its subsidiaries to operate the B-Cycle bicycle-sharing program in Madison, consistent with the terms of this resolution and subject to the approval of the City Attorney.