



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Planning Division

m e m o r a n d u m

TO: Mayor Diane Wolfe Marlin and City Council
FROM: John A. Schneider, Manager, Community Development Services Department
DATE: April 5, 2018
SUBJECT: Presentation - Dockless Bikeshare Overview

Purpose

This report provides information on dockless bikeshare systems and proposes a framework for the joint licensing and regulation of these systems by the City of Urbana, City of Champaign, and the University of Illinois.

Summary

- Dockless bikeshare operators are interested in coming to Urbana-Champaign. At least seven companies have expressed an interest in bringing their services to the area, but are waiting for the cities and the University to develop dockless bikeshare regulations;
- Dockless bikeshare operators are privately funded and do not require public funding;
- Research suggests that dockless bikeshare operators should be regulated to mitigate any negative impacts on the community;
- A joint licensing system to allow dockless bikeshare operators in Urbana, Champaign, and on the University of Illinois campus would be the most effective way to regulate dockless bikeshare in our community. The license would require operators to meet certain standards for bicycles and for operations, and would require that operators pay for costs incurred by the partner agencies resulting from their operations (e.g. pay for staff time to remove bikes that the operator does not move within the agreed upon time period);
- Feedback from the Committee of the Whole is requested to assist staff in working with our partners in Champaign and at the University of Illinois to finalize an Intergovernmental Agreement to regulate dockless bikeshare operators.

Dockless Bikeshare Systems

Most bikeshare systems operating today are “docked” systems. People pick up bikes from a dock at a bikeshare station and return them to another dock at the end of their trip. Stations are usually placed in the public right-of-way, often next to the sidewalk (in place of an automobile parking space), or sometimes on the sidewalk if it is wide enough. Stations usually have 10 to 20 docks that are exclusively used for parking shared bikes, which can only be parked at docks. During periods of high demand, popular stations can become completely full (or completely empty), and bikeshare operators must “rebalance” the bikes to ensure that there is a good mix of bikes available and docks available at each

station. People using docked bikeshare systems are restricted to starting and ending their trips at pre-selected destinations. Stations are expensive, so building a network that is complete and equitable is a challenge.

In the past year, “dockless” bikeshare systems have launched in cities across the county. Unlike docked systems, dockless bikeshare does not rely on fixed stations. Instead, bikes can be picked up and dropped off anywhere. Riders can find the GPS-equipped bikes using a smartphone app (or just spot one that’s parked somewhere) and unlock the bike’s self-contained wheel lock by scanning a QR code or entering a bike identification number into the app. When they are done with their trip, they park the bike in an appropriate place¹ and relock the wheel using the app.

Dockless bikeshare systems have several advantages over docked systems. Since they do not require docks, dockless systems do not have any installation costs. Also, without docks, dockless systems can provide better geographic coverage than docked systems. Dockless systems are not limited to the (potentially) high-demand districts and neighborhoods that station planners have pre-selected. The bikes can go wherever there is demand. Operational costs are lower as well. Rebalancing bikes is less necessary as there will never be an empty or full station in a dockless system. Whereas a docked bikeshare system requires expensive stations at many locations, dockless bikeshare bikes can spread throughout a community at no additional cost to the operator. Perhaps the most important advantage that dockless bikeshare systems offer is that they are privately funded; none of the potential operators require money from the City of Urbana to establish their operations.

Dockless bikeshare operators are rapidly expanding across the country. There are systems in large cities like Seattle, Dallas, and Washington, D.C., as well as in college towns more comparable to Urbana-Champaign such as South Bend, IN and Greensboro, NC. In some of these cities, dockless bikeshare operates side-by-side with an existing docked bikeshare system. In others, dockless bikeshare serves as the community’s first bikeshare service of any kind. In many cities, multiple dockless bikeshare operators have launched and compete to attract riders. Across all contexts, dockless bikeshare operators have seen impressive ridership growth within the first few months of operations.

Interest in Dockless Bikeshare for Urbana-Champaign

In 2017, the City of Urbana, the City of Champaign, and the University of Illinois began receiving inquiries from dockless bikeshare operators who were interested in launching in the community. At least seven operators, including several that currently operate in cities across the country, have contacted one or more of the three agencies. None of the operators have asked for any public funding. Instead, they have expressed their desire to launch their operations in the community after a regulatory framework governing dockless bikeshare is established.

Dockless Bikeshare Research

Research on dockless bikeshare systems has been a collaborative effort between staff from Urbana, the City of Champaign, and the University of Illinois. The research team has spoken to staff in cities with dockless bikeshare systems and to operators of those systems. The team has also reviewed regulations in those communities. Based on this research, and in collaboration with other City and University departments², the team is developing a draft Intergovernmental Agreement (IGA) that

¹ It will be up to the individual communities and the University to determine what places are appropriate to park bikes in their respective jurisdictions.

² In Urbana, this list includes Public Works, Legal, Police, and Finance.

would create a uniform system for licensing and regulating dockless bikeshare operators in Urbana and Champaign, including on the University of Illinois campus.

The team's research focused on Seattle, Washington, D.C., and South Bend, IN, which have three of the most well-established regulatory frameworks for dockless bikeshare systems in the United States. The team also took a close look at Dallas, which provides an interesting case because it initially did not regulate dockless bikeshare operators. Each of the cities studied has faced some challenges during their first year of dockless bikeshare operations, but they have generally found that the positive outcomes outweigh the negative:

- There have been few parking problems in South Bend. Problems have been more frequent in Seattle, which is now exploring designated parking zones in high-use areas. Parking problems have been most frequent in Dallas.
- Operators have been responsive when cities have had to contact them to address parking and maintenance issues. Neither Seattle nor South Bend reported any failures to respond within their predetermined time limits. In Dallas, operators are not subject to predetermined time limits for moving improperly parked bicycles; evidence seems to suggest that operators do not collect bicycles as swiftly in Dallas as in South Bend or Seattle.
- Complaints from citizens have been minimal in Seattle and South Bend, with most complaints or inquiries directed to bikeshare companies rather than the municipality. Dallas has experienced enough complaints that its staff is now researching potential regulations.

Proposed License and Regulations

City staff have worked closely with staff from the City of Champaign and the University of Illinois to create draft regulations. Staff from the three partner agencies continue to fine tune some details of the proposed IGA. However, the important substantive aspects of the draft IGA are ready for review by the Committee of the Whole at this time and include the following:

Administration

- One license for all of Champaign-Urbana (including the University), administered by the City of Champaign as lead agency.
- A non-refundable, annual license fee of \$600 (of which the lead agency would receive the largest share to help defray administrative costs).
- Operators must post a security deposit of \$1,000 with both the City of Champaign and the City of Urbana (\$2,000 total) that each city may draw upon to cover public expenses incurred within its municipal boundaries.¹
- Operators must secure a Concession Agreement with the University of Illinois before a license is granted.²
- The initial round of licenses will be valid until June 30, 2019. Following this initial cycle, all licenses will expire on June 30th of subsequent years.

¹ Each city may specify the format of the security deposit (surety bond, cash bond, letter of credit, etc.).

² A Concession Agreement is a contract that allows private companies to conduct business on University of Illinois property. The proposed Concession Agreement requires operators to pay \$5 per bike to cover the cost of bicycle registration, which the University requires for any bicycle (commercial and privately owned alike) that operates on University property. The City of Champaign and the City of Urbana will not be parties to any Concession Agreement.

Operator Regulations

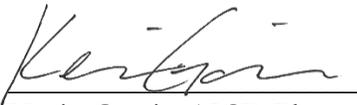
- Initial fleet size per operator is capped at 500 bicycles; this may be increased if IGA parties agree.
- Bicycles must meet minimum operational and safety standards as defined by the Federal government, and must have front and rear lights.
- Operators must remove unsafe, damaged, and improperly parked bicycles within three (3) hours of notification during peak periods and within twelve (12) hours of notification during off-peak periods. Peak periods are defined as:

Monday-Thursday	10:00 AM – 6:00 PM
Friday	10:00 AM – 10:00 PM
Saturday	12:00 PM – 10:00 PM
- Operators must provide a way for anyone to notify the operator of unsafe, damaged, and improperly parked bicycles that does not require the use of an app (e.g. a phone number on each bike).
- Operators must provide certain data to the IGA parties on a monthly basis, including Total Number of Rides, Number of Unique Riders, Mean and Median Ride Duration, Mean and Median Ride Distance, Mean Number of Bicycles in Service Daily, and Number of Bicycles Removed from Service.
- Operators must provide a local staff contact who can be reached between the hours of 8:00 AM and 6:00 PM Monday through Friday.
- Each IGA party may invoice an operator for reimbursement of public expenses for damage to public property or if an operator violates regulations.
- Operators must have commercial general liability.¹
- Each IGA party may set restrictions on bicycle parking locations within their jurisdictions and on their property (including the public right-of-way).
- Terms for revocation of licenses upon non-compliance are not yet set. However, all IGA parties agree that any revocation process will include written notification to the operator in violation, and a time period to allow the operator to bring their operations into compliance.

Next Steps

Staff requests feedback from the Committee of the Whole to finalize an Intergovernmental Agreement (IGA) with the City of Champaign and the University of Illinois to license and regulate dockless bikeshare operators, and to prepare an Ordinance to adopt the IGA.

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¹ Amount is not yet set but will be governed by existing practice of the IGA parties.