



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager

FROM: Liza Tamura, City Clerk
Ariana Kennedy, Management Analyst

DATE: September 7, 2010

SUBJECT: Consideration of an Automated Bike Rental Station at the Pier and Discussion of Related Policy Issues.

RECOMMENDATION:

Staff recommends that the City Council discuss the policy issues related to establishing a commercial venture at the Pier and provide direction.

FISCAL IMPLICATION:

Staff time will be required to complete the permitting process and assist in preparation of the installation area. There may be additional expenses associated with prepping the area. The project proponents have proposed a revenue sharing arrangement if the bike rentals are initiated. However, they have not discussed projected revenue potential.

BACKGROUND:

During the April 6, 2010 City Council meeting, Steve Svajian and Todd Loewenstein, of Baiku Bikes, appealed to the City Council for consideration of a pilot automated bike rental system to be located in Manhattan Beach near the Pier. Because the Pier and adjacent parking lots are State owned property, for which the City of Manhattan Beach holds a long-term operating and maintenance agreement, the City Council asked that staff investigate issues related to the permitting process that would be required by the State and the Coastal Commission. The Council also raised concern with the possibility that the rental station may displace parking space at the Pier and the issue of the City granting a private company access to public space for their business.

DISCUSSION:

Project Research History

Staff investigated the permitting requirements of the State and Coastal Commission, discussed the issue of a pilot program with the City Attorney and met with Mr. Loewenstein and Mr. Svajian to explore location options for a bike rental station that would be the least disruptive to current activity at the Pier.

The State Parks Department

In summary, the State will allow for a pilot program (by their definition, a pilot program is one that lasts not more than two years) with approval from the Director of the State Parks Department. In order to approve the pilot program, the Director would require a standard memo with information detailing the: 1) project description, 2) project background and 3) any budget, community or political interest or conflict.

The Coastal Commission

The Coastal Commission confirmed that the proposed pilot project would require a coastal development permit. In Manhattan Beach, the City has permitting authority through our Local Coastal Program (LCP). We can process a local coastal permit that would be appealable to the Coastal Commission. As such, we would prefer to address any potential concerns from the Coastal Commission upfront. In their initial response, the Coastal Commission was supportive of the concept of the bike rental station as a “lower-cost recreational activity that many people can enjoy.” However, they stressed that parking should not be displaced.

Based on preliminary project summary information, the City Attorney believes that the City, as the holder of the operating and maintenance agreement, has broad authority to award use of the Pier property for such a pilot program with the condition that if a more permanent arrangement is considered we should go through a Request for Proposal process. This is consistent with the State’s position that if the program is to last more than two years, it would be considered the granting of a concession that would require a competitive bid process.

In July, staff met with Mr. Loewenstein and Mr. Svajian at the Pier site to discuss potential locations for an automated bike rental station. According to the project proponents, the rental station would be solar powered and consist of a touch screen pay station with a stationary bike dock station. The smallest footprint for the dock station would be 13’x5’ and hold eight bikes. After walking the area, we identified two locations that are adjacent to the parking lots and just east of the bike path that could accommodate a bike rental station with no parking displacement and no significant disruption to current activity (see attachment B for pictures of locations).

Current Shared Bike Programs

There are a number of ways that bike sharing programs have been structured: government (Burgos, Spain), transport agency (Boston MBTA), University (UCI), non-profit (Denver), advertising company (Washington D.C.), and for-profit (Oahu). Currently, the most popular model is a partnership between a municipality and an advertising company. In exchange for use of public space to advertise, the ad company runs the bike sharing program. For example, in Washington D.C., Clear Channel Outdoor advertises on 800 bus shelters and on bike kiosks.

Baiku’s proposal falls into the for-profit category. In exchange for use of public property for their commercial venture Baiku is asking the City to “...endorse ‘Bike Weeks’ with reference to the bike share program” (see attachment A) and increase public outreach. The City will also receive a percentage of each bike rental through a proposed revenue sharing agreement. Currently, Baiku is speaking with the City of Redondo Beach and Hermosa Beach about possible locations near the Hermosa Pier and the Green Line.

Staff investigated a number of other cities that currently have bike sharing programs. The chart below collates the data collected and identifies which category or type of system is in place.

Current Shared Bike Programs (Continued)

City/College	Program Size	Program Type	Company	Notes
Barcelona, Spain	3,000 Bikes 400 Stations	Ad Agency	Clear Channel Outdoor	
Boston	Regional	Transport Agency	Massachusetts Bay Transit Authority (MBTA)	U.S. Federal Transit Administration awarded MBTA \$3 million
Burgos, Spain		Government run		BiciBur
Denver	500 Bikes 50 Stations	Non-Profit	Denver Bike Sharing	B-Cycle
D.C.	1,100 Bikes 100 + Stations	Ad Agency	Clear Channel Outdoor	In D.C./Virginia Area Smartbike
Madrid, Spain		Ad Agency	Cemusa	
Montreal, Canada	5,000 Bikes 400 Stations	Transport Agency	Montreal Parking Authority	Bixi
Oahu	100 Bikes 10 Stations	For-Profit		City will monitor the solar powered stations; Momentum B-Cycle
Paris, France	20,000 bikes 1,400 stations	Ad Agency	JC Decaux	
Philadelphia			Bike Share Philadelphia	Advocating for B-Cycle
San Francisco		Ad Agency	Clear Channel Outdoor	Project currently suspended
UC Irvine	4 Stations	University Run	ZotWheels	Partnership between UCI and CSL (manufacturer)

Related Policy Issues

Currently, there are no policies in place regarding the use of public property for a commercial interest. Seasonal vendors, and the like, are prohibited from selling their wares on public property with the exception being during special events. Before the City Council approves the pilot program with Baiku Bikes, a policy for other commercial interests that approach with similar requests will be needed.

Baiku’s long term goal is to encourage bicycling as an alternative means of commuting to reduce vehicle congestion and eventually create a regional network of shared bikes (connected to public transportation), but the predominate use for the submitted proposal would be recreational.

CONCLUSION:

On April 6, 2010 the City Council asked staff to investigate the permitting process to allow a bike rental station near the pier. Staff has provided that information within this report and is requesting the City Council provide direction to staff before committing any further resources to do this research. Before City Council approves a pilot program staff has identified the following issues which should be addressed:

- The use of public property for a commercial interest.
- Policy for other commercial interests that approach with a similar request.
- Vision for this project as it relates to augmenting transit versus strictly recreational.
- Appropriate revenue sharing agreement, if approved.

ATTACHMENTS:

- A) Baiku Bikes Manhattan Beach PowerPoint Proposal – September 7, 2010.
- B) Photographs of Proposed Locations



baiku
bikes

MANHATTAN BEACH BAIKU TRANSPORTATION SYSTEM

September 7, 2010, Baiku, LLC

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Automated bike system

- Short-term bicycle rental available at unattended locations
- Transaction + subscription-based service
 - Pay for use at station
 - Monthly subscription
- Revenue share with municipalities: station placement and space rental in exchange for a portion of revenue from program





Low Footprint

- **Automated process for rental and return.** Technology allows for fast rental and requires no personnel
- **Fixed stations.** Customers rent/return bikes to fixed stations

Solar-powered and wireless.

Entire system uses solar power and wireless communication

No need for infrastructure.

No need for permanent installation or external energy source; Stations can be set up in minutes and are easy to expand and contract

Small footprint.

8 bike station as small as 13' x 5'





Baiku benefits the entire community



- **Transportation**. As system grows, will help daily mobility
- **Visibility & accessibility**. Available on the strand, which allows easy access and renting on a whim
- **Fast and easy transactions**. Differs from traditional leisure oriented rental businesses, as individuals can use their credit card and ride in minutes
- **Environmental**. Daily mobility use reduces impact on environment
- **Low-overhead**. Small operations organization required to run business



Manhattan Beach Participation

What does the city do?

- The city provides space along the strand for bike share stations
 - **Marketing**. City endorsed “bike weeks” with reference to the bike share program along the strand
 - **Public Relations**. Story in the Beach Reporter/Easy Reader and other notable local publications

What does the company do?

- Baiku provides for the financing and operations of the system.
 - **Financing**. Responsible for financing and installation of the system.
 - **Operations**. Responsible for operations and maintenance of bike share program



Huge world-wide demand for bike transportation systems

- **European bike share programs.**
Well-established programs have significant users
- **United States.**
Bike share programs are popping up in densely populated cities: Boston, Denver, Oahu, Philadelphia, Washington D.C.
- Southern California is the best location in the world for bike share





Plan and Long Term Vision

- **Six month pilot project**
 - Gauge usage patterns through research
 - Structure pricing models that work best
 - Report back to Council in early 2011 on progress
 - Suggestions for future expansion in Manhattan Beach
- **To be a part of the transportation system in SoCal**
 - Become a bigger piece of transportation system
 - Make incremental progress in contributing to biking gaining share of the intermodal transportation pie
- **Eventual expansion up and down coast.**
 - Series of stations from Pacific Palisades-Orange County
 - Integration with train and bus lines



Southern California's South Bay is ideal

- **Climate and tourism.**
 - CA is best location in the world for bike transport system
 - Low rainfall
 - Established bike paths
 - Large number of tourists and residents use bikes for recreation and transportation
- **Environmentally conscious community.**
 - Reduces environmental impacts of transportation
- **Timing.**
 - Municipalities have little money, so implementation with private organization is ideal

Suggested Manhattan Beach Locations

Current Bike Rack Location

Parking Spot(s)

On Pier

Current Bike Rack Location



Immediate Expansion Locations

Redondo Beach:

- Green Line
- Hotels
- Northrop Grumman



Hermosa Beach:

- On 11th Street parking lot
- At the end of 10th or 11th Streets





Proven team of South Bay entrepreneurs

- **Stephen Svajian**. Previously the President of Content at Courtroom Connect, CEO at AudioCaseFiles, CEO of D2D Systems, and CEO of DineOnMe.com; 2 successful exits with more than 10x return on investment; 10 years experience in senior management positions; JD, William & Mary, BA, Tufts University
- **Todd Loewenstein**. 10+ years in technology operations, management and business development; Well-connected in the local community; President of the Redondo Beach Unified School District's Board of Education; Previously CEO, of ArcoStream, VP of Streaming Services at Raindance; Strategy analyst at the Weather Channel; MBA, Carlson School of Management, University of Minnesota, B.A., University of Michigan



Photographs of Proposed Locations





