



Agenda Item Summary

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Agenda Item Title

Presentation on Divvy Bike Share System

Overview

On February 16, 2016 the Village Board approved an Intergovernmental Agreement with the City of Chicago to join the Chicago Bike Share System "Divvy". Eleven bike share stations were approved for the first phase of this project. The Board requested an updated report on the Divvy program.

Anticipated Future Actions/Commitments

In the first quarter of 2018, the Village Board will review a Resolution to extend the Intergovernmental Agreement with the City of Chicago and extend the marketing contract with Motivate International, Inc. (the bicycle sharing provider that operates and maintains the equipment) and Outfront (an advertising provider to install, maintain and remove advertising in connection with the system.)

Report

Divvy Bike Share is a service the Village of Oak Park provides where individuals have access to bicycles for short-term use. This service was designed to solve the "last mile" problem, which refers to the difficulty for individuals to get to their final destination from a public transport hub. Additional benefits of the bike share program may be reducing fuel use and greenhouse gas emissions, promoting health and active living, as well as promoting low cost transportation.

On August 19, 2013 the Village Board approved participation with Chicago and Evanston in submitting a grant application to fund 80% of the capital costs associated with expanding the successful City of Chicago bike sharing program, Divvy, from the City of Chicago to neighboring Oak Park and Evanston to create a regional bike sharing network.

On July 20, 2015, the Village Board adopted a Resolution approving the Oak Park Neighborhood Greenways System Study and Bike Share Feasibility Study as an Addendum to the Oak Park Bicycle Plan. The changes were reviewed by the Transportation Commission at their May 12, 2015 and February 23, 2015 meetings and the Plan Commission at the May 1, 2014 and February 5, 2015 meetings.

In February of 2016, an Intergovernmental agreement between the City of Chicago and the Village of Oak Park regarding the Bike Sharing System was authorized. The City of Chicago had previously received a grant from the Federal Government for this program and is acting in the capacity of a fiscal agent to provide the Village of Oak Park a \$480,000 Pass-Through Grant. The purpose of this grant was to acquire a substantially identical bicycle sharing system such that the two systems will be interoperable, share a brand identity, and share

certain costs and revenue. The Village was required to provide no less than \$120,000 or the local match funds for the (Village Pass-Through Grant).

The Village is the owner of the bicycle stations used in the Village system; however the City of Chicago is the owner of the Federal Trademark registration for "DIVVY." The Village of Oak Park was also required to entered into an agreement with Motivate International, Inc. (the bicycle sharing provider to operate and maintain the equipment for the program) and Outfront (an advertising provider to install, maintain and remove advertising in connection with the system).

On the operating side, it is important to note that nationally bike share systems are recovering 50% to 120% of operating costs through user fees and advertising. Systems most similar to the Village of Oak Park average an 70% to 80% cost recovery. Cost recovery is in large part dependent on the overall success of the program and can be further advanced with community partnerships and sponsorships. Our operating expense from January 2017 - September 2017 was \$239,900, with estimated revenue through September of \$89,200. Our year- to-date subsidy is 63% however the September subsidy rate was 44%. We believe the program is slowly trending in the right direction and our experience is not unusual in the early years of such programs. Through September 2017 the Village's net operating cost was (\$150,663). We believe that this dollar amount will trend significantly downward in 2018. We are more aggressively marketing the program and advertising opportunities. For example, West Suburban Hospital has already committed to a full year of advertising in 2018.

In comparison, the City of Evanston's Divvy Program was launched at the end of June, 2016. The City had annual operating expenses of \$192,000 for 8 stations and recovered 65% of expenses. The net annual operating cost was (\$66,000).

Given the investment of time spent in crafting the program, investment of funds, early involvement of both the Plan Commission and Transportation Commission; staff would propose we continue to seek opportunities in advertising for the stations and present options to increase revenue. Additionally, once on board, the new Sustainability Coordinator will be able to assist with determining the Villages' environmental savings such as total miles traveled by riders; total calories burned by riders; and the total pounds of CO2 potentially off-set.

Alternatives

At this time, we recommend continuing with the Divvy program and extending the contracts for the program which will be presented to the Village Board in early 2018. However, if the Board chooses to end the program, we recommend a six to nine month transition period to allow riders to find alternative transportation solutions.