

TOWN COUNCIL ACTION REPORT

September 1, 2016

Resolution Authorizing the City Manager to Negotiate and Execute a Contract for a Bike Share Program with Zagster, Inc. and Approving an Associated Budget Adjustment

PREPARED BY: Mercy Davison, Town Planner

REVIEWED BY: Mark R. Peterson, City Manager
Jessica Woods, Deputy Corporation Counsel

BUDGET IMPACT: This is an unbudgeted item that will require a budget adjustment in the amount of \$87,887.00 for the first year of service from General Fund Reserves. Years 2 and 3 will be budgeted in the amount of \$84,600.00. The annual cost will be partially offset by anticipated annual revenues including a \$10,000 contribution from Advocate BroMenn and program revenue of approximately \$16,920.

STAFF RECOMMENDATION: Approval

ATTACHMENTS: Proposed Resolution; Zagster Proposal

BACKGROUND

In recent years the Town of Normal has made significant progress on the path to greater bicycle friendliness. Extensions of the Constitution Trail, the addition of on-street bike lanes, and the coordination of many bicycle safety and educational events such as Light the Night and the Bike Rodeo – all contributed to the Town’s designation as a Bronze-Level Bicycle Friendly Community in 2014.

Many Bicycle Friendly Communities have begun to investigate and implement bike share programs, which permit users to take a bike from one station and leave it at another station, whether for business or recreation. In collaboration with Connect Transit, Town staff began to investigate several public bike share programs as well. The most widely known bike share systems are in large, bicycle-friendly cities such as New York, Chicago, and Washington D.C. The bicycles in a typical large-city bike share program can cost up to \$15,000 apiece and the program is actively managed by full-time staff, either through the municipality or a separately formed nonprofit entity, which must operate and update the website, provide repair service, coordinate the redistribution of bicycles as they cluster at various bike stations throughout the week, and more. Such a bike share program is, therefore, far too expensive and time-intensive to work in a community the size of Normal.

In 2015 Town staff became aware of a company called Zagster, which offers a reasonably priced bike share program for smaller cities like Normal and for large university and corporate campuses. Unlike the large-city programs, Zagster is a fee-for-service. They own the bikes, they provide the bike repair and redistribution of bikes, they run the website, they handle payments, and they take customer phone calls.

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Because the bicycles and bike racks are less technologically advanced than those in a large-city program, the bicycles are significantly cheaper at \$1,800 per bike per year.

With a great deal of assistance from Connect Transit – which sees bike share as a complementary alternative transportation option – Town staff began to look for other companies offering a similar bike share system. Staff found that there were no options available at this time to meet our needs; the few companies that we found were either quite a bit more expensive, required larger installations than that envisioned by the Town, and/or did not offer service in the Midwest. None offered the fee-for-service option. In addition, Town staff contacted municipalities and universities using Zagster, and all were quite happy with the service. Town staff also traveled to Carmel, Indiana to try out the Zagster bikes, which have been in place since early 2015 and which the city of Carmel touts as a great success.

Based on this research and the positive feedback from other entities using Zagster, Town staff requested a full proposal from Zagster. Key provisions of the 3-year contract include the following:

1. 45 standard adult bicycles at 9 locations – The bikes are “step through” models (without a high cross bar) that are easier for less experienced riders to use. All bikes have built-in lights.
2. 2 adult tricycles for those riders with balance issues
3. Complete maintenance of the bicycles through a locally hired, Zagster-certified mechanic, including free replacement parts (including labor), and replacement bikes every three years
4. Replacement of stolen or vandalized bicycles
5. Bike locks
6. Custom signage at the bike station and custom decals on the bikes
7. Custom website with ongoing support and reporting
8. Assistance with marketing materials
9. 24/7 bicycle rider support
10. \$2 million in liability coverage
11. Redistribution of bicycles among the bike stations
12. Relocation of bike stations based on usage
13. Ability to terminate the agreement with notice

The proposed fee for this service is \$84,600 per year (\$1,800/bike/year), with a one-time set-up fee of \$3,287.00 for the two trikes. Helmets are not provided.

The proposed locations are oriented in a north south alignment, generally near the Main Street corridor. The locations are shown on the last page of the attached Zagster proposal. The northern 5 locations are clustered on the Illinois State University campus and in Uptown. Further south are stations at Advocate BroMenn and the Connie Link Amphitheatre. There are also two locations outside of Normal – Illinois Wesleyan University and Downtown Bloomington. Zagster recommended these locations as natural destinations for bicyclists, thus increasing the likely success of the overall program. Additional bike stations can be added any time by any entity via a separate contract with Zagster. Any new station would be compatible with the original stations funded by the Town.

Advocate BroMenn has agreed to contribute \$10,000 per year for duration of the 3-year contract, as the bike share program complements their wellness mission. Based on this contribution, Advocate will occupy the advertising space on certain parts of the bicycles and bicycle stations.

The Town has full control over the pricing model, although it is typical to establish a membership fee with member benefits. For the Town, Zagster recommends monthly memberships at \$10 and annual memberships at \$40 (\$25 with valid university student email address). With membership, a rider would have the first hour free and \$3/hour after that with a maximum charge of \$30. Non-members would pay \$6 for a 24-hour pass. Users access the Zagster system through an app customized for Normal. This requires each user to have a smart phone or flip phone.

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Zagster collects the fees through online payments, and they will disburse approximately 93% of that fee back to the Town. Depending on the pricing scenario, Zagster estimates that the Town will recoup approximately 20% of our annual expenditures, or \$16,920.

DISCUSSION/ANALYSIS

Bike sharing programs are growing in popularity across the country. Many features of the Town make it a strong candidate for a successful bike share program:

1. Illinois State University. The students have already proven that they are interested in riding bicycles given the success of the university's "Reggie Rides" program, which permits students to ride a cruiser bike for free. Zagster will be an excellent complement to Reggie Rides for several reasons. First, Reggie Rides is operated by the Rec Center, so it is only available during Rec Center hours. Second, it is only free for students, faculty, and staff, and their families can rent a Reggie Ride for \$10/day. Those unrelated to the university cannot use Reggie Rides, which includes all of the thousands of visitors to the campus annually. Third, Zagster permits riders to leave the bike at a different station rather than returning it to the Rec Center, which makes it more suitable for "transportation riders."
2. Uptown Normal. Significant effort was invested in making Uptown Normal a pedestrian- and bicycle-friendly environment. Thousands of visitors come to Uptown Normal every year to stay at the hotels and to utilize the conference center, and many of these visitors would likely take advantage of a bike share system.
3. Bike-friendly destinations. Within a comfortable ride of the bike station locations are popular destinations such as the Route 66 Museum, McLean County History Museum, Illinois Wesleyan's campus, the hospital, businesses along Main Street, and more.
4. Constitution Trail. The trail ties many of these locations together, and it is generally thought to be the most comfortable place to ride a bike. We know that people come here to ride the trail from other communities. Zagster will permit visitors to ride the trail without the need to transport a bicycle from afar.

In addition, Zagster has proven to be successful in other communities and on college campuses. Examples include Ohio State University, Purdue/Lafayette-West Lafayette, Carmel, and Fort Collins.

Town staff is discussing specific locations and the timing of installation with ISU, IWU, Advocate, and the City of Bloomington.

For these reasons, Town staff recommends the Town Council authorize the City Manager to negotiate and enter into a contract with Zagster for a community bike share program.

RESOLUTION NO. _____

RESOLUTION APPROVING A BIKE SHARE CONTRACT WITH ZAGSTER, INC.
AND APPROVING AN ASSOCIATED BUDGET ADJUSTMENT

WHEREAS, the Town of Normal is a home rule unit of local government with authority to legislate in matters concerning its local government and affairs; and

WHEREAS, the Town wishes to be a bicycle friendly community and one way in which to meet this objective is to provide access to shared bicycles; and

WHEREAS, there are currently no available comprehensive commercial options for bike sharing in Normal or McLean County; and

WHEREAS, Zagster has experience in providing similarly sized university communities a bike sharing service, and has experience maintaining and operating the day-to-day operations of a bike sharing program; and

WHEREAS, there appear to be no other comparable companies which offer this service to a community such as ours; and

WHEREAS, it is therefore impractical to bid this project because of the lack of available alternate options; and

WHEREAS, a budget adjustment is necessary in the amount of \$87,887.00 for this bike sharing program; and

WHEREAS, it is in the best interests of the health, safety and welfare of the citizens of Normal to authorize Town Staff to execute a contract with Zagster for a 3-year agreement for a bike sharing program.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES FOR THE TOWN OF NORMAL, ILLINOIS:

SECTION ONE: That the formal bid process is waived for this bike sharing program.

SECTION TWO: That an associated budget adjustment is hereby approved in the amount of \$87,887.00.

SECTION THREE: That the City Manager is authorized to execute, for and on behalf of the Town of Normal, Illinois, a 3-year contract with Zagster in an amount not to exceed \$87,887.00 for the first year and \$84,600 for the second and third years, and which incorporates key provisions, including:

1. 45 standard adult bicycles at 9 locations
2. 2 adult tricycles for those riders with balance issues

3. Complete maintenance of the bicycles through a locally hired, Zagster-certified mechanic, including free replacement parts (including labor), and replacement bikes every three years
4. Replacement of stolen or vandalized bicycles
5. Bike locks
6. Custom signage at the bike station and custom decals on the bikes
7. Custom website with ongoing support and reporting
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9. 24/7 bicycle rider support
10. \$2 million in liability coverage
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SECTION FOUR: That the Town Clerk is authorized and directed to attest the signature of the City Manager on the contract and retain a fully executed original of the contract in her office for public inspection.

SECTION FIVE: That the City Manager negotiate and execute any license agreements necessary for the placement of the bicycle facilities throughout the community.

ADOPTED this ____ day of _____, 2016.

APPROVED:

President of the Board of Trustees of the Town of
Normal, Illinois

ATTEST:

Town Clerk

(seal)