



BIKESHARE IN CHICAGO



DIVVY
DIVIDE & SHARE

**Divvy is Chicago's City-owned,
dock-based bikesharing system**



Outline

- **History**
- **Expansion & modernization**
- **Equity & accessibility**
- **New jobs**

History of Divvy in 60 Seconds

2012: After competitive RFP, City selects Alta Bicycle Share (Motivate) as operator

April 2012: City Council votes to approve Divvy contract, 46-1

June 2013: Divvy launches as one of the first bikeshare systems in U.S., with 750 bicycles

April 2014: City secures separate five-year \$12.5M sponsorship w/ Blue Cross Blue Shield

2013—2019: Divvy benefits from \$36 million in federal, state and local funds and gradually grows to a 600-station, 6,000-bike system that gets nearly 4 million rides per year, has 400,000 annual riders. Motivate grows as largest bikeshare provider in U.S.



Divvy Is a Public-Private Partnership

Here's how the existing contract works:

- **Bikes and stations purchased with public funding and are owned by the City**
 - Funding predominantly from federal grants and some TIF funds
 - City is responsible for State of Good Repair costs
 - City is responsible for Station siting and permitting
- **Fares and pricing are controlled by the City**
- **Operations are provided by Motivate and are evaluated based on established SLAs**
 - Motivate paid on a cost reimbursement basis
 - Contract has profit- and loss-sharing provision, but system has only lost revenues in all but one year. City shares in those losses.
 - Contract has 9 years remaining
- **City direct revenues associated with Divvy:**
 - **\$2.5M** from BCBSIL sponsorship annually (expired in 2019)
 - **\$1.3M** from station ad panels and third-party sponsorships

Past Revenues Did Not Support Rapid City Wide Expansion

- **City uses sponsorship and advertising revenue to cover costs associated with operating Divvy:**
 - **Share of operating losses: \$1M** covered by City for 2018 operations (\$1M assumed by Motivate)
 - **\$350K** in subsidies for Divvy for Everyone low-income membership program
- **City averages only \$2-3M in net revenues available annually for capital and other investments**
- **Increased revenue from new sponsorship is best source for capital; but would not address City cost risk for operating losses and other programming.**
- **Even with a new third-party sponsorship, estimated that citywide expansion would take 7 to 9 more years**

System revenue in 2018: \$9M
System operating costs in 2018: \$11M
2018 Operating Loss: \$2M

Recent Contract Amendment

City is getting:

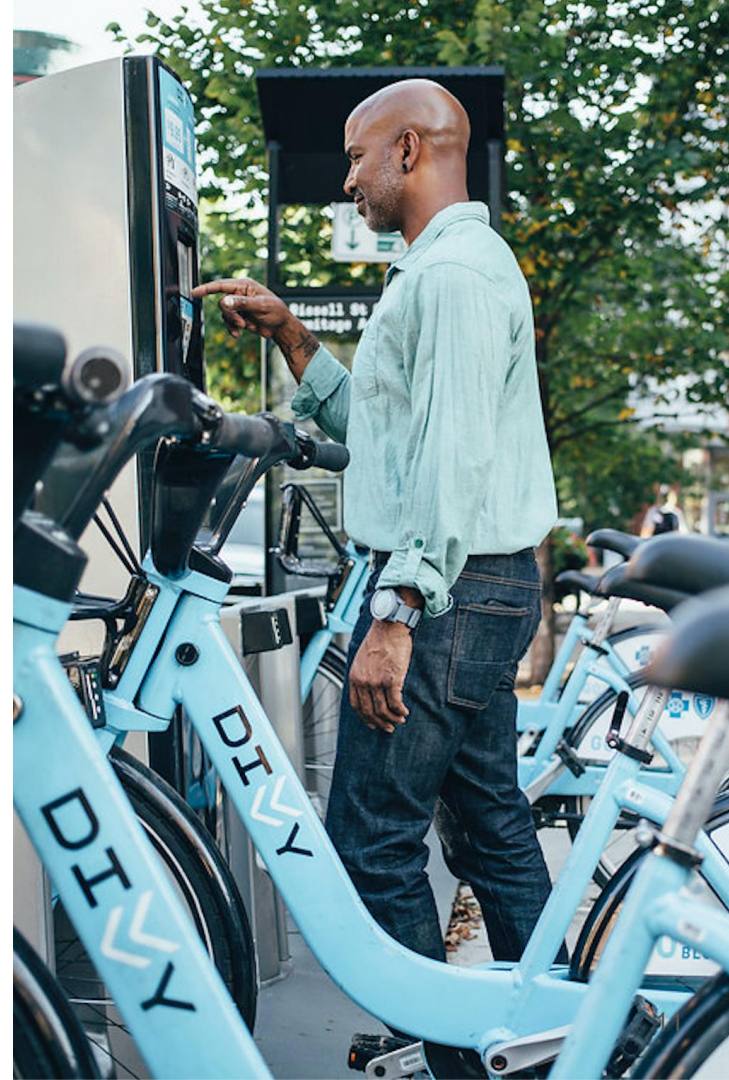
- **Citywide expansion and modernization:**
Minimum capital investment of **\$50M**
- **Cash payments: \$77M minimum**
guaranteed over the remainder of the existing contract
- **Additional upside:** Revenue share of growth in rider and advertising revenue
- **Elimination of financial risk:** City will no longer share in losses
- **Continued control** over fares and service quality
- **\$10M investment in D4E equity** program
- **200 new jobs**, including jobs training

Operator is getting:

- **Sponsorship of system**
- **Retention of a portion of ridership and advertising revenue** to offset cost of operations
- **Divvy remains Chicago's sole bikeshare system**

City Retains Control

- Operator must comply with rigorous SLAs, guaranteeing quality of service
 - Failure to meet SLAs results in liquidated damages
- City has approval over any fare increases > 10%
- City has approval over new fare products, fare policies or fees
- City approves all station siting
- City retains ownership of existing bikes and stations
- New equipment purchased as part of \$50M investment is owned by the City at end of contract
- Contract length does not change



Expansion and Modernization

More Stations and New Bikes

Over the next three years, \$50M investment will add **175** new stations and **10,500** new hybrid ebikes to system, bringing total fleet to **16,500** bikes



New hybrid electric bike



Classic bike



How the New Bike Works

- Electric pedal-assist gives riders a boost and appeals to more ages and abilities, supports longer trips
- Bikes can either be parked at a Divvy station or locked to a bike rack
- Smart features enabled via GPS incorporated in rear fender
- Cable lock on rear wheel encourages responsible parking behavior

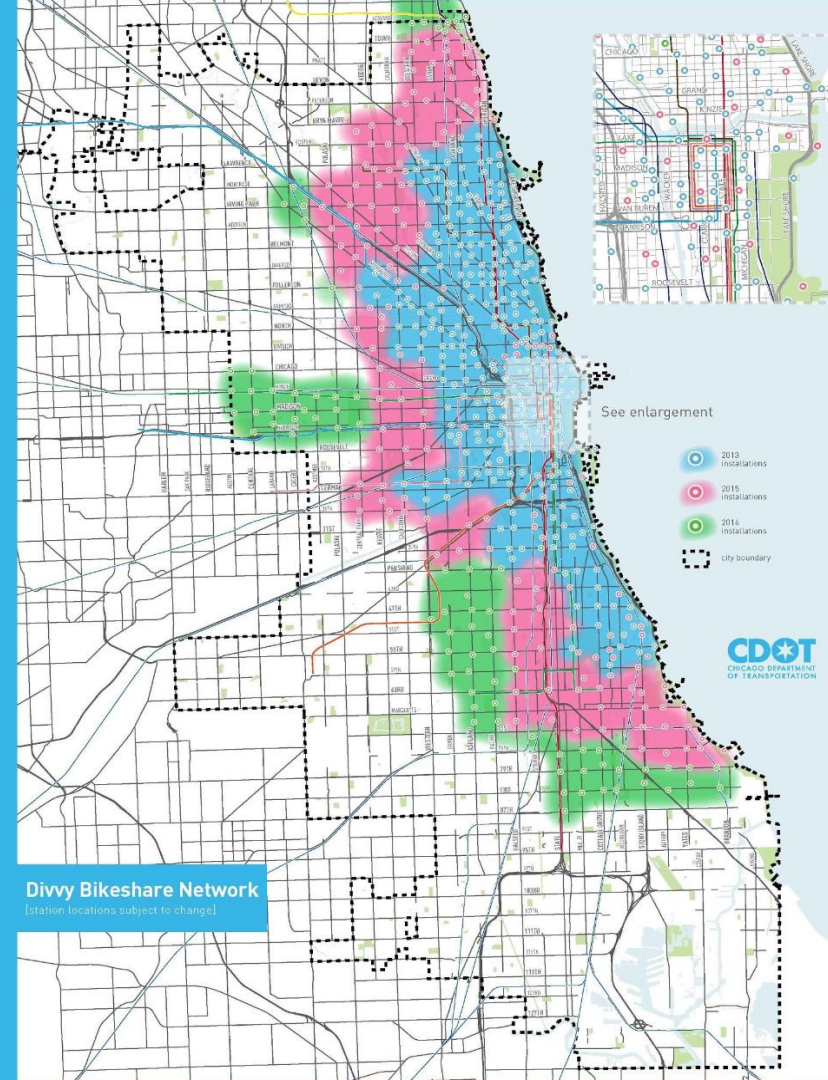


Expansion Plan

- Our 2019 expansion will focus on the Far South Side, with flexibility to expand the current service-area perimeter based on community feedback
- City-wide system completed no later than 2021, with ability to move faster if desired
- New electric bikes and classic bikes will be distributed evenly throughout the whole Divvy service area

Community Engagement in Station Siting Process

- Increased outreach to community groups, businesses, Aldermen and others to seek input
- Launch educational campaign about bikeshare, e-bikes and lock-to technology across expansion zone



Equity & Accessibility

Divvy for Everyone (D4E) Program Today

- Divvy's existing discounted fare for income-eligible residents, which currently serves over 1,600 residents throughout the city
- \$5 annual membership + cash payment option
- City currently spends \$350k annually to support the D4E program
- Over 90+ community partnerships with local organizations throughout the city
- Community Outreach Leaders committed to boosting the amount of information available and accessible to individuals



\$5 Annual Membership
DIVVY
for everyone

Take advantage of a \$5 annual membership with unlimited 45-minute rides for a year. Great for cruising around town or quickening your commute.
See if you qualify at [DivvyBikes.com/D4E](https://divvybikes.com/D4E)



Adaptive Bikes

- Proposed amendment requires Lyft to deploy an adaptive program by 2020
- Lyft/Motivate has adaptive pilot program operational in Portland Oregon and underway in Oakland and NYC
- Robust community engagement process will be co-led by CDOT, in consultation with MOPD, and will inform shape of the program



New Jobs

Workforce to Grow to 350 Jobs

147 people employed locally by Divvy (2018)

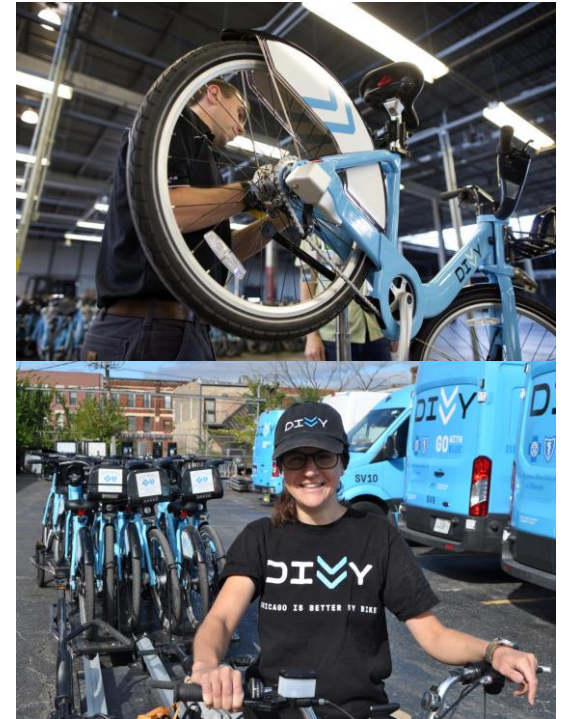
- 86% Chicago residents
- 66% Transport Workers Union members
- 64% Black/Latino
- 10% veterans

Operations Will Add 200 New Jobs over Next 3 Years

- 90% of new jobs are expected to be union jobs (TWU)

Growth of Sub-Contracted Services

- Motivate has met or exceeded its DBE contract goals
- \$4M spent on DBE firms to-date
- Opportunity for expanded DBE investment with electrification of stations and growth of operations



New Job Training and Outreach to Barrier Populations

Barrier Populations:

- Partner with workforce development agencies that serve ex-offenders, veterans, and other barrier populations to connect with existing job opportunities at Divvy
- Develop multilingual materials laying out what types of jobs, hours, and pay are available at Divvy
- Table at resource and job fairs serving barrier populations

Youth:

- Invest in bike mechanic training programs
 - Partner today with West Town Bikes
 - Exploring new partnership with Blackstone Bikes



Lessons Learned

- » Do a feasibility study
 - » Site where you have good commercial, residential and/or employment density
 - » Bike share is transit; it may require operational subsidies
 - » Build a network of stations; 1-2 stations aren't enough
 - » Install complementary infrastructure
 - » Make it equitable
 - » Engage the public
 - » Customer service focus
 - » Share the wealth
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Sean Wiedel
Sean.wiedel@cityofchicago.org

