

## City of Alexandria, Virginia

## MEMORANDUM

**DATE:** MAY 16, 2012

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER *RMY*

**SUBJECT:** REQUEST TO REALLOCATE UNSPENT FY 2012 TRANSPORTATION IMPROVEMENT PROGRAM FUNDS TO COVER FIRST YEAR BIKE SHARE OPERATING COSTS

**ISSUE:** As a result of a change in federal policy precluding jurisdictions from using federal grants to cover the cost of bike share operations, the City of Alexandria will not be able to use federal grant funding to cover the annual operating costs of bike share operations.

**RECOMMENDATION:** That City Council authorize the one-time reallocation of \$186,000 of unspent FY 2012 Transportation Improvement Program (TIP) funds to cover first year bike share operations expenses for FY 2013.

**DISCUSSION:** In September 2010, Capital Bikeshare, the largest bicycle sharing system in the United States, launched in Washington, D.C., and Arlington County with 1,100 bicycles located at 110 stations. In October 2011, City Council authorized the City to join the regional Capital Bikeshare network utilizing federal CMAQ/RSTP grant funds, beginning with the implementation of six bike share stations with 54 bikes as a pilot program, and expanding when additional funding becomes available. In December 2011, additional funds were identified for two stations, one at the Braddock Road Metrorail Station and a second at the King Street Metrorail Station through a CMAQ grant for bicycle facilities at Metrorail Stations, enabling the pilot program to begin with eight stations. A map of the station locations is in Attachment 1.

To implement the Capital Bikeshare in Alexandria, T&ES staff has been coordinating with other City departments and stakeholders, including the Old Town Civic Association, the Waterfront Commission, North Old Town Independent Citizens Civic Association, the Northeast Citizens Association, and the Upper King Street Neighborhood Association. T&ES held a Capital Bikeshare open house on Wednesday, January 4, 2012 for attendees to learn about the pilot program, and to suggest and comment on proposed expansion stations. In February 2012, the eight pilot program stations were ordered from the vendor with planned implementation for the summer of 2012.

On April 13, 2012, the Federal Highway Administration (FHWA) announced to staff that federal funds could not be used for operating expenses associated with bike share programs, even if previous bike share pilot programs may have received federal funds for operations. The capital expenses for the purchase of the bike share stations and bicycles are permitted by FHWA. This

information contradicted previous information T&ES staff had received about the use of these funds. T&ES had planned to utilize up to \$186,000 of awarded RSTP and CMAQ funds to pay for the first year of operations for eight bike stations. This amount would be offset by memberships and user fees and staff approximates that 30 percent of the operating costs would be offset by revenues in the first year. The City of Alexandria can use the \$186,000 of CMAQ/RSTP funds that are not being used for the bike share operations for other multi-modal transportation projects that have not been fully funded.

In Capital Bikeshare's first year, D.C. covered all operating costs with revenues, and Arlington covered nearly half of operating costs with revenues. Due to the unexpected federal policy change, T&ES staff is requesting that \$186,000 of Transportation Improvement Program funds not used in fiscal year 2012 be reallocated to cover bike share operations expenses through fiscal year 2013.

Once implemented, data from the City's bike share program will be collected, analyzed and reported. As this is a new program for the City, adjustments to the program may be necessary based upon what the City learns from the collected data. An annual evaluation report to City Council and the City's Transportation Commission will also be prepared. At about the three year mark, the bike share program will have likely expanded sufficiently and provided enough information to conduct a comprehensive evaluation to determine its long-term future in the City. For future fiscal years, staff is planning for operations costs to be covered by a combination of revenues from user fees and memberships, Transportation Management Plan (TMP) funds, and Transportation Improvement funds.

**FISCAL IMPACT:** In the FY 2012 operating budget, \$700,000 in Transportation Improvement Program funds were appropriated for expanded trolley service operating expenses. Approximately \$50,000 of these funds will be needed to pay the contract vendor for the additional cost associated with increasing the frequency of the King Street Trolley from a trolley every 20 minutes to a trolley every 15 minutes. An additional \$700,000 is budgeted for FY 2013. Since the expanded trolley service in Del Ray did not start operating in FY 2012, and all of the remaining funds are not needed for that purpose in FY 2013, staff is requesting that \$186,000 of unspent TIP funds be reallocated to cover the bike share operations expenses through FY 2013. Staff estimates that 30 percent of these expenses will be recouped from revenues generated by membership and usage fees.

**ATTACHMENT:**

Attachment 1: Alexandria Capital Bikeshare Pilot Program

**STAFF:**

Mark Jinks, Deputy City Manager  
Laura Triggs, Acting CFO  
Richard J. Baier, P.E., LEED AP, Director, T&ES  
Morgan Routt, Acting Director, OMB  
Abi Lerner, P.E., Deputy Director, T&ES Transportation  
Sandra Marks, Division Chief, T&ES Transportation Planning  
Chris Bever, Budget/Management Analyst II, OMB  
Carrie Sanders, Principal Transportation Planner, T&ES Transportation Planning  
Antonio Baxter, Division Chief, T&ES Administration  
Malik Williams, Fiscal Officer II/Grants Manager, T&ES Administration

# Alexandria Capital Bikeshare - Station Placement

April 4, 2012



13  
5-22-12

**Gloria Sitton**

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**From:** Michele Evans  
**Sent:** Friday, May 18, 2012 5:18 PM  
**To:** Gloria Sitton  
**Subject:** FW: Bike Share and Federal Funding

Relates to May 22 docket item

-----Original Message-----

**From:** Rose Boyd  
**Sent:** Friday, May 18, 2012 4:39 PM  
**To:** Mark Jinks  
**Cc:** City Council; Michele Evans; Linda Owens  
**Subject:** RE: Bike Share and Federal Funding

By copy of this note, I am forwarding to the Council so that they are aware of your response.

-----Original Message-----

**From:** Mark Jinks  
**Sent:** Friday, May 18, 2012 3:29 PM  
**To:** Rose Boyd  
**Subject:** FW: Bike Share and Federal Funding

Please share with Council. Thanks

-----Original Message-----

**From:** Mark Jinks  
**Sent:** Friday, May 18, 2012 3:28 PM  
**To:** 'Jack Sullivan'  
**Cc:** Rashad Young; Rich Baier; Rob Krupicka  
**Subject:** RE: Bike Share and Federal Funding

Jack:

In regard to the bike share program, while I did have many questions initially when this was first raised, once some of the projected per ride costs were calculated showing that on a projected per ride basis the bike share per passenger cost was cheaper than the DASH per passenger cost, I was satisfied that this was a sound investment. City Council also approved it as a pilot to be evaluated before it will begin to go citywide. In the meantime, the bike share program in the District has continued to grow and is now fully covering its operating costs. The DC ridership has far surpassed the expectations of many, and it is the largest bike share program now in operation in the US and is considered a resounding success that other cities and counties are seeking to emulate.

I can assure you that the change in operating funding is not a case of anything other than a change in how the Federal Highway Administration (FHWA) views bike share operating costs. FHWA had allowed DC to use federal CMAQ and RSTP grant funds to subsidize the operating costs and the City's bike share program was planned as an extension of the DC program (i.e., same operator and system). However, FHWA subsequently decided that bike share programs are no longer "experimental pilot programs" and therefore they will not allow their grant funds to pay for bike share operating costs. The FHA decision came after the City had ordered the bikes and bike share stations, so City staff asked FHWA that the City be "grandfathered" since FHWA did not make their decision until after the City placed its order. FHWA declined

that request. FHWA will still allow its grant funds to be used for bike share capital costs, so they remain supportive of bike share.

The need to use up to \$186,000 in City transportation funds for the first year of bike share operating costs will be offset by the reprogramming of the \$186,000 of FHWA grant funds no longer able to be used for bike share operating costs to meet other eligible City transportation needs.

In conclusion, to use your words, I think that the City will get its "bang for its buck" with bike share. I hope this clarifies the situation.

Mark

-----Original Message-----

From: Jack Sullivan [mailto:[jack.sullivan9@verizon.net](mailto:jack.sullivan9@verizon.net)]

Sent: Friday, May 18, 2012 10:20 AM

To: Mark Jinks

Cc: Rashad Young; Rich Baier; Rob Krupicka

Subject: Bike Share and Federal Funding

Mark: As you know, I have had considerable reservations about the Bike Share program as it has been presented in Alexandria. You also have had concerns. As a result both of us have faced some criticism from the bike enthusiasts. Unfair because neither of us, I believe, are among the motorists who despise them. I think bicycling is a great mode of transportation. My problem has been 1) sniffing at the over-hyped Bike Share promotional material provided, mainly by the contractor, and 2) the cost of the program, particularly the cost to the taxpayers.

As you will remember, one of the incentives for beginning the program was the fact that it would not cost the city any (or much) money up front since the Feds would pay for it. Now the Feds will not pay for it. But interestingly enough, the staff memo to Council does not say why the changed policy, even though the Feds did provide such funding in the past. Has the U.S. Government become leery of the Bike Share program? If so, why? Mismanagement? Lack of impact? Malfeasance? Or perhaps the Administration is chafing over criticism that TARP money has gone overseas and these bike are built in Canada? I think the City must be diligent in find out, if we do not already know, and provide that information to Council.

Second, the "free" money has gone away and even if we can fill the hole with "slush funds" that Rich Baier has, on a temporary basis, those will have to be repaid at some point in time from taxpayer dollars once the Del Ray trolley is up and running.

I urge you to dig down on this expenditure and make sure that Alexandria is getting something close to a good "bang for its buck" from Bike Share. All the best. Jack