



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

Legislation Text

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Authorizing the Procurement Commissioner, on behalf of the City, to enter into a concession agreement with Bicycle Transit Systems, Inc. for the operation, maintenance and expansion of a bicycle sharing system, an essential service during the COVID-19 period, under certain terms and conditions.

WHEREAS, The City is committed to promoting environmentally responsible transportation initiatives and to supporting alternative modes of transportation, including bicycles; and

WHEREAS, the Indego bicycle sharing system ("Indego") is an essential transportation option for the citizens of Philadelphia, providing more than Three Million Five Hundred Thousand trips in its five years of operation; and

WHEREAS, Indego provides significant service to low income individuals and has been an essential service during the COVID-19 emergency; and

WHEREAS, Indego, despite its success, currently operates at a deficit; and

WHEREAS, Continued operation of Indego in the same manner would require significant financial support from the City; and

WHEREAS, The City has determined that a shift to a concession model for the operations and maintenance of a bicycle sharing system will reduce risk, increase the system size, improve service, and provide other benefits to the City; and

WHEREAS, The City, acting through the Procurement Department and the Office of Transportation Infrastructure and Sustainability, issued a request for proposals in July 2019 for a Best Value Concession Agreement ("Agreement") and evaluated six proposals before determining that Bicycle Transit Systems, Inc. (the "Concessionaire") provides the best value for the City; and

WHEREAS, The Agreement will require the Concessionaire to operate and maintain a bicycle sharing system for a ten-year term; and

WHEREAS The Agreement will expand bicycle sharing services to serve a greater portion of the City's population; and

WHEREAS, The Agreement will require the Concessionaire to provide up to Five Hundred Thousand Dollars in support for bicycle and related transportation activities and improvements, and will relieve the City of capital and operating obligations; and

WHEREAS, The successful transition from current operations and avoidance of City financial obligations to support Indego requires timely passage of an ordinance authorizing the concession agreement; now, therefore,

THE COUNCIL OF THE CITY OF PHILADLEPHIA HEREBY ORDAINS:

SECTION 1. The Procurement Commissioner, on behalf of the City of Philadelphia, is hereby authorized to enter

into a concession agreement with Bicycle Transit Systems, Inc. for the operation, maintenance, and expansion of the City's bicycle sharing system pursuant to terms substantially as set forth in the term sheet attached hereto as Exhibit "A."

SECTION 2. The City Solicitor shall review and to approve the concession agreement and impose such terms and conditions on it as the City Solicitor may deem necessary and proper to protect the interests of the City of Philadelphia and to carry out the purpose of this Ordinance.

SECTION 3. This Ordinance shall be effective immediately.

EXHIBIT A

Term Sheet for Philadelphia Bike Share System

Parties

- Bicycle Transit Systems, Inc., a Delaware corporation with its principal place of business located in Philadelphia, PA ("Concessionaire"), and
- The City of Philadelphia, acting through the Procurement Department ("City").

Scope of Work

- Concessionaire shall install, implement, operate, and maintain a bicycle sharing system for use by the public. Concessionaire must (1) provide the system, including bicycles, stations, and computer hardware, and provide (or require its subcontractor to provide) licenses for the software, to enable use of the system by the City and the public; (2) install and/or relocate stations, at sites to be determined by the Concessionaire in consultation with the City; (3) expand the system with approval of the City; (4) fully operate, support, finance, maintain, and otherwise administer the System; and (5) provide all ancillary services for the expansion and operation of the System.

Agreement Start Date

- January 1, 2021

Length of Term

- An initial ten-year term, with one-year or five-year extensions with the mutual agreement of the parties.

Concessionaire Commitment

- Concessionaire shall contribute assets currently valued at Nineteen Million Three Hundred Twenty Nine Thousand Five Hundred Twenty Three Dollars (\$19,329,523) over the ten (10) year initial term of the agreement in order to deploy, operate, and maintain the system.

- Concessionaire shall be responsible for securing revenue through the renewal or new sponsorship(s) of the bike share system.
- *After five (5) years, the City will be entitled to a portion of Concessionaire's gross revenue proceeds ("Revenue Share") for every year that the Parties remain under contract.*
- Concessionaire shall additionally contribute up to Five Hundred Thousand Dollars (\$500,000) annually in financial support for City programs that support equitable community focused engagement, station sighting, and improved bicycle infrastructure.

City-Controlled Funds Committed to the System

- The concession agreement requires no expenditure of City operating or capital funds.
- The Fund for Philadelphia will provide Concessionaire with the remaining sponsorship funds from Independence Blue Cross consistent with the current Sponsorship Agreement.
- The City will direct to Concessionaire federal or state grant awards secured solely for the purpose of operating, maintaining, and/or expanding bicycle-sharing services.

Ownership of Equipment

- Concessionaire shall own the equipment that operates and maintains the System, with the exception of any City-purchased equipment through its investment in the prior system or any grant money, as described above, secured for bicycle sharing systems.

Expansion

- Concessionaire shall significantly expand the system to incorporate an additional Two Thousand (2000) Bicycles and Two Hundred Stations (200), bringing the total system size to approximately Three Thousand Five Hundred (3500) bicycles and Three Hundred and Fifty (350) stations, thereby greatly enhancing the reach of the system.
- *Concessionaire shall be restricted to certain geographic boundaries (Program Service Area). Concessionaire shall have a right of first refusal to expand beyond the Program Service Area, but only if it meets certain terms and conditions with regard to operational competency and size and speed of expansion. Failure to meet these conditions would result in the opportunity for other firms to offer such services pursuant to City bid policies.*
- *Regarding other micromobility solutions, and subject to legal authorization, the City will only allow Concessionaire to initiate a pilot program for the particular micromobility format. After any pilot program the City may, at its sole option, initiate a bidding process for continuation of that micromobility format, or end that form of micromobility in the City entirely.*

Sub-Contractors:

- Team Clean, Inc. (WBE) of Philadelphia, PA will replace the batteries on system e-bicycles.

- SK Designworks (MBE) of Philadelphia, PA will provide graphic design services.
- The Meridian Group, Ltd. (MBE) of Philadelphia, PA will provide data and IT advisory services.
- Bellevue Strategies, LLC. (MBE) of Philadelphia, PA will provide government relations services as required.

Economic Opportunity Plan

- The project is subject to an Economic Opportunity Plan, which will provide meaningful opportunities for women and minority person-owned businesses identified above.

Equitable Access

- Concessionaire shall continue to provide special fare pricing for low-income individuals and alternate payment methods for the unbanked.
- Concessionaire shall deploy and maintain equipment in historically underserved neighborhoods, and to maintain consistent, high-quality service throughout the system.
- Concessionaire support shall supplement efforts to (1) administer and lead community programming; and (2) organize and administer community rides, safety education, and related activities.

Indemnification

- Concessionaire is required to indemnify, defend and hold harmless the City, its officers, employees and agents, from and against any and all losses, costs (including, but not limited to, litigation and settlement costs and counsel fees and expenses), claims, suits, actions, damages, liability and expenses, occasioned wholly or in part by Concessionaire's act or omission or negligence or fault or the act or omission or negligence or fault of Concessionaire's agents, Subcontractors, independent contractors, suppliers, or employees.

Insurance and Security for Performance

- Concessionaire provides insurance consistent with City standards. The City is an additional insured for commercial liability and the City-owned equipment is insured for loss.
- The agreement provides for the Concessionaire payment of liquidated damages in circumstances of non-performance, breach, and default.
- Concessionaire shall provide to the City a performance bond equal to the one-year operating cost of the system.