

ORDINANCE No. 188001

*Amend contract with Motivate International, Inc. to increase to \$11,380,000 for planning, acquiring and operating bike share system. (Ordinance; amend Contract No. 30003174)

The City of Portland ordains:

Section 1. The Council finds:

1. On September 19, 2012 Council approved Intergovernmental Agreement #28287 (the "IGA") with the Oregon Department of Transportation ("ODOT") to accept TWO MILLION DOLLARS (\$2,000,000) in Federal Highway Administration (FHWA) funds to develop a bike share system (the "System") and operate it for five (5) years.
2. On January 9, 2013 the City of Portland, acting and by and through its Bureau of Transportation ("PBOT") entered into Contract No. 30003174 (the "Original Contract") with Alta Bicycle Share, Inc. ("Alta") to purchase, install and operate the System in Portland.
3. On December 15, 2013, the IGA was amended to include PBOT's receipt of a FORTY-TWO THOUSAND DOLLAR (\$42,000) grant from the Federal Transit Administration (FTA) to fund a portion of the System at Union Station.
4. Subsequently, one hundred percent (100%) of Alta's stock was purchased by Bikeshare Holdings LLC ("BSH"). Alta retained its obligations and rights under the Original Contract. Thereafter, Alta changed its name to Motivate International, Inc. ("Motivate").
5. On September 23, 2015 City Council passed ordinance #187351, revising the terms of the Original Contract to include the acquisition, launch and operation of a 600 bike, 30 station smart bike technology System (the "Amended Contract").
6. Under the Amended Contract, Motivate agreed to a three (3) year operating term (the "Term") with obligations regarding levels of service, pricing, sponsorships, revenue sharing and appropriate collection and accounting of System revenues. The cost of operating the System is covered by available System revenues. To the extent that System revenues are not adequate to cover the cost of operating the System to meet the performance standards of the Amended Contract, Motivate will use its private funds to meet any shortfall. The IGA funds will be used for equipment purchase and System launch costs. No City funds will be used to operate or otherwise fund the System during the Term with the exception of the Match (defined below). The Amended Contract increased the procurement authority for the City to cover

the costs of purchasing and launching the System not to exceed \$2,175,000. The match requirement of the federal grants is 10.27% and will be met with funding from reimbursements from transportation demand management programs held in the PBOT's current budget (the "Match").

7. On December 1, 2015 Nike and the PBOT entered a five-year, \$10 million sponsorship agreement that recognizes Nike as the title sponsor for the bike share system. In the public announcement of the partnership, PBOT and Nike announced the name of the system, BIKETOWN.
8. On December 23, 2015 PBOT and Motivate executed the Amended Contract.
9. Solely funded with a portion of the title sponsorship funds, PBOT expanded the size of BIKETOWN from 600 bicycles and 30 stations to 1,000 bicycles and 100 stations. The procurement cost for this 1,000-bicycle system was \$3.43 million.
10. On June 1, 2016 Council passed Ordinance #187774, increasing the contract value to \$3.75 million. This increased contract value allowed for the expansion to 1,000 bicycles.
11. On July 19, 2016 PBOT and Motivated launched BIKETOWN for public use. The System logged over 55,000 trips in its first four weeks of operation.
12. The cost of operating the System, pursuant to Section 6.13 of the Amended Contract, requires a payment of a monthly Operations Fee and Bicycle Wrap fee to Motivate. These fees are estimated to be \$7.63 million over the three-year term and will be paid solely from System revenue.
13. The PBOT's level of confidence in the cost estimates for these fees is high, which are set forth in the Amended Contract as Exhibit A. The proposed contract amendment for increased contract value is set forth as Exhibit B. The price for services from the Amended Contract remain unchanged.

NOW, THEREFORE, the Council directs:

- a. The Commissioner-in-Charge and the Auditor are authorized to execute a contract amendment substantially in accordance with Exhibit B to this ordinance, to increase the contract amount to not exceed \$11,380,000 to operate and potentially further expand the System.

Section 2. The Council declares an emergency exists because the public welfare would be harmed by any delay in the contract amount not reflecting actual allocated resources for planning, acquiring and operating the bike share system; Therefore,

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this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council, SEP 21 2016

Commissioner Steve Novick
Prepared by: Steve Hoyt-McBeth:CK
Date Prepared: August 19, 2016

Mary Hull Caballero
Auditor of the City of Portland
By

Russan Parsons
Deputy

1054

Agenda No.
ORDINANCE NO.
 Title

188001

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INTRODUCED BY Commissioner/Auditor: COMMISSIONER STEVE NOVICK	CLERK USE: DATE FILED SEP 13 2016
COMMISSIONER APPROVAL Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Novick <i>OW</i>	Mary Hull Caballero Auditor of the City of Portland By: <i>[Signature]</i> Deputy
BUREAU APPROVAL Bureau: Transportation <i>AMP</i> Policy, Planning and Projects Manager: Art Pearce Director: Leah Treat Prepared by: Steve Hoyt-McBarrick Date Prepared: 8/19/16 Supervisor: Margi Bradway <i>MB</i>	ACTION TAKEN:
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>[Signature]</i>	
Council Meeting Date September 21, 2016	

AGENDA TIME CERTAIN Start time: 2:00pm Total amount of time needed: (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 15min (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman	<input checked="" type="checkbox"/>	
4. Novick	4. Novick	<input checked="" type="checkbox"/>	
Hales	Hales	<input checked="" type="checkbox"/>	