



Bicycle Share Program

Bicycle Share

A number of U.S. cities are exploring Bike Share programs, modeled after programs found in some major European cities. We thought we'd devote some space to bring you up to speed on what these are about and offer an initial assessment as to any impact this type of program could have on Wheel Fun Rentals.

What is a Bike Share program you ask? Basically it is free or very low cost bicycles, available through automated stations spread throughout the city allowing users to take a bike from one point and return it to another. The benefits are obvious – a program to cut traffic, reduce pollution, improve parking and enhance the city's image as a greener, quieter, more relaxed place.

The French Velib program in Paris is the most common example. In this case an advertising firm puts up \$115 million, oversees the project and hires out the bike portion to a subsidiary. The city has given up significant revenue (estimated at \$120 million annually - half of the city-owned billboards, which are significant and numerous) to have this program in place.



In order to use the system, users need to take out a subscription, which allows the subscriber an unlimited number of rentals. Subscriptions can be purchased at \$1.25 per day, \$7.00/week or \$40.00/year. With a subscription, bike rental is free for the first half hour of every individual trip; an unlimited number of such free trips can be made per day. A trip that lasts longer than 30 minutes incurs a charge of \$1.25 to \$5.00 for each subsequent 30-minute period. The increasing price scale is in-

tended to keep the bikes in circulation.

The company employs the equivalent of about 500 people full time to operate the system and repair the bikes for 10 years. Bicycle transporting trucks/trailers are used over night to redistribute bicycles to high-demand stations in time for the next morning.

Problems with the program include:

- Liability lack of helmets, regardless of rider age... Last year, three people died in accidents on rented bikes in Paris.

- People will chain a bicycle to its station, so that it will remain available for a subsequent trip; locks are cut in these cases.

- At least 3,000 bicycles (30% of total bikes) were stolen in the first year of operation. Others have been vandalized, thrown in the river, with YouTube videos made of the bicycles being vandalized, etc.

- In Feb 2009, the BBC reported that the French program was in trouble and in need of more money as half of the bikes had been stolen or vandalized. A spokesman for the outdoor advertising firm that operates Vélib, calls its contract with the city of Paris "unsustainable," and is asking to renegotiate the contract. The firm reportedly hauls in about \$120 million per year from its outdoor advertising.



Each terminal has 15 to 40 high-tech racks connected to a centralized computer.

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North America

Other than a few small scale Bike Share style programs found on a handful of University campuses there is only one program operating in North America.

- In mid August 2008, Washington DC started a limited program called Smart Bike, with 120 bikes at 10 stations sponsored by Clear Channel Outdoor Advertising. Due to the late start, the program experienced minimal use and very few results exist on its operation.

Other North American rumblings include

- Portland (one of America's leading biking cities) continues to try to put a bike program in place, but has suspended the effort until they can figure out financing, implementation and other details.

- Toronto wouldn't/couldn't sustain funding and suspended their program in 2007

- Minneapolis' potential future bike share program received a \$1.75 million grant from Bike Walk Twin Cities, a federal source of funding, bringing the program closer to the \$3.3 million it needs to become operational. It hopes to be operational in 2009 or 2010. When completed, the bike share program will be run by the nonprofit organization Nice Ride Minnesota.

- Louisville (actually the healthcare firm Humana) has a bike share program in place; however it is limited to Humana employees only.

- A few U.S. cities also have free bike programs on a very limited scale, (small fleets) typically offered through the Park & Rec Dept. The bikes are donated by Dasani Water. These tend to be more recreation than commuter oriented.



What does all of this mean?

These programs are generally targeted toward commuters and people looking for transportation (business people, and sometimes tourists). Naturally they will work best in denser cities for taking relatively short trips. They are very expensive to set up on a large enough scale to be useful and are costly to sustain.

Cities tend not to have the budgets and outdoor advertising tends to be limited and frowned upon in the U.S., unlike many European and Asian cities. So other sponsors would need to come forth to support these endeavors.

Will it catch on here?

We don't think the idea will get much traction in the next few years, but with global warming, reliance on foreign oil and the general push toward a more sustainable lifestyle it could eventually.

Is this a threat to WFR?

At this time we don't think so (though we don't embrace the idea of free bikes because we prefer to charge for them) as our business model tends not to involve people trying to get from point A to point B which is the fundamental reason/benefit for this concept.

Is there an opportunity for WFR?

Well, of course we are in the cycle rental business and in numerous cities we have an infrastructure set up to handle and maintain cycles. Could we profitably partner with a "sponsor" who is setting up a program or might there be another opportunity? We welcome your thoughts and comments and encourage you to send us a heads up if your city is working on a Bike Share program. We'll continue to study this model and offer periodic reports if we see anything of interest.

