

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 1, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: BUDGET MEMO #35: FY 2014-2023 ADJUSTMENTS TO CAPITAL BIKESHARE

Subsequent to the release of the City Manager's proposed FY 2014-2023 CIP on February 26, 2013, staff has continued to refine the project budgets and timelines that are included in the Transportation Improvement Program (TIP) funded with a reserved 2.2 cents on the real estate tax and an additional cash capital contribution of \$319,044. As such, this memorandum outlines changes to Capital Bikeshare in the FY 2014 TIP to address these adjustments.

Capital Bikeshare launched in Alexandria with eight stations in September 2012 and in the short time since, has been very successful, exceeding Arlington's revenue and ridership on a per station basis compared to comparable data immediately after their launch. The program has been very popular with residents of, and visitors to, Alexandria and staff consistently gets requests for additional stations.

When the program was approved by Council in October 5, 2011, the docket stated "... At about the three year mark, the Bikeshare program will have likely expanded sufficiently and provided enough information to conduct a comprehensive evaluation to determine its long-term future in the City." Staff notes that the effectiveness of this program cannot truly be evaluated until a minimum of 25 stations are operational.

The Bikeshare system in the region is relatively new and when the proposed FY 2014 - 2023 TIP budget was developed, the Alexandria system had only been operational for several months. With seven months of revenue and ridership data, staff can better estimate operating costs with the expanded bikeshare stations.

When the program was being developed the City planned to use CMAQ grants for capital and operating costs. After Council approved the program, in April 2012, Alexandria received guidance from the Federal Highway Administration that CMAQ grants cannot be used to fund operation costs for bikeshare. Previous guidance had allowed this funding when bikeshare when the bikeshare program began in 2010 in the District of Columbia and Arlington.

With seven months of data available, staff now recommends adjusting the TIP to accurately reflect TIP resources required in FY 2014 to operate the existing eight Capital Bikeshare stations as well as an additional eight stations to be operational in the fall. To develop updated operating expense projections, staff considered the rate of revenue recovery across the region as well as their revenue recovery projections. The District of Columbia achieved 100% revenue recovery after one year of operating, while Arlington achieved 64% after two years of operating. Alexandria is already seeing revenue recovery at 40% after seven months of operating, most of which have been winter months.

By comparison, the DASH system achieves a 30% farebox recovery, the remainder of which is covered by the general fund. Roadway projects in the City have far greater ongoing maintenance and operation costs and do not generate any revenue to recover costs. Capital Bikeshare is consistent with City Council’s goals of multi-modal transportation, Eco-City and healthy Alexandria, as well as being a form of transit, solving the ‘last mile’ getting people from transit to their final destination. The farebox recovery rates for Capital Bikeshare far exceed what we normally see for a transit system.

Alexandria also reviewed future projections from the Arlington system as an additional data point in developing our ten-year operating budget. While Arlington had originally informed staff that they projected 100% revenue recovery within three years, they are now projecting an average of 64% recovery of their operating costs from revenue through FY 2018. As such, and in order to be conservative in our budgeting, staff is revising the TIP to reflect 35% of operating costs. We anticipate that when additional data is available, including revenue from summer months, we will have a clearer picture of projected future operating costs and anticipated revenue recovery.

The amount of funding required annually is the net of the contract costs to operate and maintain the stations minus revenues received from the use of the stations. The chart below provides details on changes made to FY 2014 only, for the existing eight and eight expansion stations programmed for the fall.

FY 2014	Existing 8 Stations	Expanded 8 Stations*	Total
Proposed CIP	\$70,000	\$0	\$70,000
Revised CIP	\$109,533	\$91,274	\$200,807
Difference	\$39,533	\$91,274	\$130,807

* Ten months of operations

Staff proposes to fund for this difference in FY 2014 as follows:

1. ***Eliminate six months of funding for expanded Transportation Implementation staff (\$75,429).*** This is a logical reduction based on discussions with T&ES and arriving at a reasonable timeline for hiring of this position in FY 2014.

2. Adding \$55,378 in FY 2014 from TIP Cash reprogrammed from prior years. This available funding is a result of savings in FY 2013 for the Capital Bikeshare operating expenses.

Staff will come back to the Council at a worksession in the fall to evaluate the program after one year of operations. This will provide enough time to incorporate Council policy direction in the FY 2015 budget planning process. In the fall, we will have a full year of operating data and will be able to further refine cost projections for the FY 2015-24 TIP.