

Date June 14, 2010

AUTHORIZE CITY MANAGER TO NEGOTIATE AN AGREEMENT TO GRANT ASSISTANCE IN THE AMOUNT OF \$20,000 TO THE DES MOINES BICYCLE COLLECTIVE TO HELP ESTABLISH A B-CYCLE PROGRAM

WHEREAS, the Park and Recreation Department is charged with providing recreational opportunities, leisure activities, and facilities throughout Des Moines; and

WHEREAS, Des Moines Bicycle Collective, Carl Voss, President, desires to establish a membership based bike sharing system that works through a network of self-service wireless stations that allow checking out and return of bicycles throughout a public sharing system (“B-stations”); and

WHEREAS, the Bicycle Collective desires to install three B-stations this summer to begin the program; and

WHEREAS, the City of Des Moines and area businesses would benefit from providing a new and innovative way to improve health and wellness of downtown workers and visitors and decrease the impact on the environment; and

WHEREAS, the Des Moines Bicycle Collective is requesting financial support from the City of Des Moines in the amount of \$20,000 in order to help fund the purchase of twelve bicycles and three B-stations in the downtown area.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa that the City Manager is hereby authorized and directed to negotiate an agreement for financial assistance in the amount of \$20,000.00 to the Des Moines Bicycle Collective and to return to the City Council for approval of such agreement.

(Council Communication No. 10-396

Moved by \_\_\_\_\_ to adopt.

APPROVED AS TO FORM:

*Ann DiDonato*  
 Ann DiDonato  
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED APPROVED

\_\_\_\_\_  
 Mayor

\_\_\_\_\_  
 City Clerk

Greater Des Moines B-cycle System

Pro Forma Cash Flow Analysis	Startup	YEAR 1	Year 2	Year 3	Year 4	Year 5
Possible Rental Days		250	250	250	250	250
Average Number of Bikes in Fleet		150	250	350	450	500
Rentals per Year (1)		8,550	14,250	19,950	25,650	28,500
Average Price per Rental		\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Rental Revenue		\$ 28,500	\$ 71,250	\$ 99,750	\$ 128,250	\$ 142,500
Individual and Corporate Memberships Sold (2)		4000	6000	8000	9000	9000
Annual Membership Rate (3)	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40
Annual Membership Revenue		\$ 160,000	\$ 240,000	\$ 320,000	\$ 360,000	\$ 360,000
Advertising Programs Sold (4)		12	18	18	18	18
Average Package (5)		\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667
Advertising Revenue		\$ 80,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Kiosks		10	20	30	40	50
Annual Sponsorship Package		\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Kiosk Sponsorships (50%) (5)		\$ 37,500	\$ 75,000	\$ 112,500	\$ 150,000	\$ 187,500
Sales		\$ 306,000	\$ 506,250	\$ 652,250	\$ 758,250	\$ 810,000
Fundraising/Grants		\$ 300,000	\$ 200,000	\$ 150,000	\$ 125,000	\$ -
Total Income		\$ 606,000	\$ 706,250	\$ 802,250	\$ 883,250	\$ 810,000
<b>Expenses</b>						
Credit Card Charges @ 3%		\$ 3,300	\$ 5,700	\$ 7,800	\$ 9,300	\$ 9,600
Liability Insurance		\$ 6,000	\$ 7,000	\$ 7,000	\$ 9,000	\$ 9,000
<b>Vehicle Expenses</b>						
Van & Trailer Lease		\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Fuel		\$ 2,000	\$ 4,000	\$ 6,000	\$ 7,500	\$ 7,500
Vehicle Insurance		\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Maintenance Reserve		\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
<b>Staff &amp; Office</b>						
Director Salary	\$ 7,500	\$ 30,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 50,000
Maintenance Staff	\$ 4,200	\$ 30,000	\$ 30,000	\$ 35,200	\$ 68,000	\$ 68,000
Worker's Compensation		\$ 2,000	\$ 2,000	\$ 2,300	\$ 2,300	\$ 3,500
Health Care (Director)		\$ 2,500	\$ 2,500	\$ 2,800	\$ 2,800	\$ 2,800
Administrative Cost (7%)		\$ 21,400	\$ 35,500	\$ 45,600	\$ 53,000	\$ 56,700
Mobile Phone		\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
<b>Bike &amp; Kiosk Cost</b>						
System Startup	\$ 411,000	\$ -	\$ -	\$ -	\$ -	\$ -
Training and Tech Support	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ -
Software Fee (\$66/yr per bike)	\$ 8,600	\$ -	\$ 17,200	\$ 25,800	\$ 34,400	\$ 43,000
Vandalism Replacement/Prevention		\$ 2,400	\$ 3,600	\$ 4,800	\$ 5,000	\$ 6,200
Replacement from Theft		\$ 5,000	\$ 10,000	\$ 15,000	\$ 20,000	\$ 25,000
Kiosk Install Cost	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
Kiosk wireless connection (\$900 per station)		\$ 9,000	\$ 18,000	\$ 27,000	\$ 36,000	\$ 45,000
Bike Maintenance		\$ 8,000	\$ 12,000	\$ 16,000	\$ 20,000	\$ 22,000
Kiosk Maintenance		\$ 2,000	\$ 4,000	\$ 6,000	\$ 8,000	\$ 10,000
Bike Replacement/End of Life (5 yrs)						\$ 100,000
Fleet Expansion		\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	
Cardholder Set-up Fee of \$1.75/annual members		\$ 7,000	\$ 10,500	\$ 14,000	\$ 15,800	\$ 15,800
Other/Contingency		\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
<b>Marketing</b>						
Ad sales commission (20%)		\$ 16,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Corp Membership Sales Commission (10%)		\$ 16,000	\$ 24,000	\$ 32,000	\$ 36,000	\$ 36,000
Kiosk sponsorship commission (20%)		\$ 7,500	\$ 15,000	\$ 22,500	\$ 30,000	\$ 37,500
Printing for Kiosks		\$ 500	\$ 1,000	\$ 1,500	\$ 2,000	\$ 2,500
Brochures and Flyers		\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Total Expenses	\$ 452,300	\$ 598,600	\$ 689,000	\$ 763,300	\$ 851,100	\$ 592,100
Reserve Account Balance	\$ 20,000	\$ 27,400	\$ 17,250	\$ 66,350	\$ 49,400	\$ 284,250

- Rentals are conservatively estimated at less than 2% of the Des Moines metro area population buying one daily subscription annually. This number does not include any of the estimated 2.9 million annual visitors to Des Moines (CVB figures).
- The number of annual subscriptions sold starts at 4% of the 6,000 residents and 93,000 downtown workers (99,000 daytime pop) in 2.86 square mile downtown area (DCA figures). Minneapolis plan based on 5% annual subscriptions.  
The 4% assumption does not include any of the people who may not live or work in the metro area, but do come there for recreation several times per month. These people generally pay to park and do not want to move their parked car.  
We will work with several major downtown employers, including Principal, Nationwide, Wells Fargo, and Meredith, the City of Des Moines, State of Iowa, and to develop incentives to encourage their employees to become annual subscribers.
- The annual membership of \$40 compares well to the \$60 Minneapolis annual membership and to the \$65 Denver annual membership.
- Assumes one advertising package sold per month. Ad package compares favorably with local transit bus advertising rates.
- Advertising package consists of 10 bikes with logo, database access, 10 free annual memberships, signage/press mentions
- Kiosk sponsorship consists of 10 bikes with logo, logo on station, database access, 20 free annual memberships, signage/press mentions

**B-Cycle Agreement  
Between  
City of Des Moines  
and  
Des Moines Bicycle Collective**

This Agreement is between the City of Des Moines, Iowa (“City”) and the Des Moines Bicycle Collective, an Iowa nonprofit corporation located at 617 Grand Avenue, Des Moines, Iowa, 50309 (“Bicycle Collective”).

WHEREAS, the Park and Recreation Department is charged with providing recreational opportunities, leisure activities, and facilities throughout Des Moines; and

WHEREAS, Bicycle Collective, Carl Voss, Chair, desires to establish a membership based bike sharing system that works through a network of self-service wireless stations that allow checking out and return of bicycles throughout a public sharing system (“B-stations”); and

WHEREAS, the Bicycle Collective desires to install three B-stations this summer to begin the program; and

WHEREAS, the City of Des Moines and area businesses would benefit from providing a new and innovative way to improve health and wellness of downtown workers and visitors and decrease the impact on the environment; and

WHEREAS, on June 14, 2010, by Roll Call No. 10-93, the City Council authorized the City Manager to negotiate an agreement with the Bicycle Collective to provide financial support from the City of Des Moines in the amount of \$20,000 in order to help fund the purchase of twelve bicycles and three B-stations in the downtown area.

THEREFORE, in consideration of the mutual promises set forth below, the parties hereby agree as follows:

1. **2010 Pilot Season:** The City agrees to contribute \$20,000 (Twenty Thousand Dollars) to the Bicycle Collective’s capital campaign which is designed to create a pilot bicycle-sharing program in Downtown Des Moines during the Summer of 2010, hereinafter referred to in this agreement as “B-cycle”. The minimum size of the 2010 B-cycle project is 3 (three) kiosks and 18 (eighteen) bicycles. The Bicycle Collective agrees to use the funds received to acquire or install bicycles, bicycle kiosks, and other related capital equipment associated with the B-cycle project. The Bicycle Collective further agrees to operate the bicycle-sharing program for at least two months during 2010. The locations of the three downtown B -stations will be mutually agreed to by the City and Bicycle Collective.
  
2. **2011 Season and Beyond:** The Bicycle Collective agrees to expand the program beyond three kiosks and 18 bicycles. No additional City funds will be used to expand the program and the Bicycle Collective will seek private dollars in fundraising. The City and Bicycle Collective may enter into joint grant requests to seek non-City funds for the expanded program, subject to the City’s approval of each grant request on a case-by-case basis.

3. **Recognition of sponsorship:** The Bicycle Collective also agrees to recognize the City as a Founding Sponsor where appropriate in its communications during the life of the program. In order to ensure that the logo is used in its proper format, use of the City of Des Moines logo requires the prior written consent of the City Manager or his designee. For a minimum of 2 years the City will have access to the Bicycle Collective member and supporter names and addresses database, receive 20 free annual memberships and 250 day memberships if a system for administering the gift card for day passes is designed by B-cycle. The City retains the right to refer to itself as a B-cycle sponsor where appropriate in its communications.
4. **Term and Termination:** The term of this Agreement shall commence on the date signed. If the Bicycle Collective does not initiate the B-cycle project in 2010, does not achieve the minimum project size, or complete two months operation during 2010, the City may request reimbursement of the \$20,000 in whole or in part. In these circumstances, the Bicycle Collective is obliged to refund to the City the amount of funds requested. If the B-Cycle program is discontinued prior to January 1, 2016, the Bicycle Collective agrees to repay the City the value of a third of the then current value of the original value of the B-stations and bicycles purchased in 2010.
6. **Independent Contractor:**
  - a. City and Bicycle Collective and its members shall be and act as independent contractors, and under no circumstances shall this Agreement be construed as one of agency, partnership or joint venture of employment between the City and Bicycle Collective and its membership.
  - b. None of the personnel under contract to, employed by or volunteering for the City shall be deemed in any way to have any contractual relationship with Bicycle Collective whatsoever. None of the personnel under contract to, employed by or volunteering for the Bicycle Collective shall be deemed in any way to have any contractual relationship with the City whatsoever. The City and Bicycle Collective shall each enter into separate agreements with their respective independent contractors. Such agreements shall include indemnification and insurance.
7. **Indemnification:** The Bicycle Collective shall defend, hold harmless and indemnify the City, its officers, employees, agents and volunteers from and against any liability, loss, damage, claim or lawsuit asserted against them or any of them arising out of or in any way connected with this Agreement.
8. **Force Majeure:** No party shall be responsible for events that are unforeseeable and beyond its reasonable control, such as acts of God, weather delays, government restrictions or unforeseen commercial delays.
9. **Assignment:** This Agreement is not assignable in whole or in part by any party hereto in the absence of prior written consent of the other party.
10. **Entire Agreement:** This Agreement contains the entire understanding between the parties hereto relating to the subject matter contained herein and supersedes any and all prior agreements, arrangements, communications or representations, whether oral or written. This Agreement may not be amended, altered, modified or changed except by an addendum signed by all parties hereto.

In Witness Whereof, the parties hereto have caused this Agreement to be executed.

City of Des Moines, Iowa

Des Moines Bicycle Collective

\_\_\_\_\_  
T. M. Franklin Cownie, Mayor

*Carl Voss*  
\_\_\_\_\_  
Carl Voss, Chair

Approved As To Form:

Attest:

\_\_\_\_\_  
Ann DiDonato, Assistant City Attorney

\_\_\_\_\_  
Diane Rauh, City Clerk

STATE OF IOWA )  
                          ) ss.  
COUNTY OF POLK )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2010 before me, the undersigned, a Notary Public, personally appeared T. M FRANKLIN COWNIE, to me personally known, who, being by me duly sworn, did state that they are the MAYOR and CITY CLERK , respectively, of the City of Des Moines, Iowa; that the seal affixed to the foregoing instrument is the seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in the Resolution adopted under Roll Call 10-\_\_\_\_\_ dated June 28, 2010 and that T. M. FRANKLIN COWNIE acknowledged the execution of the instrument to be the voluntary act and deed of the municipal corporation, by it voluntarily executed.

\_\_\_\_\_  
Notary Public in the State of Iowa

STATE OF IOWA )  
                          ) ss.  
COUNTY OF POLK )

On this 28<sup>th</sup> day of June, 2010, before me, a notary public, personally appeared CARL VOSS, to me personally known, who being by me duly sworn did say that he is the CHAIR of DES MOINES BICYCLE COLLECTIVE an Iowa non-profit corporation, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged the execution of the said instrument to be the voluntary act and deed of said corporation, by it voluntarily executed.

*Karen Marie Herzberg*  
\_\_\_\_\_  
Notary Public in the State of Iowa

