



February 3, 2020

Jamie Parks, Livable Streets Director  
San Francisco Municipal Transportation Agency  
1 South Van Ness Avenue  
San Francisco, CA 94103

### **Revised 2020 Bay Wheels Pricing Proposal**

Dear Director Parks,

Bay Wheels is proud to be partnering with SFMTA on the expansion of our hybrid ebike program in San Francisco. Ebikes are critical to enabling mode shift for a much larger and more diverse audience, while hybrid ebikes expand the service area to serve new neighborhoods.

Ebikes are a fundamentally different product, and require a new pricing system to account for the substantially higher per-ride operating costs. This proposal introduces a new ebike pricing system, which is consistent with pricing for ebike programs in other markets around the country. With this proposal, Lyft/Motivate is making a long-term commitment to San Francisco that takes into account the value of membership, supports equitable bikeshare access throughout the city, and ensures a long-term financially sustainable hybrid ebike program.

In light of our mutual obligation under the Right of First Offer Term Sheet Letter to “work in good faith to make reasonable adjustments to pricing that takes into account the costs of operating hybrid ebikes and the mutual goal of a sustainable ebike program,” please find the Bay Wheels pricing proposal for ebikes below.

This proposal is a revision of our original December 18, 2019 proposal, taking into consideration the thoughtful feedback you have given us during our ongoing discussions.

### **Bay Wheels Ebike Pricing Proposal**

#### **Per-minute ebike fee**

<b>Member Type</b>	<b>Ebike Fee</b>
Bay Wheels Member	\$0.15/min
Bike Share For All	\$0.05/min up to \$1 cap
Non-Member	\$0.20/min

This structure, in addition to the existing \$2 unlock fee for casual members, incentivizes users to sign up for our already-low cost memberships. The nominal fee charged to equity members is designed to align usage with operational costs while still offering the lowest cost transportation option.

*\*Ebike fee is waived if an ebike is the only bike available at a station.*

### Exploring per-mile charges

While non-standard, we believe that the concept of per-mile based charges has merit if it can 1) reduce riders' time-based anxiety, and 2) be aligned with the operational costs (e.g., rate of battery drain).

We do not want to implement this at launch because it is non-standard for the industry and we are not confident that this pricing model would be understandable to users. However, we can commit to exploring this concept and returning in 6 months after the launch of ebike pricing with an evaluation that includes:

- Modeling the impact of per-mile charges on user fees and operational costs, based on an analysis of riding data
- Analysis of the technical feasibility
- Compilation of user feedback around time-based charges

The safety of our riders is our top priority, which is why we inform users in the Bay Wheels app, online, and at station kiosks about local laws, rules about sidewalk riding, parking regulations, and why we give warnings and eventually suspend users who repeatedly violate the Bay Wheels user agreements. We plan to monitor member feedback on ebike charges very closely and will be receptive to rider concerns. If users report to our support team that their ride took longer than expected due to a safety concern, resulting in longer idle-time, we will be reasonable and refund extra charges whenever appropriate.

### Out-of-Station Convenience Fee

Area	Out of Station Convenience Fee
Station Service Area	\$2
Stationless Service Area*	\$0
Outside of Service Area	\$25 penalty (warning on first offense)

This structure incentivizes parking at stations, where available. Station parking offers users predictable start and end locations. It also reduces the operational cost of battery swaps and rebalancing and minimizes the chance of theft or loss, minimizing the cost needed to be passed on to users.

*\*Parking fee is waived in the stationless service area (e.g., predefined areas that are greater than 400m from a station), or if they park within 50m of a station that has no empty docks.*

### The value of a membership

Members are the lifeblood of our program, and we want the launch of ebikes to bring substantially more members into our system. We expect ebikes to significantly increase the total user base and lead to a step change in bikeshare popularity. Our proposal gives users significant financial incentives to purchase a membership:

- No unlock fees. Pay only for the time that they use on ebikes
- The lowest per-minute fees in the industry for dockless bikes

## **Supporting equitable bikeshare access in San Francisco**

Our proposal extends our commitment to a strong equity program. Bikeshare for All members get access to electric bikes at a significant discount, cheaper than any other mode of transit. Our hybrid bike program brings bikeshare to neighborhoods that were previously underserved by stations. And, we're waiving parking fees in these parts of our service area to ensure that we are making bikeshare affordable and easy in areas with low transportation access. Finally, members who do not want to pay additional ebike fees can continue riding classic bikes for no additional charge, just as they do today. We are committed to ensuring the health of the entire bikeshare system as we introduce ebikes into the fleet..

For outer service-area communities with a high percentage of low income residents and limited station availability, Lyft will cap ebike fees at \$2 per ride to ensure bikeshare remains an affordable daily transportation option. At launch, this will apply to all Bay Wheels member trips that start or end in the following neighborhoods: Excelsior, Bayview, Hunters Point, Crocker Amazon, Visitacion Valley, the Outer Richmond and the low income area of Potrero Hill (see Appendix A for the map). Motivate and SFMTA may mutually agree to changes pending final station expansion plans.

We share SFMTA's goal to ensure that ebikes are an affordable option for Bay Wheels users in every neighborhood, especially in Communities of Concern. We will work to ensure that all neighborhoods have an ample supply of ebikes to meet demand in accordance with the ebike fleet coverage Service Level Agreements to which we have agreed to - and are bound by - in our contract. To address both of these goals, we propose piloting two enhancements to the Bay Wheels program in 2020:

- **Establish an Ebike credit program** by creating a mechanism to deliver complimentary ebike ride credits to members who improve the health of the system, such as rebalancing a bike to an undersupplied area or bringing a low-battery ebike near a battery swap technician. This way, members who ride to underserved areas could have their ebike fee offset or waived.
- **Pilot a "virtual station"** that offers community members the benefits of stations (e.g., density and predictability of bikes) but moves faster than the station siting process. By simulating a station's high density of bikes through a concentrated network of bike racks, corrals, and/or painted parking spots, we can remove the need for out-of-station convenience fees, lowering the cost of bikeshare in that area.

Both of these proposals require time for development and learning. We propose announcing these initiatives in conjunction with public updates about new ebike pricing, and will partner with SFMTA on deployment timelines and execution, with initial efforts scheduled to launch within 180 days following the start of ebike pricing.

## **Building a long-term, financially sustainable hybrid ebike program**

Hybrid ebikes are substantially more expensive than classic bikes; they have significant per-ride operating costs driven by the need to swap batteries, as well as less predictable parking outcomes which require rebalancing. Without introducing new fees to offset these costs, the hybrid ebike program in SF will not be sustainable long-term.

## **Timing**

We propose the new ebike pricing going into effect March 1, 2020. We will also continue to discuss pricing with SFMTA to ensure it accounts for the costs of operating hybrid ebikes and delivers a healthy, sustainable bikeshare system.

We look forward to our discussion on this important matter and for the return of ebikes in San Francisco.

## Appendix A

Map of initial station service area and outer service areas with a \$2 cap on ebike fees

*Note that the Station Service Area will change as we continue to expand our station service area*

