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TO: Detroit City Council

FROM: David Whitaker, Director  
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DATE: April 26, 2019

RE: Report on Shared Mobility Agreements

Council Member Castañeda-López requested the Department of Public Works (DPW) to provide a copy of any and all “shared mobility”<sup>1</sup> agreements entered into by the City of Detroit (City) and any shared mobility companies. In addition, the Council Member requested the Legislative Policy Division (LPD) to provide an analysis of the shared mobility agreements and whether the contracts should come before City Council. In order for LPD to perform the requested analysis, DPW was asked to provide a copy of any of the relative agreements to our office for analysis. LPD receive three contractual agreements and submits this report. LPD notes that none of the contracts received relate to the use of electric scooters that are in frequent use around the City. The City is in the process of drafting an ordinance regulating the use of some shared mobility apparatus such as electric scooters.<sup>2</sup>

The shared mobility agreements provided consist of: (i) the Memorandum of Agreement for Bicycle Share Program between the City of Detroit and the DDP Bike Share Corporation (DDP Bike Share), approved by City Council on July 22, 2016; (ii) the Professional Services Contract between the City of Detroit and Shift Transit (Shift), approved by City Council on July 22, 2016; and (iii) the Car Sharing Pilot Program Operating Agreement between the City of Detroit and Maven Drive, LLC (Maven), approved by City Council on November 20, 2018.

<sup>1</sup> Shared mobility is the shared use of a vehicle, motorcycle, scooter, bicycle, or other travel mode. Shared mobility provides users with short-term access to one of these modes of travel as they are needed.

<sup>2</sup> The Law Department is currently drafting ordinance language that will regulate electric scooters as allowed under state law.

LPD begins with the first referenced agreement with the DDP Bike Share. In accordance with the Agreement's recitals, the City and the Downtown Detroit Partnership determined that a public bike share program was a feasible project to undertake<sup>3</sup>. The Downtown Detroit Partnership created the DDP Bike Share entity, to operate and maintain the program. The City and the DDP Bike Share entered into the agreement to facilitate the public bike share program.

The DDP Bike Share Agreement's effective date is September 1, 2016. The initial term of the Agreement is ten years (10) with an option to extend up to five (5) additional years by formal written amendment.

Article II, *Responsibilities and Obligation of the City*, provides that the grants obtained by the City and the DDP from the Southeast Michigan Council of Governments (SEMCOG) and the Michigan Department of Transportation (MDOT) grants will be used to support the bicycle share program. Additionally, eligible Federal Transportation Authority (FTA) grants will be provided as support for the bicycle share program. Section 2.03 provides:

The City shall lead and manage all aspects of any grants provided by the City and used to provide funding for the program. The City shall own and maintain continuing control over all Facilities funded fully or partially by such grants, and the FTA and any other grantor shall have a secured interest in the Facilities, subject to divestiture of the City and grantor interest in such Facilities pursuant to the laws, rules and regulations governing such grants. Any city approval required by this Agreement must be in writing.

Pursuant to the Agreement, the City is responsible for supporting the program with eligible grant proceeds and carrying out the compliance of the laws, rules and regulations as the grant recipient. The DDP Bike Share responsibilities and obligations are set forth under Article III.

Section 3 of the Agreement includes in pertinent part the following obligations of DDP Bike Share:

- (i) Prepare the scope of work and specifications for Request for Proposals for vendors and operations and management services;
- (ii) Prepare a marketing and outreach plan for the Program;
- (iii) Demonstrate capacity to provide property and commercial liability insurance;
- (iv) Demonstrate ability to comply with all Federal, state and regulations;
- (v) Identification and accounting of private source funds (other than the City) to satisfy capital, operating costs of the program and any matching funds required as well as evidence and accounting of the use and disbursement as provided in the Agreement.

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<sup>3</sup> The Parties reached this conclusion based upon a 2013 study that was conducted to determine the feasibility of a public bicycle share program.

- (vi) Evidence of DDP Bike Share operations and maintenance contract with experienced vendor for day to day operations and maintenance of the Program;
- (vii) Identification of the mapping of Facilities;
- (viii) Identification and compliance with obtaining property interest on public and private property for installing Facilities<sup>4</sup>;
- (ix) Reporting to City in compliance with all FTA and City requirements as requested by the City.

The DDP Bike Share Agreement covers the duties and responsibilities of the Parties regarding the funding, procurement of equipment and facilities as well as the placement, maintenance and operations of the facilities and equipment.

The Agreement between the City and Shift Transit is related to the bike share program. The Shift Agreement pertains to the City's obligation of obtaining the bicycles and facilities. The effective date of the Shift Agreement is the date of City Council's approval (July 22, 2016). The termination date was August 31, 2018. The contract requirements to provide bicycles, facilities including hardware and software has been performed by Shift and the contract has been completed. The compensation provided to Shift for services rendered are to be paid for with grant dollars as set forth under Section 7.01 and provides that the amount shall not exceed \$2,026,154 to be paid in the manner set forth in Exhibit B.<sup>5</sup> Pursuant to the Agreement, Shift in collaboration with the City and the DDP, was to provide the necessary equipment for a successful and financially sustainable bicycle sharing program. The purpose of this Agreement is for Shift to provide the City the services outlined in Exhibit A: Scope of Services<sup>6</sup>. The scope of services indicate that Shift will implement a bike share system that:

- The System is intended to be financially self-sustaining through a combination of user revenues, fees and sponsorships.
- The System should incorporate information technology to operate a fleet of approximately 420 bicycles that may be taken from one station and returned to another in a network of approximately 42 stations.
- The numbers (bicycles and stations) are guidelines for the proposed system as recommended in the 2013 Detroit bike share feasibility study, but, Shift Transit shall use its professional experience to recommend the optimal system size and density.
- Implementation and launch of the system is expected to take place as early as possible in 2017.

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<sup>4</sup> Facilities include bicycle racks/storage/docking stations, rental and information kiosk, security devices, and other equipment associated with the Program and purchased using FTA grant funds. Facilities do not include bicycles.

<sup>5</sup> Exhibit B provides a breakdown of the project fees. The exhibit provides an itemized cost detail for "Capital Cost" including 42 stations, 420 bicycles, 714 docks and all associated hardware and software as well as "Launch Cost" which includes station siting and equipment installation. According to the breakdown of project fees, the "Capital Cost" totaled \$1,652,112; the "Launch Cost" totaled \$318,486; the combined total of \$1,970,598.

<sup>6</sup> The scope of services under the Bike Share Program was performed under two separate contracts. The Contract with the City was to provide the bicycles and station equipment. The other contract is between the DDP and Shift for ongoing maintenance and operations of the Bike Share Program.

Shift is also responsible for proposing sites for installation of the system at locations that may include both public and private property, parks, and the public right of way. The physical infrastructure and data generated from the system shall be the sole property of the City. All stations, bicycles and equipment of any kind shall be new when delivered to the City, whether as original deliveries or warranted replacements.

The third shared mobility contract is the Maven contract. This Agreement is a pilot car sharing program under which the City indicates in the recitals a desire “to reduce overall traffic congestion and demand on public parking resources, and decrease emissions and air pollution levels in areas in which they operate”. “Maven operates a member-based transportation, car rental and car sharing service whereby Maven makes a fleet of vehicles (“Shared Vehicles”) available to its members on a self-service basis, hourly, daily other short term rental periods through an automated online and app-based reservation and membership account platform.”

The Maven Agreement provides that the City will lease or license to Maven, six (6) dedicated spaces that are owned or controlled by the City<sup>7</sup>. The manner in which the dedicated spaces are located is identified in Section 2.05 which provides that for every two (2) dedicated spaces located in the Greater Downtown area, at least one (1) dedicated space shall be outside the Greater Downtown area defined in Exhibit B<sup>8</sup>. The City will receive compensation for the dedicated spaces as identified in Section 4.01 on a monthly basis. The types of spaces are identified as City Facility, Metered Right-of-Way and Non-Metered Right-of-Way.<sup>9</sup> A City Facility space will be compensated at the rate charged at the facility. A Metered ROW space will be charged at \$125.00 per space, A Non- Metered ROW space will be charged at \$65.00 per space. The actual dedicated spaces for placement of Maven car share vehicles is identified in Exhibit A<sup>10</sup>. The term of the Maven Agreement became effective November 26, 2018 and is set to expire two years thereafter.

LPD notes that each of the above referenced agreements contain the terms and conditions that are standard in City contracts including but not limited to insurance requirements, terms for indemnification that protect the City against claims that may arise out of the performance of the agreement, and terms for default and termination by the Parties. The agreements were to be provided to Council Members by DPW, however, LPD can provided a copy upon request.

If we can be of further assistance, please call upon us.

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<sup>7</sup> Under Section 2.07, Maven is responsible for the general upkeep of the dedicated spaces and shall maintain them in a clean, sanitary, safe condition and in good order and repair at its own expense. Maven may also provide at its sole expense, signage for each Dedicated Space clearly identifying the space is for exclusive use and occupancy of a Shared Vehicle.

<sup>8</sup> Under Exhibit B, the Greater Downtown area includes “all of that portion of the City within the area bounded by the Detroit River and the center lines of Steve Yzerman Drive (extended to the Detroit River), John C. Lodge Freeway (M10), Edsel Ford Freeway (I-94), Fisher Freeway (I-75), Interstate 375 (I-375), East Jefferson Avenue, and Rivard Street (extended to the Detroit River).

<sup>9</sup> City Facilities are garage or surface parking lots or other facilities owned by the City. Metered ROW are streets, roads, and other public rights of way that have paid metered parking. Non-Metered ROW are streets, roads, and other public rights of way that do not have paid metered parking.

<sup>10</sup> The dedicated spaces provided under the Agreement are as follows: One Non-Metered ROW space at Bagley and Trumbull; One Non-Metered ROW space at Woodward and Clifford; One Non-Metered ROW space at Woodward and Adams; One Non-Metered ROW space at Prentis Building (Cass between Kirby and Putnam); One Non-Metered ROW space at Vernor and Calvary; and one Metered space at Warren and Second. The total compensation for the six spaces is \$437.50.