EXHIBIT 11

MEMORANDUM

TO Scott Kubly, Director of Transportation
CC Paulo Nunes-Ueno, Director of Transit and Mobility
FROM Nicole Freedman, Chief of Active Transportation and Partnerships
SUBJECT Bike Share: Equipment, Status Update, Strategies and Timelines
DATE July 13, 2015

We are currently not on track to launch an e-bike share system in 2016. This memo details existing challenges and introduces strategies that can put us back on track. Included in this memo, you will find:

- *Equipment Research* - Summarizes findings showing that equipment is available for a 2016 launch.
- *Motivate* - Provides a status update on Motivate conversations and explains current differences.
- *Scenarios* - Suggests alternate scenarios with associated timelines.

SUMMARY

Motivate proposes a 10 station pilot launch in 2016. Remaining stations would launch in 2017.

A 2017 launch seems problematic.

- We believe the Mayor wants an expanded system in 2016.
- Pronto would remain at 50 stations through 2017.
- SDOT would likely need to subsidize Pronto operations through 2017.

It is possible for Seattle to launch a 50+ e-bike share system in 2016.

- *Equipment* - Off-the shelf e-bike share systems exist. Five manufacturers plan to offer systems for summer, 2016. Two already operate sizable systems; one launches in September; and two more plan to deliver for next summer.
- *Procurement* – Viable alternatives to Motivate's proposal exist. These include negotiating an accelerated timeline with Motivate or issuing a formal RFP for equipment and/or operations.

Our window of opportunity is rapidly closing. Equipment lead times average 6-9 months, requiring us to order in January for a late summer launch.

Success factors required a 2016 launch include:

- *Fundraising* - All procurement options, including accepting Motivate's current proposal for a 2017 launch, require funding.
- *Decision Making*– The tight timeline necessitates efficient decision making on key topics.
- *Early Adopter Tolerance*– Seattle, being in the first wave of e-bike share launches, will need to understand and accept early adoption challenges.

Models

Four types of Generation 4.0 systems exist. Turnkey ad-based systems such as those provided by JC Decaux or Clear Channel are not options for Seattle. Retrofit systems, in which existing bikes are electrified but stations can't charge bikes, increase the operator's burden and are not practical at scale. **Off-the-shelf systems are ideal.**

Model Type	**Turnkey**	**Retrofit**	**Partial**	**Off-the Shelf**
Description	Company provides turnkey solution (equipment and operations) in exchange for ad rights.	Electric assist added to existing bikes. Docks and terminals remain unchanged and cannot charge bikes	Manufacturer produces *some* of the following: bikes, docks, kiosks, software.	Manufacturer produces complete e-bike share system.
Pros		Inexpensive Compatible w/ existing	Customizable	Most reliable Simple/Fast
Cons	Seattle ad rules.	Docks inability to charge bikes shifts burden to operator and is impractical at scale.	Interoperability Development time Cost	Cost
Brand	JC Decaux Clear Channel	Copenhagen Wheel JC Decaux[1] FlyKly	Velobility	Beweggen GoBike BonoPark Smoove

Features

Generation 4.0 systems incorporate and add to the features on our current Pronto system. Common, new features include:

- *Virtual return* – Ability to lock and return bikes near a full station
- *Customizable pricing* – Ability to charge a premium for electric bikes
- *Smart bikes* – Bikes function independent of kiosk and include electronic display, GPS, navigation, etc.
- *Assist levels* - Multiple levels of assist with on/off capabilities
- *Payment methods*– NFC capabilities, RFID readers, and on-bike screens improve payment methods.
- *Power management* – Most systems hardwired but three can provide or develop solar as needed.
- *Pricing* - Prices range from $55,000 to $85,000 per station.

Given similarities among Generation 4.0 systems, cost, reliability, aesthetics, operations and timing will prove determinate.

Process

Industry leaders with whom I spoke anticipate an open and fair equipment selection process. We have assumed that Motivate would implement the equipment selection process on our behalf, with SDOT making the final decision. **We should ensure their process meets our expectations and complies with FTA rules.**

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[1] JC Decaux's retrofit system is unique in that members carry their own battery, thereby eliminating the operational burden. I did not identify any other manufacturer with a similar plan.

MOTIVATE'S MODEL

Motivate's proposed model is highly attractive on the surface:

- The City pays no ongoing operating fee, estimated at $5.0M if competitively bid.
- The City bears no financial risk if revenue projections are not met.

There are multiple reasons for caution as well.

- *Privatization* – "Privatizing" bike share reduces the City's ability to ensure success. The program is a key Mayoral and SDOT initiative, is widely seen as a public project, promoted as public transportation and an integral part Move Seattle's transportation goals.
- *Goal misalignment* – Motivate's goals are not well aligned with ours. Writing a tight contract can help protect the City's interests. However, contracting is a weak tool for creating a strong partnership. Future needs are unpredictable in the rapidly changing industry, further exposing us to the limits of contracting as substitute for goal alignment.

Motivate Goals & Objectives	**City of Seattle Goals**
Deliver 12% ROI to investors	Create a citywide electric bike share system to dramatically increase access to transit, reduce SOV trips, increase active transportation and ensure equity.
Maximize profit	Represent Mayor and City appropriately
Minimize risk to investors	Reduce financial risk to City
Maximize System Revenue/ Profit • Increase prices to $175/year • Dis-incentivize commute hour rentals • Introduce dynamic pricing • Increase stations in profitable neighborhoods	Maximize membership and ridership • Moderate pricing with subsidies available • Ensure geographic distribution of stations
Maximize sponsorship by selling naming rights	Maintain local feel/ discourage over-commercialization
Provide standard bike share system with known costs.	Introduce electric bikes to increase appeal to residents of all ages and abilities
Minimize Costs • Postpone SLA discussion	Ensure highest quality service for Seattle residents

- *Too Good to Be True?* - Motivate's "free" model is unproven. Notable cases illuminate its liabilities.
  - Montreal – Aside from PBSC's equipment issues, Bixi failed to break even operationally. The City of Montreal ultimately paid the difference.
  - Paris – A public battle ensued between JC Decaux and the City of Paris when theft and vandalism exceeded projections. The City ultimately paid for the theft and vandalism.
  - New York City – Software issues delayed the system launch, generated negative publicity and led to lawsuits between the City and operator.
  - In all three cases, the problems may have been exacerbated by a privatized business model which, under stress, promoted antagonism over partnership.

  It is unclear whether Motivate's financial projections are realistic. Motivate calculates $4.3M in annual revenue from 17,143 annual members and 185,714 casual members paying $120 and $9.95 respectively. Sam Schwartz's BCE analysis for us estimates 11,217 annual members and 78,517 members. At Motivate's prices revenue would be only $2.5M[4] Motivate's methodoloy is simplistic: it is based solely on Chicago and assumes no price elasticity for annual members. Sam Schwartz' projections were based on seven similar to slightly larger cities: Minneapolis, DC, Boston, Denver, Chicago, Toronto and Columbus. **Should Motivate fail to make the "free" model work, it would not be unexpected for them to approach the City for financial support, either directly or indirectly through member subsidies.**

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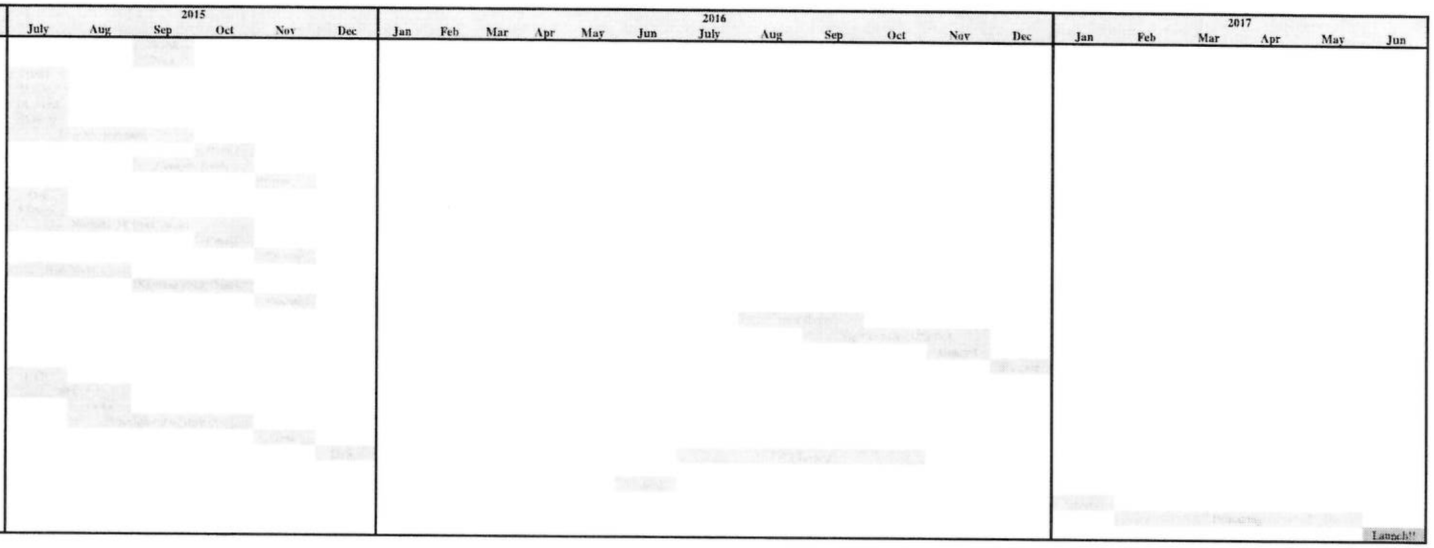
[4] Assuming no price elasticity of demand is highly optimistic, but used because it matches Motivate's assumption.

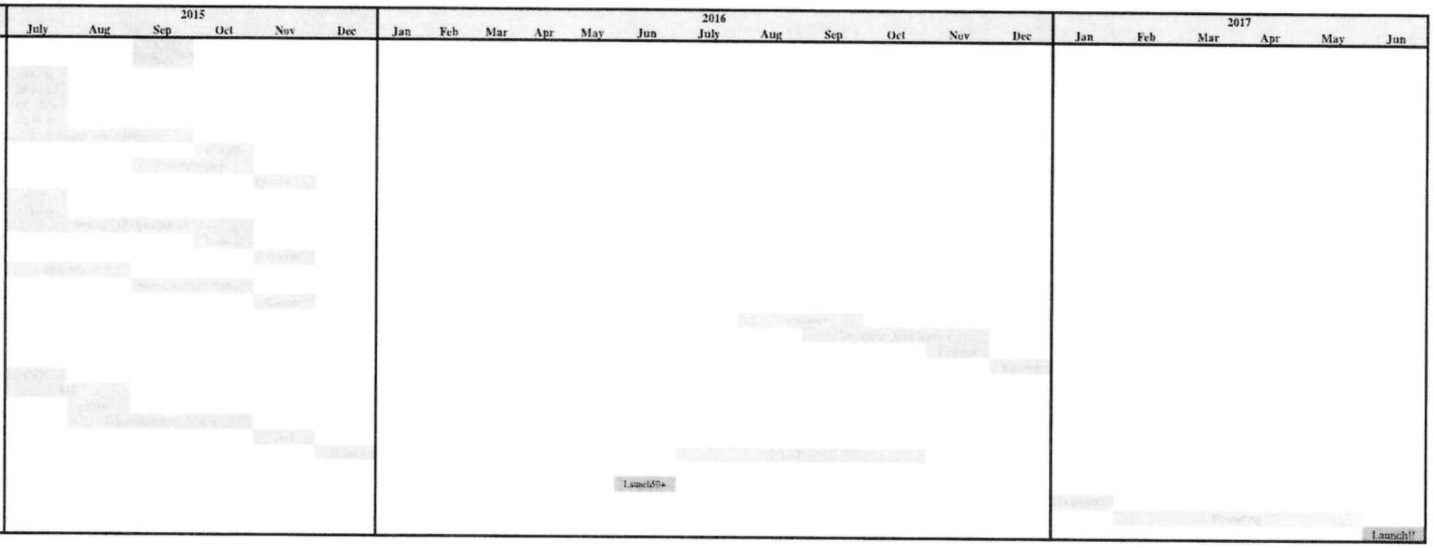
Bike Share Timeline & Process
Option 1- Motivate 2017 Launch

Type	Task	Start	End	Status	**
TIGER	TIGER award	9/1/15	9/15/15	8.Not Started	
TIGER	Press Announcement	9/1/15	9/15/15	8.Not Started	
Financial	Secure $- Pronto, ops. Pilot*	7/1/15	7/31/15	3. In Progress	**
Financial	Determine Financial Model	7/1/15	7/31/15	3. In Progress	
Pronto	Get City Council Schedule*	7/1/15	7/31/15	3. In Progress	
Pronto	Sole Source Holly	7/1/15	7/31/15	3. In Progress	
Pronto	Term Sheet Pronto	7/1/15	7/31/15	3. In Progress	
Pronto	Present City Council Pronto	xx	xx	8. Not Started	**
Pronto	Negotiate Contract Pronto	8/1/15	10/31/15	8. Not Started	
Pronto	Executre Pronto Contract	11/1/15	11/30/15	8. Not Started	
Contract- Ops. ST	COI Scott	7/1/15	7/31/15	3. In Progress	
Contract- Ops. ST	Sole Source Motivate	7/1/15	7/31/15	3. In Progress	**
Contract- Ops. ST	Negotiate ST Contract	7/1/15	10/31/15	8. Not Started	
Contract- Ops. ST	Present City Council Motivate	xx	xx	8. Not Started	
Contract- Ops. ST	Execute ST Contract	11/1/15	11/30/15	8. Not Started	
Contract- ePilot	Term Sheet- Epilot	7/1/15	8/31/15	3. In Progress	
Contract- ePilot	Negotiate Epilot contract	9/1/15	10/31/15	8. Not Started	
Contract- ePilot	Execute - Epilot Contract	11/1/15	11/31/15	8. Not Started	
Contract - Ops	Term Sheet - Ops	8/1/16	9/30/16	8. Not Started	
Contract - Ops	Negotiate Ops Contract	9/1/16	11/30/16	8. Not Started	
Contract - Ops	Present City Council	xx	xx	8. Not Started	
Contract - Ops	Execute Ops Contract	12/1/16	12/31/16	8. Not Started	**
Equipment	Ebike calls	7/1/15	7/31/15	3. In Progress	
Equipment	PreQual/RFI	7/1/15	8/31/15	8. Not Started	
Equipment	Ebike visits	8/1/15	8/31/15	8. Not Started	
Equipment	Ebike Procurement	8/1/15	10/31/15	8. Not Started	
Equipment	Operator testing	11/1/15	11/31/15	8. Not Started	
Equipment	Order Pilot Stations	12/1/15	12/31/15	8. Not Started	
Equipment	Pilot testing	7/1/16	10/31/16	8. Not Started	
Launch	Launch Pilot	6/1/16	6/30/16	8. Not Started	
Launch	Order 250 stations	1/1/17	1/31/17	8. Not Started	
Launch	Station Permitting	2/1/17	6/30/17	8. Not Started	
Launch	Launch 250 stations	6/1/17	8/30/17	8. Not Started	



Bike Share Timeline & Process
Option 2 Accelerated Motivate 2016 Launch

Type	Task	Start	End	Status	**
TIGER	TIGER award	9/1/15	9/15/15	8.Not Started	
TIGER	Press Announcement	9/1/15	9/15/15	8.Not Started	
Financial	Secure $- Pronto, ops. Pilot*	7/1/15	7/31/15	3. In Progress	**
Financial	Determine Financial Model	7/1/15	7/31/15	3. In Progress	
Pronto	Get City Council Schedule*	7/1/15	7/31/15	3. In Progress	
Pronto	Sole Source Holly	7/1/15	7/31/15	3. In Progress	
Pronto	Term Sheet Pronto	7/1/15	7/31/15	3. In Progress	
Pronto	Present City Council Pronto	xx	xx	8. Not Started	**
Pronto	Negotiate Contract Pronto	8/1/15	10/31/15	8. Not Started	
Pronto	Executre Pronto Contract	11/1/15	11/30/15	8. Not Started	
Contract- Ops. ST	COI Scott	7/1/15	7/31/15	3. In Progress	
Contract- Ops. ST	Sole Source Motivate	7/1/15	7/31/15	3. In Progress	**
Contract- Ops. ST	Negotiate ST Contract	7/1/15	10/31/15	8. Not Started	
Contract- Ops. ST	Present City Council Motivate	xx	xx	8. Not Started	
Contract- Ops. ST	Execute ST Contract	11/1/15	11/30/15	8. Not Started	
Contract- ePilot	Term Sheet- Epilot	7/1/15	8/31/15	3. In Progress	
Contract- ePilot	Negotiate Epilot contract	9/1/15	10/31/15	8. Not Started	
Contract- ePilot	Execute - Epilot Contract	11/1/15	11/31/15	8. Not Started	
Contract - Ops	Term Sheet - Ops	8/1/16	9/30/16	8. Not Started	
Contract - Ops	Negotiate Ops Contract	9/1/16	11/30/16	8. Not Started	
Contract - Ops	Present City Council	xx	xx	8. Not Started	
Contract - Ops	Execute Ops Contract	12/1/16	12/31/16	8. Not Started	**
Equipment	Ebike calls	7/1/15	7/31/15	3. In Progress	
Equipment	PreQual/RFI	7/1/15	8/31/15	8. Not Started	
Equipment	Ebike visits	8/1/15	8/31/15	8. Not Started	
Equipment	Ebike Procurement	8/1/15	10/31/15	8. Not Started	
Equipment	Operator testing	11/1/15	11/31/15	8. Not Started	
Equipment	Order Pilot Stations	12/1/15	12/31/15	8. Not Started	
Equipment	Pilot testing	7/1/16	10/31/16	8. Not Started	
Launch	Launch Pilot 50+ stations	6/1/16	6/30/16	8. Not Started	
Launch	Order 250 stations	1/1/17	1/31/17	8. Not Started	
Launch	Station Permitting	2/1/17	6/30/17	8. Not Started	
Launch	Launch 250 stations	6/1/17	8/30/17	8. Not Started	



Marilyn Brenneman

From: Nunes-Ueno, Paulo
Sent: Monday, May 11, 2015 3:44 PM
To: Kubly, Scott; Freedman, Nicole
Subject: notes

Bike Share

Beweggen--can come out in late July. $65K/station and don't have to hardwire
Paul DeMaio: Likes Madrid system; DC turned down Motivate--concerned about long contract term

NF: 10 year contract is risky; price is too high ($14.95/month); They would own stations with $3M, own stations purchased with operations; if this is public service we give up a lot of control:

Station placement
Equity
-Social Equity
-Pricing
-Political Coverage
-We control some subset of stations (the ones we own)

City Priorities
-Equity
-Financial Risk

Service Levels
-Rebalancing
-Customer service

Sponsorship
-City sourced v Motivate sourced
-Revenue Split

Pricing
-Balance Revenue v. Ridership
-Social Equity
-We can give up daily for control of monthly or yearly

Social Equity
-Pricing
-Jobs

Regional Growth
-Expandable

Financial Capacity
-Manage Cash to maintain SLAs
-Performance bond

EXHIBIT 12

From: Keese, Gary <Gary.Keese@seattle.gov>
Sent: Tuesday, February 23, 2016 5:08 PM
To: Marilyn Brenneman
Subject: RE: Interviews re: Ethics Code Information dissemination to Scott Kubly

That works,

Here is an email chain that I posted in May 2015 in our office Advice Log.

From: Sutphin, Ann
Sent: Friday, May 15, 2015 6:09 AM
To: Keese, Gary
Cc: Kubly, Scott; Nunes-Ueno, Paulo
Subject: RE: bike share organization check in

Thank you for this information, Gary. You have been very helpful.

Regards,
Ann

Sent with Good (www.good.com)

-----Original Message-----
From: Keese, Gary
Sent: Thursday, May 14, 2015 06:17 PM Pacific Standard Time
To: Sutphin, Ann
Cc: Kubly, Scott; Nunes-Ueno, Paulo
Subject: RE: bike share organization check in

Ann, Scott, and Paulo

Thanks for the info and your questions.

The Code

The Ethics Code says that employees should not participate in any City matter in which any of the following have a financial interest: 1) an outside organization they currently work for; 2) an organization on which they currently serve as an officer or board member, or 3) an organization they have worked for within the previous year. (The Code provides for a process by which an employee who has been employed by an organization within the previous year may obtain a waiver of this third provision).

The Code also requires employees to formally disclose other relationships or circumstances that might reasonably call into question the employee's ability to be impartial in a City matter before they participate in that matter. That gives the department the opportunity to decide if the employee should participate or not.

Your Questions

1. Your membership on the board. Since you serve as the City's official representative on the board, I don't see a conflict of interest problem. You are there to represent the City's interests. As for how potential changes in the program's structure might affect that, I think that could depend on the details of those possible changes. In general though, you are the City's representative and do not have a personal financial interest in the non-profit, so I don't see a conflict of interest problem at this point.

2. Paulo Nunes-Ueno. Paulo is not a current member of the non-profit board, so that is not a financial conflict of interest that would require him to recuse himself from City matters in which the non-profit has a financial interest. I also can't envision how possible organizational changes would alter that. I don't know how long ago he was on the board, but if it was fairly recently, he should probably fill out a disclosure form to be safe.

3. Scott Kubly. Scott is a former employee of Alta (now Motivate). I think it is possible Motivate could have a financial interest in a possible program reorganization, even if the current contract is between Motivate and the non-profit and not with the City.

Scott, the safest way for your to proceed therefore depends how long ago you worked for Alta.

a) IF you worked for them within the previous year, then you should seek a waiver in order to participate in City matters in which Motivate has a financial interest.
b) IF, on the other hand, you have worked for them fairly recently but not within the previous year, then a disclosure should be sufficient.

Scott, since you are the department head, there are some special procedures involved in both the waiver process and the disclosure process. A waiver is usually requested by the department head, but since you are the department head, the request should be from the Mayor's office. In the disclosure situation, the department decides if the employee should participate or not based on the disclosure. Since you are the department head, that decision would also fall to the Mayor's office.

I have attached the disclosure form and a sample waiver request that was approved by our office.

I hope that helps. Please call if you have any questions.

Gary

Gary Keese
Ethics Advice and Training
Seattle Ethics and Elections Commission

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