EXHIBIT 10
BIKE SHARE IN SEATTLE
Current State and Recommendations

Mayor's Briefing
Scott Kubly, SDOT Director
March 30, 2015
Making Bikeshare Work In Seattle

- Flatten the City with Electric Drive
- Integrate with ORCA
- Expand to cover much larger service area
Vision for the future

- 300 stations; 3,000 bikes *better connection = more use*
- Electric assist bikes *accessible to more ages and abilities*
- ORCA card integration *faster and easier for members*
- Strategically placed stations to *leverage tourist AND TRANSIT use*
Background

- Non-Profit Formed 2012
- 2012 hired Executive Director
- March 2014 Contract Signed
- ALASKA SPONSORSHIP SECURED
- October 2014, Launched 50 stations/500 bikes
- November 2014 Budget funded expansion of 12 – 15 stations
- 2015 changed by-laws to remove institutional seats from the board

Board of Directors
- Active
  - King County Metro
  - Seattle Department of Transportation
- Inactive
  - REI
  - PSRC
  - Cities of Kirkland and Redmond
  - Cascade Bicycle
  - PATH (new)
  - Visit Seattle (new)
- Removed
  - Sound Transit
  - Children’s Hospital
Current State

Low ridership. This is likely due to:

- Small number of stations
- Low density of stations in service area
- Stations not located in high-tourist locations

Weak station sponsorship sales

- 22/50 sponsored
- Sign code impacts this; equipment and sign code lower dollar value
Successful Bikeshare Systems Operate at Large Scale

Annual Memberships Indicate Transit Utility

TORONTO & CHICAGO: 12 months after launch
Funding

Expected

Existing

Sources & Uses - Initial 50 Station Launch

- **SPONSOR: Alaska Airlines (2015-18), $2,000,000**
- **SPONSOR: Group Health (2015-16), $500,000**

**Future Expectation**

**Already Received**

- **PUBLIC: State WSDOT Grant Initial Launch (2014), $750,000**
- **PUBLIC: City Initial Launch (2014; FTA), $1,000,000**
- **SPONSOR: Alaska, Children's, Group Health, Other (2014), $1,187,000**

**INITIAL: Start-Up Costs, $1,148,157**

**INITIAL: Revenue & Data & Group Support**

**INITIAL: Bikes, $549,500**

**INITIAL: Stations & Associated Costs, $2,032,543**
Revenues Don't Cover Operating Costs

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ANNUAL</th>
</tr>
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<tbody>
<tr>
<td>Motivate fee $125/dock * 875 docks</td>
<td>$1.3M</td>
</tr>
<tr>
<td>(Higher than peer cities; DC $109-$120/dock)</td>
<td></td>
</tr>
<tr>
<td>Non-profit salaries and other expenses</td>
<td>$0.24M</td>
</tr>
<tr>
<td>TOTAL Operating Expenses</td>
<td>$1.54M</td>
</tr>
<tr>
<td>Currently annual shortfall</td>
<td>$520K</td>
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</table>

at current 50 stations

12-Month Operating Cash Flow Projection

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin, External Services, Fees</td>
<td>$223,700</td>
<td>$1,312,500</td>
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<tr>
<td>Maintenance Costs</td>
<td></td>
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<tr>
<td>Other Revenues</td>
<td>$113,245</td>
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<tr>
<td>Overage Revenues</td>
<td>$260,395</td>
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<tr>
<td>Casual Memberships</td>
<td>$303,735</td>
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<tr>
<td>Annual Memberships</td>
<td>$338,367</td>
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</table>
Issues with 2015 Expansion

- PRONTO worried about increased operating deficit; Took several steps to reduce expansion:
  - January: Asked to warehouse stations if operating funds not found
  - February: Asked to reduce number of stations
  - March: To date SDOT has not received full accounting of PRONTO’s cash position
  - Based on independent analysis, SDOT concerned about non-profit’s solvency
Issues for Longer Term

- Alaska has not yet pursued option to expand
- Without large cash inflow, PRONTO runs out of cash Q4 2015 or earlier
- Difficulty managing PRONTO’s FTA grant; could affect city’s ability to compete for other larger projects i.e. Center City Connector
How we get there

• *Simplify Governance* – Make bike share a city program
  • Ensures more City control
  • Reduces overhead costs
  • Reduces FTA grant management risk

• *Reduce Costs* – Renegotiate contract
  • Share revenue risk with vendor

• *Fund Expansion/Ensure Financial Sustainability* – Change funding and operations strategy
  • TIGER grant
  • Station placement and service area
Sponsorship

**New York – Citibank**
$16K per Station/Year

**London – Santander**
$14K per Station/Year

**Philadelphia – Independence Blue Cross**
$8.5K per Station/Year

**Chicago – Blue Cross/Blue Shield**
$8K per Station/Year

**Seattle – Alaska Airlines**
$10K per Station/Year
Increasing Sponsorship Value

- Title sponsor generating great value but station sponsors are underperforming
- Size of station sponsor logo may be limiting revenue generated by station sponsorships
Realize Tourism Potential: Connect to Attractions

Pronto missing key attractions:
- Pike Place Market
- EMP
- Waterfront
- Colman Dock
# 300 Station Financial Outlook

<table>
<thead>
<tr>
<th>2017 END CASH BALANCE - OPS</th>
<th>48</th>
<th>52</th>
<th>57</th>
<th>62</th>
<th>67</th>
<th>71</th>
<th>76</th>
<th>81</th>
<th>86</th>
<th>90</th>
<th>95</th>
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<tbody>
<tr>
<td>$ 105</td>
<td>$(2,467,076)</td>
<td>$(1,553,781)</td>
<td>$(640,486)</td>
<td>$272,809</td>
<td>$1,186,104</td>
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<td>$(853,607)</td>
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<td>$972,983</td>
<td>$1,886,278</td>
<td>$2,799,573</td>
<td>$3,712,868</td>
<td>$4,626,163</td>
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<td>$ 120</td>
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<td>$(3,243,406)</td>
<td>$(2,330,111)</td>
<td>$(1,416,816)</td>
<td>$(503,521)</td>
<td>$409,774</td>
<td>$1,323,069</td>
<td>$2,236,364</td>
<td>$3,149,659</td>
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<td>$ 125</td>
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<td>$(3,806,614)</td>
<td>$(2,893,119)</td>
<td>$(1,980,024)</td>
<td>$(1,066,729)</td>
<td>$759,863</td>
<td>$1,673,156</td>
<td>$2,586,451</td>
<td>$3,490,746</td>
<td>$4,413,041</td>
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Chicago: 95 Members/Station (December 2014)
Boston: 71 Members/Station (December 2014)
Seattle: 46 Members/Station
TIGER 2015

- Northgate non-motorized improvements
  + 250 stations with e-bikes
- Ladders of opportunity
  - First/last mile access to transit and education
  - Permanent jobs and job training program

Pros
- Flexible/scalable (state package/levy)
- Rolls out in 2016
- One of the first North American bike share system with e-bikes

<table>
<thead>
<tr>
<th>Northgate Nonmotorized Investments</th>
<th>Private</th>
<th>City</th>
<th>State</th>
<th>Federal</th>
<th>TOTAL</th>
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<tr>
<td>Bikeshare</td>
<td>$3M</td>
<td>$5M</td>
<td>$15M</td>
<td>$10M</td>
<td>$20M</td>
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<tr>
<td>TOTAL</td>
<td>$3M</td>
<td>$15M</td>
<td>$5M</td>
<td>$25M</td>
<td>$48M*</td>
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* Non-federal match = 48%
Why we will be successful

City in better position to make bike share succeed:

- Mayor most successful fundraiser – direct city control strengthens ask
- Scott is national expert on bike share – best able to renegotiate costs
- Hired Boston bike czar – launched and expanded Hubway
- More competitive for grant funding + easier coordination