

# motivate

get going

Bike Share Equipment and  
Operations Program

RFP #TRN-3599

## Financial Questions: Equipment







- 1) Please provide a copy of the audited financial statements for the three previous fiscal years and the last quarterly report if one exists for the Equipment Provider. Statements must include auditor's letter of opinion, auditor's notes, balance sheet, and statement of income/loss. Each prime or joint venture partner must submit this information. The City reserves the right to accept alternative information and/or documentation submitted by the Vendor.**

As a young start-up company, Social Bicycles does not have audited financials. We plan to undergo our first audit at the end of 2016, and would happily share the results with SDOT. Please see p. 9 for a Letter of Support from our lead investor, as well as a chart overviewing revenue/growth over time.

- 2) Please show the total number of bicycles, stations and helmet dispensing units, including software, the City will receive for \$5 million.**
- Total must include any installation and/or launch costs attributed to the City**
  - Does this total include any cash or in-kind contributions from your organization to cover capital and/or launch costs? If yes, how many additional units of equipment will be provided?**

Please see the financial template on page p. 5, or the digital submission..

- 3) Please provide a unit price for the following items that may be purchased additionally throughout the**

**term of the contract.**

- All models of bicycle share stations, bicycles and helmet dispensing units described in the Technical Proposal. Please add to the template provided.**
- Major station components such as terminal, dock, map frame, platform, etc. Please add to the template provided.**

Please see the financial template on page p. 5, or our digital submission. for MFN unit pricing.

- 4) Using a copy of the inventory list created in your response to Technical Proposal Question 18, please provide a price for each part listed.**

Please see p. 5, or the digital submission for spare part pricing.

- 5) Please provide a price for software services on a per station or per bike per month basis. Please add to the template provided.**

SoBi charges \$8 per bike per month, and \$50 per kiosk per month.

- 6) If there are any additional fees to be charged, not previously mentioned, please describe each in detail, including, without limitation, the anticipated frequency and reasons for incurring such fees, with the amount. Please add the total of these fees to the template provided.**

Please see p. 5, or the digital submission for spare part pricing.

**7) Describe any discounts you offer for large bulk orders? Is the discount cumulative of per order only?**

There is no discount on large or bulk orders, but our bid offers a cumulative discount. Social Bicycles and Motivate have an, Most Favored Nation (MFN) pricing structure set out in their Master Supply Agreement in which SoBi provides significant discounts on their bicycles, street infrastructure, and kiosks. MFN pricing is outlined in the chart provided as the response to question 3 and the Financial Template - Equipment.

**8) Please describe your requested payment terms? Please confirm that the payment terms as part of this financial proposal the best terms offered by your organization to any purchaser, anywhere.**

Fifty percent (50%) of the Total Up-Front One-Time Cost shall be paid to Social Bicycles upon placing a Purchase Order. An additional twenty-five percent (25%) is due on the shipping date of the bicycles. The remaining twenty-five percent (25%) is due on the final delivery date of all applicable goods.

The Most Favored Nation pricing that Social Bicycles offers to Motivate are the best terms that SoBi offers to any purchaser. Should Social Bicycles and Motivate be selected as the bike share providers for Seattle, these terms will be available to the City through a direct pass-through of pricing terms to the City, without mark-up.

**9) Please confirm that you accept the following terms and conditions as follows:**

- e. Are the prices provided as part of this financial proposal the best prices offered by your organization to any purchaser, anywhere? Are the prices consistent with most-favored nation?
- f. Do the prices set forth in your response include cost to manufacture, produce, deliver, provide training, support, upgrades on and general improvements to bicycle share stations, bicycles and/or helmet dispensing units, including all parts thereof?
- g. Does the software service fee include hosting, training, support, upgrades and continual improvements?
- h. In the event of any late delivery due to sub-contractor and/or supplier late delivery to the Successful Respondent, will any benefit (such as decreased costs) received by the Successful

**Respondent for such late delivery be paid over and/or fully passed through to the City?**

Please see p. 5, or the digital submission for spare part pricing.

**10) Is there any additional information we have not asked or you would like to add?**

The Social Bicycles team has experience building regional bike share programs, by bringing together multiple municipalities and transit agencies across diverse geographic and social regions. SoBi's biggest innovation is the flexibility of our locking technology and modularity in our station infrastructure. This is an economic and operational advantage as the system does not depend on heavy infrastructure such as kiosks and electronic docking points. Low-cost station equipment will provide significant density, allowing the system to scale across the region in both highly dense urban areas as well as lower-density suburban environments. Our bikes also work with regular bike parking racks, which allows SoBi to use the existing bike parking infrastructure for station locations in addition to our modular custom stations. As a result, we will be able to build a single system that can effectively scale throughout the region with remarkable density at the industry's most competitive cost. Further, our technology can allow for integration with the regions ORCA card, which can make bike share the first and last mile solution to a regional transportation system.

Social Bicycles develops and owns all core aspects of the technology, including the bikes, electronics, stations, and software. Our vertical integration and system architecture lead to a significant reduction in capital costs. Other bike share companies often have multiple partners for technology (separate partners for bikes, kiosks, or software), this results in multiple layers of margin and significantly more expensive products. We are confident that we can offer the largest system, most affordable path for system expansion, most innovative technology, and best service that ultimately yields the most financially sustainable system.

Key Term	Response
<b>Most Favored Nation</b>	Confirmed. Social Bicycles and Motivate have an, Most Favored Nation pricing structure set out in their Master Supply Agreement in which SoBi provides significant discounts on their bicycles, street infrastructure, and kiosks. MFN pricing is outlined in the financial template and saves the City of Seattle over \$400,000 on the equipment proposed for the initial system, resulting in a larger system.
<b>All-In Cost</b>	Yes, the capital pricing includes manufacturing, producing, delivering and training on all bicycle share stations, bicycles, and helmet dispensing units, including all parts. The on-going technology fees include all support and upgrades on and general improvements to the bicycle share stations, bicycles, and helmet dispensing units. We'd like to note it maybe advantageous to bill shipping separately.
<b>Continuous Improvement</b>	Confirmed. Social Bicycles' software services includes hosting, training, support, upgrades, and continual improvements to the system.
<b>Liquidated Damages</b>	Confirmed, the parties will work with the City to develop reasonable liquidated damages arising from delays resulting from events outside the parties' reasonable control.

Description	Frequency	Reasoning	Amount
<b>Software Upgrades for non-standard upgrades</b>	1	Should Motivate request software upgrades that are non-standard for the Seattle program, an additional hourly fee will be charged to develop them.	(Hourly Rate)
<b>Custom Mobile App</b>	Annual	SoBi provides a mobile application that services all SoBi systems. Should Motivate and the City choose to develop a standalone Seattle-specific mobile app there will be additional fees associated with the app's development.	See financial template.
<b>Implementation Fee</b>	1	This fee covers SoBi's planning, system set-up and configuration, system installation, and launch costs.	See financial template.
<b>Vinyl Printing</b>	As needed	Motivate plans to pass these through to sponsors, but SoBi offers vinyl printing and application for station equipment.	See financial template.

## PART 1 - EQUIPMENT AND LAUNCH COSTS

Item #	2	3	4	5	6	7	8	9	10	11	
	Description	Total Cost to City (includes shipping and customs)	Unit Price (includes shipping and customs)	Avg Units per Station (as applicable)	Total Units Purchased/ Provided (column 7+8)	Units paid by City \$5M	Units paid by Vendor	Other (includes existing units continued in operations)	Motivate discount (Unit)	Motivate Discount (Total)	Respondent Notes
A	EQUIPMENT	160									Note: "Other" tab represents cost savings from Most Favored Nation pricing. Column 1 represents discount and column 3 represents savings based on purchased units. Sobi kiosk not required at all stations. Shipping cost and base price included in formula. Rack includes plate. Shipping cost and base price included in formula. Map panels include plate and shipping. Substituting helmet bins for ad panels. Plates are included in all Sobi station equipment. Compact ad panel includes plate and shipping. Substituting helmet bins for ad panels.
	Bike Share Station Total										
a1	Terminal	\$ 300,000.00	\$ 10,000.00	0.19	30.00	30.00			\$ 500.00	\$ 15,000.00	
a2	Deck	\$ 933,750.00	\$ 415.00	14.06	2,250.00	2,250.00			\$ 50.00	\$ 112,500.00	
a3	Map Frame	\$	\$ 2,650.00						\$	100.00	
a4	Platform	\$									
a5	Other	\$ -	\$ 1,200.00		-				\$ 50.00		
B	Bicycles										
	v.4 Smart Bicycles	\$ 2,595,000.00	\$ 1,730.00	9.38	1,500.00	1,500.00			\$ 100.00	\$ 150,000.00	Non e-assist smart bicycles. Shipping cost and base price included in formula.
	v.4.5 E-Assist Upgrade		\$ 1,800.00						\$ 50.00		E-assist upgrade kit. No upgrades included in initial CapEx.
	v.5.0 E-Assist Bicycles	\$ 156,500.00	\$ 3,130.00	0.63	100.00	50.00	50.00		\$ 200.00	\$ 166,500.00	E-assist smart bicycles. Shipping cost and base price included in formula.
C	Helmet Dispensing unit										
	Helmet Rent/Return unit	\$ -	\$ 3,100.00	0.34	54.00			54.00			55 units already provided by existing system. Substituting panels for helmet bin branding area.
	Helmet Return unit	\$ 137,800.00	\$1,300	0.66	106.00	106.00					105 return units to facilitate helmet returns. Only stations with high casual use will have rent and return bins.
D	Solar Canopy (as needed)										Not required. Sobi plans to trench for e-assist stations.
E	Other/Additional Fees				-						Does not include ongoing SaaS fees, which are included in our operating fee.
	E-Bike Charging Deck	\$ 45,900.00	\$ 540.00	0.53	85.00	85.00			\$ 25.00	\$ 2,125.00	E-assist charging deck not available until 2018 above pilot quantities
	E-Bike Deck Upgrade Kit	\$ 375.00	\$ 375.00	N/A	-				\$ 50.00		- Replaces rack with charging deck. Plate can be reused
	Tablet Kiosk	\$ 35,000.00	\$ 1,750.00	0.13	20.00	20.00					- Indoor tablet kiosk housed in partnering businesses and tourist hubs
	Outdoor Payment Kiosk + Charging Controller	\$ 10,000.00	\$ 10,000.00	0.01	1.00	1.00			\$ 500.00	\$	Kiosk with charging controller
	Outdoor Ad Panel + Charging Controller	\$ 20,000.00	\$ 5,000.00	0.03	4.00	4.00					Ad panel with charging controller
	Exterior Basket Printed Assets	\$ 15.00	\$ 15.00	N/A	-						Sponsor cost
	Interior Basket Printed Assets	\$ 15.00	\$ 15.00	N/A	-						Sponsor cost
	Upgrade to Shirt Guard and Design Assets	\$	\$ 65.00	N/A	-						Sponsor cost
	Deck Printed Assets	\$ 35.00	\$ 35.00	N/A	-						Sponsor cost
	Sobi Implementation Fee	\$ 100,000.00	\$ 100,000.00	0.01	1.00	1.00					Covers training, support, software upgrades, travel, and other Sobi expenses
	RFID Access Cards	\$ 11,000.00	\$ 2.00	34.38	5,500.00	5,500.00					Bulk purchase of RFID cards
	Replacement spares and custom tools	\$ 160,000.00	\$ 10,000.00	10.00	1,600.00	1,600.00					Sobi includes 1 year supply of parts with initial purchase.
	Skinned Social Bicycles App	\$ 100,000.00	\$ 100,000.00				1.00				Sobi will reskin their app for Seattle sponsor. Sponsor cost
	Motivate Custom Landing Page	\$ 10,000.00	\$ 10,000.00				1.00				Seattle will be upgraded to Motivate's unified CMS platform
F	Subtotal Equipment	\$ 4,504,950.00							\$	446,625.00	Total savings for SDOT from MFN pricing and 50 bike E-Assist investment from Sobi.
G	LAUNCH COSTS										
	Subtotal Launch Costs	\$ 493,000.00									From Financial Template - Operations. Reference row B
H	TOTAL EQUIPMENT & LAUNCH	\$ 4,997,950.00									
	TOTAL COST WITHOUT MTV PRICING	\$ 5,444,575.00									Per RFP requirements, total costs to city of Launch and Equipment must equal

From Financial Template - Operations. Reference row B

Per RFP requirements, total costs to city of Launch and Equipment must equal

## PART II - REPLACEMENT PARTS COSTS & ALTERNATIVE MODELS

The City reserves the right to purchase any quantity of equipment at these prices, unless Proposer

### I REPLACEMENT PARTS/ALTERNATIVE MODELS

<b>V.4.5 Spare Parts</b>			
<b>MAJOR BICYCLES COMPONENTS</b>			
i3	Frame (custom color)	\$225.00	
i4	Front wheel	\$100.00	
i5	Rear wheel 8 speed with cog installed (Space Cardan) *	\$180.00	
i6	Fork (custom color)	\$100.00	
i7	Crank bolt custom	\$2.00	
i8	Crank set custom	\$15.00	
i9	Pedal set custom	\$20.00	
i10	Front Fender	\$15.00	
i11	Skirt Guard	\$30.00	
i12	Tire	\$25.00	
i13	Headset	\$20.00	
i14	Saddle	\$20.00	
i15	Seat post set	\$30.00	
i16	Security seat post quick-release set	\$15.00	
<b>BICYCLE ACCESSORIES</b>			
i18	Handlebar	\$40.00	
i19	Basket	\$40.00	
i20	Lock magnet set	\$7.50	
i21	Lock bar / U-bar	\$20.00	
i22	Front headlight	\$20.00	
i23	Bell	\$10.00	
i24	Grip set	\$7.00	
i25	Kickstand set	\$15.00	
i26	Shifter assembly Shimano (Nexus 3 or 8 speed)	\$10.00	
i27	Integrated Brake lever set	\$20.00	
i28	Brake cable fixing unit (front wheel, Shimano)	\$3.00	
i29	Brake cable fixing unit (rear wheel, Shimano)	\$3.00	
i30	Brake barrel adjuster unit (front and rear wheels, Shimano)	\$5.00	
i31	SoBi security axle nut (front wheel) (1 pcs)	\$6.00	
i32	SoBi security axle nut (rear wheel) (1 pcs)	\$6.00	
i33	Hub parts 8-speed hub shifter	\$10.00	
i34	Sunrace no-turn washer for 8-speed	\$2.00	
i35	Hub dynamo connector (Shimano, front wheel)	\$2.00	
i36	Power cable	\$7.50	
i37	Endcap security screws	\$1.50	
i38	M6 x 20mm security bolts	\$1.50	
i39	Front fender mounting hardware	\$1.50	
i40	Fork spring set	\$1.50	
i41	Seat tube security screw	\$1.50	
i42	Rear light screw	\$0.20	
i43	Plastic reflector for wheels	\$2.00	
i44	Inner tube (standard)	\$3.00	
i45	Fender bolts	\$0.50	
i46	Shaft-drive hanger bolt	\$1.00	
i47	Belt	\$50.00	
i48	Rear Sprocket	\$20.00	
i49	Front Sprocket	\$20.00	
i50	Lock Housing	\$25.00	
i51	M8 Frame screw	\$1.00	
i52	Rear dropout cover	\$5.00	
<b>TOOLS</b>			
i54	SoBi Axle Nut Driver	\$40.00	
i55	SoBi Security Bit (M6)	\$8.00	
i56	Security tool for pedals + crank bolts	\$16.00	
i57	Shaft drive locking wrench (left)	\$15.00	
i58	Quick-release tool	\$8.00	
i59	Touch-up paint* (first can free)	\$0.00	
<b>ON-BIKE ELECTRONICS</b>			
i61	Solar panel	\$40.00	
i62	UV screen and glass protector	\$2.00	
i63	Battery	\$50.00	
i64	Battery charger	\$20.00	
i65	Controller unit	\$500.00	
i66	Locking unit	\$100.00	
i67	Controller lens cap	\$3.00	
<b>STREET INFRASTRUCTURE</b>			
i69	Wave Rack	\$250	
i70	Rack Plate	\$200.00	
i71	Small Sign	\$700.00	
i72	Small Sign Plate	\$300.00	
i73	Large Sign	\$1,600.00	
i74	Large Sign Plate	\$700.00	
i75	Splice Plate	\$25.00	
i76	End Cap	\$25.00	
i77	Custom Rack/Plate Bolt	\$3.60	
i78	Graphics Panels	see asset pricing	
i79	Small/Large Sign Asset Bolts	Direct	
i80	Wheel well	\$30.00	
i81	Wear Pad	\$10.00	
<b>KIOSK</b>			
<b>Cable Assemblies</b>			
i84	Modem Cable	\$80.00	
i85	Solar Cable	\$35.00	
i86	Thermistor Cable	\$30.00	
i87	Dispenser Power Cable	\$40.00	
i88	Dispenser Data Cable	\$30.00	
i89	LCD Power Cable	\$10.00	
i90	Battery Cable	\$15.00	
i91	BLE Switch Cable	\$12.00	
i92	Kranium Interface Cable	\$25.00	
i93	Fan Cable	\$8.00	
i94	Ethernet Cable	\$5.00	
i95	SMA Extension	\$5.50	
i96	USB A-B Cable	\$3.00	
i97	Display Cable	\$5.50	
i98	Display 90deg Converter	\$6.00	
i99	USB A-micro	\$6.50	
i100	micro SDs	\$2.50	
<b>Electronic Components</b>			
i101	RFID/CC reader	\$610.00	
i103	Touchscreen	\$200.00	
i104	USB Converter and Cable	\$25.00	
i105	LCD Display	\$300.00	
i106	Modem	\$400.00	
i107	PCB	\$125.00	
i108	Touch Screen Bezel	\$100.00	
i109	LCD Bezel	\$110.00	
i110	Credit Card Bezel	\$60.00	
i111	Gasketing	\$2.00	
i112	Battery	\$250.00	
i113	Solar Panel	\$131.99	
i114	Electronics Housing	\$30.00	
i115	Antenna	\$12.00	
i116	Computer	\$40.00	



i117	Computer Case	\$7.00
i118	Kiosk Housing	\$6,000.00
i119	HELMET VENDING BINS (MTV SOURCED)	
i120	Two-compartment bin with slanted roof	
i121	Bin decals and wayfinding map (set of 7)	
i122	Electric strike lock with PIN pad	

### V.4.5 Upgrade to V.5.0 Spare Parts

#### UPGRADE KIT COMPONENTS

ii1	Rear Wheel Motor	\$300.00
ii3	Front Wheel	\$80.00
ii4	Torque Sensing Bottom Bracket	\$120.00
ii5	E-bike battery	\$425.00
ii6	Motor controller	\$60.00
ii7	Charge controller	\$140.00
ii8	Front Smart Dock Lock	\$90.00
ii9	V5 Rear Smart Lock	\$250.00
ii10	Electric Bike Headlight	\$25.00
ii11	Electric Bike Power Cable	\$20.00
ii12	Phone Mount	\$20.00
ii13	Dashboard Interface	\$125.00
ii14	Disc Brake	\$70.00
ii15	Brake Sensors	\$25.00
ii16	Replacement Skirtguard	\$30.00
ii17	TOOLS	
ii18	SoBi Axle Nut Driver	\$40.00
ii19	SoBi Security Bit (M6)	\$8.00
ii20	Security tool for pedals + crank bolts	\$16.00
ii21	Quick-release tool	\$8.00
ii22	Touch-up paint* (first can free)	\$0.00
ii23	STREET INFRASTRUCTURE	
ii24	E-dock	\$300
ii25	E-dock Power Cable	\$50.00
ii26	Splice Plate	\$25.00
ii27	End Cap	\$25.00
ii28	Custom Rack/Plate Bolt	\$3.60
ii29	Rack Plate	\$150.00
ii30	KIOSK	
ii31	Kiosk Electronic Upgrade Kit	\$5,000.00
ii32		

### V.5.0 Spare Parts

#### MAJOR BICYCLES COMPONENTS

iii1	Frame (custom color)	\$225.00
iii2	Rear Wheel Motor	\$300.00
iii3	Front Wheel	\$80.00
iii5	Fork	\$100.00
iii6	Crank bolt custom	\$2.00
iii7	Crank set custom	\$15.00
iii8	Pedal set custom	\$20.00
iii9	Front Fender	\$15.00
iii10	Skirt Guard	\$30.00
iii11	Tire	\$25.00
iii12	Headset	\$20.00
iii13	Saddle	\$20.00
iii14	Seat post set	\$30.00
iii15	Security seat post quick-release set	\$15.00
iii16	Torque Sensing Bottom Bracket	\$120.00
iii17	E-bike battery	\$425.00
iii18	Motor controller	\$60.00
iii19	Charge controller	\$140.00
iii20	Front Smart Dock Lock	\$90.00
iii21	Electric Bike Headlight	\$25.00

iii22	Electric Bike Power Cable	\$20.00
iii23	Phone Mount	\$20.00
iii24	Disc Brake	\$70.00
iii25	Brake Sensors	\$25.00
iii26	BICYCLE ACCESSORIES	
iii27	Handlebar	\$40.00
iii28	Basket	\$40.00
iii29	Bell	\$10.00
iii30	Grip set	\$7.00
iii31	Kickstand set	\$15.00
iii32		
iii33	Shifter assembly Shimano (Nexus 3 or 8 speed)	\$10.00
iii33	Integrated Brake lever set	\$20.00
iii34	Brake cable fixing unit (front wheel, Shimano)	\$3.00
iii35	Brake cable fixing unit (rear wheel, Shimano)	\$3.00
iii36	Brake barrel adjuster unit (front and rear wheels, Shimano)	\$5.00
iii37	SoBi security axle nut (front wheel) (1 pcs)	\$6.00
iii38	SoBi security axle nut (rear wheel) (1 pcs)	\$6.00
iii39	Hub parts 8-speed hub shifter	\$10.00
iii40	Sunrace no-turn washer for 8-speed	\$2.00
iii41	M6 x 20mm security bolts	\$1.50
iii42	Front fender mounting hardware	\$1.50
iii43	Fork spring set	\$1.50
iii44	Seat tube security screw	\$1.50
iii45	Rear light screw	\$0.20
iii46	Plastic reflector for wheels	\$2.00
iii47	Inner tube (standard)	\$3.00
iii48	Fender bolts	\$0.50
iii49	Shaft-drive hanger bolt	\$1.00
iii50	Belt	\$50.00
iii51	Rear Sprocket	\$20.00
iii52	Front Sprocket	\$20.00
iii53	Lock Housing	\$25.00
iii54	M8 Frame screw	\$1.00
iii55	Rear dropout cover	\$5.00
iii56	TOOLS	
iii57	SoBi Axle Nut Driver	\$40.00
iii58	SoBi Security Bit (M6)	\$8.00
iii59	Security tool for pedals + crank bolts	\$16.00
iii60	Shaft drive locking wrench (left)	\$15.00
iii61	Quick-release tool	\$8.00
iii62	Touch-up paint* (first can free)	\$0.00
iii63	BICYCLE ELECTRONICS	
iii64	V5 Rear Smart Lock	\$250.00
iii65	Dashboard Interface	\$125.00
iii66	STREET INFRASTRUCTURE	
iii67	E-dock	\$300
iii68	E-dock Power Cable	\$50.00
iii69	Rack Plate	\$150.00
iii70	Small Sign	\$700.00
iii71	Small Sign Plate	\$300.00
iii72	Large Sign	\$1,600.00
iii73	Large Sign Plate	\$700.00
iii74	Splice Plate	\$25.00
iii75	End Cap	\$25.00
iii76	Custom Rack/Plate Bolt	\$3.60
iii77	Graphics Panels	see asset pricing
iii78	Small/Large Sign Asset Bolts	Direct
iii79		

Social Bicycles is a closely-held private company and does not have audited financial statements. The table below shows some of the financial highlights and projections for the company. A letter of financial support from our lead investor is also included in the Appendix.

Social Bicycles has seen continued growth and equity investment over the last four (4) years and is submitting this RFP response from a position of financial strength that has allowed the company to grow 2x-10x each year over the last four (4) years. Social Bicycles plans to complete a 3rd party financial audit by the end of 2016.

Financial History	2012A	2013A	2014A	2015A	2016E
Revenue	\$39,111	\$143,458	\$2,447,445	\$3,799,000	\$10,000,000
Cum. Venture Funding	\$499,000	\$1,304,000	\$3,804,000	\$6,597,000	\$6,597,000
Employee Count	3	11	21	23	30
Bicycle Sharing Systems	1	3	10	20	35
Bicycles Deployed	40	155	1,745	3,185	7,500





July 6, 2016

Liz Alzeer  
Deputy Purchasing Manager  
City Purchasing and Contracting Services  
City of Seattle, WA  
Phone: (206) 684-4535  
E-mail: [liz.alzeer@seattle.gov](mailto:liz.alzeer@seattle.gov)

Dear Procurement Manager and Bike Share Selection Committee,

Social Bicycles is a SOSVentures (SOSV) portfolio company and I am writing in support of their submission for the Seattle Bike Share RFP.

SOSV is an international investment firm with over \$250 million under management. We invest in early-stage technology companies and have several investments in transportation, including Carma (real-time carpool) and Getaround (p2p carshare). The firm's managing director is Sean O'Sullivan, a pioneer in online street-mapping and one of the leading experts/investors in transportation technology.

Social Bicycles has raised over \$5M in investment, including over \$3M from SOSV. We hold a significant stake in the company, and will ensure that Social Bicycles is sufficiently capitalized to deliver this project.

I am happy to speak with you if you have any questions regarding the Company's financial strength and future. I can be reached at 203-594-1958 or at [brad.higgins@sosv.com](mailto:brad.higgins@sosv.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Bradford R. Higgins".

Bradford R. Higgins  
Venture Partner

# Financial Questions: Operations



Product Type	Price
<b>Fare Products</b>	
Annual Membership (Free Ride Time 90 min/day)	\$ 12.00
Day pass (Free Ride Time 90 min/day)	\$ 12.00
Single ride pass (up to 30 minutes)	\$ 2.50
<b>Incremental Fees</b>	
Card purchase for single rider	\$ 3.00
Helmet rental	\$ 2.00
Out of hub fees	\$ 2.00
Return to station credit	\$ (1.00)
Out of network fee	\$ 20.00
Overage fees (per minute)	\$ 0.10

- 1) Please provide a copy of the audited financial statements for the three previous fiscal years and the last quarterly report if one exists for the Operator. Statements must include auditor's letter of opinion, auditor's notes, balance sheet, and statement of income/loss. Each prime or joint venture partner must submit this information. The City reserves the right to accept alternative information and/or documentation submitted by the Vendor.**

Please see our digital submission for Motivate's audited financials. 2015 is still unaudited, and we can provide audited financials later this month when completed. The full document can be found in the digital submission.

- 2) Please describe your proposed financial model and include a pro-forma. Please include:**

- What financial responsibility is assumed by the Contracted Respondent? What is assumed by the City?**
- How does your model attribute system and sponsor revenue?**
- What prices will you charge to users to consumers?**
- What decision making authority does your organization require relative to service area, pricing and/or other elements in the scope of work?**

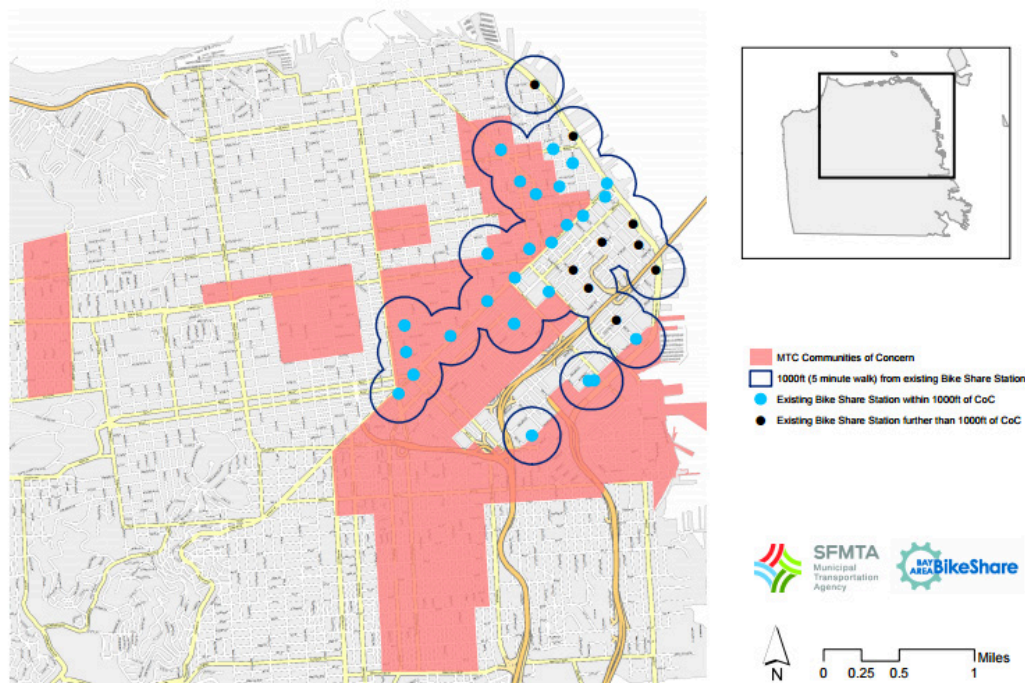
Motivate will assume all financial costs beyond the City's \$5M financial commitment. We are committed to delivering a 1,500 conventional bike share system, a 100 e-bike share pilot, and all launch, site planning and permitting costs for \$5M. Any overruns or cost escalations are our responsibility.

Post-launch, Motivate takes on all financial responsibility for operations. We are not asking for operating subsidy. Our proposed business model is predicated on fundraising to ensure the revenue account is sufficiently funded to pay our proposed operating fee. If the system is unprofitable, it is Motivate's responsibility to fund the deficit and optimize the business model to be profitable.

*This is a fundamental advantage of our bid vis a vis other companies. There is no ongoing cost risk to taxpayers from our business model.*

All sponsor and user revenue goes into a revenue account. Motivate will draw on this revenue account monthly to cover our operating fee. Our proposed operating fee is \$183/month/bike, growing annual with changes in the consumer price index. Monthly profit will be distributed on a regular basis with 60% going to Motivate and 40% going to SDOT, which will be used for expansion equipment.





## Proposed Pricing

Because the system leverages public funding, we understand the need for pricing that is affordable and predictable to the public. As the operator taking on all ongoing financial risk, we also need the ability to adjust pricing to ensure a financially sustainable system. In our past experience, leaving price changes subject to negotiation creates unpredictability and risk to our business model. Therefore, we want the ability to adjust annual membership pricing at our discretion subject to a cap of CPI+2%. This gives us the ability to cover costs that may increase greater than inflation (e.g., health care, fuel) but protects the public from large price increases.

Casual member products, such as the day pass and single ride pass, we'd like to adjust at our discretion. These products are more tourist-oriented and critical to supporting our unsubsidized operating model. In addition, we'd eventually like the ability to adjust pricing based on demand (season, time of day) to assist with rebalancing in a carbon-free manner. We do not want to do "surge pricing" but want to have the

ability to raise single ride passes to \$5 for rides from busy stations during peak travel times. Those who want fixed pricing can always purchase the annual pass, and lower-income individuals who are price sensitive have low-income memberships available.

Motivate's proposed service map, developed in collaboration with Fehr and Peers, is an initial hypothesis on service areas that will have significant demand for bike share. We expect the final service map will be developed in close collaboration with cities and communities. However, we will want to ensure that the service areas include neighborhoods with high demand for bike share to ensure the system is financially viable. This means that we will need significant input into the service area development.

We are committed to placing 20% of our stations in low-income areas, and our proposed map has 67% of stations in low-income areas. This is not etched in stone, and we will work with the city to put the system in areas that meet their equity goals.

**3) Please provide detailed projections of trips, memberships and revenue for the term of this contract? Please explain your methodology and why your model is reliable.**

The current system in Seattle will have very little in common with the system we are proposing in terms of scale and utility. Therefore, we based our projections on what we believe to be Seattle's peer cities once the new system launches. These cities are Chicago, Boston and DC. Below is a comparison of our underwriting model for Seattle and 2015 statistics for these comparable cities.

We expect trips per bike per day and annual members per bike to be approximately 30% lower than the average of the three comparables. This is primarily because Seattle's pricing model will offer a low-cost pay-per-ride option that may affect annual member uptake, and these members who use the pay-per-ride model are likely to ride fewer than a typical annual member because trips have a marginal cost. Once Portland launches we will have a better idea of the uptake of the pay-per-ride and can adjust our projections or pricing model if necessary.

Revenue per bike at scale in 2018 will be comparable to the average of Boston, DC and Chicago when measured on a per bike basis. Our revenue projections assume that the performance of Seattle will be similar to these cities since demographics, density, and bike ridership mode share are within a close range among the cities. The fewer annual members per bike in Seattle will be offset by the higher revenue potential from pay-per-ride, out-of-hub, and hold fees.

We believe our model is as reliable as possible given the nascent state of the industry and the limited similarities between our proposal and Seattle's current system. Relying on real-world data from comparable cities is the best approach available at this moment. When Portland launches, we can revise the model to include another comparable city that uses a similar pricing model and equipment.

**4) Submit a detailed cash flow analysis itemizing the revenues and expenses anticipated over the term of the Contract. Analysis should include income and cash flow statements, by month for the first two (2) years, then by year.**

See attached Financial Template - Operations.

**5) Please describe your contingency plan to in case the trip, member, revenue or cost projections are not realized. Do you guarantee a minimum amount of trips, members or system revenue?**

Motivate will guarantee no need for public funding to sustain operations after launch. This obviates the need to guarantee a certain of trips, members and system revenue as our incentives are aligned in this model to maximize all three. Members equate to system revenue, which is the primary source of funds to deliver an unsubsidized system. Trips represent costs, but we are also incentivized to encourage trips in order to be profitable. Members' likelihood of renewal goes up in proportion to the number of trips, and if a member signs up and does not use the system, we will likely lose them as a customer.

If the system runs a deficit, it is only our responsibility to make up the difference. In this scenario, we would focus on selling additional sponsorship and investing more advertising and sales. We would look to adjust pricing, within the constraints of the contract, to increase revenue in ways that will not impact ridership.

Motivate faced a large operating deficit in NYC in 2014 and 2015 when it took over Citi Bike, and through investment in marketing, building a sales team, selling secondary sponsorship, and optimizing pricing, the system is on financially solid footing in 2016. In Chicago, the system was not covering the costs as well in the prior two years, and we raised the casual price and sold secondary sponsorships such as a San Pellegrino sponsored "free-ride day" to address the losses. We would replicate these strategies in Seattle. If these approaches fail to cover the deficit, Motivate would be responsible for using its own cash to cover any operating losses.

**6) How will you charge for sponsorship services? How does your rate differ for contracted sponsors for which the City provided the initial introduction and/or was actively involved in negotiations?**

We would charge a 20% fee for sponsorship sales that are lead and sourced by Motivate. For sponsors that are sourced by the city, our fee would be reduced to 10%. All sponsorship proceeds net of our fee would go into the waterfall to be used to cover operating expenses and support the profit share with the City.

**7) If the City terminates early for convenience, what costs will be required to be paid by the City?**

In cases where the entire system is shut down, the City will have to cover the deinstallation and wind down costs of our operations. Wind down costs include assuming or breaking long-term leases, severance for employees, and legal costs. In cases where we are replaced as operator and the system remains in place, we expect the city to cover the costs mentioned above, excluding deinstallation. It is our hope that long-term leases on equipment, vehicles and real estate can be transferred to the new operator and the city won't have to assume these costs.

**8) Are there any operations elements of a turnkey system not included in your fees that would require additional payments? Please describe each, including, without limitation, the anticipated frequency and reasons for incurring such fees, with the amount.**

As mentioned elsewhere in the proposal, if the City requests sticker changes, that would be billed at cost. All other anticipated fees are in our proposal

**9. Please describe your requested payment terms for operations?**

All user and sponsorship revenue will go into a revenue account that is owned by Motivate but where the city has view rights and a security interest in cases of default. The account is regulated so that Motivate can only draw on the account to cover the monthly operating fee and distribute on an annual basis the profit share. Any other transactions will require approval of the City. Motivate will draw its monthly operating fee on the 1st of the month for that current month.

This structure reflects the fact that the operating funds come from private sources and the normal structure of invoicing the city and waiting for payment is unnecessary.

**10. Is there any additional information we have not asked or you would like to add?**

We recognize that our business model is unconventional when compared to other fully public or fully private models. We encourage the Selection Committee to ask questions to clarify and follow up with our listed references in Portland who have direct experience with

the proposed model.

**Economies of Scale**

Our operations cost fee remains constant as the system grows, except growing by the rate of inflation. We'd like to reiterate that no public dollars will be paying this fee, and that Motivate is essentially responsible for maintaining enough capital to pay our operations team that fee. As suggested in the RFP, there are some economies of scale in bike share. However, for two reasons we do not believe we will see significant savings on operating costs per bike as we grow. First, we expect trips per bike and members per bike to increase over the course of the program, which increases the cost of operating each bike. Second, we are expanding solely with e-bikes, which have higher operating costs relative to conventional bikes. This is primarily due to the more expensive spare parts, the complexity of repairs, and the high ridership we expect to see on each bike. For this reason, we do not want to commit to a lowered fee over time in the event costs increase with an e-bike system.



Upon selection, Motivate would like to discuss the following sections of the contract to seek modifications. These include provisions for both supply and operations. We hope to take advantage of the prior legal and administrative work with the City in negotiation of the current interim operating agreement; this should create substantial efficiencies in the contracting process.

Section	Comment
Section 1	The RFP response is not written to function as a legal document. Our preference is to incorporate the relevant commitments and obligations from the RFP response into the contract to avoid any issues of ambiguity.
Section 2	Advance notice not to renew the contract should have a time period associated with it.
Section 3	This provision seems more relevant to a construction contract and not a bike share operations contract where there is no form of “completion.” We propose striking or modifying.
Section 6	We would like to use the language negotiated in the current agreement between the City of Seattle and Motivate for payment.
Section 26	We would like to use the language negotiated in the current agreement between the City of Seattle and Motivate. Because public funds are not being used for operations, this provision is overly restrictive.
Section 35	We would like to use the indemnification language negotiated in the current agreement between the City of Seattle and Motivate.
Section 37	We would like to use the insurance language negotiated in the current agreement between the City of Seattle and Motivate.
Section 49	We would like to use the intellectual property rights language negotiated in the current agreement between the City of Seattle and Motivate.
Section 52	Since we are not using public funding for the operations of this contract and paying for our costs out of revenues, this section should be rewritten to reflect the actual payment process.
Section 53	We would like to use the termination language negotiated in the current agreement between the City of Seattle and Motivate.
Section 61(a)	We would like to use the amendment language negotiated in the current agreement between the City of Seattle and Motivate.

## Financial Template - Operations Cash Flow

## Assumptions

Cost of e-bike (v5.0) all in per bike	\$	4,700.00	Installation cost per e-bike expansion station	10,000								
Inflation	1.03	3%	Expansion Dollars Available from existing equipment sale	1,100,064								
Sale of existing equipment		1,000,000	Revenue per annual member per month	11								
Launch Date		6/1/2017	Avg trips per year, annual member	100								
AA1	Bikes	1600										
AA2	Racks	2400										
AA3	Stations	160										
	Kiosks	15										
			Conventional Bikes----->	1500	1500	1500	1500	1500	1500	1500	1500	1500
			E-bikes----->	100	100	100	100	100	100	100	100	100

## 10-Year Financial Model

			Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
<b>EXPENSES</b>													
		Seasonality adjustment--->									75%	60%	50%
	LABOR (includes salary, wages, benefits, taxes, etc)	NOTES											
		Driver											
A1	Non-local Staff	Inflation				52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
A2	Local Managers (GM & Ops)	Inflation				16,690	16,690	16,690	16,690	16,690	16,690	16,690	16,690
A3	Local Rebalancing	Bikes						18,720	18,720	18,720	14,040	11,232	9,360
A4	Local Bike Mechanics	Bikes						12,376	12,376	12,376	9,282	8,840	8,840
A5	Local Bike Technicians (bike checks, battery swaps, tech)	Bikes						13,521	13,521	13,521	13,521	13,521	10,166
A6	Local Marketing/Sales	Inflation						15,925	15,925	15,925	15,925	15,925	15,925
A7	Local Admin/Customer Service	Inflation						5,310	5,310	5,310	5,310	5,310	5,310
A8	Other - Helmet Services (Cleaning & Distribution)	Bikes						22,298	22,298	22,298	16,723	13,379	10,816
<b>A</b>	<b>SUB TOTAL LABOR</b>					68,690	68,690	156,839	156,839	156,839	143,491	136,896	129,107
ONE-TIME LAUNCH/TRANSITION COSTS													
B1	Equipment Purchase			2,252,475			2,252,475						
B2	Existing equipment removal and disposal						50,000						
B3	Office/warehouse setup					15,000	15,000						
B4	Station Installation					16,000	66,400						
B5	Marketing, Branding and Collateral Production					10,000	10,000						
B6	Initial Site Planning and Permitting			100,000		100,000	100,000						
B7	Other					6,000	6,000						
<b>B</b>	<b>TOTAL LAUNCH/TRANSITION FEE</b>						<b>494,400</b>						
<b>C</b>	<b>SUB TOTAL SITING AND PLANNING (FOR LAUNCH)</b>						<b>494,400</b>						
	DIRECT COSTS	Driver											
D1	Office Admin/Workroom/Storage	Inflation						15,000	15,000	15,000	15,000	15,000	15,000
D2	Vehicle, fuel, maintenance, etc	Inflation						10,000	10,000	10,000	9,200	9,000	8,800
D3	Utilities, phone, communications	Inflation						7,300	7,300	7,300	7,300	7,300	7,300
D4	Spare parts, supplies & tools	Bikes						7,500	7,500	7,500	7,500	7,500	7,500
D5	Insurance (Liability, Equipment, Auto, Workers Comp)	Bikes						24,400	24,400	24,400	24,400	24,400	24,400
D6	Customer Service (includes member fulfillment)	Inflation						11,000	11,000	11,000	11,000	11,000	11,000
D7	Software as a Service fee	Bikes						16,100	16,100	16,100	16,100	16,100	16,100
D8	Payment Gateway, IT Management, Website Maintenance	Inflation						6,800	6,800	6,800	6,800	6,800	6,800
D9	Credit Card Fees	Revenue					960	8,554	9,174	9,433	7,723	6,653	5,163
	Helmet Services												
D10a	Replacement helmets	Bikes									14,000		
D10b	Other, helmets (bags, stickers, cleaning supplies)	Bikes						5,000	5,000	5,000	3,750	2,250	1,125
D11	Equity Programming (Required Service)	Inflation						5,208	5,208	5,208	5,208	5,208	5,208
D12	Equity Programming (Premium Service)	Inflation						1,800	1,800	1,800	1,800	1,800	1,800
	Marketing, Public Relations and Corporate Sales												
D13a	Collateral (including maps, stickers, printing)	Inflation						1,000	1,000	1,000	1,000	1,000	1,000
D13b	Promotions	Inflation						10,000	10,000	5,000	5,000	1,000	1,000

			Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
D13c	Other, marketing	Inflation				8,100	8,100	8,100	8,100				
D14	Sponsorship Services												
D15	Other (if any)	Expansion installation costs											
D		<b>SUB TOTAL DIRECT COSTS</b>				8,100	9,060	137,762	138,382	125,541	135,781	115,012	112,196
E		<b>MANAGEMENT/OVERHEAD/PROFIT ( _____%)</b>	We propose a 60/40 profit share			0%	0%	0%	0%	0%	0%	0%	0%
F	F1	<b>TOTAL OPERATIONS COSTS</b>	Sum A+B+C+D+E			76,790	77,750	294,601	295,221	282,381	279,272	251,908	241,303
	F2	<b>TOTAL OPERATIONS COST PER BIKE MONTH</b>	See operating fee structure below (G1-G3)					184	185	176	175	157	151
<b>REVENUE</b>													
			Annual members---->				2,000	2,800	3,400	4,000	4,500	4,700	5,000
		<b>USER REVENUE</b>	<b>Driver</b>										
G1		Annual & Monthly Member Fees	Bikes				24,000	33,600	36,720	43,200	48,600	50,760	54,000
G2		Casual (Day) Member Fees	Bikes					80,640	86,400	86,400	64,800	51,840	34,560
G3		Pay-By-Trip	Bikes					11,200	12,000	12,000	9,000	7,200	4,800
G4		Overage Fees	Bikes					34,000	36,200	36,200	27,150	21,720	14,480
G5		Other	Bikes					35,900	38,200	38,200	28,650	22,920	15,280
G		<b>SUB TOTAL USER REVENUE</b>					24,000	195,340	209,520	216,000	178,200	154,440	123,120
		Total Trips						47,973	54,733	59,733	47,925	39,340	31,393
		Trips per bike per day						1.00	1.14	1.24	1.00	0.82	0.65
		<b>HELMETS</b>											
H1		Helmet rentals	Bikes					18,500	19,821	19,821	14,866	11,893	5,946
H2		Helmet sales											
H		<b>SUB TOTAL HELMET REVENUE</b>						18,500	19,821	19,821	14,866	11,893	5,946
I		<b>SUB TOTAL SPONSORSHIP (less any commissions)</b>	Per bike Commission	1,350				144,000	144,000	144,000	144,000	144,000	144,000
J		<b>TOTAL OTHER</b>	20%										
K	K1	<b>TOTAL REVENUE</b>	Sum G+H+I+J				24,000	357,840	373,341	379,821	337,066	310,333	273,066
	K2	<b>TOTAL REVENUE PER BIKE MONTH</b>	K1/ AA1					224	233	237	211	194	171
<b>PROFIT/LOSS</b>													
L		<b>PROFIT/LOSS</b>	K1-F1	-	-	-	(76,790)	(53,750)	63,239	78,120	97,441	57,794	58,425
		<b>SDOT Share (40%)</b>											
<b>PROPOSED OPERATING FEE</b>													
			Cost/Fee										
			Per bike										
G1		Operations cost/fee per bike month (1000-1999 bikes total)	\$ 183.00	Adjusted by CPI annually									
G2		Operations cost/fee per bike month (2000-2499 bikes total)	\$ 183.00	Adjusted by CPI annually									
G3		Operations cost/fee per bike month (2500+ bikes total)	\$ 183.00	Adjusted by CPI annually									
Note: No economies of scale given additional operating costs from expanding with only e-bike													
<b>UNIT PREMIUM SERVICES</b>													
H1		Launch fee (per station)	Per station Includes assembly, set up, stickers, install, maps, etc. Assumes not e-bike station					Estimated					
H2		Station move	Per station					\$ 3,088					
H3		Station Reconfiguration	Per station					\$ 500					
H4		Additional rebalancing truck	Per month					variable					
H5		Additional rebalancing bike trailer	Purchase price					\$ 9,500					
H6		Station Siting and Permitting (Additional)	Per stations					\$ 7,200					
H7		Premium rebalancing service levels	As described in 7.6, these SLAs should be revised for a smart-bike system					\$ 1,500					
H8		Other						N/A					



Financial Template - Operations Cash Flow

Assumptions																
Cost of e-bike (v5.0) all in per bike																
Inflation1.03																
Sale of existing equipment																
Launch Date																
			Conventional Bikes----->	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
			E-bikes----->	100	100	100	334	334	334	334	334	334	334	334	334	334

10-Year Financial Model			Dec-17	2017 TOTAL	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018 TOTAL
EXPENSES			50%		50%	50%	115%	125%	170%				75%	60%	50%	50%	
LABOR (includes salary, wages, benefits, taxes, etc)																	
A1	Non-local Staff		52,000	468,000	53,560	53,560	53,560	53,560	53,560	53,560	53,560	53,560	53,560	53,560	53,560	53,560	642,720
A2	Local Managers (GM & Ops)		16,690	150,210	17,191	17,191	17,191	17,191	17,191	17,191	17,191	17,191	17,191	17,191	17,191	17,191	206,288
A3	Local Rebalancing		9,360	100,152	9,641	11,051	14,568	15,835	21,535	21,535	21,535	21,535	16,151	12,921	10,768	10,768	187,842
A4	Local Bike Mechanics		8,840	72,930	9,105	10,437	13,759	14,955	20,339	20,339	20,339	20,339	15,254	12,203	10,169	10,169	177,407
A5	Local Bike Technicians (bike checks, battery swaps, te		10,166	87,936	10,471	12,003	15,822	15,964	18,299	18,299	18,299	18,299	13,724	10,979	9,149	9,149	170,457
A6	Local Marketing/Sales		15,925	111,475	16,403	18,802	18,802	18,802	18,802	18,802	18,802	18,802	18,802	18,802	18,802	18,802	223,227
A7	Local Admin/Customer Service		5,310	37,170	5,469	6,269	6,269	6,269	6,269	6,269	6,269	6,269	6,269	6,269	6,269	6,269	74,432
A8	Other - Helmet Services (Cleaning & Distribution)		10,816	118,627	11,140	12,770	16,834	18,298	28,525	28,525	28,525	28,525	21,394	17,115	14,263	14,263	240,178
A	SUB TOTAL LABOR		129,107	1,146,499	132,980	142,083	156,805	160,873	184,520	184,520	184,520	184,520	162,346	149,041	140,171	140,171	1,922,553
ONE-TIME LAUNCH/TRANSITION COSTS																	
B1	Equipment Purchase																
B2	Existing equipment removal and disposal																
B3	Office/warehouse setup																
B4	Station Installation																
B5	Marketing, Branding and Collateral Production																
B6	Initial Site Planning and Permitting																
B7	Other																
B	TOTAL LAUNCH/TRANSITION FEE																
C	SUB TOTAL SITING AND PLANNING (FOR LAUNCH)																
DIRECT COSTS																	
D1	Office Admin/Workroom/Storage		15,000	105,000	15,450	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	210,261
D2	Vehicle, fuel, maintenance, etc		8,800	65,800	9,064	9,064	9,064	9,476	10,300	10,300	10,300	10,300	9,800	9,200	9,064	9,064	113,760
D3	Utilities, phone, communications		7,300	51,100	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	90,228
D4	Spare parts, supplies & tools		7,500	52,500	21,250	24,359	24,359	24,359	24,359	24,359	24,359	24,359	24,359	24,359	24,359	24,359	289,194
D5	Insurance (Liability, Equipment, Auto, Workers Comp)		24,400	170,800	25,132	28,808	28,808	28,808	28,808	28,808	28,808	28,808	28,808	28,808	28,808	28,808	342,025
D6	Customer Service (includes member fulfillment)		11,000	77,000	11,330	12,987.41	12,987	12,987	12,987	12,987	12,987	12,987	12,987	12,987	12,987	12,987	154,192
D7	Software as a Service fee		16,100	112,700	16,100	18,455	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	195,555
D8	Payment Gateway, IT Management, Website Mainten		6,800	47,600	7,004	7,004	7,004	7,004	7,004	7,004	7,004	7,004	7,004	7,004	7,004	7,004	84,048
D9	Credit Card Fees		4,169	51,828	4,191	4,277	4,877	5,301	7,820	10,745	11,417	11,568	9,696	8,569	7,036	5,916	91,412
	Helmet Services																-
D10a	Replacement helmets		14,000	28,000			16,529			16,529			16,529				49,588
D10b	Other, helmets (bags, stickers, cleaning supplies)		1,125	23,250	1,125	1,289.57	1,483	1,854	3,151	5,000	5,000	5,000	3,750	2,250	1,290	1,290	32,482
D11	Equity Programming (Required Service)		5,208	36,458	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	62,500
D12	Equity Programming (Premium Service)		1,800	12,600	1,854	1,854	1,854	1,854	1,854	1,854	1,854	1,854	1,854	1,854	1,854	1,854	22,248
	Marketing, Public Relations and Corporate Sales																-
D13a	Collateral (including maps, stickers, printing)		1,000	7,000	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	12,360
D13b	Promotions		1,000	33,000	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	30,900

motivate  
get going

Microsoft Corporate Headquarters  
Bike Share System Proposal

page  
18

Financial Questions: Operations

			Dec-17	2017 TOTAL	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018 TOTAL
D	D13c D14 D15	Other, marketing Sponsorship Services Other (if any)		32,400				8,343	8,343	8,343	8,343	8,343					41,715
						234,056											234,056
		SUB TOTAL DIRECT COSTS	125,202	907,036	128,832	376,197	157,108	149,717	153,945	176,073	160,214	160,366	164,931	145,174	142,544	141,424	2,056,524
E		MANAGEMENT/OVERHEAD/PROFIT ( _____%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
F	F1	TOTAL OPERATIONS COSTS	254,309	2,053,536	261,812	518,280	313,913	310,590	338,465	360,593	344,735	344,886	327,276	294,215	282,716	281,595	3,979,077
	F2	TOTAL OPERATIONS COST PER BIKE MONTH	159	183	164	283	171	169	185	197	188	188	178	160	154	154	183
REVENUE																	
G		USER REVENUE	5,100		5,150	5,350	6,000	6,500	7,000	7,350	7,700	8,050	8,400	8,600	8,700	8,800	
	G1	Annual & Monthly Member Fees	55,080	345,960	55,620	57,780	64,800	70,200	75,600	79,380	83,160	86,940	90,720	92,880	93,960	95,040	946,080
	G2	Casual (Day) Member Fees	21,600	426,240	21,600	21,600	24,840	27,000	54,000	84,672	90,720	90,720	68,040	54,432	36,288	22,680	596,592
	G3	Pay-By-Trip	3,000	59,200	3,000	3,000	3,450	3,750	7,500	11,760	12,600	12,600	9,450	7,560	5,040	3,150	82,860
	G4	Overage Fees	9,050	178,800	9,050	9,050	10,408	11,313	22,625	35,700	38,010	38,010	28,508	22,806	15,204	9,503	250,185
	G5	Other	9,550	188,700	9,550	9,550	10,983	11,938	23,875	37,695	40,110	40,110	30,083	24,066	16,044	10,028	264,030
		SUB TOTAL USER REVENUE	98,280	1,198,900	98,820	100,980	114,480	124,200	183,600	249,207	264,600	268,380	226,800	201,744	166,536	140,400	2,139,747
H		Total Trips	27,850	308,948	28,058	28,892	57,590	62,417	74,833	87,122	91,887	94,803	73,290	59,632	47,338	43,597	749,459
		Trips per bike per day	0.58		0.58	0.53	1.05	1.13	1.36	1.58	1.67	1.72	1.33	1.08	0.86	0.79	
		HELMETS															
	H1	Helmet rentals	5,946	96,795	5,946	5,946	7,433	8,325	11,893	19,425	20,813	20,813	15,609	12,488	9,366	7,493	145,549
	H2	Helmet sales															
		SUB TOTAL HELMET REVENUE	5,946	96,795	5,946	5,946	7,433	8,325	11,893	19,425	20,813	20,813	15,609	12,488	9,366	7,493	145,549
	I		SUB TOTAL SPONSORSHIP (less any commissions)	144,000	1,009,350	144,000	165,065	165,065	165,065	165,065	165,065	165,065	165,065	165,065	165,065	165,065	165,065
J		TOTAL OTHER															
K	K1	TOTAL REVENUE	248,226	2,303,695	248,766	271,991	286,978	297,590	360,558	433,697	450,478	454,258	407,474	379,297	340,967	312,958	4,245,011
	K2	TOTAL REVENUE PER BIKE MONTH	155	1,440	155	148	156	162	197	236	246	248	222	207	186	171	2,315
PROFIT/LOSS																	
L		PROFIT/LOSS SDOT Share (40%)	(6,083)	250,159 100,064	(13,046)	(246,289)	(26,935)	(13,000)	22,093	73,104	105,743	109,372	80,198	85,081	58,251	31,362	265,934 106,374

## Financial Template - Operations Cash Flow

### Assumptions

Cost of e-bike (v5.0) all in per bike

Inflation 1.03

Sale of existing equipment

Launch Date

106,374 212,909 212,907 221,863 231,083 241,371 252,829 265,639

Conventional Bikes-----> 1,500 1,500 1,500 1,500 1,500 1,500 1,500 1,500  
E-bikes-----> 357 402 447 494 544 595 649 705

### 10-Year Financial Model

2019 2020 2021 2022 2023 2024 2025 2026

#### EXPENSES

LABOR (includes salary, wages, benefits, taxes, etc)

A1	Non-local Staff	728,202	750,048	772,549	795,726	819,597	844,185	869,511	895,596
A2	Local Managers (GM & Ops)	254,972	262,622	270,500	278,615	286,974	295,583	304,450	313,584
A3	Local Rebalancing	235,038	247,996	261,520	275,895	291,177	307,449	324,803	343,347
A4	Local Bike Mechanics	184,984	195,182	205,826	217,140	229,167	241,974	255,632	270,227
A5	Local Bike Technicians (bike checks, battery swaps, te	177,738	187,536	197,763	208,634	220,190	232,495	245,619	259,642
A6	Local Marketing/Sales	229,924	236,822	243,926	251,244	258,782	266,545	274,541	282,778
A7	Local Admin/Customer Service	76,665	78,965	81,334	83,774	86,288	88,876	91,543	94,289
A8	Other - Helmet Services (Cleaning & Distribution)	250,436	264,243	278,653	293,970	310,253	327,591	346,082	365,841

**A SUB TOTAL LABOR** 2,137,960 2,223,414 2,312,071 2,404,998 2,502,427 2,604,698 2,712,182 2,825,303

ONE-TIME LAUNCH/TRANSITION COSTS

B1	Equipment Purchase
B2	Existing equipment removal and disposal
B3	Office/warehouse setup
B4	Station Installation
B5	Marketing, Branding and Collateral Production
B6	Initial Site Planning and Permitting
B7	Other

**B TOTAL LAUNCH/TRANSITION FEE**

**C SUB TOTAL SITING AND PLANNING (FOR LAUNCH)**

DIRECT COSTS

D1	Office Admin/Workroom/Storage	216,569	223,066	229,758	236,651	243,750	251,063	258,595	266,353
D2	Vehicle, fuel, maintenance, etc	117,173	120,688	124,309	128,038	131,879	135,835	139,910	144,108
D3	Utilities, phone, communications	92,935	95,723	98,595	101,552	104,599	107,737	110,969	114,298
D4	Spare parts, supplies & tools	301,546	318,170	335,520	353,963	373,570	394,446	416,711	440,502
D5	Insurance (Liability, Equipment, Auto, Workers Comp)	356,633	376,294	396,814	418,626	441,814	466,504	492,837	520,974
D6	Customer Service (includes member fulfillment)	158,817	163,582	168,489	173,544	178,750	184,113	189,636	195,325
D7	Software as a Service fee	203,907	215,149	226,881	239,353	252,610	266,727	281,783	297,871
D8	Payment Gateway, IT Management, Website Mainten	86,569	89,167	91,842	94,597	97,435	100,358	103,368	106,469
D9	Credit Card Fees	103,424	109,126	115,077	121,402	128,127	135,287	142,924	151,083
	Helmet Services								
D10a	Replacement helmets	51,706	54,557	57,532	60,694	64,056	67,636	71,454	75,533
D10b	Other, helmets (bags, stickers, cleaning supplies)	33,869	35,736	37,685	39,757	41,959	44,304	46,804	49,477
D11	Equity Programming (Required Service)	64,375	66,306	68,295	70,344	72,455	74,628	76,867	79,173
D12	Equity Programming (Premium Service)	22,915	23,603	24,311	25,040	25,792	26,565	27,362	28,183
	Marketing, Public Relations and Corporate Sales								
D13a	Collateral (including maps, stickers, printing)	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657
D13b	Promotions	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143

motivate  
get going

Microsoft Corporate Headquarters  
Bike Share System Proposal

page  
20

Financial Questions: Operations



			2019	2020	2021	2022	2023	2024	2025	2026
	D13c	Other, marketing	42,966	44,255	45,583	46,951	48,359	49,810	51,304	52,843
	D14	Sponsorship Services								
	D15	Other (if any)	22,632.71	45,299.76	45,299.29	47,204.89	49,166.55	51,355.44	53,793.33	56,518.99
<b>D</b>		<b>SUB TOTAL DIRECT COSTS</b>	1,920,596	2,026,616	2,113,261	2,206,407	2,304,471	2,408,023	2,517,523	2,633,511
<b>E</b>		<b>MANAGEMENT/OVERHEAD/PROFIT ( _____%)</b>	0%	0%	0%	0%	0%	0%	0%	0%
<b>F</b>	F1	<b>TOTAL OPERATIONS COSTS</b>	<b>4,058,556</b>	<b>4,250,030</b>	<b>4,425,332</b>	<b>4,611,404</b>	<b>4,806,899</b>	<b>5,012,720</b>	<b>5,229,705</b>	<b>5,458,814</b>
	F2	<b>TOTAL OPERATIONS COST PER BIKE MONTH</b>	<b>182</b>	<b>186</b>	<b>189</b>	<b>193</b>	<b>196</b>	<b>199</b>	<b>203</b>	<b>206</b>
<b>REVENUE</b>										
		USER REVENUE	9,176	9,682	10,210	10,771	11,367	12,003	12,680	13,404
	G1	Annual & Monthly Member Fees	1,189,190	1,254,751	1,323,174	1,395,907	1,473,227	1,555,555	1,643,362	1,737,184
	G2	Casual (Day) Member Fees	622,073	656,368	692,160	730,207	770,654	813,720	859,653	908,732
	G3	Pay-By-Trip	86,399	91,162	96,133	101,418	107,035	113,017	119,396	126,213
	G4	Overage Fees	260,871	275,252	290,262	306,218	323,179	341,239	360,501	381,083
	G5	Other	275,307	290,485	306,325	323,163	341,064	360,123	380,451	402,172
<b>G</b>		<b>SUB TOTAL USER REVENUE</b>	<b>2,433,839</b>	<b>2,568,017</b>	<b>2,708,055</b>	<b>2,856,913</b>	<b>3,015,159</b>	<b>3,183,655</b>	<b>3,363,363</b>	<b>3,555,383</b>
		<i>Total Trips</i>	<i>1,107,663</i>	<i>1,168,729</i>	<i>1,232,461</i>	<i>1,300,207</i>	<i>1,372,227</i>	<i>1,448,911</i>	<i>1,530,698</i>	<i>1,618,088</i>
		<i>Trips per bike per day</i>	<i>1.6</i>	<i>1.7</i>	<i>1.7</i>	<i>1.8</i>	<i>1.8</i>	<i>1.9</i>	<i>2.0</i>	<i>2.0</i>
		HELMETS								
	H1	Helmet rentals	151,765	160,132	168,864	178,146	188,014	198,521	209,727	221,700
	H2	Helmet sales								
<b>H</b>		<b>SUB TOTAL HELMET REVENUE</b>	<b>151,765</b>	<b>160,132</b>	<b>168,864</b>	<b>178,146</b>	<b>188,014</b>	<b>198,521</b>	<b>209,727</b>	<b>221,700</b>
<b>I</b>		<b>SUB TOTAL SPONSORSHIP (less any commissions)</b>	<b>2,005,224</b>	<b>2,054,148</b>	<b>2,103,071</b>	<b>2,154,052</b>	<b>2,207,152</b>	<b>2,262,616</b>	<b>2,320,713</b>	<b>2,381,753</b>
<b>J</b>		<b>TOTAL OTHER</b>								
<b>K</b>	K1	<b>TOTAL REVENUE</b>	<b>4,590,829</b>	<b>4,782,297</b>	<b>4,979,990</b>	<b>5,189,111</b>	<b>5,410,325</b>	<b>5,644,792</b>	<b>5,893,803</b>	<b>6,158,837</b>
	K2	<b>TOTAL REVENUE PER BIKE MONTH</b>	<b>2,473</b>	<b>2,514</b>	<b>2,557</b>	<b>2,602</b>	<b>2,647</b>	<b>2,694</b>	<b>2,743</b>	<b>2,793</b>
<b>PROFIT/LOSS</b>										
<b>L</b>		<b>PROFIT/LOSS</b>	<b>532,272</b>	<b>532,267</b>	<b>554,657</b>	<b>577,707</b>	<b>603,426</b>	<b>632,072</b>	<b>664,098</b>	<b>700,023</b>
		<b>SDOT Share (40%)</b>	<b>212,909</b>	<b>212,907</b>	<b>221,863</b>	<b>231,083</b>	<b>241,371</b>	<b>252,829</b>	<b>265,639</b>	<b>280,009</b>