

To: Richard C. Rossi, City Manager

From: Brian P. Murphy, Assistant City Manager for Community Development

Date: November 18, 2014

Re: Council Order #10 dated 10/27/14 regarding the future of Hubway

The Hubway bike share program has seen phenomenal growth and success in its few short years of existence. Following are some key statistics:

- 12,800 current members (2014), approximately 2650 of which live in Cambridge and a higher number work here (2800 members at Harvard/MIT)
- Over 30 sponsors or donors
- Over 200 corporate members (businesses or institutions who support their employees to use Hubway)
- Almost 300,000 casual riders (single day or three day passes)
- Almost 3 million trips taken
- Average number of trips/day in 2014 is 5,000 (vs. 3800 in 2013)
- The most highly used station is located in Cambridge (MIT/Mass. Ave.) and 5 of the top the most heavily used stations are in Cambridge (Kendall Square, Central Square and Harvard Square)

In addition to its soaring popularity and support of broad City goals such as improved health through active transportation and encouraging local business activity, bike share has been shown to reduce driving trips. In a recent study of five cities in North America, up to half of bike share members reported driving less because of access to bike share.

Hubway is financed in several ways:

- Grants (Federal Transit Administration, Congestion Mitigation Air Quality funds)
- Private investment (sponsors, donors)
- Memberships/user fees
- Municipal Investment

As a form of public transportation owned by the participant cities, the Hubway network was never intended to be a profit-making enterprise. However, it supports itself through the various funding mechanisms to a greater extent than many other forms of transportation.

Grants were procured initially to jump-start the system by providing capital to purchase enough equipment/stations to get the system underway. The memberships and user fees generally cover the costs of operation and maintenance, as well as fund the winter operations that require additional operating resources (snow clearance, etc.).

The continued expansion of the system is accomplished through private sector and institutional sponsors and donors, as well as some municipal funding; in Cambridge, these funds come

through parking fees, as designated in the Vehicle Trip Reduction Ordinance (VTRO). Several private companies have committed to funding stations over the next couple of years, either voluntarily (e.g., MIT will be adding two new stations), or through special permit requirements for new development.

The private sector also expresses its support of the system through its investments in the corporate membership program. There are 42 corporate member companies in Cambridge.

With the expansion of the system comes added revenue from additional users as well as costs. It is hoped that these revenues will continue to cover the cost of operation and maintenance.

Each municipality in the system has its own variation for establishing a funding model; for example, Boston receives funds from a general sponsor and from advertising on the individual stations. There are now additional municipalities in the metro region who are working to bring Hubway to their cities and expand the network even further.