

# General Provisions

## INTRODUCTION

Before considering operations, parking & street design, equity or other policy areas, cities will need to develop **general provisions** such as the basic legal framework to allow these services and vehicles to operate in their communities. Cities should begin by considering how they want to structure this policy, whether as a permit, license, or contract along with the desired length of the policy instrument. Most cities have adopted pilot programs of three, six, or twelve months which provides cities the ability to learn about services, providers, operations and their impacts before settling on a longer period for their operations through a permanent permit or licensing structure adopted by municipal ordinance.

Cities will also need to determine how many operators they want, the basic insurance and liability standards for operators, fee structures and the dedication of that revenue, and if there will be any prerequisites that will be required for operators. Cities will also need to identify the administrative and oversight functions necessary for effectively engaging with operators.

## NATIONAL STANDARDS

All local governments developing shared micromobility policies should include these general provisions to ensure that their regulations address these issues similarly across communities.

• 1

## **Right To Operate**

Shared micromobility service operators are only allowed to operate with legal permission.

• 2

## **Right To Revoke Permits**

Cities should reserve the right to revoke permits from operators who do not meet the requirements they've set.

• 3

## **Right To Deny**

Cities should reserve the right to deny any service provider from receiving a permit based on current or past conduct.

• 4

## **Appeals Process**

Cities should have some form of appeals process for operators to appeal denial of permits, suspension or revocation of their permit. The appeals process shall include proper notice and a hearing in front of a quasi-judicial officer.

• 5

## **Transfer Of Permits**

All permits or licenses granted should be non-transferrable to other entities, parent companies or subsidiaries without appropriate notice to and approval from the city.

• 6

## **State And Federal Laws**

Cities should require all operators to understand and certify that they comply with any and all relevant state or federal laws.

• 7

### **Indemnification**

Cities should require all companies to indemnify the city from legal liabilities associated with, or for any loss or damage to persons or property, arising from the use of the public space or public right-of-way for its business operations. Cities should exempt indemnification for loss or damages that arise from its own negligence and willful misconduct.

• 8

### **Commercial Liability**

Cities should require that companies have commercial liability insurance coverage and set a minimum required level of coverage.

• 9

### **Insurance Bonds**

Used to make sure that companies are financially responsible for any damage their vehicles cause or any maintenance their operations requires.

[BACK TO TOP](#)

## **POLICY SECTIONS**

### Policy Structure

Before cities allow these services into their community, they will need to establish the legal framework for their operations. Cities will first need to determine the legal mechanism that allows operations. Cities can craft blanket

policies to allow the entrance of any new providers without requirements, permits that allow for operation over a set period of time, or contract directly with a single service provider.

#### **Memorandum Of Understanding Services Contract**

A city council-approved motion allowing for the immediate introduction of provider operations by requiring Operators enter into a service contract with the City. MOUs have been used during some cities' short-term pilot programs.

#### **PRO**

Enables the immediate introduction of vehicles; cities do not have to go through the process of developing permitting or licensing structures or engage in procurement.

#### **CON**

May not allow for specific management approaches to achieve outcomes; may not allow cities to adjust or update specific operating guidelines as quickly as a permit or license unless MOU language may be negotiated and amended administratively after council's initial authorization.

#### **Permit Or License**

A structure that allows companies to operate with specific conditions for a set duration of time.

#### **PRO**

Creates a framework for operations with specific provisions that can be updated and adjusted; allows cities to test and learn from their experience during each permit period.

#### CON

Can be difficult to manage large number of providers, new applicants, and vehicles on the road; can be difficult to manage large number of providers, new applicants, and vehicles on the road; some cities may interpret a permit request to be more difficult to reject or to withdraw.

#### CASE STUDY

##### **Seattle, WA**

Seattle's free-floating bike share pilot program allows up to four street use permits and allows the vendor to use or occupy Seattle Department of Transportation (SDOT) right-of-way consistent with Seattle Municipal Code by deploying bicycles, electric bicycles, tricycles, and other like personal-mobility devices for public rental. [Seattle's Free-Floating Bike Share Program Permit Requirements](#)

##### **Request For Proposals**

The end result of a procurement process to secure an exclusive provider(s) for shared micromobility services.

#### PRO

Allows for a company(s) to provide the service, making regulation and management easier.



## CON

Could restrict a diversity of providers and a full marketplace of different vehicles and uses from developing; may hinder healthy competition between operators that may improve features and services available to residents; could be a slow process to get started or a slow process for adjusting contract terms.

## CASE STUDY

### **Minneapolis, MN**

Minneapolis has contracted with NiceRide to be the exclusive docked and dockless bikeshare operator in the city (note: this relationship does not apply to e-scooters). [Minneapolis' contract with Nice Ride Minnesota](#)

## RECOMMENDATIONS

Cities will need to bear in mind how long they want their initial regulatory structure to last. A shorter term of three or six months may allow them to rapidly update their regulations as they learn more about how these services operate and impact their community. But, a short length instrument should really only be used as an initial step. Cities should strive to create a stable, predictable environment for private providers and residents to foster the adoption of these services.

A permitting and licensing structure for shared micromobility services is the preferred legal framework for allowing their operation. Permit and licensing structures establish minimum qualifications for permit or license holders, establish clear guidelines for operation, and include a method for due process.

This allows the city to create a permanent, performance-focused regulatory framework similar to permitting processes the city may use for other types of commercial activity, while maintaining a competitive market with a variety of consumer choices, encouraging high service quality and affordability for the public.

Using such a method, operators may be required to re-apply for a permit or license on a yearly basis, providing cities the opportunity to observe whether permit or license holders have been compliant with the requirements and to use that data to determine whether the permit or license should be renewed or revised.

#### Total Permits

In concert with fleet sizes, cities will need to consider how many operating permits in total that they will grant to operators and how they will determine that threshold. Capping the number of operators may make it easier for cities to manage these services, but cities should make sure that permit caps do not prevent these services from scaling across the community or hinder their adoption. If cities decide to limit the number of permit and license holders, they may still choose to accept permit applications on a rolling basis, allowing initial operators to help develop the market, while maintaining the opportunity to add more operators in the future as others approach the city.

#### Permit, No Cap

No limit on the number of operators in a community.

PRO

Creates an open marketplace and may be easier for smaller companies to launch; cities do not have to go through an application or vetting process to select specific vendors.

#### CON

Hard to control an influx of operators; can make it challenging for cities to get to know operators; if operators aren't competing for a spot, they may be less likely to tailor their service to a city's unique needs or innovate and improve their service in competition with other operators; if minimum fleet size requirements are not additionally enacted, operators without the resources or operational expertise to offer robust coverage may launch, providing a poorer service with geographic disparities.

#### CASE STUDY

##### **Dallas, TX**

Dallas has created a framework to permit operators, but doesn't cap the number of permits issued or the number of bikes allowed. [Dallas' Dockless Vehicle Ordinance](#)

##### **Permit, With Cap**

Specific limit on the number of companies that can operate.

#### PRO

Easier for cities to manage fewer operators; provides ability for cities and operators to build and grow their relationships; rewards companies that will follow the standards and expectations set by the city; likely creates a healthy competition between companies that improves service for residents.



## CON

Cap could possibly prohibit smaller, less experienced or financed operators from deploying; cap is not tied to the number of bikes in the community, which is likely a greater concern than total number of operators; If fleet caps are enacted, but permits aren't granted to the maximum number of operators, this could prevent permitted companies from scaling and deploying additional vehicles throughout the community.

## CASE STUDY

### Denver, CO

As part of their initial 12-month pilot program, Denver has made two distinct permit types available for operations within the City's public right of way. A total of 5 bicycle/e-bicycle permits will be offered and a total of 5 e-scooter/other approved dockless mobility vehicle permits will be offered.

Permits are processed on a first come, first served basis. [Denver's Dockless Mobility Vehicle Pilot Permit Program Overview](#)

#### Cap Based On Overall Vehicles

No limit on the number of providers, but city will stop granting new permits once the total number of vehicles in the city has reached a specific threshold.

## PRO

Allows city to focus on the total of vehicles operating in the city and how best to manage those vehicles; creates the potential for more companies operating smaller fleets; fosters healthy competition between companies as it focuses on fleet size instead of total operators.

## CON

Companies may race to deploy as many vehicles as possible to flood the market and shut out competitors from entering; if vendors flood the market, cities will have fewer vendors to choose from to see which work best with their unique needs; market flooding could present challenges for cities to manage a sudden influx of new vehicles; chosen cap may prevent the program from scaling as demand grows for the services; may hinder operators ability to provide service to all parts of the city.

## CASE STUDY

### Seattle, WA

If Seattle Department of Transportation's (SDOT) initial application process results in the approval of permits for four vendors, then each vendor may initially have no more than 5,000 devices deployed in the City at a time. If the initial application process results in SDOT approving permits for three or fewer vendors, then the Program Manager shall notify companies of the maximum number of devices they may have deployed in the City at a time. [Seattle's Free-Floating Bike Share Program Permit Requirements](#)

## RECOMMENDATIONS

While it is beneficial to have a wide variety of operators, especially in the early stages of deployment, cities should focus less on the total number of companies and more on managing fleet size effectively to create a scalable and sustainable program so the whole community can benefit from these services.

Since these services are still in their infancy, the number of permits or vehicles necessary to appropriately serve individual communities and the city as a whole—while still creating an attractive and profitable market for operators—remains unclear. Overly restrictive fleet size caps could prevent services from scaling as demand grows and may even hinder operators from operating a system that provides service equitably to all parts of a city.

Cities should approach and create permit caps based on how many vehicles they want operating in their community. If a total permit cap has been determined, but all the available permits aren't granted, the framework should be flexible enough to allow permitted companies to increase their fleets up to the total vehicles desired. Any permitting structure based on fleet size should establish clear, utilization-based formulas for the expansion of operator fleets once operations commence, to avoid degradations in service reliability as demand grows.

### **Fee Structure**

It requires staff time and other fiscal resources for a city to administer and enforce a shared micromobility regulatory program. Cities have a number of options at their disposal to generate revenue and recover these costs. Permit and license fees play a valuable role in ensuring cities are appropriately funded to monitor use of the right-of-way by micromobility companies as well as have the resources necessary to manage shared micromobility services operating in their communities.

### **Permit/License Fee**

These are overall fees associated with applying for a permit or license.

#### PRO

Provides a baseline for entry; ensures that companies are able and committed to operating; provides funding up front that allows cities to proactively allocate resources.

#### CON

Could turn away smaller companies or those that don't have many resources up front.

#### CASE STUDY

##### **Various**

This amount ranges greatly from city to city:

Washington, DC initially charges \$325 that covers the permit, application and technology fees. [Washington, DC's Dockless Vehicle Permit Application](#)

Santa Monica charges an annual operator fee of \$20,000, a business license tax of \$75 and cASP state mandated fee of \$4. [Santa Monica's Shared Mobility Device Pilot Program Administrative Regulations](#)

##### **Per Vehicle Charge**

These are fees based on the total number of vehicles that are operating.

#### PRO

Ensures that fees scale with the increase in vehicles; ties revenue to related administrative, maintenance and other needs; should make providers consider increases to their fleet more thoughtfully.

#### CON

Could make potentially successful operators nervous of heavy investment in their fleets; could slow down ability for operators to scale across the community; requires more closely tracking the number of devices; requires administrative infrastructure for period billing; since it is not tied to actual vehicle usage, this may undermine the financial viability of operators in areas with lower usage or during off-peak seasons when usage is lower.

#### CASE STUDY

##### Various

This amount ranges greatly from city to city:

Washington, DC charges a per bike fee that ranges from \$5-\$60 depending on when the vehicle(s) enters operation. [Washington, DC's Dockless Vehicle Permit Application](#)

Santa Monica charges an annual device charge of \$130/device and a daily public right-of-way fee of \$1/device. [Santa Monica's Shared Mobility Device Pilot Program Administrative Regulations](#)

Per Trip Fee



This is an agreement in which a fee is charged for each trip that occurs on an operator's platform.

**PRO**

Provides an additional incentive to cities to ensure services are successful as they would receive additional revenue as programs flourish; incentivizes cities to actively manage these services, shape additional policies to support shared micromobility services and expand infrastructure and resources to foster their adoption; ensures that fee levels are proportional to usage.

**CON**

Cities wouldn't receive substantial revenue if program is unsuccessful or doesn't scale; challenging to project revenue and budget program management expenditures accordingly.

**Relocation Or Vehicle Impoundment**

Fees based directly on the resources expended to impound or relocate vehicles.

**PRO**

Creates incentive for operators to quickly maintain their vehicles; helps cities keep sidewalks and right-of-way clear by ensuring unsafe or damaged vehicles are removed swiftly; helps defray the costs of enforcement and compliance; ensures companies have appropriate staffing and operations plans to manage their fleets.

**CON**

Could discourage providers from deploying out of fear of additional fees for improperly parked vehicles over which they have little control; without proper parking or right-of-way infrastructure provided by the city, impound fees could be seen as unavoidable in certain communities.

#### CASE STUDY

##### **Los Angeles, CA**

Any fees arising from the need for City crews to relocate or remove vehicles from any location where a vehicle is prohibited under this permit shall equal the Bureau of Sanitation's Maintenance Laborer hourly rate plus any additional storage/impound fees. [Los Angeles' Dockless On-Demand Personal Mobility Conditional Permit](#)

#### RECOMMENDATIONS

In developing an overall fee structure, cities should think holistically to ensure those fees reflect the full and actual costs of administering and managing these services in their community. Conducting a cost analysis study can help determine the true financial costs of administering a shared micromobility regulatory program. Per-trip fees offer the ability to provide mutual incentives for both the city and operators to provide and manage shared micromobility services on a sustainable basis.

When developing a fine or penalty structure for noncompliance, cities should ensure that those fines or penalties also reflect the full costs borne by the city to manage noncompliance (i.e. cost of removal for a vehicle blocking the right-of-way, impound fines or repeat offender fines.)

Cities should also consider how they distribute this revenue and should use it not only on program administration, but toward fostering the adoption of these services by investing it in building more supportive infrastructure such as bike lanes, parking areas, or bike racks that will allow for the safe and efficient operation and storage of these vehicles.

### Dedication of Revenue

Cities are generating revenue from these services and should develop clear policies for how this revenue should be spent. This revenue can and should be dedicated to a number of related expenses arising from the introduction of these services, such as administration, maintenance, improving and maintaining infrastructure as well as outreach and engagement. Cities must strike a balance and determine how this revenue can help foster the adoption of these services and contribute toward their desired outcomes.

### **Administrative**

Dedicates revenue toward the staff time needed for oversight, compliance and management of these services.

### **PRO**

Allows cities to recoup the costs related to managing these services; covers the costs of staff to craft new policies and strategies, adjust and update regulations, manage operators, analyze data, perform community outreach and engagement.

### **Infrastructure**

Dedicates revenue to create new infrastructure and dedicated space to ensure the safe operation and storage of vehicles.

#### PRO

Allows cities to build out the right-of-way to ensure the safe operation and storage of these vehicles, from parking to new bike lanes; infrastructure funds can also support Vision Zero, Complete Streets or other programs; new infrastructure will foster the adoption of these services and help operators scale their services.

#### CASE STUDY

##### **Portland, OR**

Portland has created a New Mobility Account for all shared scooter fees, surcharges and penalties that shall be used by the Portland Bureau of Transportation for administration, enforcement, evaluation, safe travel infrastructure, and expanded and affordable access. [Portland's Shared Electric Scooters Permit](#)

##### **Maintenance**

Dedicates revenue toward the costs associated with maintenance operations, such as repairing the right-of-way, that is required as a result of micromobility operations.

#### PRO

Allows cities to cover the cost of maintenance required to operate and maintain parts of the right-of-way used by shared micromobility services.

### **Outreach And Engagement**

Dedicates revenue toward the costs associated with engaging with residents, riders, local businesses and community groups to ensure that all members of the community understand these new services, how to use them and create open channels for communicating.

#### **PRO**

Allows cities to better understand neighborhood needs and how to tailor regulations; may help ameliorate concerns about new services and their perceived impacts; allows cities to proactively conduct outreach to users and potential users about applicable local laws; should better inform how to use services responsibly and safely; should help to foster adoption of new mobility options.

#### **RECOMMENDATIONS**

Cities should balance and dedicate revenue toward all four of these needs and others they feel are appropriate. While many cities have included maintenance and administrative fees in their regulations to help cover related expenses, most have later found to have underestimated the cost of other things like outreach and engagement or they failed to include active management tools such as software platforms. To ensure services can operate sustainably, ongoing fees should be reassessed annually to ensure city program expenses are covered to achieve program management objectives.

Additionally, many cities haven't included the cost of maintaining or expanding infrastructure. Including this could help the private sector feel ownership over



local infrastructure that will likely increase the adoption of their services and guarantee their safety and success moving forward. Cities should identify the infrastructure they need and commit revenue toward this end, while ensuring the costs imposed on riders of shared active transportation services are equitable.