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NEW YORK — The firm picked by the city to run what is meant to be the nation's largest bicycle share program has been dogged by questions about how it got a contract to run a similar system in Chicago, while its partner is being sued by a key software developer.

City officials announced last week that the much-anticipated bike share program would be delayed from its expected roll-out this summer to March 2013. Mayor Michael Bloomberg

blamed the system's software. "The software doesn't work. Duh," Bloomberg said on his radio show . "We're not going to put it out until it does work."

There may be a good reason why the software doesn't work: It's unfinished. According to the city official in charge of the recently launched bike share program in Chattanooga, Tenn. , which uses the same platform, the software is undergoing "ongoing development."

"There's still work to be done — features to be added — and that's where we are at the current time," said Philip Pugliese, of Bike Chattanooga.

Chattanooga's program only involves 30 bike stations and 300 bicycles. In New York, plans originally sold to the public called for 10,000 bikes at several hundred stations.

Pugliese said that while the Chattanooga system is operational and the software is able to complete transactions, there is a delay in the time it takes for transactions to be completed.

"The software probably wasn't robust enough to complete transactions in an operation your size," he said, referring to New York City.

Portland, Ore.-based Alta Bicycle Share , which was awarded the contracts for both Chattanooga and New York City, did not respond to emails and calls requesting comment for this story.

In September 2011, the city awarded the contract for the bicycle share program to Alta, which had worked with its Canadian-based partner, Public Bike Share System Company , to successfully deploy similar systems in Washington, D.C., Boston and elsewhere. Four months later, PBSC ditched the software that provided critical technology for the system and began developing its own.

"To this day, we don't understand, why are you doing this? You can not just remove the heart and the brain," said Isabelle Bettez, president and CEO of Montreal-based 8D Technologies Inc., which developed the original software for the bike share program.

She said that it appeared that Alta Bike Share and PBSC were selling the infrastructure 8D developed to Chicago and New York — and then attempting to install something entirely different as if it didn't matter. She claimed the 8D technology solution comprised over 60 percent of the total bike share system infrastructure — from payment security and wireless solutions to the solar panels that power the kiosks.

"New York would be up and running now without any flaws," she continued. "We shouldn't even be talking about this now."

This past April, 8D Technologies filed a $26 million lawsuit against PBSC for ending their relationship and hiring an American firm to develop new software for the systems in Chattanooga, New York and Chicago. PBSC countersued for $2.5 million, saying 8D overbilled for its products. PBSC didn't respond to requests for comment.

The American firm that PBSC hired, Hopkinton, Mass.-based Personica Inc., also did not return calls or email messages requesting comment.

Alta Bicycle Share was supposed to have had at least 1,000 bikes on New York City's streets on or before July 31, according to its contract with the city. Unlike most other Alta cities, taxpayers aren't on the hook for the costs of the program, thanks to sponsor Citibank, which ponied up $41 million to get the program rolling.

Still, the much-hyped program has been a topic of discussion, debate and now scrutiny as New York's greenest mayor ever makes bold attempts to turn the city into a bike-friendly utopia.

In an August 17 Wall Street Journal interview, New York Transportation Commissioner Janette Sadik-Khan suggested that the city was surprised by the problems with the bicycle share

software. "We thought that there would be a substantial transfer of the Washington/Boston software capabilities, not a total rewrite, which is why we thought a July launch was feasible," Ms. Sadik-Khan said. "But it turned out it's not just a software upgrade."

In April 2012, the Chicago City Council approved a plan to hire Alta for that city's bike share program. Like New York, the Chicago program has been delayed until next year. But unlike New York, city officials in the Windy City are not attributing the delay to technology.

"Our program didn't really have any software issues or anything like that," said Tom Alexander, a spokesman for Mayor Rahm Emanuel, adding that he didn't know whether the software that would be used in Chicago was the same as New York City's.

Instead, he attributed the delay in Chicago to a need for more planning and the advent of winter, when cycling is more difficult. "We just felt like we needed a bit more time to make sure all the infrastructure was in place," he said.

Bike Chicago, which lost out to Alta for the contract to set up a bike share in the Windy City, called the mayor's office's excuse for the delay "spin."

"Alta/PBSC are clearly over-extended and the $28 million lawsuit from 8D has created a very serious problem for them," said Bike Chicago's Josh Squire. "Without the software they have no product to sell, and their contracts should be canceled."

He said Alta and its partner had lied. "They made it sound like they are upgrading software when, in fact, they are developing new software from scratch.... It could take up to two years to get it right," he said.

The Chicago inspector general's office is also looking into allegations of misconduct in the selection of Alta during the procurement process, according to local press reports .

Among the allegations is that the city's transportation commissioner received a $10,000 consulting fee from Alta to evaluate a bike share system in New York shortly before his appointment by Emanuel last spring.

According to an April 30 report from Crain's Chicago Business-Chicago's bike-share request for proposals was written by Jeremy Pomp, a Chicago Department of Transportation intern who was reportedly a former Alta consultant. Almost immediately after the internship, Pomp was hired by Alta to head the company's effort in Chattanooga. Calls to Pomp's office in Chattanooga were not returned by press time.

Jonathan Davey, a spokesman for the inspector general's office, told the Gotham Gazette that by law he was prohibited from commenting on any ongoing investigation, but said the agency had not disputed earlier reports of the investigation into Emanuel's Department of Transportation. "We didn't issue any denial," he said. "Make of that what you want."

Alta Bicycle Share was founded in 2010 as a partnership of Portland, Ore.-based Alta Planning & Design, which designs bike lanes and parks, and BIXI, the commercial unit of PBSC.

PBSC was set up as a nonprofit in 2007 by the Canadian taxpayer-funded parking authority of Montreal to create a modular bicycle sharing system for the city. PBSC then launched BIXI in 2009 to expand the model into cities such as Washington D.C., and London.

But by 2011, PBSC was in financial trouble, so the City of Montreal provided a $37 million loan and guaranteed $71 million in credit.

The Montreal Gazette reported Aug. 7 that PBSC had projected $91 million in revenue for its 2011 financial report, $83.6 million of that from international sales. New York accounted for the biggest part of PBSC's sales, although the company didn't see the revenue.

PBSC instead reported $32 million in revenue, $27 million of that from international sales. If the company had delivered its bikes to Chicago and New York this year, it would have made an

additional $67 million in revenue.

Canadian press reports show that, in July, the City of Montreal's auditor said that under the city charter, PBSC had no legal right to be in a commercial enterprise through BIXI.
The auditor wrote that "basic elements of management were neglected, including risk and cost-benefit analyses and allowance for a financial margin of error."

Around that same time, The New York Post reported that it had discovered through a Freedom of Information Act request that Alta Bicycle Share had asked Citibank to speed up payments of $3.5 million in case the New York system was delayed until spring and runs out of cash.

In an email message, Andrew Brent, a spokesman for Citibank, said that "even on questions about sponsorship financing, we've nothing to say at the moment."