



# City of San Antonio

## Agenda Memorandum

**File Number:**20-6996

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**Agenda Item Number:** 2.

**Agenda Date:** 12/1/2020

**In Control:** Transportation and Mobility Committee

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**DEPARTMENT:** Center City Development & Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

Briefing on a Potential Assignment of San Antonio Bike Share's Operating Agreement

### **SUMMARY:**

Staff will brief the Transportation and Mobility Council Committee on the health of our docked bike share system, the recommendations of the Bike Share Working Group, and a potential assignment of San Antonio Bike Share's agreement with the City to BCycle, the national provider of docked bike share services which provides the equipment and infrastructure on which our system is built.

### **BACKGROUND INFORMATION:**

The City of San Antonio owns all BCycle equipment within the system (docks, bikes, and stations), which have been purchased with funding from three sources: Federal Stimulus funding, the Federal Transit Administration Paul S. Sarbanes Transit in the Parks Program, and the Texas Department of Transportation's (TxDOT) Transportation Enhancement Expansion. The City maintains a contract for the continuous operation and maintenance of the bike share program with San Antonio Bike Share (SABS), a 501(c)(3) non-profit organization.

Docked bike share networks have struggled nationally in recent years, in part due to new competition from dockless vehicles. SABS has experienced a significant downturn in both revenue and memberships since 2017, which was SABS's best year from a program performance perspective. In addition, on October 4, 2019, San Antonio Bike Share informed the Center City Development and Operations Department of the early cancellation of its title sponsorship agreement with Southwest General Hospital. The termination of the

agreement was effective on December 31, 2019. This loss of a title sponsor, reduced membership, and a reduction in ridership created a significant funding issue within SABS' operating budget. SABS communicated in the fall of 2019 that they needed significant assistance to remain viable, either directly from the City or from corporate memberships or sponsorships. At that time, SABS was projecting they would need financial support by April 2020.

Ridership improved during the pandemic as residents looked for outdoor and family friendly activities. The increased ridership brought in additional revenue, and along with controlling costs, it slowed the organization's cash burn; however, SABS now projects they will run out of cash in the first quarter of the calendar year 2021.

In response to SABS' challenges, City staff formed an advisory Bike Share Working Group which first convened in January 2020. The Working Group is comprised of staff, stakeholders, and residents with competencies in bicycle advocacy, alternative transportation, marketing, business, and other relevant skills. The Working Group was asked to review SABS' financial reports, as well as aspects of their operations and performance measures, to develop recommendations that will allow for a viable bike share program.

The Working Group developed several findings and recommendations, and staff intended to brief the Transportation and Mobility Committee on these recommendations at their March 2020 meeting. However, that meeting was cancelled due to COVID 19. More recently, BCycle and San Antonio Bike Share approached the City regarding a potential assignment of SABS' operating agreement. BCycle would assume SABS' position and be directly responsible for operating the local network, for the system's financials and performance, and for future capital investment in the system. B-Cycle would make an initial investment in the system to replace the remaining fleet of bicycles that are not pedal-assisted. Currently, just under 45% of SAB's bicycles are pedal-assisted, however those pedal-assisted bicycles account for approximately 75% of all trips taken in 2020. B-Cycle is a subsidiary of Trek Bicycles, and they will bring needed business analytics, marketing acumen, a performance driven approach, and capital investment to improve the product.

The assignment will be effective following the future approval by City Council. Following the assignment, the City will retain control of its right-of-way and will have the ability to approve future station locations and any changes to current stations. Similarly, the City will have the ability to review and approve proposed changes to BCycle's pricing model. As a result of the assignment, the San Antonio Bike Share Board of Directors (the Board) will have released their responsibilities to an external entity. They will no longer oversee the provision of bike share services, and the Board would be dissolved as the City would assume the responsibility to monitor the agreement between the City and BCycle, as is typical of other operating agreements.

The Working Group reconvened to review this proposed assignment. They endorse it as the best available option for our docked bike share system.

## **ISSUE:**

The Transportation and Mobility Committee will receive a briefing on the status of our bike share partner, and the potential assignment of their agreement to B-Cycle. If Transportation Committee endorses the assignment of the contract, then staff will move forward with contracting with B-Cycle. The contract amendment would be presented to the full City Council for their consideration at a meeting in January 2021.

## **FISCAL IMPACT:**

No fiscal impact is expected as a result of this assignment. The City does not currently contribute funding to

SABS' annual operating budget.

**RECOMMENDATION:**

Staff recommends that the Transportation Committee endorse the assignment to B-Cycle. Staff will then move the item forward to a Council agenda for consideration of the full City Council.