



City of San Antonio

Legislation Details (With Text)

File #: 21-3215

Type: Miscellaneous Item

In control: City Council A Session

On agenda: 5/6/2021

Title: Ordinance approving the assignment and amended and restated agreement transferring all obligations of the operating agreement with San Antonio Bike Share to BCycle. [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development and Operations]

Sponsors:

Indexes:

Code sections:

Attachments: 1. Signed Assignment to BCycle, 2. Draft Ordinance, 3. Ordinance 2021-05-06-0301

| Date | Ver. | Action By | Action | Result |
|----------|------|------------------------|--------|--------|
| 5/6/2021 | 1 | City Council A Session | | |

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Assignment of San Antonio Bike Share’s Operating Agreement to BCycle

SUMMARY:

In December 2020, staff briefed the Transportation and Mobility Council Committee on the health of our docked bike share system, the recommendations of the Bike Share Working Group, and the recommended assignment of San Antonio Bike Share’s agreement to BCycle, the national provider of docked bike share systems that provides the equipment and infrastructure on which our system is built. This ordinance authorizes the assignment of the operating agreement to BCycle and approves the amended and restated contract.

BACKGROUND INFORMATION:

The City of San Antonio owns the equipment within the bike share 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, SABS 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, allowed SABS to continue operating the system without interruption beyond their earlier projections. However, SABS now projects they will not have sufficient funding to operate the system as of June of this year.

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, in order to develop recommendations that will allow for a viable bike share program.

The Working Group developed several findings and recommendations that were shared with SABS. Since then, 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 SABS' bicycles are pedal-assisted, however those pedal-assisted bicycles accounted 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 system.

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 significant changes to BCycle's pricing model. The contract does allow BCycle to make annual adjustments slightly above the rate of inflation. 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 and endorsed it as the best available option for our docked bike share system. The Transportation and Mobility Committee also endorsed the assignment of the agreement to BCycle.

ISSUE:

Absent an assignment to BCycle, SABS will be unable to continue operating the local bike share system

without significant funding support. Both the Bike Share Working Group and the Transportation and Mobility Committee expressed a desire to maintain bike share services, but they did not support providing a significant ongoing subsidy to SABS. In addition, the Bike Share Working Group identified several areas of SABS’ operations, marketing, and service provision that could be improved. BCycle has significant experience running local bike share systems, and they appear to have the business analytics and capacity to make decisions to drive ridership, reach customers, and operate efficiently.

In addition, BCycle has strong pay and benefits for their employees. Wages and benefits include a \$15 minimum wage for all full time positions, healthcare plans, an employee stock ownership program, paid maternity leave, and other strong benefits. Existing SABS employees will be provided an opportunity to continue working with BCycle.

This action authorizes the assignment of the agreement from San Antonio Bike Share to BCycle. To provide time for an orderly transition between these entities and for the initial system upgrades to be completed, the transition will be effective June 3, 2021. No interruption of services is expected between date of Council action and June 3rd.

The agreement requires BCycle to provide an annual briefing to the Transportation and Mobility Council Committee that includes performance measures and an overview of their annual plan. The Center City Development and Operations Director will have the ability to administratively approve adjustments in rate structure and adjustments to station locations. The pricing of membership rates/subscription fees and the daily and single use passes will adjust when BCycle takes over operations. A summary table of the rate changes is below. These rates are more consistent with other markets where BCycle operates the system directly, and they reflect the value of the changing product from pedal bikes to pedal-assisted bicycles.

| Current | Annual | Monthly | Day Pass | Single Trip |
|-------------|-------------------------|------------------------|----------|----------------|
| Member Fee: | \$100 | \$22 | \$11 | |
| | Unlimited 120 min trips | Unlimited 60 min trips | | |
| Usage Fees: | | \$2.25/30 mins | | \$3.75/30 mins |

| Proposed | Annual | Monthly | Day Pass | Single Trip |
|-------------|------------------------|-------------|----------|-------------|
| Member Fee: | \$120 | \$25 | \$15 | |
| | Unlimited 60 min trips | | | |
| Usage Fees: | | \$3/30 mins | | \$5/30 mins |

FISCAL IMPACT:

No fiscal impact is associated with this assignment. The City does not currently contribute funding to SABS’ annual operating budget nor is any revenue received from system usage. Similarly, no funding support will be provided to BCycle as a result of the assignment and no revenues will be received.

RECOMMENDATION:

Staff recommends that City Council authorize the assignment of the operating agreement to BCycle and

approve the amended and restated contract.