



Regional Bike Share Policy Steering Committee
Meeting Date: 8/28/2020

Agenda Item No: 2020-August-2

Subject: An Overview of Bike Share System Operating Structures

<input type="checkbox"/> Action	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> R&F	<input type="checkbox"/> Report	<input type="checkbox"/> Workshop
Prepared by: Sabrina Bradbury			Approved by: Kirk Trost		
Attachments: X Y <input type="checkbox"/> N					

Issue: What are the different structures for operating bike share systems and the associated advantages and challenges of those structures?

Recommendation: None; this item is for information only.

Background: Bike share systems have used many different operating structures over the past decade. Broadly, bike share system operating structures fall into three categories:

- 1) Publicly-owned and publicly- (or nonprofit-) operated systems,
- 2) Publicly-owned and privately-operated systems, and
- 3) Privately-owned and operated systems.

When SACOG became the lead agency on the Regional Bike Share project in 2015, the project was originally envisioned as a publicly-owned, hub-based bike share system that would be operated by a competitively-selected private company. An early focus of the work was on the development of a business plan, and planning and procurement activities. After the development of a business plan, extensive stakeholder outreach, and in-depth industry analysis, a lengthy procurement process led to the selection of Social Bicycles, Inc. (SoBi) to implement a regional, hub-based system. The system was to be publicly owned but operated by SoBi under a revenue sharing agreement.

At the time, however, the bike share industry began experiencing major disruptions. New dockless bike share companies began operating privately-owned systems in cities nationwide, without public agency involvement or investment. This development created an opportunity for SACOG and the city partners to shift to a more innovative bike share structure. The Board challenged the staff to transform the region’s approach to bike share. The result was a completely new approach negotiated by SACOG—a public-private partnership under which SoBi (eventually JUMP/Uber) owned and operated the bike share system, but agreed to certain

service level requirements and the implementation of an equity plan. For their part, the public partners supported implementation through an investment in system and site design and planning, bike safety and parking infrastructure, outreach and education, etc.—many activities that were deemed necessary on the public agency side to improve the environment for a bike share system (whether public or private) and bicycling generally. The SACOG Board of Directors approved the project modification in 2017, and Jump launched the full bike share system of all electric-assist bikes in 2018.

Discussion/Analysis: Changes in the past two years—including operator consolidation, declining bike share operations, and increasing scooter operations—present an opportunity to examine our regional approach to bike share and how we want bike share to look in the coming years. While the full financial picture is not known, information from JUMP/Uber, from publicly-operated bike share systems, and from recent negotiations with Lime, indicate that the economics around bike share systems are uncertain and the market is sorting out a sustainable business model.

Under these circumstances, the Bike Share Project Management Team (PMT) has been discussing the various operating structures for bike share systems, and the advantages and challenges associated with those structures. Over the next few months, SACOG staff, in close coordination with city partners, will attempt to negotiate a longer-term agreement with Lime while simultaneously examining the potential to implement other bike share operating structures in the region. This latter effort will consist of conducting a more detailed analysis to dig into questions around profitability, user pricing, ridership, and the region’s policy objectives for bike share in order to bring the committee options for a sustainable bike share system.

As a preliminary step in gaining a better understanding of the operating structures that exist in today’s market place, SACOG conducted a high-level scan of bike share systems across North America. Attachment A provides a summary of the various operating structures for bike share systems and some specific examples of systems across North America as information for the committee. In speaking with other cities and regions that have had bike share systems operating in the last year, staff found that many are in a similar place with respect to trying to determine the best path forward for bike share in their areas. Staff would welcome committee input on the nature, scope, and content of the operating structure analysis.

In October, SACOG staff and city partners will bring the committee a more detailed analysis of options for bike share in the region for a decision on a path forward.