Regional Bike Share Policy Steering Committee

Friday, August 28, 2020, 2:00 to 4:00 p.m.

Meeting Information:
https://zoom.us/j/91955231855

You can also dial in using your phone:
Dial-in #: 888-475-4499
Webinar ID: 919 5523 1855

Upon entry into the meeting please type your name for attendance.

Timed items are estimates only and may be taken up by the committee at any time.

The Policy Steering Committee may take up any agenda item at any time, regardless of the order listed. Public comment will be taken on the item at the time that it is taken up by the committee. We ask that members of the public complete a request to speak form, submit it to the clerk of the committee, and keep their remarks brief. If several persons wish to address the committee on a single item, the chair may impose a time limit on individual remarks at the beginning of the discussion. Action may be taken on any item on this agenda.

(2:00) Roll Call: Ayala, Cabaldon, Frerichs, Hansen, Harris, Trost

(2:05) Public Communications: Any person wishing to address the committee on any item not on the agenda may do so at this time. After ten minutes of testimony, any additional testimony will be heard following the action items.

(2:10) Action
1. Approve Assignment of JUMP Program Agreement to Lime (Ms. Bradbury)

(2:40) Information and Discussion
2. An Overview of Bike Share System Operating Structures (Ms. Bradbury)

(3:30) Other Matters

(3:45) Next Meeting and Adjournment

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Subject: Approve Assignment of JUMP Program Agreement to Lime

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Issue: Should the Policy Steering Committee approve assignment of the Program Agreement between Sacramento Area Council of Governments (SACOG) and JUMP to Lime with interim amendments to the terms of service, including an increase in user fees.

Recommendation: That the Policy Steering Committee approve assignment of the Program Agreement with JUMP to Lime, with interim amendments through November 2020.

Background: In May 2017, SACOG entered into the Program Agreement Between Social Bicycles Inc. (now JUMP/Uber) and Sacramento Area Council of Governments for Sacramento Area Bike Share (“Agreement”). After an initial preview period, the full system launch occurred in 2018. While originally planned for mostly regular pedal bicycles, with only 200 electric-assist bikes, the region ultimately launched the largest all electric-assist bike share system in North America. The system became JUMP’s number two market globally measured in number of total trips.

In mid-March of this year, JUMP suspended bike share operations in response to the local stay-home orders due to COVID-19. Then, on May 7, SACOG and the city partners learned that Lime acquired Uber’s ownership interest in JUMP and was proposing to take over JUMP operations. However, the Agreement provides certain approval rights to SACOG over assignment of the Agreement and user fees. The Agreement expires in May 2021.

In close consultation with the city partners, SACOG has been in discussions with Lime regarding a relaunch of the bike share system, the contract obligations through May 2021, and the potential for a longer-term agreement beyond that time.

Discussion/Analysis: Lime has expressed reservations about operating bikes in any markets for the following reasons: (1) based on both JUMP and Lime data, Lime asserts that bike share operations were incurring losses of approximately $5 per trip; (2) much lower capital and operating costs make scooters profitable by comparison; (3) scooters are needed to subsidize any bike operations; and (4) Lime has observed dramatic reductions in the demand for micromobility devices throughout California due to COVID-19.
Notwithstanding the foregoing, and the lack of information on ridership, revenue, and costs associated with relaunching bike share in the current environment, SACOG has been working with Lime and the city partners to reach agreement on a relaunch of the bike share system while continuing to explore a longer-term agreement for bike share in the region. The result is a proposed agreement (See Attachment A) on the following terms:

- Consent to the assignment of the Agreement to Lime, subject to certain interim amendments effective through November 2020, during which time the parties would continue to negotiate in good faith on a longer-term agreement for a regional bike share system;

- Interim Amendments through November 2020:
  
  - A reduced fleet, starting at 150 bikes and ramping up to 600 over a 2-3 month period (based on rider demand);
  
  - Initial relaunch in Sacramento and West Sacramento, with expedited planning to launch bikes in Davis prior to 2021 based on U.C. Davis academic plans;
  
  - An increase in walk-up user fees, but with low-income, public health and safety worker, daily, and monthly passes to encourage recurring ridership (Attachment B);
  
  - Promotional walk-up user fees through September 30 (Attachment B);

- No additional fees would be due to the City of Sacramento for shared-rideable operation through November 2020, so long as Lime does not increase the number of devices beyond what is currently paid for under the current permit with the City of Sacramento and executes the bike rack maintenance agreement with the City of Sacramento.;

- No fees would be due to the City of West Sacramento for bike share operations through November 2020; and

- Lime would follow strict cleaning protocols to prioritize the safety of community members and riders during the pandemic.

Again, the objective of the interim amendments is to test ridership and collect more information about revenues and costs in our region in light of the impacts of Covid-19 and to continue to negotiate the potential for a longer-term sustainable agreement and explore other bike share options for the region. To relaunch on a faster timeline, Lime agreed to launch with temporary promotional walk-up pricing that is lower than the market rate price for which Lime is requesting as one of interim amendments to the Agreement.
Attachment B provides a comparison between the JUMP walk-up and membership fees that were in place prior to stay-home orders, the temporary walk-up fees that Lime is using through September 30, and the market rate walk-up and membership fees that Lime is requesting as part of the interim amendments through November 30. While SACOG and city partners have concerns about the impacts that increasing rider fees might have on restoring and maintaining high ridership, market forces do appear to be pushing the need for higher pricing. Therefore, discussions have focused on providing pricing packages that work for those who are most in need and that encourage recurring ridership to create mode shift. For example, the low-income program (LimeAccess) is only $5 per year and includes free 30-minute rides up to five times per day, which is an improvement over the 60 minutes per day that was offered through the JUMP low-income program (Boost).

Attachment C is a map of the equity areas with the Lime service area outlined. Lime will redistribute 20 percent of the fleet each morning into the equity areas that are within the Lime services area.

Lime, SACOG, and city partners agree to review ridership and financial data throughout the interim period to inform the potential of a longer-term agreement beyond May 2021.

The PMT recommends that the committee approve the assignment of the Agreement to Lime with the interim amendments. Should Lime and SACOG (on behalf of city partners) not reach agreement on a longer-term contract prior to November 30, the terms in the original Agreement would remain in effect through the remaining term (May 15, 2021).
CONSENT TO ASSIGNMENT AND AMENDMENT TO PROGRAM AGREEMENT

This Consent to Assignment and Amendment to Program Agreement (“Agreement”) is made and entered into as of this ___ day of August, 2020 by and between Neutron Holdings, Inc. (“Lime”) and the Sacramento Area Council of Governments, a California joint powers agency authority (“SACOG”). Lime and SACOG may individually be referred to as “Party” and may collectively be called “Parties.”

WHEREAS, SACOG and Social Bicycles Inc. entered into a Program Agreement on May 9, 2017 (the “Program Agreement”), for a turnkey bicycle sharing program in the cities of Sacramento, West Sacramento, Davis, the University of California, Davis (“UC Davis”), and potentially expandable to other portions of the Sacramento region; and

WHEREAS, Lime acquired all of Social Bicycles Inc.’s interests on May 7, 2020; and

WHEREAS, Pursuant to Section 11.2 of the Program Agreement an assignment or transfer of any rights or obligations of a Party requires express written of the other Party; and

WHEREAS, In the interest of keeping the bike share program operational the Parties desire to agree to certain interim amended terms related to the assignment and assumption of the Program Agreement and the Parties further contemplate entering into a more comprehensive agreement prior to the expiration of this Agreement and in no event later than the expiration of the Program Agreement, and

WHEREAS, SACOG desires to consent to the assignment of the Program Agreement and Lime desires to assume all duties and responsibilities under the Program Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. Consent to Assignment and Assumption of Obligations. SACOG hereby agrees to Social Bicycles Inc.’s assignment of all of its right, title, and interests in the Program Agreement to Lime. Except as otherwise provided in this Agreement, Lime hereby agrees to assume all duties, obligations, and responsibilities of Social Bicycles Inc. under the Program Agreement.

2. Amendments to Program Agreement.

   a. Bike Operations. Notwithstanding anything contrary in section 2.1 of the Program Agreement, Lime shall operate a minimum of Two Hundred (200) active electric-assist bikes in the cities of Sacramento and West Sacramento, California, immediately and increase the number of active bikes to Six Hundred (600) by September 30, 2020. The Parties agree in good faith to reexamine the number of active bikes required pursuant to this section based on actual ridership. Lime shall engage in expedited planning efforts with the City of Davis to examine the potential for launching bikes in the City of Davis prior to January 1, 2021. Planning with the City of Davis shall take into consideration the number of students living in the City and on the UC Davis campus, the number of bikes to
deploy in the City, and the geography and boundaries of the service area within the City of Davis. Unless otherwise provided in this Agreement, Lime shall operate and maintain the Bicycle Sharing Program, as such term is defined in the Program Agreement, pursuant to the terms and conditions of the Program Agreement, including the Service Level Agreement as set forth in the Program Agreement.

b. **Rider Pricing.** Lime agrees to offer the pricing options as listed below. The Parties agree in good faith to reexamine the pricing options pursuant to this section based on actual ridership and use of pricing options.

   i. Lime shall offer initial promotional walk-up pricing through September 30 as follows:
      1. $1 to unlock, $0.20 per minute
   
   ii. Lime shall offer regular walk-up pricing after September 30 as follows:
      1. $1 to unlock, $0.32 per minute
   
   iii. Lime shall offer the pricing packages upon execution of this Agreement follows:
      1. **LimeAccess:** (low-income program, registration required): $5 annual fee, free 30-minute rides up to five times a day and $.15 a minute thereafter
      2. **LimeAid** (public health and safety worker program, registration required): Free 30-minute rides up to five times a day for medical professionals, first responders, and other essential workers
      3. **Weekly Unlock Pass** (waives $1 to start): $4.99
      4. **Daily pass:** $16.99
      5. **Monthly passes:**
         a. Unlock Pass: $7.99
         b. Unlock Pass + 60 minutes: $14.99
         c. Unlock Pass + 200 minutes: $49.99
         d. 5 rides: $19.99
         e. 10 rides: $29.99
         f. 25 rides: $59.99

c. **City Fees.** So long as Lime is providing services in accordance with the terms of this Agreement, the applicable terms of the Program Agreement, and terms of their permits with cities of Sacramento and West Sacramento Lime will not pay fees on any scooters or bikes in operation in the cities of Sacramento and West Sacramento through November 30.

d. **Encroachment Permits.** Lime shall take all necessary and appropriate action to assume all existing encroachment permits from Social Bicycles Inc. necessary for operation and deployment of bicycles.
e. Fare Card Integration. Section 2.2.1. is hereby replaced in its entirety with the following provision:

“RESERVED”

f. Section 4.2 is hereby amended as follows:

“API. Lime grants to SACOG, and third-party developers identified by SACOG, on the terms and conditions set forth herein, a non-transferable, non-sublicensable, non-exclusive, limited right to access and use open content data through an open application programming interface ("API") that will allow third-party developers to assist Subscribed Users in finding Bicycles and Stations and comparing travel and usage information; provided, however, that any third-party developers must enter into a data sharing agreement with Lime prior to receiving such data, which Lime shall negotiate in good faith and which shall contain terms reasonably acceptable to Lime. Lime’s API will be formatted to the General Bike Share Feed Specification standard ("GBFS"). Access to API by SACOG and its member jurisdictions shall not be restricted through modifications to Lime’s privacy guidelines or terms and conditions related to its User Platform, except to the extent required by applicable law.

g. The Parties hereby agree to amend Section 7.1.2 of the Program Agreement to read as follows:

“Commercial General Liability. A comprehensive general commercial liability policy including bodily injury, personal injury, and property damage in the minimum amount of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) in the aggregate. Coverage shall be provided on an occurrence basis. SACOG, the cities of West Sacramento, Sacramento, and Davis, and UC Davis, shall be named as certificate holders and additional insureds on the policy.”

3. Term of Amendments to Program Agreement. The Amendment within Section 2 of this Agreement shall be in effect until November 30, 2020.

4. Cooperation in Good Faith. The Parties shall cooperate and negotiate in good faith to pursue a long-term agreement concerning the continuation of a bicycle sharing program in the cities of Sacramento, West Sacramento, and Davis, at UC Davis, and potentially expandable to other portions of the Sacramento region following the expiration of the term of the Program Agreement, which term is through May 15, 2021, unless extended or terminated sooner as set forth therein.

5. Service Level Agreements. Attachment B to the Program Agreement is hereby amended to remove the Overall Bicycle Availability and Kiosk Connectivity performance indicators identified
9. The Parties agree that the redistribution plan and the equity plan, including pricing, geographic distributions and outreach and education, identified in the Program Agreement shall not be applicable to the City of Davis until services are launched within the City of Davis.

6. **MDS.** Lime shall provide data through a SACOG-accessible Application Programming Interface (API) and meets the Specification of the City of Los Angeles Mobility Data Specification (MDS) as published online at [https://github.com/CityOfLosAngeles/mobility](https://github.com/CityOfLosAngeles/mobility).

Should SACOG seek to use a third party to manage the data, Lime shall provide the MDS data to the third party. SACOG shall require the third party to agree to the MDS Data Protections Principles and a Data Usage agreement. SACOG may, in its sole discretion, require Lime to use the most current anonymization plugin version by releasing an automatic update and/or disabling support for the previous version. SACOG is permitted to use all data Lime provides in accordance with the Mobility Data Specification, including, but not limited to, displaying anonymized device availability data to the public, unless prohibited by applicable law. Lime may not change the API URL without providing SACOG at least 30 days’ notice. Personal information must be protected by Lime, and data should be anonymized regarding user information. Summarized and aggregated program performance information in memos or updates may be shared with the public. Detailed data will be protected to the extent permitted by law. Notwithstanding the returned results of any of the Mobility Data APIs, it shall be the sole responsibility of Lime to comply with the requirements listed herein. Failure to maintain consistently accurate and real-time data could result in suspension of operations until the issues identified are resolved.

7. **Effect of Assignment.** Neither the assignment nor the consent of SACOG thereto shall release or discharge Lime, as successor in interest to Social Bicycles Inc., from any liability under the Program Agreement. Nothing contained herein shall be deemed or construed to release Lime from any of its obligations under the Program Agreement as hereafter provided. Except as otherwise provided in this Agreement, Lime hereby agrees to be bound by, and shall perform to and for the benefit of SACOG, all of the terms, covenants, conditions and agreements to be performed or observed by Social Bicycles Inc. under the Program Agreement as if Lime were originally named in the Program Agreement including, without limitation, Section 9.1 of the Program Agreement.

8. **Conflict or Inconsistency.** In the event that there is any conflict between the terms, covenants, and conditions of this Agreement and the terms, covenants, and conditions of the Program Agreement, then the terms, covenants and conditions of this Agreement shall prevail in each instance and any conflicting terms, covenants, or conditions of the Program Agreement shall be modified to conform with the terms, covenants, and conditions of this Agreement.

9. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument. Documents executed, scanned, and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters
related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

10. **Effect of Amendment and Non-Waiver.** Except as expressly amended herein, all terms and conditions of the Program Agreement shall remain in full force and effect. Unless otherwise provided for herein, the Parties have not waived any of their respective rights within the Program Agreement.

IN WITNESS WHEREOF, THE PARTIES HAVE ENTERED INTO THIS AGREEMENT AS OF THE DATE HEREIN ABOVE APPEARING:

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS**

________________________________________
JAMES CORLESS  
Executive Director

APPROVED AS TO FORM:

________________________________________
SLOAN SAKAI YEUNG & WONG, LLP  
Legal Counsel to SACOG

RECOMMENDED BY:

________________________________________
SABRINA BRADBURY  
TDM Program Manager

**NEUTRON HOLDINGS, INC.**

________________________________________
**NAME**  
**Title**
Bike Share Pricing Comparison

The pricing packages below prioritize more affordable pricing for low-income, public health and safety worker, and recurring riders. This results in higher fees for walk-up riders. However, the $59.99 monthly pass brings the trip cost down to $2.40 per trip, which is slightly less than the cost of a 15-minute ride under our prior walk-up pricing.

Lime will launch with a promotional walk-up price of $1 to unlock and $.20 per minute through September 30. Lime is requesting to raise that walk-up price to $1 to unlock and $.32 per minute after that date. The table below compares those walk-up prices to the walk-up prices that JUMP last used in the region.

The equity and monthly membership plans that Lime will offer to lower the per-trip cost for low-income, public health and safety worker, and recurring riders are listed below the table.

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<th>Walk-Up Bike Pricing Summary</th>
<th>Lime Price Comparison</th>
<th>Cost of trip over time</th>
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<tr>
<td>Walk-Up Pricing Options</td>
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<td>Free Minutes</td>
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<td>Prior Sacramento Region Walk-Up Pricing</td>
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<td>Lime Promo Walk-Up Pricing for first month</td>
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<td>Lime Requested Walk-Up Pricing</td>
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<td>Difference in Requested Walk-Up Pricing from Prior Pricing</td>
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Lime equity and membership rider plans:

- **LimeAccess**: (low-income program registration required): $5 annual fee. Free 30-minute rides up to five times a day and $.15 a minute thereafter.
- **LimeAid**: (public health and safety worker program registration required): Free 30-minute rides up to five times a day for medical professionals, first responders, and other essential workers.
- **Weekly Unlock Pass** (waives $1 to start): $4.99
- **Daily pass**: $16.99
- **Monthly passes**:
  - Unlock Pass: $7.99
  - Unlock Pass + 60 minutes: $14.99
  - Unlock Pass + 200 minutes: $49.99
  - 5 rides: $19.99
  - 10 rides: $29.99
  - 25 rides: $59.99
For comparison, JUMP offered the following membership pricing plans:

- $30/month subscription fee for 60 minutes ride time per day;
- A student user subscription of $30/year for the first year for 60 minutes ride time per day, and $5/month after the first year; and
- A low-income user fee of $5/year for the first year for 60 minutes ride time per day, and $5/month after the first year.
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

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**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.
Bike Share System Operating Structures

Over the next few months, SACOG staff, in close coordination with city partners, will conduct a 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. This document provides a summary of the information collected on operating structures for bike share systems and some specific examples of systems across North America.

The descriptions of operating structures that follows is an adaptation from the Institute for Transportation and Development Policy’s “The Bikeshare Planning Guide”. It provides an overview of the three main structures used to operate bike share systems and the advantages and challenges with each of those structures.

The guide was written in 2018 and it is important to note that the economic environment for micromobility companies has changed significantly in the last year. While the privately-owned and operated structure still exists as an option, the marketplace is seeing a consolidation of, and reduction in, private operators providing bike share at no cost to the public sector. Most micromobility providers are still paying fees to operate scooters, but fewer companies are operating bike share systems that require regulatory fees compared to 2018. For example, Lime is beginning to relaunch JUMP bikes in some of the preexisting markets operating prior to COVID-19, but it is requesting that cities allow them to also operate scooters and to reduce bike share fees. Lyft and Gotcha are focusing on markets where they have exclusive rights to operate bike share through competitive contracts that provide operations subsidies.

The table at the end of this attachment is a high-level overview of some of the bike share systems in North America.

Publicly Owned and Operated

Under this structure, the government plans, designs, implements, and operates the bike share system. The government also owns all the assets of the system and carries all financial risk. The implementing agency operates the system through its own employees or contracts with a nonprofit corporation or another government agency.

**Advantages: Accountability; ability to prioritize goals**

The greatest advantage to this structure is that one entity is responsible for the planning, procurement, implementation, operations, and future expansion of the system. Additionally, the public authority can prioritize the desired goals of the system—e.g., supporting transit use, encouraging mode shift, addressing disadvantaged communities or inequity, etc.—over traditional private sector objectives or motives, such as profitability. A publicly-owned and operated system could also potentially be a more stable option compared to a privately-owned and operated system – if the public entity is able to secure sustainable funding for multiple
years of operation. A longer-term commitment to this structure could create branding consistency and reliability for riders where a privately-owned and operated system is more prone to external market forces, as we have seen locally with the change from SoBi to JUMP to Lime.

**Challenges: Need for public funding; lack of competition and innovation**

The major downside to this structure is the need for, and risks associated with, securing sustainable long-term public funding. Public sector ownership and operation also is not seen as conducive to innovation (in an area that has been driven by innovation) and the lack of competition could dampen both innovation and service delivery.

**Examples:** In Germany, Deutsche Bahn Connect (a subsidiary of the national train system, Deutsche Bahn) operates the Call-a-Bike system in cooperation with more than 50 cities across the country. In this structure, the public authority usually creates an internal entity/department to manage the entire project, including station siting and network development, operational planning, fee structuring, and collection and marketing.

**Publicly Owned and Privately Operated**

In this structure the government owns the assets and a private entity operates the system. This can be a simple fee-for-service system, like in Barcelona, or a station-based system, like in Shanghai where the fee is based on the number of bikes in the system. The procurement of bicycles can be done by the government or it may be the responsibility of the operator. All other assets—software, control center, stations—are typically owned by the government.

**Advantages: Less public financial responsibility; fewer risks to public agencies**

The advantage of this structure is that the private operator manages all logistics. The public agency typically has some control during key phases of the project, but day-to-day operating and system financial risk generally fall on the private operator. In some cases, shorter contracts can be negotiated if the operator has no investment in the infrastructure. This offers more flexibility for the city, but can also compromise long-term stability, service, and reliability.

**Challenges: Reduced public control over operations**

This structure may require more staff time for planning (issuing requests for proposals, negotiating, signing a contract potentially every year) and contract management compared to privately owned and operated systems. The public agency may need to be more flexible on service level agreements, including rebalancing and user pricing in order to create a system that is financially sustainable for the private company. However, the public agency could negotiate an agreement in which the public sector shares some of the financial risk with the private operator, or agrees to subsidize the system in order to achieve transit integration, equity, or other goals. These service level agreements and financial commitments could be included in competitive procurement processes and further negotiated before executing an agreement with a private operator.

**Examples:** Portland’s BIKETOWN 1.0 system is a good example of this structure. It was owned by the city, which allocated $2 million in federal funding to cover the system’s startup costs. Public
funding, however, ended there since the system was operated by a private bike share company. The city’s contract with the operator included few specific requirements for rebalancing or maintaining certain capacities at each station. This flexibility was designed to encourage the operator to run bike share like a business—as efficiently and cost-effectively as possible—and this notion was further incentivized through a requirement that the operator covered any financial losses the system generated in its first three years of operation. However, the company received 60% of any program surplus (with the rest going back to the city). Portland’s BIKETOWN 2.0 system (set to launch soon) is a different example of how a public-private partnership can be structured. This system will not be publicly owned. Instead, the city will require specific service level agreements aimed at equity and transportation goals, as part of a $11.3 million agreement with the operator, funded by a $12 million sponsorship from Nike.

Privately Owned and Operated

Under this structure, one or more private entities own the assets and provide the service, while the public agency grants access to public space and the rights-of-way. The public agency often establishes a regulatory framework, including fees, permits, and operating conditions. Ultimately, the government grants the rights, in the form of regulation and street space, to operate, but the capital assets are owned and operated privately.

Advantages: Less (potentially zero) public funding needed

This approach avoids the need for cities to budget public funds to bike share and, in some cases, cities can actually generate revenue by requiring operators to pay a fee to apply for a permit. However, in the current environment there are fewer operators (compared to two years ago) that are willing to operate bike share without a reduction in, or elimination of, fees.

Challenges: Private companies focus on optimizing profits; companies merge or go out of business

Privately-owned and operated systems do entail risks, particularly around balancing the city’s goals for widespread distribution against the private operator’s desire to optimize revenue. Normally, the private operator is interested in the most dense, high-revenue-producing areas or neighborhoods, while the city may have a greater interest in making sure the system is equitable across the city, covering areas that may produce relatively low revenue. The city’s regulatory framework may impose conditions for service, such as service level requirements in low-density, low-income communities of concern, but these conditions can also impact profitability and the market conditions for entry.

Another risk with privately-owned and operated systems is the volatility of the market place for micromobility. In the current marketplace, private operators are consolidating and changing frequently, which means that a bike share system brand can change or disappear without notice.

Examples: Privately-owned and operated systems are very attractive to cities that have struggled—or completely failed—to raise enough funds to support bike share. This was the case in St. Louis, Missouri, which has been trying to fund a station-based bike share system estimated to cost as much as $3.3 million to implement since 2014. Following another failed funding
attempt in 2016, city officials pivoted in early 2018, passing detailed permit regulations that allow private dockless bike share operators that comply to provide service to the city.

Summary
Each of the foregoing structures provide opportunities and challenges to design partnerships and agreements that impact profitability, reliability, innovation, and mobility. The table below provides high level summary of the current marketplace, with specific examples of bike share system structures in North America, including fleet size, subsidy levels, and current operation status (green = currently operating, yellow = working to launch/maintain operations, red = no longer operating). Staff will bring back more detailed analysis of potential options for regional bike share in October/November.
## Bike Share Operating Structures

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</thead>
<tbody>
<tr>
<td>Austin</td>
<td>Public</td>
<td>Non-profit / transit agency</td>
<td>B-Cycle</td>
<td>Docked</td>
<td>525 regular bikes, 200 e-bikes</td>
<td>• $1 to unlock + $0.23/min + $11/mo. or $80/yr. + Extra $3 if not returned to dock</td>
<td>$ -</td>
<td>$ 325,000</td>
<td>$ 448</td>
<td></td>
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</tr>
<tr>
<td>Boulder</td>
<td>Public</td>
<td>Non-profit</td>
<td>B-Cycle</td>
<td>Docked</td>
<td>300 regular bikes</td>
<td>• $2 for 30 min + $3 for add't 30 min + $11/mo. or $88/yr.</td>
<td>$ -</td>
<td>$ 150,000</td>
<td>$ 500</td>
<td></td>
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</tr>
<tr>
<td>Denver V.1</td>
<td>Public</td>
<td>Non-profit</td>
<td>B-Cycle</td>
<td>Docked</td>
<td>735 regular bikes</td>
<td>• $9 daily + $15/mo. or $75/yr.</td>
<td>$ -</td>
<td>$ 400,000</td>
<td>$544.22</td>
<td></td>
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</tr>
<tr>
<td>Denver V.2</td>
<td>Private</td>
<td>Private</td>
<td>JUMP (Lime)</td>
<td>Dockless</td>
<td>500 e-bikes, 685 scooter</td>
<td>• $0.25/min</td>
<td>$ 26,000</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hamilton</td>
<td>Public</td>
<td>Non-profit</td>
<td>SoBi (now Mobility Cloud)</td>
<td>Dockless</td>
<td>900 regular bikes</td>
<td>• $0.15/min + $30/mo. or $200/yr.</td>
<td>$ -</td>
<td>$ 400,000</td>
<td>$ 444</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kansas City</td>
<td>Public</td>
<td>Public</td>
<td>Mobility</td>
<td>Dockless</td>
<td>350 bikes, 100 scooters</td>
<td>• $2 for 20 mins + $1.0/m + $15/day or $30/mo.</td>
<td>$ -</td>
<td>$ 375,000</td>
<td>$ 833</td>
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<tr>
<td>Bay Area</td>
<td>Private</td>
<td>Private</td>
<td>Motivate (Lift)</td>
<td>Dockless</td>
<td>Up to 7,000 regular bikes, 4,000+ e-bikes</td>
<td>Regular bikes are docked. E-bikes are dockless.</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
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</tr>
<tr>
<td>Portland V.1</td>
<td>Public</td>
<td>Private</td>
<td>SoBi</td>
<td>Dockless</td>
<td>1000 regular bikes</td>
<td>• $3 + $0.08/min + $19/mo. or $99/yr.</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portland V.2</td>
<td>Private</td>
<td>Private</td>
<td>Lyft</td>
<td>Dockless</td>
<td>3,000 e-bikes</td>
<td>• $1 to unlock + $0.20/minute + $99/yr. or $1.0/m + $10/min</td>
<td>$ -</td>
<td>$ 2,260,000</td>
<td>$ 753.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>Private</td>
<td>Private</td>
<td>JUMP (Lime)</td>
<td>Dockless</td>
<td>500 e-bikes</td>
<td>• $1 to unlock + $0.15/min + $30/mo. for 60 min/day</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seattle</td>
<td>Private</td>
<td>Private</td>
<td>JUMP (Lime)</td>
<td>Dockless</td>
<td>150 e-bikes</td>
<td>• $1 to unlock + $3.25/minute + $20/30 minute + Equity and monthly plans similar to Sacramento</td>
<td>$ 50,000</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
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</tr>
<tr>
<td>Toronto</td>
<td>Public</td>
<td>Private (Shift Transit)</td>
<td>PBSC</td>
<td>Docked</td>
<td>5000 regular bikes</td>
<td>• $3.25 single trip + $7/day or $99/yr. or $15 three-day pass</td>
<td>$ -</td>
<td>$ 2,400,000</td>
<td>$ 480</td>
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</table>

- **Notes**: Capital Metro is taking over branding, planning and programming. City manages the right of way with wayfinding signage, bike paths, and educational workshops. Bike Share of Austin maintains daily operations. City also allows micromobility providers to pay fees for permits to operate in the city.

- **Boulder**: Regular annual subsidy was $550K. In 2019, sponsorship fell through, the city and CU Boulder kicked in $125 (city) + $95K (CU). City is currently conducting RFI/RFP to bring in private sector to evolve system from docked pedal bikes to dockless e-bikes.

- **Denver V.1**: Non-profit folded this year because it couldn’t find a sponsor.

- **Denver V.2**: These are 2019 numbers, during a pilot test. Issued an RFQ in March 2020 for private company to offer combined bike and scooter share and will license 2 providers.

- **Hamilton**: This is the first SoBi system. After JUMP abandoned pedal bike systems, Hamilton secured $400,000 to operate through March 2021. They are exploring options for a sustainable bike share system.

- **Kansas City**: Funded and supported by numerous public, non-profit, and private sector contributions - a mix of small sponsors and public subsidies.

- **Bay Area**: Regional partnership with regional MPO, 5 cities (San Francisco, San Jose, Oakland, Berkeley, Emeryville) and Motivate (Lyft). No subsidy paid to Lyft - instead they have exclusive rights to the bike share market in the Bay Area. E-bikes are only in San Francisco and San Jose. Lyft must pay liquidated damages if key performance indicators are not met.

- **Portland V.1**: Portland solicited proposals for a dockless system in 2019. The new system will replace this system.

- **Portland V.2**: Launching soon with 1,500 and increasing to 3,000. Public-private partnership even though system is owned and operated by private company.

- **Santa Cruz**: Currently negotiating agreement with Lime to re-launch bikes + scooters and researching other options.

- **Seattle**: Lime relaunched 150 bikes, ramping up to 500, then 1,000. System may expand to 2,000 bikes if the city allows scooters, or shrink to 500 bikes if no scooters are allowed. Seattle had 6,000-8,000 bikes from multiple companies in 2018.

- **Toronto**: Recently increased fleet to 6,850. In 2019 bike share Toronto capital was $7.5 million (fed grant) and in 2020 it is $12.5 million (Provincial Grant).