




## MEMORANDUM

**TO:** Mayor and Council Members

**CC:** Elaine Hart, Interim City Manager  
Robert Goode, P.E., Assistant City Manager

**FROM:** Robert Spillar, P.E., Director,  
Austin Transportation Department 

**DATE:** January 29, 2018

**SUBJECT:** **Recommendations Related to Expanding Bike Share in Austin  
February 1, 2018, Agenda Items No. 57, 58, and 59.**

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The purpose of this memorandum is to make you aware of developing technology and business practices related to the bike share industry, namely the introduction of new, as yet unproven, private stationless or dockless bike share systems. This new approach to bike share, typically a user-fee-based, market-driven strategy, is being tested in a number of North American cities, namely Seattle, Dallas, Minneapolis, Houston, Washington, D.C., and San Francisco, along with many international locations.

The City of Austin currently has a strong station-based bike share program, Austin B-Cycle, owned by the City and operated by the non-profit organization Bike Share of Austin under a contract with the City. The Austin B-Cycle system has proven to be a fiscally sustainable system with more than 1 million trips over four years of operation. However, because the system requires installation of stations, it has also proven to be more difficult to expand as rapidly as desired per the Council-adopted Bicycle Master Plan.

### **Background**

Shared bicycle mobility has undergone substantial change over the last year with the advent of dockless bike share service in several major North American cities. Dockless bike share is different from the City of Austin's current bike share system, Austin B-Cycle, in that the bicycles do not have to be parked and locked in a "dock" or station. This allows the user to use a bike anywhere within the city without having to return it to a specific location or dock. This dockless approach suggests new ways to expand access to cycling. For example, these bikes could provide a last-mile solution for customers using transit that need to connect with a job or residential location that is not located near an existing B-Cycle station. Although these systems have demonstrated some early success in cities such as Seattle in other cities such as Dallas, they have resulted in significant regulatory and management concerns related to abandoned bikes and user safety.

In an effort to better understand this new disruptive approach to bike share, we have conducted an initial review of industry experiences where dockless bike share systems have entered the market. We are also working with the Downtown Austin Alliance, interested dockless operators, our B-Cycle vendor, and the Bicycle Advisory Council to chart a strategy moving forward.

As the City evaluates emerging methods for regulation and management of dockless bike share, active efforts are underway to expand the station-based system to meet existing demand for service. This current expansion effort is informed by the Bicycle Master Plan, the 2017 Walk and Bike Talks public engagement series and is aligned with a number of existing City mobility initiatives. Expanding the station-based system is expected to better position the City to attract a title sponsor of the system. A sponsor's funding could further expand the station-based bike share system.

### **Recommended Next Steps**

In recognition of the potential disruptive nature of the new dockless bike share models and in support of expanding access to bike share in Austin, we are proposing a strategy to test the value of a blended system of station-based and dockless bike share service. A blended system is expected to offer the benefit of a predictable, station-based service with the extended reach of a well-managed dockless option. This strategy forms the basis for three Requests for Council Action (RCA) scheduled for the Feb. 1, 2018, Council meeting:

- **Item 57: Accelerate Expansion of the City's Current Station-Based System**  
In 2015, the City received a \$908,500 federal grant to expand the B-Cycle system in Austin. Council approved acceptance of this funding with the understanding that up to \$241,500 in local match requirements would be provided by private funding to be raised by the City's non-profit vendor, Bike Share of Austin. To date, \$30,000 has been paid by Bike Share of Austin and the remaining funds are expected to be raised over the next 12-18 months. Rather than waiting for Bike Share of Austin to continue to raise funds, we recommend accelerating system expansion by investing \$200,000 that was approved in the FY18 budget for expanding bike share through an electric assist pilot, next-generation B-Cycle "smart" bikes and other strategies. Staff believes that accelerating station expansion by leveraging existing grant funding is the most strategic use of these funds. The City's non-profit vendor will remain responsible for raising the originally promised match to further expand the system. Use of City funding as match to the expansion project is expected to accelerate completion by more than a year. This investment will support several of the City's existing mobility strategies including the Affordable Parking Program, the Smart Commute Program and the Big Jump initiative.
- **Item 59: Initiate a Dockless Bike Share Pilot, Informed by a Public Process**  
The City has been contacted by several companies interested in providing dockless bike share services in Austin. These services are being proposed as free enterprise models rather than as a City-owned system. To balance the potential benefits of a dockless bike share system with the many unknowns, we recommend moving forward with a demonstration pilot program to begin in FY 2018 as informed by a public engagement process. The details of the demonstration pilot and City management approach would be developed as part of the public process. This process would include a community wide survey and a forum that brings national experts and peer city leaders familiar with dockless and station-based bike share systems to Austin to share their experiences and facilitate a dialogue about how bike share of all kinds can best serve mobility needs in Austin. We are seeking Council direction via this RCA to signal to the market that a demonstration pilot is being launched in Austin and that we seek to engage the industry in a thoughtful and deliberative process that achieves the purported benefits while assuring the safety and integrity of our community.
- **Item 58: Amend Fee Schedule to Allow for Dockless Bike Share Pilot**  
*Delivering a safe, reliable, and sustainable transportation system that enhances the environment and economic strength of the region.*

The emerging dockless bike share industry is using a private enterprise model to deploy in cities world-wide. Using technology, these companies are charging users on a per-ride basis. Because this user fee would be generated on City right of way, state law requires the City charge for use of the right of way. We propose collecting a permit fee on a per-bike basis to recover costs to the City to deploy the pilot and manage the system. The envisioned management system would include a means of providing bicycle parking, education, inspection and enforcement with the terms of the pilot. The proposed fee amendment (Item 58) is a companion to Item 59 that would authorize initiation of the pilot.

Questions naturally arise as to why the City should invest in its station-based system when the dockless model would suggest that bike share can be provided through the private marketplace. At this time, regulating, managing and operating dockless bike share is still largely unproven, whereas it is known that Austin's existing station-based bike share system provides a financially sustainable operating model and a reliable mobility option for people where stations exist. Investing in Austin's station-based system allows for expanded access in the near term while a public process informs the terms under which dockless bike share could operate in Austin. Expansion of the station-based B-Cycle system is also expected to make it more attractive to a potential private industry title sponsor.

### Map of Current Austin B-Cycle Stations

