



## Pittsburgh Bike Share Board of Directors, Meeting, November 16, 2017 Minutes

1. **In attendance:** Beth Hazlett, Andre Young, Michael Goldstein, Doug Donohoe, Kristen Saunders, Cathy Rogers, Jeremy Waldrup, David White, and Erin Potts, Barb Murock, Adams Carroll. On the phone: Ashlee Yingling, Craig Castor
2. **Minutes:** October 2017 minutes approved with amendments.
3. **Future of Healthy Ride:** David spoke to the reality of dockless bike sharing systems in other cities. No cities are happy with the experience. It is a technology change and business model, but who is to say in 5 years what it will become.

Difference between Healthy Ride and dockless: dockless bikes are low cost, low investment hardware, simple locks and can be made for \$200. They are light weight, no stations or kiosks, no great loss to lose a bike, they become litter. Our bikes have a computer, active GPS, motor that engages lock, and are locked to a bike rack. City is developing an ordinance that will expect providers to get a city permit, which will require racks, lights and permit fee, staff in town, rebalancing, high standards for bike, and charge for abandoned bikes.

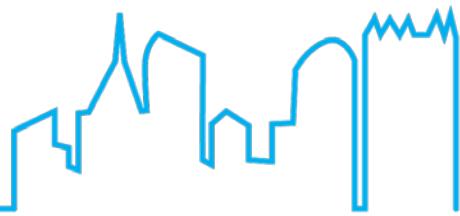
Adams added that there is a new regulatory environment that is changing from procurement to permitting, new technology in the offing and next bike will cost 30-50% less but changes may be so fast that we may not be able to keep up. The scale of the venture capital (VC) companies is from a few hundred to thousands, free rides, and dropping into smaller markets.

Our strategic advantages are that we already have a client base and partnership with 60,000 accounts, partnerships with major employers, PAT, and great City relationship. Better technology, our pricing model is in the end, competitive. We have monthly rates. We have to be aware of spillover negativity the companies create regarding the concept of bike share. Three options were presented to the board:

- a. Stay the course—solidify partnerships, speed up expansion, pilot dockless, and find new revenue sources. Pros: keep commitment to mission and partnerships. Cons: harder to get public funding impacting capital for growth
- b. Open our doors—court new companies as a manager for bike share systems. Pros: keeps us relevant, grows bike sharing faster, helps us grow and allows us to be regional beyond the City. Cons: customer experience becomes complicated, potential for bad press regarding poor quality, financials are uncertain.
- c. Merger—Minneapolis model) Hand pick a successor to provide bike share. Bike share



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would cease to exist. Pros: potential for unified customer experience, reduces exposure to risk of failure, reduces friction with potential new players. Cons: lose control of mission, job security for staff, VC funding could be a fad, doesn't future-proof against next technology. Minneapolis chose an operating company called Motivate. Our software is not compatible with another bike share system.

Brainstorming: other options include buying bikes from Ali Baba ourselves and become a 'public transit authority' of bike share. (David and Adams are going to Germany to check out new hardware and technology at Next Bike, seeing models of several cities. A challenge is that getting any equipment with Next bike is difficult and slow) Example: Wilkinsburg gets bikes and we become their operator. We become more of an advertising source. A problem is that we aren't making a profit, but a value we have is that we have a presence. Next steps going forward: David will float interest from each company (David has a meeting with Ofo, which has approached the County.) We need to determine what our standards are. Suggestion: we meet in January, early, but written info beforehand with David and Adams learnings in Germany at Next Bike conference.

**Dockless Bike Share:** In many cities, both with and without nonprofit bike share programs, for profit, dockless bike share systems are springing up. Most are Chinese, and do not have integrated locks, no stations or kiosks, low cost bikes, and often run with venture capital, allowing them to give free or charge less than non-profits and to run at a loss, thus saturating a city and threatening the existence of non-profits. The industry group for bike sharing has put out a statement not supporting the companies. Several board members with recent visits to other cities reported seeing the bikes and spoke to some of the problems they create, such as blocking walkways.

**Threats to Pittsburgh:** Four for-profit companies have already reached out to Pittsburgh. The City's view is that they are open to other bike share groups operating in the city. The city has deferred until a legislated permitting process is in place. Proposed regulations include posting a \$20,000 bond, sharing ridership data, locking only a bike racks, having a permit.

**Other cities' strategies:** Minneapolis, a standard-bearer in bike sharing with ten years of operations, has responded by stating that quality must be kept, but would sell all their equipment to a for-profit who can phase out their system to a dockless one.

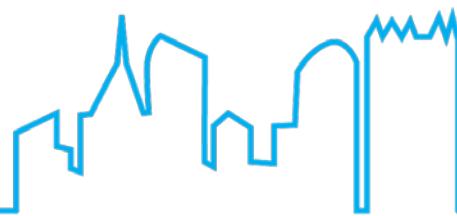
**Ideas for consideration:** David suggests working harder with universities and downtown to demonstrate that we are a dockless company, get a jump on the movement to dockless and get to a tipping point. When asked when we will have numbers to show the viability of this plan, he noted that we need more bikes to make it work, requiring more capital investment. Adams suggested contacting one of the for-profits and merge with them. Our Next Bike agreement goes through 2020, and we would need to get out of the non-compete clause.



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Competing bike share programs include Lime Bike, Mobike, Spin, Social Bicycle, and OFO, the largest, which is represented by Triad Strategies, a Harrisburg based lobbying firm. The board reaffirmed its commitment to being a mission-driven board in any decision making regarding future organizational structure or operations.

4. **Finance:** David reviewed and noted highlights. Statement of activities: Revenue regarding expansion is \$600,000 budgeted for 2018. \$460,000 on equipment already ordered, and \$200,000 from state and matching \$210,000 from foundations (including \$50,000 from the City. All restricted and must go to equipment. Budget vs. Actuals: We are under budget on revenue from sponsorship for 2017 (-\$77,000) Potential for \$45,000 in Oxford Development. Ridership revenue is underbudget by \$95,000. Expenditures show us under in almost every category, giving us a revenue of \$36,000. Unless we get significant sponsorship dollars, we will not be able to be operational in 2019. Currently, there is a year' worth of cash reserves to operate if we don't start generating enough.
5. **Board Development:** Kristen Ash is stepping down from the board. She agreed to ask if Highmark would appoint another representative. The board unanimously voted to elect Julie Klausner to the board. Jeremy and David will send a letter. David requested a board retreat and we will propose a date for it to be held in 2018.
6. **Communications:** Report will move to email to board by Erin due to time limitation.
7. **Hardware Replacement Strategy Update:** Jeremy signed a contract with the state for equipment.
8. **Other Business:** Happy Holidays to all.