

# MIAMI BEACH

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Alina T. Hudak

DATE: September 22, 2023

SUBJECT: **DISCUSS THE STATUS OF THE CURRENT CITY BIKE CONTRACT, INCLUDING CONTRACT PERIOD OF PERFORMANCE, PLANS FOR RENEWAL OF THE CONTRACT OR PLANS TO ISSUE A REQUEST FOR PROPOSAL (RFP) FOR A SIMILAR BIKE PROGRAM, REVENUE GENERATED TO THE CITY OF MIAMI BEACH FROM THE CONTRACT, AND OTHER RELATED MATTERS THE COMMITTEE WISHES TO DISCUSS AND REVIEW**

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### HISTORY:

At the September 13, 2023 City Commission meeting, Vice-Mayor Richardson sponsored a referral item (C4 P) to the Finance and Economic Resiliency Committee (FERC) to discuss the status of the current Deco Bike contract, including contract period, plans for renewal, plans for a Request for Proposal (RFP), revenue generated and other related matters.

On July 16, 2009, the City entered into an agreement with Deco Bike, LLC ("Deco Bike" or "Concessionaire") in response to RFP 44-07/08 for the delivery and operation of a self-service bicycle rental fleet for public use to be stationed in the public right-of-way. The agreement required the Concessionaire to implement a program which enabled the public to self-rent bicycles from any number of locations and return them to another location, on a 24-hour, 365-day per year basis.

It became evident that without intervention by the City, either through a contract term modification or additional revenue source, the program would not achieve a return of capital or modest profit to the Concessionaire, or allow the recovery of the City's forgone parking revenues. On July 18, 2012, the Mayor and City Commission adopted Resolution No. 2012-27975, approving Amendment No. 1 to the Agreement, extending the term of the Agreement through September 30, 2023, an additional ten (10) years, increasing the operational maximum to 1,100 bicycles, approving certain advertising and sponsorships, and providing for a revenue sharing provision by increasing the exemption from City revenue share from \$1,000,000 to \$1,500,000 during the first year of the new term, declining at a rate of \$250,000 per year to \$0 in year seven (7) of the revised term. The Amendment also includes the Windfall Provision, which provides for a recovery of waived revenues.

On May 12, 2015, the City and Deco Bike, executed Amendment No. 2 to the Agreement, approving the sponsorship with Citibank to operate under the program name of "Citi Bike"; the City and the Concessionaire agreed that the advertising revenues generated from the Citibank Sponsorship Agreement would be shared with the City, as part of the Bicycle Basket Sponsorship Program and the Kiosk Advertising Program retroactively effective to November 1, 2014.

On December 11, 2019, the Mayor and City Commission adopted Resolution No. 2019-31105, authorizing the City Manager to negotiate an amendment to the Agreement between the City and Deco Bike for the provision of a docked electric-assisted bicycle sharing pilot program ("Pilot Program"), subject to the City Commission's approval of the final amendment. Due to the COVID-19 pandemic, bike service was interrupted. Later, on June 23, 2021, the Mayor and City Commission adopted Resolution No. 2021-31743, approving Amendment No. 3 to the Agreement, with said amendment approving the implementation, management and operation of a one-year Pilot Program for the operation of up to 100 docked electric assisted bicycles Citywide within the existing Concession Areas.

As the Deco Bike Agreement was set to expire on September 30, 2023, on May 17, 2023, the Mayor and City Commission approved Amendment No. 4 to the Agreement extending the Agreement on a month-to-month basis, for a period not to exceed fourteen (14) months, or until such time as the City Commission awards a contract pursuant to a new competitive solicitation for the city's bicycle sharing program, whichever is earlier. The intent was to extend the Agreement to be coterminous with that of the Citibank sponsorship agreement which expires on December 31, 2024. Additionally, to maintain and promote cross-jurisdictional ridership and operability, the Administration recommended the Agreement be extended to run parallel with the City of Miami's Agreement with Deco Bike, which will also expire December 31, 2024.

**ANALYSIS:**

Acquisition of bicycles and equipment, operation of a rental bike program and staffing expenses required an extended initial capital investment by Deco Bike. Given the nature of program revenue, which is generated in small portions through bike rentals, a long-term contract was necessary to allow Deco Bike time to recuperate its investment and generate profit.

The Deco Bike contract provided revenues to the City of \$279,457 in FY 2012. In FY 2022, revenues rose to \$687,061, including advertising revenue. Revenue to the City for FY 2023 is projected at \$1.43 million including \$718,000 revenue from the Windfall Provision.

Deco Bike provides a membership option for residents of \$20 per month for a standard monthly membership plan that provides for unlimited 30-minute rentals. A three-month minimum commitment is required to ensure tourists do not use this discounted plan, which equates to approximately \$0.67 per pay. Deco Bike also offers a deluxe monthly plan that provides for unlimited 1-hour rentals for an extra \$5 per month. Additionally, Deco Bike has an employee rental program at \$99 dollars annually with unlimited 30-minute trips.

**CONCLUSION:**

The City of Miami Beach has a robust self-service bicycle rental program operated by Deco Bike. In addition to generating revenues for the City, the agreement with Deco Bike provides an invaluable service to the City, making bicycles an integral part of daily life for Miami Beach residents and visitors. It serves to decrease motor vehicle use and helps to improve air quality while providing health benefits through exercise. The program also contributes to the City's multi-modal transportation system, providing an alternative for first/last mile of travel.

In a recent e-mail, Deco Bike provided the following statistics covering the period from 2012 to present:

Total Trips Logged	16.03 million
Miles Ridden:	44.09 million
Calories Burned by Riders:	1.81 billion
CO <sup>2</sup> Emissions Offset/Reduction:	44.33 million pounds
E-Bikes:	Approximately 100 bikes in operation for 2 years; 220,000+ rides logged

Additionally, Deco Bike advised they will be replacing 500 bicycles in November/December 2023.

The Administration intends to request authorization to issue a RFP for self-service bike rental service at the October 18, 2023 City Commission meeting.

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?**

No

**Does this item utilize G.O. Bond Funds?**

No