



Hamilton

INFORMATION REPORT

TO:	Mayor and Members Committee of the Whole
COMMITTEE DATE:	May 20, 2020
SUBJECT/REPORT NO:	Social Bicycles and City of Hamilton Contract (PED20109) (Wards 1, 2, 3, 4, and 13)
WARD(S) AFFECTED:	Wards 1, 2, 3, 4, and 13
PREPARED BY:	Peter Topalovic (905) 546-2424 Ext. 5129
SUBMITTED BY:	Brian Hollingworth Director, Transportation Planning and Parking Planning and Economic Development Department
SIGNATURE:	

On Friday May 15, the City of Hamilton received a letter from Social Bicycles LLC, owned by Uber Inc., indicating that they are intending to terminate the SoBi Hamilton bike share system operations effective June 1, 2020. The City of Hamilton owns the bicycles and stations. There is an operating agreement with Social Bicycles LLC (most recently renewed on February 28, 2020) through which Social Bicycles LLC operates the system at no cost to the City. This contract is not due to expire until February 19, 2021.

The purpose of this Information Report is to inform Council of the notice of intent to terminate the operations contract by Social Bicycles LLC, and the implications for Hamilton's Bike Share system. As of the writing of this Report, staff are in communications with Social Bicycles LLC and Uber Inc. seeking clarification on their position and reminding them of their contractual obligations to the City.

COUNCIL DIRECTION

On September 26, 2018, the Public Works Committee authorized staff to commence negotiations and seek a renewed contract with Jump Mobility, the operator of the SoBi Hamilton Bike Share Program, regarding the continuation of Hamilton's bike share system. Specific terms for the negotiations were set out in Public Works Report PED18223. On December 26, 2018, Jump Mobility (JUMP) agreed in principle to the terms for the contract renewal and a five-year extension.

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On April 29, 2019, Report PED18223(a), was presented to the Public Works Committee, which brought forward several amendments to the contract in order to incorporate the Jump Mobility electric pedal-assist bike share program and to allow for potential sponsorship revenues. Throughout 2019, staff worked with JUMP to incorporate these amendments, and an amended contract was signed on February 28, 2020 which expires on February 19, 2021.

INFORMATION

1.0 Current Contract and Notice of Termination

On February 19, 2019, the first five years of the public bike share transit operations contract was complete, and Social Bicycles LLC first agreed to continue the Contract for another five years (the second term). However, in late 2019, Social Bicycles LLC clarified their intent to only renew for a two-year period, which required an amendment to the Contract. This Contract is contained in Appendix “A” attached to Report PED20109. This adjusted the Contract end date to February 19, 2021. During this time, JUMP took over operations of the bike share program and ended their subcontract with Hamilton Bike Share Inc.

The City has been awaiting Social Bicycles LLC’s decision in to renew for an additional two years – until February 19, 2023, which was an option in the Contract; however, on May 15, 2020, Social Bicycles LLC/Uber Inc. sent a letter seeking to terminate the Contract eight months early on June 1, 2020. This letter is attached as Appendix “B” to Report PED20109.

This termination date would be in contravention of the contract that Social Bicycles LLC signed with the City of Hamilton on February 28, 2020, which expires on February 19, 2021

2.0 Implications for Hamilton’s Bike Share System

Should Social Bicycles LLC cease to operate the system on June 1, 2020, as indicated, there are many significant operational concerns. A shut down of the system would impact 26,000 active members, many of whom have prepaid for services for up to one-year. There are 900 bicycles and 130 stations in operation that have no storage facility or ability to move the bikes into a storage, should one be found.

A service interruption would impact users who rely on this system for daily travel, including essential service workers. It is noteworthy that over 300 new members have signed up during the early days of the COVID-19 emergency declaration. The system has been operating as an essential service and is vital for the COVID-19 recovery

period to offset capacity reductions that are in place for transit due to physical distancing.

Upon receiving the May 15, 2020 letter, City Staff have reminded Social Bicycles LLC of their contractual obligations, including that they are to operate the system at no cost to the City until February 19, 2021. The City is willing to work with Social Bicycles LLC/Uber Inc. on a successful transfer to a new operator, however, June 1, 2020 is not enough time to accomplish a reasonable or feasible transition.

Under the provisions of the contract, Uber could transfer the contract to another party and provide the necessary operational funding in order to operate the system until February 19, 2021. The City of Hamilton has confirmed, through correspondence with Hamilton Bike Share Inc. (HBSI), that they can resume operations of the public bike share transit system as they did from 2015 to 2019, before Social Bicycles LLC, operating as JUMP, ended their operations contract to use its own staff to operate the program.

If Social Bicycles LLC/Uber Inc. choose to terminate their contract early and end the service, then the City would need to look at other operating models if the system is to continue. Staff would need to bring a report to Council on these models and their costs. Notwithstanding, the recent intent to terminate operations and previous negotiations to reach the current renewed contract in place today, staff were in the process of initiating the development of a Bike Share Expansion Plan, which would include a Business Case for expansion of service to other areas of the City. In addition, plans to upgrade the existing bicycle infrastructure was also being developed by staff. Advancing work on this expansion plan will need to be put on hold until operations for the existing system can be stabilized.

3.0 Financial Context

Under the current contract, Social Bicycles LLC operates the system at no cost to the City. Under the term of the contract, there is no obligation for Social Bicycles LLC to share financial statements. However, staff are aware that the system does not generate net profits and requires an operational funding. It is estimated that the net cost to operate the system would be \$50,000 to \$65,000 per month if a contract with a new operator could be established. On an annualized basis, this would be approximately \$700,000. This does not include any potential off-sets that may be attainable through advertising assets that can be monetized.

4.0 Evolution of Hamilton's Bike Share System

The City of Hamilton received a Metrolinx Grant for Quick Wins Transit Projects in 2007 and used a portion of these funds to purchase the capital requirements for a public bike

SUBJECT: Social Bicycles and City of Hamilton Contract (PED20109) (Wards 1, 2, 3, 4, and 13) - Page 4 of 5

share transit system from Social Bicycles Inc., which was formally launched in March 2015. The Request for Proposals and subsequent Contract with the City of Hamilton was for the provision of bike share equipment, start-up and operations of a public bike share transit system at no operational cost to the City. The City owns the bike share bicycles, controllers, station racks and station signage.

The contract set-up through the request for proposals process was a five-year term which was renewable for two additional periods, each five years long, for a total operations timeline of 15 years. Social Bicycles LLC subcontracted the operations of the program to local non-profit operator, Hamilton Bike Share Inc.

The public bike share transit system is publicly known as SoBi Hamilton and quickly established itself as one of the most successful bike share systems in a medium sized city in North America; winning two awards including one from the Transportation Association of Canada and the Canadian Clean 50 Top 15 projects. It was also one of the first “smart bike”, free floating bike share systems in North America and Social Bicycles’ first large scale city operation. Bike share system riders have taken over 1.6 M trips and travelled over 2 M kms. This reputation led to Hamilton being selected to host the Eighth North American Bike Share Association Conference in 2021, which may be moved to 2022 because of the pandemic.

In 2017, the City partnered with Hamilton Bike Share Inc. to expand the Everyone Rides Initiative (ERI), Canada’s first Bike Share Equity program, through a Federation of Canadian Municipalities and Hamilton Community Foundation grant. The ERI has removed barriers to travel for thousands of Hamiltonians who cannot afford to access bike share, as well as, newcomers to Hamilton, and those who require adaptive bicycles, such as tricycles.

In 2019, Social Bicycles LLC, rebranded as JUIMP Mobility and was purchased by Uber Inc. which was focused on an e-bike system.

As of May 2020, the SoBi Hamilton public bike share transit system has over 26,000 active members, with 900 bicycles in operation across 130 stations. Riders have travelled 2.3 M kms across over 1.6 M trips. Compared to average car travel, they have reduced 1,000 tons of carbon equivalent, 91 M calories, and saved \$1.3 M dollars collectively.

The Hamilton public bike share transit system has operated successfully, but since the private sector has funded the operations entirely, there has been no opportunity to expand the service area. A feasibility study conducted by the City in 2018, indicated that it is feasible to expand to areas East of Ottawa Street, and areas on the Escarpment, especially from the Mountain Brow to Mohawk Road.

SUBJECT: Social Bicycles and City of Hamilton Contract (PED20109) (Wards 1, 2, 3, 4, and 13) - Page 5 of 5

In 2019, Council approved funding for a business plan to further build upon the bike share expansion feasibility study, including an assessment of the potential to expand the program further in Dundas, Ancaster and Waterdown. This expansion will require capital grants and operational funding, and be presented to Council at a future date, subject to solidifying current operations. If the operations are transferred to another operator, there is greater flexibility to evolve and expand the system.

In 2019-20, the City also received Ontario Municipal Commuter Cycling (OMCC) funding to enhance bike share stations and bike share controllers in order to ensure all bike share equipment that involves locking the bikes to stations is upgraded.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" - Amendment to the City of Hamilton – Social Bicycles Operating Agreement

Appendix "B" - Letter from Social Bicycles LLC, owned by Uber Inc., on May 15, 2020 indicating that they would terminate the SoBi Hamilton bike share transit system operations contract on June 1, 2020

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