



INFORMATION REPORT

TO:	Mayor and Members Committee of the Whole
DATE:	May 27, 2020
SUBJECT:	Public Bike Share Transit Contract Update (PED20109(a)) (Wards 1, 2, 3, 4, 5, and 13)
WARD(S) AFFECTED:	Wards 1, 2, 3, 4, 5, and 13
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SUBMITTED BY:	Brian Hollingworth Director, Transportation Planning and Parking Planning and Economic Development Department
SIGNATURE:	

Discussion of Appendix "A" of this Report in Closed Session is pursuant to Section 8.1, sub-sections (e), (f) and (k) of the City's Procedural By-law 18-270, as amended, and Section 239(2), sub-sections (e), (f) and (k) of the Municipal Act, 2001, as amended, as the subject matter pertains to:

- ***litigation or potential litigation;***
- ***advice that is subject to solicitor-client privilege; and,***
- ***a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality.***

COUNCIL DIRECTION

On May 20, 2020, Council received Information Report PED20109 providing information regarding the status of the operations contract for the SoBi Hamilton public bike share system, and the notice from Social Bicycles LLC/Uber Inc. ("Uber") of their intent to unilaterally cease bike share operations as of June 1, 2020. This termination date is nine months earlier than the agreed upon contract termination date of February 19, 2021.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

INFORMATION

On Friday May 15, 2020, the City of Hamilton received a letter from Uber indicating that it intends 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 Uber (most recently renewed on February 28, 2020) through which Uber operates the system at no cost to the City. This contract is not due to expire until February 19, 2021.

On the basis of several discussions between City and Uber representatives, Uber has reiterated that it will not and cannot continue to operate the bike share system beyond June 1, 2020 as it has laid off the staff who performed those operations. Further information on these discussions is provided in Appendix "A" attached to this Report.

Financial Considerations

Staff have investigated operational funding requirements as well as potential short-term and long-term operator relationships. A review of system shut down and storage was also investigated. All financial information below is based on estimates, as staff do not have access to detailed financial statements from Uber.

Short-term Emergency Operations

It is staff's opinion, that the only viable option to maintain continuity of service, given the extremely short notice provided by Uber, would be to contract with the previous non-profit operator of the bike share system, Hamilton Bike Share Inc. (HBSI) on an interim basis. HBSI operated the bike share program until Uber ended their relationship and took the operations in-house in 2019. The operational cost to provide this service is estimated at \$65,000 per month including bike share connectivity costs in the range of \$8,000 to \$10,000 per month. These costs could be offset somewhat by subscriber revenues, although those revenues are currently difficult to estimate as the City has no access to Uber's revenue data.

A modest increase to membership fees and/or an increase in advertising sales could further decrease the net costs, although it is recognized that increasing pricing may be a burden for some households. At present, membership fees are \$15 per month and the pay per use cost is 9 cents per km, which is lower than many other systems. With respect to advertising, Uber did not pursue advertising revenues from 2018 to 2020, so the market for advertising is unknown at this time.

Long-term Operations

Since Uber's announcement of its intent to cease operations, some other operators have expressed interest in operating the Hamilton public bike share system, including non-profit groups in Hamilton, and commercial operators from Hamilton, across Canada and North America. This may be an indication that viable long-term alternatives exist.

Staff estimate that a competitive procurement process for a long-term operator would take approximately six months to complete.

Shut-down and Storage

At the May 20, 2020 Council meeting, staff was asked to investigate the costs should the City wish to shut down the bike share program.

If the bikes are removed from service, it would be staff's recommendation that they be stored indoors, in order to provide a greater level of security, as well as weather protection, given the uncertainty of how long they would be in storage. The bikes' condition, if left outside, would degrade if they are not receiving regular maintenance like they do when they are deployed and in operation. In addition, batteries and solar panels cannot be stored in the bikes. They would have to be removed and stored separately.

The bike share stations could also be removed and stored, or a portion of them can be left in place to provide parking for personal bikes. If removed, the stations could be stored outdoors in order to reduce costs.

Local service providers, the City's Real Estate group, the Hamilton Port Authority, bike share industry experts, and operators in various Canadian and American cities were consulted in the development of this costing estimate. It is estimated that storage space requirements would be approximately 15,000 to 20,000 square feet. An indoor facility is preferable in order to maintain the bikes in a useable condition. An estimate of the rental cost for storage is included in Appendix "A" attached to this Report. Costs could be reduced if the stations are left in place or stored outdoors. Other costs, including removal and transport of bikes and disassembly of racks and decommissioning of bikes also need to be taken into account in the determination of costs, which are further elaborated on in Appendix "A" attached to this Report.

At the time of this report, options for storage of bicycles and racks were being explored. The City's Real Estate group has identified 10 Hilliard as a potential interim location pending future redevelopment for the transit garage. The option of using a hockey rink was considered but this would be problematic if recreational activities are re-started. The option of using the lower level of the Summer's lane parking garage was also

considered but this was also rejected due to the challenge of providing adequate security, as well as the possible impacts on parking revenues if the bikes remain in storage once parking demand returns to pre-COVID levels.

OTHER CONSIDERATIONS

Experience in Other Jurisdictions

There are other cities in North America who were notified by Uber of its intent to cease bike share operations and these cities are reacting in similar ways to Hamilton, maintaining the position that Uber Inc. cannot unilaterally exit agreements.

Ontario Municipal Commuter Cycling (OMCC) Grant for Bike Share System Enhancement and Upgrades

On August 18, 2017, Council approved Item 9 of Public Works Committee Report 17-010 and authorized the City of Hamilton to apply to receive funding for 17 City of Hamilton projects including a \$1.3 M Public Bike Share Transit Enhancement program to be completed by the end of 2020. Funds for the OMCC program are 80% provincial dollars and 20% City dollars. The enhancement program involves the refurbishment of all 1,350 bike share racks and baseplates as well as the construction of 650 new racks and baseplates which will become 65 new stations with new signs. The enhancement program also included the expansion of the program to new areas, the first of which was identified as an expansion east from Ottawa Street to Kenilworth Avenue (Ward 4). Along with this, the number of bikes in the network was increased to 900 from 825 and new parts were purchased in order to upgrade screens and key pads. The OMCC grant also involves the upgrade of the networked bike share controllers that comprise the electronic modules in the bikes – also known as the “brains”. With these upgrades, the full Hamilton bike share fleet would be fully modernized.

As of this date, the purchase of the additional racks, baseplates and bikes has been completed and they are due to be deployed in the field (including the new station locations between Ottawa Street and Kenilworth) in Summer 2020. The portion of the work to refurbish the stations has already been awarded and the work is in progress and due to be complete by August 2020. The vendor for the upgrades to the controllers has been selected but the purchase has not been finalized. In total, approximately \$575,000 of the OMCC funds for the bike project have been spent, a further approximately \$361,000 is committed, but not yet spent, and the remaining funds are already available for re-allocation to other OMCC projects.

Under the terms of the OMCC, all funded projects must be complete by the end of 2020 or the funds revert to the Province. OMCC funds can be re-directed, but only to other projects already approved for OMCC funding. Given that the bike share program was

identified as a single project, it is unclear what the potential would be for re-allocation of the funds not already spent toward other OMCC projects, without incurring a penalty for not completing the project. Staff is seeking clarification from the Province. It should be noted that additional funds will be needed to complete other OMCC projects, notably the Claremont Access cycle track, and potentially the Hunter Street cycle track. Staff will be providing an update on the Claremont project at the June 3, 2020 Committee of the Whole Meeting.

Public Bike Share Service Area and Escarpment Neighbourhoods Business Plan

In 2019, Council approved the development of the Public Bike Share Transit Service Area and Escarpment Neighbourhoods Business Plan to be undertaken in 2020. This plan was approved by Council in 2019 through the Capital Budget process (Project ID 4031955878) for \$150,000. This plan was intended to develop a path forward to install and enhance bike share transit service in:

- Neighbourhoods connecting to Mohawk College, the campus itself and St. Joseph's campus; to line up with the Claremont Access construction;
- Lime Ridge Mall and surrounding neighbourhoods;
- Concession Street and surrounding neighbourhoods to Mountain Drive Park;
- Valley Park;
- Downtown Waterdown;
- Downtown Ancaster;
- Downtown Stoney Creek;
- Downtown Dundas expansion;
- Confederation GO Station and additional service to Confederation Park;
- Royal Botanical Gardens;
- Current service area improvement and expansion into Ward 4; and,
- City of Burlington (as a partnership with the City).

It was staff's intention to contract a consultant to undertake the Business Plan this summer, but with the announcement by Uber, this initiative has been put on hold until operations are confirmed.

Everyone Rides Initiative Previous and Current Grants

The Everyone Rides Initiative (ERI) is Canada's first bike share equity program. It is operated by HBSI. The City of Hamilton is not involved in the funding or operation of the program. It was made possible by grants provided by Union Gas, the Hamilton Community Foundation, the Federation of Canadian Municipalities, and recently the Trillium Foundation. The ERI provides subsidized access to the bike share system and cycle training to those in financial need, newcomers to Hamilton, and those who cannot

ride a two-wheeled bike share and require an adaptive bike, such as a three-wheeled tricycle.

The current \$700,000 grant provided to HBSI by the Trillium Foundation provides subsidies for memberships. It requires the bike share system to be operational in order to meet the deliverables of the grant. Shutting down the bike share system would jeopardize the ERI and could negatively impact the funding provided by the Trillium Foundation to HBSI.

User Information

There are currently 26,500 active users and 600 have signed up since the beginning of the pandemic.

There are over 500 ERI individual memberships and relationships with ten social service organizations who provide access for their clients.

In membership surveys from 2016-2018, on average, 40% of riders cycled once a month or less before they joined; indicating that they are primarily not cyclists. As well, 48% of users identify their primary mode as by automobile, and 44% report driving less because of their bike share use.

From 2015 to present, riders have taken over 1.6 M trips and have travelled over 2.9 million kms.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" - CONFIDENTIAL Appendix "A" to Report PED20109(a)

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