




**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Transportation Planning and Parking Division**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	November 16, 2020
<b>SUBJECT/REPORT NO:</b>	Public Bike Share Program Phased Procurement Process (PED20109(c)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Peter Topalovic (905) 546-2424 Ext. 5129
<b>SUBMITTED BY:</b>	Brian Hollingworth Director, Transportation Planning and Parking Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That staff undertake a phased approach to the securement of a long-term operator for the City's bike share operations, comprising the following:
  - (i) Entering into a contract extension with Hamilton Bike Share Inc. for a period up to December 31, 2022 to continue operation of the existing base bike share system based substantially on the same terms and conditions as the existing agreement;
  - (ii) Establishing a fee-based non-exclusive contract system for the operation of micro-mobility technologies in the City right-of-way, and initiating an open, non-exclusive process for private operators to obtain the ability to operate micro-mobility technologies in the City;
- (b) That staff be directed to report back to the Public Works Committee on the recommended process, structure, scope and fees for a micro-mobility contract system as well as any necessary by-law changes;
- (c) That Council authorizes, directs, and delegates authority to the General Manager, Planning and Economic Development Department, to execute, on behalf of the City of Hamilton, the necessary agreements to extend the existing

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

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**SUBJECT: Public Bike Share Program Phased Procurement Process  
(PED20109(c)) (City Wide) - Page 2 of 11**

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contract with Hamilton Bike Share Inc. for a period up to December 31, 2022, all in a form satisfactory to the City Solicitor; and,

- (d) That staff evaluate the results of the phased approach for the securement of the City's bike share operations and report back to Council no later than Q2 2022 with a recommended procurement process to secure a long-term micro-mobility operator or operators for 2023 and beyond.

**EXECUTIVE SUMMARY**

The purpose of Report PED20109(c) is to recommend a path forward for the continued operation of the Hamilton bike share service, as part of the City's overall micro-mobility program, as directed by Council on May 27, 2020 (Report PED20109(a)) that "staff be directed to initiate a competitive procurement process with a goal of identifying a preferred long-term operator for the SoBi Bike Share program and report back to Council with the results of the procurement process prior to the end of 2020."

Hamilton Bike Share Inc. (HBSI) has been approved by Council as the interim bike share operator until at least March 1, 2021.

In order to inform the procurement process, staff initiated a micro-mobility feasibility study in July 2020 attached as Appendix "A" to this Report. Along with the feasibility study, staff have also been investigating alternatives for a broader suite of micro-mobility options, including electric kick style scooters (e-scooters), following the recent legislation from the Province of Ontario permitting the use of e-scooters subject to the passing of enabling municipal by-laws.

The results of the feasibility study indicate that the most stable bike share systems operate with a municipally-owned and operated base bike share system alongside a private sector non-exclusive contract-based micro-mobility system. Taking this into consideration, this Report recommends a phased procurement process that would establish such a "hybrid" model for a two-year period for 2021 and 2022. It would extend the existing "base" bike share operations under the existing operator HBSI, at no cost to the City, for two more years, while at the same time, opening the market to other private operators who may wish to operate a micro-mobility system through a non-exclusive contract and application process.

It should be noted that there is a high degree of fluidity in the current market with respect to micro-mobility operators, compounded by the effects of COVID-19 on overall travel activity and economic uncertainty. As such, there is a degree of risk associated with any model for micro-mobility over the next few years. The current bike share HBSI operator is not insulated from these risks, given their reliance on user memberships and usage fees.

Extending the contract with the current not for profit operator is seen as having the highest potential to maintain a bike share program in the near term, while also allowing time to foster other models that lead to the creation of a robust micro-mobility system for the longer term.

**Alternatives for Consideration – See Page 10**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** Under the current contract with HBSI, the City does not contribute any funding for operations. The proposed phased procurement approach would extend this contract for a two-year period, still at no operating cost to the City.

The existing bike share assets, including bikes and stations, would continue to be owned by the City. Day-to-day maintenance of the City's assets would be the responsibility of HBSI, at no cost to the City. Any expansions or major investments in the City's bike share assets, such as the purchase of new bikes, new stations, or new controllers, would be the responsibility of the City and would be subject to the Council budget approvals process. The City currently has approved capital funding for bike share enhancements in the amount of \$460,000 for bike share controller enhancements through the Ontario Municipal Commuter Cycling Program (OMCC) (Project ID 4661817124) which has been extended to December 31, 2021 by the Province. Additionally, as outlined in Council Report PW19083/FCS18048(a) \$500,000 in capital has been approved as part of the Investing in Canada Infrastructure Program for the expansion of bike share and associated infrastructure. With this investment, it is anticipated that the existing fleet can be kept in sufficient condition for the duration of the two-year extension.

The procured non-exclusive contract-based program for private sector operators is expected to be revenue-generating. The revenues will be used to fund the enforcement of proper use of the right of way and to offset the operations cost of the base bike share program.

**Staffing:** There are no staffing implications associated with this Report. The micro-mobility program will continue to be managed by existing staff resources within the Transportation Planning and Parking Division of the Planning and Economic Development Department. Administration of the non-exclusive contract-based system will be managed by Transportation Planning and Parking using existing staff.

**SUBJECT: Public Bike Share Program Phased Procurement Process  
(PED20109(c)) (City Wide) - Page 4 of 11**

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Enforcement of the right-of-way, when the non-exclusive contract-based system is operational, will be managed by the Licensing and By-law Services Division. This Report does not recommend any new enforcement staff. However, staff will monitor uptake of the program, and if uptake warrants additional enforcement staff resources, then staff will report back to Council with a recommendation to allocate a portion of the contract fees towards enforcement resources.

Legal: Legal staff will review and approve all agreements and contracts associated with this Report.

## **HISTORICAL BACKGROUND**

Since 2015, Hamilton's bike share program has been an integral part of the way residents and visitors move around the City. However, as the micro-mobility market has evolved with the entry of venture-funded companies, dockless technologies, and electric vehicles, Hamilton's bike share system now operates in a very different environment from when it launched. Adding to the urgency for change, Uber's decision to cease operating the system, as of June 2020, puts the long-term sustainability of the City's bike share system at risk.

On May 27, 2020, Council approved a Motion (Item 6.4) including part (b), that "staff be directed to initiate a competitive procurement process with a goal of identifying a preferred long-term operator for the SoBi Bike Share program and report back to Council with the results of the procurement process prior to the end of 2020."

Following this meeting, as an interim solution, in June 2020, the City entered into a provisional contract with the non-profit operator, HBSI, who was previously contracted to operate the bike share program by Social Bicycles LLC, the successful proponent of the original request for proposals process in 2013. HBSI also operates the City's bike share equity program, the Everyone Rides Initiative.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Recommendation (a)(ii) of this Report refers to a fee-based non-exclusive contract system for the operation of micro-mobility technologies, which could include modes in addition to bike share, for example, commercially operated e-scooters. At the present time, the operation of e-scooters is not permitted on City streets or sidewalks. Under the Provincial pilot program announced in November 2019, e-scooter use within a municipality is not allowed unless a municipality permits their use by municipal by-law. Accordingly, Council would need to approve a by-law to permit e-scooters if they are to be included in the suite of mobility technologies under the non-exclusive contract system

**SUBJECT: Public Bike Share Program Phased Procurement Process  
(PED20109(c)) (City Wide) - Page 5 of 11**

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for the operation of micro-mobility technologies. A separate report on E-scooters for Council consideration is being prepared by staff.

If Council elects to adopt a by-law to permit e-scooters on City streets, then e-scooters will be included within the recommended contract procurement. If Council elects not to adopt a by-law to permit e-scooters on City streets, then the recommended contract procurement will not include e-scooters.

## **RELEVANT CONSULTATION**

Several internal stakeholders were consulted as part of the development of this Report including:

- Transportation Operations and Maintenance (TOM);
- Hamilton Municipal Parking Service (HMPS); and,
- Licensing and By-law Services.

Staff from the following organizations were interviewed for the study “Hamilton Shared Micro-mobility - Assessment of Operating Models, Funding Sources, and Role of Not-For-Profit Organizations” attached as Appendix “A” to this Report:

- City of Toronto;
- City of Kelowna;
- City of Philadelphia, Pennsylvania; and,
- City of Arlington, Virginia.

Information from additional cities was also used to develop this Report including Montreal, Vancouver, Seattle, Washington, Portland, Oregon, Washington DC and, Minneapolis, Minnesota.

Organizations represented on the City’s Mobility Lab focus group were consulted as part of a public workshop. This included members of the Cycling Committee, Cycle Hamilton, Environment Hamilton, McMaster University, Mohawk College, Hamilton Health Sciences, Smart Commute Employer partners and residents. In addition to this group, HBSI was also consulted.

The Recommendations contained in this Report draw on best practices emerging from professional organizations researching and informing practice in micro-mobility, and which have already been instituted in many cities across North America and around the world including the North American Bike Sharing Association (NABSA), the National Association of Transportation Officials (NACTO), and Share The Road.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

### **Operating Models**

As part of the preparation of this Report, several potential options for the provision of bike share and other micro-mobility options were explored including:

- (a) Exclusive for-profit or non-profit operator contracted to the City and secured through a competitive RFP process;
- (b) Non-exclusive permit-based open to all operators; and,
- (c) Hybrid mix of non-exclusive permit-based operators and a contracted operator (this is the approach recommended in this Report).

The recommended approach is the hybrid mix of non-exclusive permit-based operators operating in parallel with an exclusive contracted operator for the City's existing, base bike share system. The recommended approach has the highest potential to ensure the continued operation of the City's existing base bike share system at no cost to the City, while welcoming the introduction of new, private sector for-profit operators to augment the base system and create a robust micro-mobility market.

A peer review of nine North American cities revealed that cities which already had successful bike share systems, before the rise of venture-funded operators, have pursued hybrid operating models involving: non-exclusive contract-based (sometimes also referred to as permit-based) systems, where operators pay the city for the right to operate their dockless vehicles in the right of way, alongside a city-run contracted "base system" where the city has control over operations, usually set up as a public-private partnership. Hybrid arrangements allow cities to have direct operational control over at least one of the operators to ensure that strategic mobility, equity, and community engagement goals are met while also allowing healthy competition in the market to encourage technology and process improvements and low prices to the end users. The City-run bike share systems are supported structurally and financially by these cities; whereas, the for-profit non-exclusive contracted or permitted systems are supported and funded by the private sector.

Peer cities that did not have existing well-run bike share systems before dockless technology arrived typically opted for a non-exclusive contract or permit-only arrangement. The three reviewed peer cities that do not have a permitting system but have long-running bike share systems — Vancouver, Toronto, and Philadelphia — are in jurisdictions that prohibit shared e-scooters. It is likely that these cities may also adopt a hybrid model if shared e-scooters become legal in these jurisdictions.

The City of Hamilton is well-positioned to manage a hybrid system. The existing base bike share system is being successfully operated by HBSI at no cost to the City. HBSI

has expressed a willingness to continue this operation. With respect to a parallel permit-based system, the City's Licensing and By-law Services Division is already equipped to enforce vehicles stored in the right-of-way and work is progressing to implement the necessary by-law changes and enforcement regime to allow shared e-scooters, if Council ultimately decides to permit them.

One difference between the hybrid model in other cities and Hamilton is that the current bike share system operated by HBSI is entirely reliant on revenue through user fees, grants, advertising and donations to cover operating costs. As such, it will be important to ensure that there is a net positive benefit of opening the market to other operators as opposed to simply dividing a limited market among more operators.

As with transit and parking in the City, the COVID-19 pandemic's effect on the economy and on commuting to work has had an impact on revenue generation for bike share.

### **Contracted Operator for Base (Existing) Bike Share System**

This Report is recommending that the existing contract with HBSI, which is scheduled to expire on February 28, 2021, be extended to the end of December 2022, under the same terms and conditions as the existing contract.

Under this current contract, HBSI operates the bike share system at no cost to the City. This includes bike balancing, bike maintenance, hub maintenance and customer service. HBSI maintains the rights to advertising and sponsorship under this contract and sets the price to access the existing "SoBi system" bikes.

The bike share hubs, bike share bikes and the controller modules that connect the GPS, electronic lock, and internet-based access to the bikes, are the property of the City of Hamilton and the City is responsible for the connectivity of the bikes.

### **Non-Exclusive Permit-Based Operators**

This Report is recommending opening up the City's micro-mobility system to other operators, on a non-exclusive basis, subject to a City-issued contract and payment of operations fees to the City. This contract-based system would operate in parallel with the existing base bike share system that is recommended to be operated by HBSI. Operators would apply for a non-exclusive contract to operate and store micro-mobility devices in the City's road right of ways. In exchange for the use of the right of way, the operators pay the City a set of operations fees and enforcement fees. Micro-mobility devices could include pedal bikes, electric pedal assist bikes, electric stand-on-top scooters, and electric sit-on-top scooters, however, it is important to note that the use of scooters is subject to Council's approval of a by-law permitting commercial e-scooter

**SUBJECT: Public Bike Share Program Phased Procurement Process  
(PED20109(c)) (City Wide) - Page 8 of 11**

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operations in the City. The City would also enforce the proper storage of micro-mobility devices in the right-of-way and issue fines if the devices are not properly stored.

Based on a review of other systems, it is proposed that the City of Hamilton establish a fee structure that is comprised of:

- an application fee;
- set fees based on number of operating units;
- usage based fees; and,
- a security deposit to cover any costs incurred to the City as a result of non-compliance, such as removing and storing abandon devices.

The application fees charged in other jurisdictions range from \$2,000 to \$5,000. Operations fees are an average of \$40 to \$60 per device and \$0.05 to \$0.15 per trip. Security deposits are usually \$15,000 to \$25,000 but vary from municipality to municipality. Operations fees are usually based on the number of units in operation, with minimum and maximum charges. There is typically no maximum set on trip-based fees.

The non-exclusive permit program for private operators is expected to be entirely self-funded by fees, which will be set as part of the application process. This Report will be presented once Council has had the opportunity to consider, and make a decision, on whether to opt in to permit e-scooters to operate in the City. The fees would cover enforcement costs and would also offset operating costs of the base bike share system operated by HBSI. While it is very difficult to predict the level of interest in a permit program given the uncertainties of COVID, it is estimated, that under normal conditions, a contribution of \$50,000 - \$150,000 per year could be supported through the above fee structure depending on the number of operators, number of devices in operation, and the amount of trips taken.

### **Potential for Geographic Expansion**

The recommended approach would continue the existing “base system” for the bike share program within the existing geographic area that covers Wards 1, 2, 3, and a portion of Ward 4 immediately east of Ottawa Street. Continuation of the existing bike share service within this geographic area would be a requirement of the contracted bike share operator HBSI.

Both the contracted operator HBSI, as well as any operators operating under the parallel permit-based system, would be allowed under the recommended approach to operate micro-mobility services in any part of the City.



**SUBJECT: Public Bike Share Program Phased Procurement Process  
(PED20109(c)) (City Wide) - Page 9 of 11**

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Based on the expansion analysis contained in Appendix “A” attached to this Report staff anticipate that neighbourhoods in Wards 4 to 8 and Ward 14 show the highest potential demand for micro-mobility, and are potential candidates for expansion.

The propensity for micro-mobility is measured by factors such as presence of cycling infrastructure, population and employment density, presence of higher-order transit, and presence of key destinations like community centres and higher education institutions. The analysis in Appendix “A” attached to this Report highlights that areas around Mohawk College, St. Joseph’s Healthcare Hamilton West 5th Campus, Kenilworth Avenue corridor, Upper James Street corridor, the Mountain Brow Trail, Concession Street, and Eastgate Square are likely to have the highest potential for future expansion. These results are similar to the Mountain Bike Share Feasibility Study conducted by the City in 2016.

Other strategic areas for expansion that have other attributes such as strong cycling culture, suitable topography, strong local community support, and a wealth of key destinations include:

- Local community hubs such as downtown Ancaster, downtown Stoney Creek, Concession Street commercial area, and downtown Waterdown;
- Local attractions such as conservation areas; and,
- Future regional transit hubs, namely Confederation GO station.

The biggest barrier to system expansion is cost. For example, based on current station density in Hamilton, placing four stations per square-kilometre with 6.4 bikes per 1,000 residents to serve a 30 square kilometre expansion area would require 120 new stations and 557 bikes at a capital cost of roughly \$2.3 M. In addition, ongoing operating costs for an expansion of that scale would be about \$435 K annually.

Whether to expand the geographic service area would be a business decision of the operators. However, through the permitting process, contracted operators will be encouraged to operate in more areas of the City.

### **Everyone Rides Initiative**

Hamilton’s Everyone Rides Initiative (ERI) would continue to operate under the recommended model.

The ERI is an initiative of HBSI and operates independently and at no cost to the City. It provides cycling education, outreach, discounted access to the bike share system, advice and support to the City on system expansion, and promotes a range of initiatives that remove barriers to cycling across the City.

Regardless of the operating model, most of the cities reviewed also had equity considerations built into the shared micro-mobility programs, although few are as comprehensive as the ERI. These include discounts for low income riders, alternative payment arrangements for those without credit cards and/or smartphones, requirements or incentives for operators to deploy some of their fleet in marginalized neighbourhoods, and targeted system expansion plans to ensure equitable distribution.

To-date the ERI has only had to consider equity issues related to the City's bike share system. Looking ahead, if non-exclusive contracted private operators are welcomed into the City, a program based on the same principles as the ERI program could be expanded to cover all shared micro-mobility in Hamilton regardless of operator or vehicle type.

## **ALTERNATIVES FOR CONSIDERATION**

### **Alternative Option 1: Exclusive for-profit or non-profit operator contracted to the City and secured through a competitive RFP process**

The City could immediately launch a procurement process to secure a single operator for micro-mobility in the City, including the existing bike share program, and exclusive rights to operate other forms of micro-mobility, including e-scooters, if ultimately permitted by the City. This is not the recommended approach as it creates uncertainty and risk to the continued viability of the City's existing bike share program, and the market for other forms of micro-mobility in the City is uncertain and untested.

### **Alternative Option 2: Non-exclusive permit-based open to all operators**

The City could open up the operation of micro-mobility technologies, including bike share and e-scooters, to any for-profit or non-profit entity, through an open permit-based program. This is not the recommended approach as it creates uncertainty and risk to the continued viability of the City's existing bike share program, and the market for other forms of micro-mobility in the City is uncertain and untested.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

### **Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

**Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

**Clean and Green**

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

**Built Environment and Infrastructure**

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" – Hamilton Shared Micro-mobility - Assessment of Operating Models, Funding Sources, and Role of Not-For-Profit Organizations

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