

# Report to Council



**Date:** February 1, 2021  
**To:** Council  
**From:** City Manager  
**Subject:** Implications of Exclusivity for Shared E-bike and E-scooter Services  
**Department:** Integrated Transportation

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## **Recommendation:**

THAT Council receives for information, the report from Integrated Transportation dated February 1, 2021, regarding the Implications of Exclusivity for Shared E-bike and E-scooter Services;

AND THAT Council directs staff to bring forward an amendment to the existing Bikeshare (Micromobility) Permit Program to issue an exclusive permit for e-bikeshare service in Kelowna.

## **Purpose:**

To update Council on the implications of creating an RFP for exclusivity of a multi modal fleet including e-scooters and e-bikes for the 2021 season.

## **Background:**

On June 22, 2020, Council directed staff to: "report back with the implications of creating an RFP for exclusivity of a multi modal fleet including e-scooters and e-bikes for the 2021 season."

This report responds to this request and explores options for delivering a mobility service that provides travelers with shared e-bicycle and e-scooters. It examines the potential for the City to deliver exclusivity to one company to offer shared e-scooters and e-bikes in a combined fleet.

The City of Kelowna's Bikeshare (Micromobility) Permit Program regulates free-floating, shared fleets of small vehicles operating in Kelowna. The Permit Program allows multiple operators to deliver pedal bicycles, e-bicycles, e-scooters and e-mopeds as a shared service. There are now multiple companies that hold permits under the program, although no permits are currently held for e-bikeshare. Kelowna's Permit Program has been replicated across Canada, including in Calgary, Edmonton and Ottawa.

The use of e-scooters is not currently permitted on public roads in British Columbia. However, the Province has recently amended legislation and announced intentions to allow e-scooters to access the road network in select cities.

**Discussion:**

Exclusivity in the shared mobility industry presents both challenges and opportunities. This report explores how market structure, selection strategy and profitability inform the potential for success in attracting an exclusive e-bikeshare and e-scooter share provider to the City of Kelowna. This report draws on the review findings to recommend a path forward that optimizes the City's likelihood of success.

E-bikeshare in Canada

Many Canadian cities, including Kelowna, have companies that rent e-bikes to the public. The difference between e-bike rentals and e-bikeshare is how users consume each service. E-bike rentals are typically rented for multiple hours and often have the same pick-up and drop-off locations, whereas e-bikeshare is typically used for shorter periods for point to point travel for a single trip. E-bike rental is most often used by tourists to explore their surroundings, whereas e-bikeshare is most often used by residents as a transportation option.

E-bikeshare is less common than e-bike rental because of the complexity of operations and the requirement to use municipal land to achieve success. E-bikeshare has only ever been delivered in three Canadian cities: Toronto, Calgary and Montreal. The e-bikeshare programs that were part of a government-subsidized program continue to be available. In contrast, the e-bikeshare programs that did not involve public subsidy are now discontinued (citing high costs for e-bikeshare compared to other small shared vehicles, such as e-scooters). Unsubsidized e-bikeshare is not offered anywhere in Canada at this time.

One Operator for E-bikes and E-scooters

Few service providers currently offer shared micromobility services in Canada. Of the service providers available, only one has experience delivering both e-bikeshare and e-scooter share services. Considering this, issuing an exclusive RFP for both e-scooter share and e-bikeshare services may limit responses. Specifying a multi-modal fleet in an RFP would require most service providers to expand their supply chain and operations to serve two different vehicle types, which could pose challenges. It may also mean that most service providers would not have the needed experience to deliver both e-bikeshare and e-scooter share together successfully. For these reasons, it is recommended that exclusivity for e-bikeshare be sought separately from other shared vehicle services.

Exclusivity

Exclusivity in the shared mobility program can be valuable to service providers as it offers a more certain level of activity and a longer contract term, attracting more interest. However, Kelowna is a small market where the value of exclusivity for service providers may be limited compared to larger markets.

One challenge with exclusivity for local governments is that it can often result in poorer service and higher costs for users due to the lack of competition. Historically, the City of Kelowna has allowed and encouraged competition in the private delivery of shared transportation services (e.g. taxis, ride-hailing (Uber & Lyft), carshare, car rentals and shared e-bikes, e-scooters and other micromobility vehicles).

Currently, the shared micromobility industry is in flux, with many companies heavily impacted by both the pandemic and stiff competition. Structuring the Permit Program to have one exclusive provider therefore creates a risk of service interruptions if the provider encounters operational issues. If this occurred, a service gap could manifest while the City attempts to establish a new service provider.

For these reasons, it is recommended that exclusivity be used only as a means of attracting shared mobility service providers for vehicle types that have received little interest under our current Permit Program (i.e. e-bikeshare).

#### Reputational Risk

Another potential challenge with offering exclusivity for both e-bikeshare and e-scooter share would be that it could trigger the cancellation of permits already issued under the City's Permit Program. While this would not carry a financial penalty to the City, it could potentially harm the City's reputation regarding our ability to provide regulatory certainty to our service providers. To avoid reputational risk, avoiding the cancellation of any valid permits currently held under the Permit Program is recommended.

#### RFP or Permit Program

A collection of municipalities in Metro Vancouver (including the City of North Vancouver, the District of North Vancouver and the District of West Vancouver) delivered an RFP two years ago for the exclusive ability to operate e-bikeshare within their jurisdictions. These municipalities were not satisfied with the results of the RFP process and have instead chosen to build a permit program similar to Kelowna's, where only one permit would be awarded for e-bikeshare. Learning from their attempt, pursuing exclusivity for e-bikes within our existing Permit Program is recommended, as this could be delivered more quickly and with more flexibility.

#### **Conclusion:**

This report has explored options for the City to deliver exclusivity to one company for shared e-scooters and e-bikes in a combined fleet. Due to the findings described in this report, staff recommend that exclusivity be pursued only for e-bikeshare by amending our Permit Program to allow for the issuance of one permit for the operation of e-bikeshare service in Kelowna.

#### **Next Steps:**

The 2021 shared mobility season will likely see e-scooters (and potentially e-mopeds) delivered as shared mobility services in Kelowna, with little interest in other shared vehicle types.

To make the delivery of e-bikeshare service more attractive to potential service providers, staff recommend developing an amendment to the existing Bikeshare (Micromobility) Permit Program. With Council approval, this amendment would allow only a single permit for shared e-bikes to be delivered at one time within Kelowna.

It should be noted that there is the potential that this proposed Bikeshare Permit Program amendment may not result in identifying a qualified company. If this is the case, other options could be explored in the future (such as providing a subsidy), following an evaluation of this permit amendment approach.

#### **Internal Circulation:**

Corporate & Protective Services

Corporate Strategic Services

Infrastructure

Infrastructure Administration Manager

Integrated Transportation Department Manager

Planning and Development Services

Strategic Transportation Planning Manager  
Transportation Engineering Manager  
Purchasing Manager


**Considerations not applicable to this report:**

Legal/Statutory Authority  
Legal/Statutory Procedural Requirements  
Financial/Budgetary  
Existing Policy  
External Agency/Public Comments  
Communications Comments

Submitted by:  
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Reviewed and Approved by:  
M. VanZerr, Strategic Transportation Planning Manager

**Approved for inclusion:**

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A. Newcombe, Divisional Director, Infrastructure

Attachment 1 – Implications of Exclusivity for Shared E-bike and E-scooter Services Presentation

cc: Deputy City Manager  
Divisional Director, Corporate Strategic Services  
Divisional Director, Financial Services  
Divisional Director, Infrastructure  
Divisional Director, Partnership & Investments