

Staff propose that this price be evaluated after completion of the first year of operation of a free-floating car share organization to determine whether,

- a) the price of \$2,000 per vehicle per year reflects fair market value based on actual use;
- b) additional restrictions should be placed on use of right of way by free-floating car share vehicles;
- c) a maximum number of permits for free-floating car share vehicles should be instituted

In order to properly evaluate the impact and efficacy of free-floating car share on the city's transportation system, as a condition of the Street Occupancy Permit, free-floating car share organizations will be required to submit periodic exception reports and usage statistics (based on GPS technologies deployed in each vehicle), and the results of member surveys.

Next steps

In light of the recent merger of Victoria Car Share Co-Operative with Modo, Canada's two largest non-profit car share organizations (now doing business as Modo Co-Operative), and the proposed entrance of zipcar and car2go, the two largest car share organizations operating in North America (both for-profit), the landscape for car share in Victoria has changed quickly and dramatically bringing new opportunities for residents, businesses, and the City corporation. As a result, staff are investigating the opportunity to:

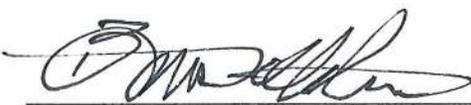
- Use third party car share to complement the City's fleet and operations. This opportunity will be explored in the course of developing the City's overall fleet strategy, identified in the draft budget as a proposed initiative for 2015.
- Standardize and streamline the processes for:
 - o Designation of assigned parking spaces in the right-of-way for car share
 - o Negotiating and administering development permit parking variances involving car share as a Transportation Demand Management (TDM) measure

Recommendations:

1. That Council instruct staff to prepare an amendment to the Streets and Traffic Bylaw in accordance with the draft contained in Appendix A of this report.
2. That Council direct staff to:
 - Update the terms and conditions of the Street Occupancy Permit to include reporting requirements for car share organizations operating under this permit.
 - Perform an evaluation at the end of the one year pilot period, and forward the results and any proposed recommendations for Council's consideration.

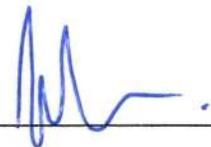
Respectfully submitted,


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Report accepted and recommended by the City Manager:


March 20, 2015

Date:

Purpose

This report seeks Council approval to amend the Streets and Traffic Bylaw to encourage growth in the availability and use of car share in Victoria.

Background

Carsharing supports a community's mobility and environmental goals by decreasing road congestion and parking demand; reducing personal car ownership and associated costs; decreasing dependence on fossil fuels while reducing the emission of greenhouse gases and air pollutants; and providing enhanced mobility through the affordable access to vehicles. Car share encourages a multi-modal approach thereby increasing the use of walking, cycling, and taking the bus, in addition to car share.

Car Sharing Service Models

Car share has moved from niche to mainstream in select cities with the investment in significant sized fleets by one of a few, large multi-national operators. These operators favour a free-floating service model, and as a result this is now the predominant model for urban car sharing in North America and Europe.

A number of different ownership and service models for car share have emerged over the last 15 years, and new models for shared vehicle accessibility continue to emerge that blur the line between traditional ride share, car share, and vehicle leasing. The two primary forms of car share presently operating in Canada are "classic"² (two-way) car sharing and "free-floating"³ (one-way) car sharing. The Victoria Carshare Co-operative employs the classic car sharing model.

As of June 2013, Car2go (owned by Daimler Chrysler) operates in 3 metropolitan markets in Canada (Calgary, Toronto and Vancouver). zipcar (owned by Avis) operates in 2 cities (Vancouver and Toronto). In Vancouver, there are 3 car-sharing organizations with 800 vehicles among them (400 Car2go, 300 Modo, 100 zipcar). Modo is a car share co-operative operating under a similar 2 way car sharing model to the Victoria Car Share Co-Operative; Modo and Victoria Car Share Co-operative announced a merger in January 2015, effective April 2015 the newly merged entity will operate as Modo Co-operative in both Victoria and Vancouver.

Car share in Victoria

At present, there is only one car sharing organization operating in the Capital Region, the Victoria Car Share Co-operative (since 1996). They currently operate with a fleet of 23 vehicles and have a membership of approximately 800 members. A recently announced merger between Vancouver-based Modo and Victoria Car Share Co-Operative (collectively referred to hereafter as "the Co-Op") is expected to further grow their membership as members will have the ability to book cars both in Victoria and Vancouver, and use Modo's improved technology and infrastructure.

At present, the Co-Op has eight assigned spaces in the City's right of way (all non-metered spaces), and two spaces in City parkades (one in Centennial Square, one in Johnson Street) with an additional assigned space being discussed for Bastion Square. Consistent with the City's Commercial Use of Public Space Guidelines, the Co-Op, as a non-profit co-operative, does not pay fair market value for the exclusive parking benefit of these assigned spaces; there is no fee

² Classic car sharing is used for round trips and relies on the use of designated parking spaces for each vehicle in its fleet. Members are typically required to book vehicles in advance and specify rental duration at the time of booking.

³ Free-floating car share permits one-way, or point to point car sharing. Using smartphone and internet applications and GPS technology "free-floating" car share customers can locate, pick up, and drop off a vehicle anywhere within a car share organization's designated "home area". These vehicles have no fixed positioning; the free-floating car share operating model relies on the use of curb space in the public right of way for parking when not in use by a customer.

for the six dedicated on-street spaces, and receives a 50% discount on the monthly fee for each parkade space (\$80 and \$95 per month discount in Centennial Square and Johnson Street, respectively).

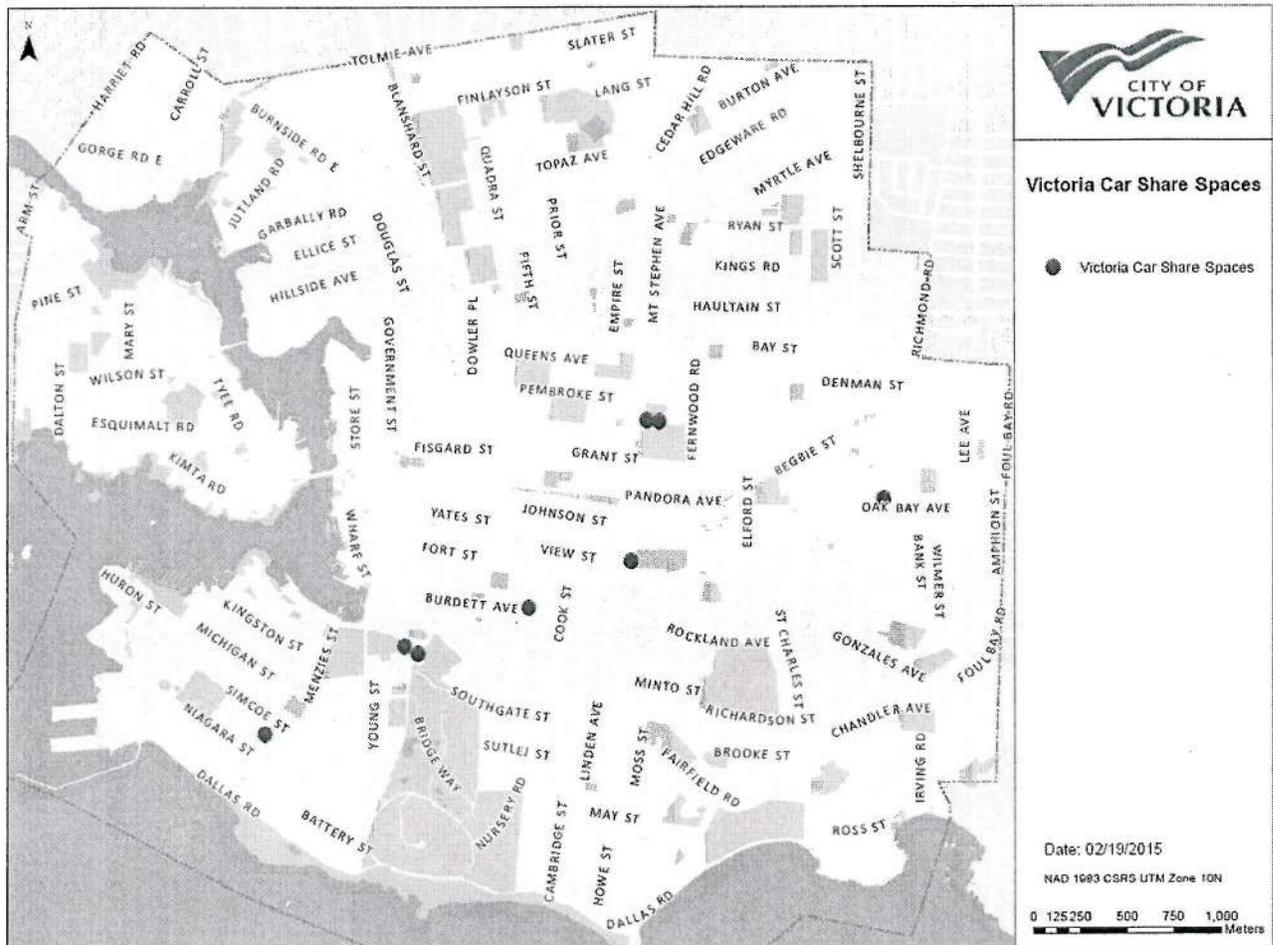


Figure 1 - Assigned On-Street Carshare Spaces

Recommended Best Practices in Car Sharing Policies by Local Government

Cost savings and convenience are frequently cited as popular reasons for shifting to a shared-use mode. Carsharing users most commonly cite convenient locations and guaranteed parking as major motivation for participation, and carsharing operators most commonly cite lack of access to a dense network of parking spaces for carsharing as a limit to expansion. A study⁴ of best practices in local government policy for car share indicates that cities can best increase carsharing participation by making parking spaces available for shared vehicles both on streets and in off-street public lots and garages. This can best be achieved through local government policies which include provisions for on-street parking; exemptions to parking time limits; creation of carsharing parking zones; free or reduced cost parking spaces or parking permits; universal parking permits (i.e. carsharing vehicles can be returned to any on-street location); and, formalized processes for assigning on-street parking spaces.

⁴ "Policies for Shareable Cities: A Sharing Economy Policy Primer for Urban Leaders", Shareable and Sustainable Economies Law Center, September 2013. Available for download at www.shareable.net

Issues & Analysis

A few questions arise related to this proposed amendment, namely:

1. What elements of the bylaw need to be amended to accommodate free-floating car share?
2. Is the City's existing Street Occupancy Permit the most appropriate process for regulating free-floating car share?
3. What is the appropriate price for this permit to reflect the benefit being conveyed for free-floating car share?
4. What are the revenue and cost implications to the City from free-floating car share?
5. What additional terms and conditions of the Street Occupancy Permit may be required specific to free-floating car share?
6. Does car share align with the City's strategic goals and objectives?
7. What are the impacts and opportunities of car share's growth and the entrance of new car share organizations in the Victoria market?

Bylaw Amendment

Free-floating car sharing varies in its service model from classic car sharing; and, as such, the City's existing clause for car share, contained within the Streets and Traffic Bylaw, does not explicitly allow for free-floating car share. Furthermore, the existing clause to allow for the use of the public right of way for car share vehicles pertains only to the operations of non-profit/co-operative car share organizations. The Co-Op, as a non-profit delivering social benefit to Victoria residents and businesses, has been assigned dedicated on-street spaces and parkade spaces to at no cost and 50% discount, respectively. In accordance with the City's Commercial Use of Public Space Guidelines, it would be inappropriate to provide free parking to for-profit car share organizations, whether free-floating or classic car share.

The draft bylaw amendment is included as Appendix A.

Accommodating free-floating car share with City's annual Street Occupancy Permits

The most similar instance of unassigned, or floating, parking in the public right of way relate to service holding an annual Street Occupancy Permit. Staff propose to use this permit for free-floating car share as the permissions and restrictions pertaining to these service vehicles are equally appropriate for free-floating car share.

Under the proposed amendment, an annual Street Occupancy Permit would be issued to each free-floating car share vehicle operating in Victoria by a car share organization. Street Occupancy Permits are issued on a calendar year basis. Under this permit, each vehicle displaying a valid decal would be allowed to park within the City's right-of-way in approved zones. Approved zones, per existing Street Occupancy Permits, include on-street metered spaces (other than 20 minute meters) and residential zones.

- In metered spaces, vehicles displaying a valid decal would be allowed to park without paying and without regard to time limit.
- In residential zones, vehicles displaying a valid decal would be allowed to park, and permit the vehicle to remain parked, on the street in a Residential Parking Zone if the driver resides there; is visiting an occupant there; or (c) is transacting business, performing work, or rendering services there.

Under this permit, free-floating car share vehicles would be prohibited from parking in all special use zones, time-restricted zones, and handicapped spaces, unless the car share member using the vehicle meets the criteria for using a handicapped space and a handicapped parking permit is displayed for the duration of the time the car share vehicle is parked within the space designated as handicapped.

Establishing a price for Street Occupancy Permits used for free-floating car share

In exchange for this annual Street Occupancy Permit, staff recommend that free-floating car share companies be required to pay the fair market value of \$2,000 per vehicle per year. This proposed price is comparable to the annual charge for other allowable uses under the City's Street Occupancy Permit (e.g. service vehicles), and reflects staff's best assumption, at this time, of the fair market value of the benefit to be conveyed to these car share organizations.

The best measure of fair market value is actual usage, but it is difficult to extrapolate the usage in other markets, nor estimate the potential usage in Victoria without making a number of assumptions bearing significant uncertainties. Staff recommend retaining the existing annual fee of \$2,000 per vehicle for the duration of a one year pilot period beginning with the issuance of the first Street Occupancy Permit to a free-floating car share organization. At the end of this pilot period, staff can then perform an evaluation which would include reviewing reports provided by the car sharing organization(s) re: usage statistics, exception reports, and any other formal feedback received in the form of parking complaints, etc. From this review, staff will recommend options to Council as to any additional amendments to the Streets and Traffic Bylaw that may be warranted to i) better manage permits for free-floating car share, and/or ii) more accurately reflect the fair market value of a Street Occupancy Permit issued to a free-floating car sharing organization. Upon completion of the pilot period, staff can present on the summary findings from this evaluation and propose any amendments to the Streets and Traffic Bylaw for Council approval at that time.

Revenue and Cost Implications to the City from Free-Floating Car Share

- a) **Revenues:** While the proposed permit fee per vehicle is estimated to reflect fair market value, it is difficult to estimate what new revenues will be generated for the City from free-floating car share. In order to estimate the revenue implications, staff would need to estimate the number of permits to be issued for free-floating car share vehicles. Car2go has estimated they would seek to launch service with 50 vehicles, translating to \$100,000 per year in revenues. This wouldn't be 100% new revenues as presumably there will be some displacement of meter revenues from personal vehicles, however, this amount is, and will continue to be, immeasurable. Finally, it is unclear whether the Co-Op or zipcar would be interested in offering free-floating car share service in addition to, or instead of their existing two-way car sharing model with dedicated spaces in residential areas and parkades.
- b) **Expenses:** There is no associated cost to the City for car share, other than the internal fixed costs of amending the Streets and Traffic Bylaw, and administering the Street Occupancy Permits. These costs are not significant and do not require an increase in resources to deliver. Further, there is no reason to believe at this time that there will be a need for greater resources to manage the permits associated with free-floating car share, nor the added complaints regarding parking, etc. that may arise from car share.

Should the City choose to become a member of one or more car share organization in order to use third party car share as a green fleet management strategy then there would be costs to the City associated with that in the form of membership and usage fees. At this time, the cost of using third party car share for flexible corporate fleet is unknown.

Additional Terms and Conditions of Street Occupancy Permit for Free-Floating Car Share

As other modes of shared mobility emerge, making new transportation options available, the ways in which people utilize each of these modes will change. Data monitoring and reporting is critical to measure the impacts of these new modes on mobility choices, and the efficacy of these modes in achieving the transportation and mobility goals as outlined in the Official Community Plan (OCP) and the community's greenhouse gas reduction strategies and proposed actions as outlined in the Community Energy and Emissions Plan (CEEP).

Under the current authority of the Director of Engineering, additional terms and conditions can be included on Street Occupancy Permits issued to free-floating car share in order to require these organizations to periodically report member, fleet, and usage information in order that staff can monitor and mitigate any challenges arising from free-floating car sharing, as well as, to measure the effectiveness of car share for reducing vehicle ownership, vehicle kilometres travelled, and greenhouse gases in our community.

Presently, the Co-Op is not required to report metrics to the City. In a separate staff report, staff are requesting Council direction to enter into an agreement with the Co-Op to obtain metrics similar to those required as terms and conditions of the Street Occupancy Permit issued for free-floating car share. With the merger, all of the Co-Op's vehicles will be outfitted with Modo's more advanced booking and infrastructure technology which should facilitate the Co-Op's ability to deliver most of this information; absent GPS technology, it may not be possible to issue spatial information regarding travel routes, but average distance and duration of rentals will be possible with Modo's improved booking and infrastructure software.

Car Share's Alignment with City's Strategic Objectives and Strategies

Official Community Plan:

- Transportation and Mobility Goal: Transportation options reduce fossil fuel dependence, help conserve energy and produce low greenhouse gas emissions and other air contaminants.
- Transportation and Mobility Objective: That travel modes function effectively together as a system where road right-of-ways are designed and managed to give priority to pedestrians, cyclists, public transit, and commercial vehicles over single occupancy vehicles.

Community Energy and Emissions Plan:

- Greenhouse Gas Reduction Strategy: Develop programs and incentives to support alternative transportation
- Recommended Actions:
 - Promote the location of car-share vehicles at places of employment
 - Support the development of, and advocate for participation in, car and bike sharing programs to reduce car ownership
 - Make opportunities for behavioural change a core focus of transportation planning in the City
 - Explore opportunities to encourage tourists to participate in alternative transportation (e.g. shared bikes for cruise ship passengers)
 - Create, or work with the private sector to create, new incentives for not owning a vehicle, including cycling events and transit events, car-free days, reward programs, etc.

Impact of New Car Share Organization Entrants to Victoria

In recent years, free-floating car share has emerged as the predominant model for urban car sharing in North America and Europe. Free floating car sharing is more dynamic and spontaneous than classic car sharing. Free-floating and classic car sharing often cater to different types of users, and research indicates they are complementary to one another and to other transportation mode choices. For instance, classic car sharing is more appropriate as a TDM measure for private development as it ensures assigned vehicles remain with the property and are available for use by its residents in perpetuity. Free-floating car share, alternatively, is likely to be more effective than classic car sharing as an extension of public transit and, as an everyday affordable transportation choice for urban dwellers, thereby having a greater opportunity to a) encourage residents and businesses to divest from vehicle ownership and, b) reduce parking congestion downtown.

Presently, Car2go, zipcar, and Modo operate in Vancouver, each occupy a different place in the market for members based on different rate structures, service models, and vehicle types. Staff expect that the newly merged Co-Op will grow the car share market in Victoria, and the entrance of any free-floating car share organization will only further enhance the transportation options provided to Victoria residents, businesses and visitors.

Staff have consulted with the Co-Op about the potential entrance of other car share organizations to the Victoria market, and asked for their feedback. The Co-Op's board members discussed this topic and issued the letter attached in Appendix B to the City. In summary, the feedback from the Co-Op specific to the potential entrance of new car share operators is that they "support the growth of car sharing in Victoria. It is our hope that Car2go complements our service, and that they are able to increase public awareness, and pull in more users to car sharing which would have a long-term beneficial impact on us. However, it is impossible for us to know how Car2go will impact our bottom line. In this small market, we may see a negative impact to revenues in the short and/or long term as consumers share their transportation budgets between the two services."

Options & Impacts

1. Bylaw amendment
 - a. Amend the Streets and Traffic Bylaw to explicitly allow free-floating car share vehicles to operate under an annual Street Occupancy Permit.
 - b. Don't amend the Streets and Traffic Bylaw, thereby inhibiting the emergence of i) free-floating car share, and ii) car share service by for-profit organizations.
2. Permit Fee
 - a. Establish an annual permit fee of \$2,000 per vehicle per year for a pilot period of one year. This fee is comparable to the annual fee for other allowable uses of the City's Street Occupancy Permit (e.g. service vehicles).
 - b. Establish a different annual permit fee based on another fair market value rationale, i.e. permit fees charged in other cities, permit fees for other uses of public right of way (e.g. sightseeing vehicles), or calculation (based on modeled estimate of # of vehicles, hours in use or parked outside of municipality, and hours parked in metered space vs. residential on-street). In Staff's opinion, the use most closely comparable to car share is for service vehicles permitted under the Street Occupancy Permit at an annual cost of \$2,000. Estimating usage to derive an annual fee specific to car share will be very difficult at this time as it will be based on a number of assumptions and uncertainties. Once actual usage statistics are reported by car share organizations, this data may indicate a different fair market value is more representative. At that time, re-evaluation

of the \$2,000 fee may be warranted if the difference between actual use and this fixed fee are significant.

- c. Establish an annual permit fee not based on fair market value to reflect the social and environmental benefits attributable to car share. This option is consistent with the City's Commercial Use of Public Space guidelines which identifies an exception for commercial uses that advance other goals of the City. However, based on models in other cities, and ongoing conversations with Car2go, there is no presumption or need to provide this fair market value exemption, thus no reason for the City to forego this revenue.

Conclusion

Car share is a small, but beneficial element of Victoria's multimodal transportation system. Car share has the potential to advance many of the City's mobility and climate action goals as outlined in the OCP and CEEP. The car share industry continues to evolve with new operating and service models, such as free-floating car share. One or more free-floating car share organizations desire to enter the Victoria market. This report seeks Council approval to amend the Streets and Traffic Bylaw in order to encourage growth in the availability and use of car share in Victoria.

Next steps

In light of the recent merger of Victoria Car Share Co-Operative with Modo, Canada's two largest non-profit car share organizations (now doing business as Modo Co-Operative), and the proposed entrance of zipcar and car2go, the two largest car share organizations operating in North America (both for-profit), the landscape for car share in Victoria has changed quickly and dramatically bringing new opportunities for residents, businesses, and the City corporation. As a result, staff are investigating the opportunity to:

- Use third party car share to complement the City's fleet and operations. This opportunity will be explored in the course of developing the City's overall fleet strategy, identified in the draft budget as a proposed initiative for 2015.
- Standardize and streamline the processes for:
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 - Negotiating and administering development permit parking variances involving car share as a Transportation Demand Management (TDM) measure

Recommendations

1. That Council instruct staff to prepare an amendment to the Streets and Traffic Bylaw in accordance with the draft contained in Appendix A of this report.
2. That Council direct staff to:
 - Update the terms and conditions of the Street Occupancy Permit to include reporting requirements for car share organizations operating under this permit.
 - Perform an evaluation at the end of the one year pilot period, and forward the results and any proposed recommendations for Council's consideration.

STREETS AND TRAFFIC BYLAW, AMENDMENT BYLAW

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to amend the Streets and Traffic Bylaw to provide specified parking exemptions for car share organizations.

Under its statutory powers, including sections 8 of the *Community Charter*, 124 and 124 of the *Motor Vehicle Act*, the Council of the Corporation of the City of Victoria, in an open meeting assembled, enacts the following provisions:

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PART 1 – INTRODUCTION

Title

- 1 This bylaw may be cited as the “Streets and Traffic Bylaw, Amendment Bylaw (No.XXX)”.

PART 2 – AMENDMENTS

- 2 Bylaw No. 09-079, “Streets and Traffic Bylaw” is amended by inserting the following section 76A immediately after section 76:

Exemption for Car Share Vehicles

- 76A (1) In this section:

“Car Share Organization” means an organization which owns ten or more vehicles for the purpose of shared use among its members

“Free Floating Vehicle” means a vehicle owned by a Car Share Organization which is shared among the organization’s members and has no fixed or dedicated public parking space.

- (2) A Car Share Organization may apply to the Director of Engineering for an annual exemption from payment at metered or parking pay station zones

within the City by submitting an application in the form prescribed by the Director of Engineering.

- (3) Upon receipt of the following from a Car Share Organization
 - (a) an application under subsection (2) and
 - (b) a payment of \$2,000 for each of its Free Floating Vehicle used within the City,

the Director of Engineering may issue an annual exemption from payment at metered or parking pay station zones to that Car Share Organization.

- (4) Sections 71(2) to (4) and 72(1) and (2) of this bylaw, do not apply to the driver of a Free Floating Vehicle provided that:
 - (a) the Free Floating Vehicle is owned by a Car Share Organization that holds a valid permit issued under subsection (3); and
 - (b) the Free Floating Vehicle is clearly identified as being owned and operated by the Car Share Organization that holds a valid permit under subsection (3).

PART 4 – COMMENCEMENT

Commencement

3 This Bylaw comes in to force upon adoption.

READ A FIRST TIME the	day of	201X
READ A SECOND TIME the	day of	201X
READ A THIRD TIME the	day of	201X
ADOPTED on the	day of	201X

CORPORATE ADMINISTRATOR

MAYOR