

Infrastructure, Transport and Environment Committee
ATTACHMENTS UNDER SEPARATE COVER

Date: Wednesday 13 February 2019
Time: 1.30pm
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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MEMO

To: ITE Committee members
Cc:
From: Strategic Transport Team – Strategy and Transformation Unit
Date: Thursday 13th February 2019
Subject: Email from Lime ahead of Feb 13th ITE meeting.

Purpose

The purpose of this memo is to make the ITE committee aware of correspondence received from Lime technology last night and provide staff advice to the points raised.

Key Points

- Staff have recommended in the report a per square metre fee as allowed for under the Public Places Bylaw and Trading and Events in public places policy. This fee is in line with existing policy and was calculated on the value of occupied public land multiplied by the size of the vehicle and the fleet.
- Staff have recommended increasing Lime's fleet cap (from 700 to 1000) under the permit based on observed demand as well as estimating a city-wide vehicle cap (of 1600) to ensure city streets are not saturated with underutilised vehicles causing an obstruction in public places. These figures are calculated on three months of data and should be reviewed to ensure there is adequate supply to meet demand.
- Lime have suggested alternatives to the staff advice and their proposals are detailed below with staff comments on each proposal in red.
- However staff would like to emphasise that this is not a negotiation and work to date has focused on developing clear and consistent policy on this issue that goes beyond Lime's permit to trade.

Correspondence Received by Lime's Regional Director of Government Relations

Hi all,

Thanks for your time last week. We have worked the numbers and have some suggestions as alternatives that we would like to propose. We have analysed the proposed fee structure and have done our own calculations.

1. Accept CCC proposal in exchange for **exclusivity** \$83 / scooter / annum

(Total Fee = \$132,800 based on 1600 scooters)

- The decisions before the ITE committee relate to setting a permit to Lime beyond the initial trial period and what the terms of the permit should be.
- Staff have been working on the trial period to determine the proposed permit structure and fees that apply to these types of commercial trading activities. This process is not a negotiation, nor is it a commercial arrangement with a particular operator. Any concepts of exclusivity raise several issues around anti-competitive practices, and would be counter to the existing policy frameworks for trading in public places.

2. Accept our proposal @ reduced rate based on actual scooter footprint: \$49 / scooter/ annum
- We don't believe the original calculation is correct. We have assessed the space in which our scooters occupy and believe it to be closer to 0.29 sqm [scooter footprint = 0.26m x 1.10m = 0.29 sqm]. We strongly believe that the calculations by CCC is incorrect on the use of space that our scooters use.

(Total fee = \$49000 based on 1000 scooters)

- The decision before ITE today is to set a rental fee applicable under the Trading and Events in Public Places Policy (2018) is applied for all e-scooter permits, and in line with all other activities using public space. Noting that this is presently set at \$172.50/m² per year. These fees are exclusive of GST, and would change based on the commercial rates of public realm.
- Staff have identified this on a per square metre basis relating to the space the scooter takes up on the footpath.

3. Trip tax of \$0.05 that we will pass onto consumer as 'local tax'. This will pay for fixed fee and positively contribute into local infrastructure.

(Total fee / contribution = c. \$100,000+)

- Charging a tax or levy on a per trip basis is problematic under the Local Government Act 2002. The Council needs to take a reasonable and consistent approach to setting fees and charges. A \$.05 per trip fee would be inconsistent with existing Council policies and processes.
- Staff are recommending prescribing a fee for a permitted activity under the Public Places Bylaw that is constant with both the Council's Schedule of Fees and Charges, as well as the Public Streets Enclosures Policy.

4. Exclusivity for four years of \$50,000 per year paid up front to Christchurch City Council as a \$200,000 fee to operate with a dynamic cap on scooters.

- As mentioned above offering exclusivity to an operator is problematic, counter to the policies under the public places bylaw and not something the council is in the position to negotiate.

5. Christchurch City Council implement a dynamic cap that removes the 1600 city cap limit for scooters. Rather than select an arbitrary cap, we are committed to providing a truly tech-enabled solution. Allow market performance and TVD to determine the number of scooters rather than a hard line 1600 cap. This would allow our business to grow with supply and demand.

- As mentioned in the key points above, the 1600 vehicle, city-wide cap is based on the observed demand patterns over three months and there are uncertainties of how the demand will change over time or with the seasons. It has been benchmarked against data from the city of Austin where a saturation point of 3-4 scooters per 1000 residents has been observed. The city-wide cap should be considered an interim cap until observed demand can justify an alternative.

6. We are interested in knowing more accurately the financial cost that CCC has taken on in administering this trial so as to reevaluate the original suggested permit fee.

- The report identifies a growing activity of e-scooters and micromobility which is currently not resourced within Council units. There is no recommendation that Council be reimbursed by Lime for this cost. Work to date and the future will focus on developing clear and consistent policy on this issue that goes beyond Lime's permit to trade.

I note your intention to increase our cap to 1000. I would like the option on the table to operate exclusively in Christchurch. We are the tried and tested brand that is committed to Christchurch and its future mobility.

It should be noted that we already pay GST and Corporation Tax in NZ to operate our business - adding in the Christchurch Fee would render the tariff structure almost punitive. Of course, like any independent company, we reserve the right to set our own pricing model and keep options like passing the cost of the per scooter fee onto the consumer as a Christchurch City Council tax open.

We have created over 30 jobs in Christchurch not to mention the juicer opportunities for the people of the city.

I ask that our proposal be presented to the committee at the meeting this week for consideration.

- The proposed fee is considered by staff to be fair and reasonable as Lime are essentially receiving a property right to sell and display their goods on public land. As discussed in the report's attachment implementing any fee should be done with careful thought and consideration. All well as being easy to collect and logical to explain, it should send price signals to encourage or incentivise behaviours to internalise negative impacts caused by an activity.
- In the case of the proposed fee structure, Council is trying to encourage companies to be economical with their fleets, and ensure that there isn't an oversupply of idle vehicles creating public obstructions. Charging a per-ride fee is likely to be passed on to the customer meaning Christchurch residents would be paying more for a service than in other centres in New Zealand. Increased prices for consumers is likely to suppress demand, and ultimately ridership which would be counter to one of the Council's strategic objectives of increasing shared transport opportunities and use.

