



ADMINISTRATIVE REPORT

Report Date: July 20 2011
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Meeting Date: July 28, 2011

TO: Standing Committee on Planning and Environment

FROM: Chief Executive Officer, Vancouver Economic Development Commission

SUBJECT: Business Impact Study Report, Downtown Separated Bicycle Lanes

RECOMMENDATIONS

- A. THAT Council receive this preliminary Business Impact Study Report (the Study) for information.
- B. THAT Council direct City staff to consider the Study recommendations with regard to 'hot spots,' to continue working with businesses on Hornby and Dunsmuir Streets, and to report back to Council in 2012 on steps taken to continue improving the separated bike lane experiences on those streets.
- C. THAT Council direct City staff to take into account the Study recommendations in its ongoing work in development of the new City Transportation Plan.
- D. THAT Vancouver Economic Development Commission (VEDC) work with City staff and stakeholders to report back with an assessment of economic impacts once two (2) or more years of demonstrable retail lease rates and sales data is more available.

CITY MANAGER'S COMMENTS

This report was undertaken as a partnership between the key downtown business associations and the City following direction from Council in October 2010. It is a precedent setting study - and other large cities across North America have indicated their interest in our findings. The report was designed to utilize the best quantitative metrics and study methodology available

to ascertain economic impact on the business community. The results can be considered preliminary due to the short time frame from implementation of the bike lanes and the low response rates overall to the various surveys - particularly the very small number of businesses who provided quantitative evidence of impacts. However all the partners involved felt it important to report back to Council on the original timeline.

Hot spots have been highlighted in the report and a number of the issues have already been addressed, and others are being worked on. City staff continue to work on a one to one basis with the businesses along these key corridors and will continue to do so in the months ahead. The work undertaken was a precedent setting partnership between the City and our downtown business community - new relationships have been forged and across those organizations involved, there is a strong commitment to continue to work together on our shared work of continuing to enhance the city's profile as a global city with a strong economy, as a front runner in sustainability and as one of the most liveable cities in the world.

COUNCIL POLICY

City of Vancouver Transportation Plan 1997

1999 City of Vancouver Bicycle Plan

2002 Downtown Transportation Plan

2005 Community Climate Change Action Plan

Greenest City Action Team Quick Starts Report 2009

Burrard Bridge Bike Lane Project May 2009

Greenest City Action Team Report - A Bright Green Future Report 2010

Dunsmuir Viaduct Bike Lane Project February 2010

In May 2010, Council approved the construction of a pilot two-way separated bicycle lane on Dunsmuir Street, including a monitoring and evaluation program with a report back to Council regarding the results.

In October 2010, Council approved the construction of a two-way separated bicycle lane on Hornby Street, including a monitoring and evaluation program, with a report back to Council regarding the results.

SUMMARY

Cycling is an important part of Vancouver's economy and the city's future. Best practices around the world support the safe integration of cycling on urban streets, and separate biking lanes are becoming increasingly common in North America as an alternative mode of transportation that reduces traffic congestion, and improves both social and environmental health. Promoting cycling as a mode of transportation has long been part of the Vancouver culture, and will continue to be a vital part of the city's future.

From this Study, it is clear that the City should continue to find alternative ways for people to travel to and through the downtown core, and bikes are a logical option. As with any mode of transportation however, if local government intends to formally promote the use of alternative transportation measures, there is an obligation to ensure it can be done safely. Moreover, an increasing number of commuters are choosing cycling as a transportation method into the downtown, and without a safe cycling option for commuters, traffic gridlock in the City's urban core would become unmanageable.

In this vein, the City implemented separated bike lanes along Dunsmuir Street in June 2010 and along Hornby Street in December 2010. As part of approving the Hornby Street bike lane in October 2010, Council directed staff to conduct a study that would examine what impacts there might be on businesses along the bike lanes.

In April 2011, a stakeholder group (the study partners) comprising City staff, VEDC staff and representatives of three downtown business associations – the Downtown Vancouver Association (DVA), the Downtown Vancouver Business Improvement Association (DVBIA) and The Vancouver Board of Trade (VBOT)— came together to conduct the impact study. The VEDC agreed to chair the stakeholder group, and to provide secretariat support.

The partners hired consultants to assist with the Study through a competitive request for proposals, and with strong support from all members of the stakeholder group, they worked to authoritatively document the impact of the separated bike lanes on the businesses along Hornby and Dunsmuir. Despite best efforts however, the consultants were not successful in gathering data with statistical significance in the way the stakeholder group had hoped. Nevertheless, the work did provide some evidentiary documentation of impacts on both sales and profits for a small number of businesses, and produced enough information for the group to target problem areas or 'hot spots,' and the solutions required to improve the bike routes.

The Study especially provided useful recommendations on mitigating impacts to businesses around the 'hot spot' areas and on additional improvement opportunities to be considered in future transportation planning. Some of the recommendations and changes to improve the lanes have already been made or are underway, including such changes as; extending loading zones and expanding passenger zones for service businesses, relocating passenger loading zones for health services, and adjusting signal timing to support better traffic flow at key intersections. Others will be considered and implemented in the coming months.

Some recommendations in the Study have been employed since the start of the bike lane implementation, such as a 24-hour information access line, an on-site construction manager to deal with ongoing issues or changes as they arose, and individual meetings with the businesses along the bike lane routes to seek input and understand concerns - the report reaffirms these activities as best practice.

With respect to impacts on overall lease and vacancy rates, while it may be too early to really analyse impacts on retail sales, the commercial leasing climate remains strong and stable according to the Study. When surveyed, property owners and managers responded that they were either lower than or similar to vacancy rates on comparator streets. In fact, respondents along Hornby confirmed that vacancy rates were on average 11% and 12% in 2009 and 2010 respectively, but that vacancy rates in 2011 have dropped to 2%.

According to the Study, downtown Vancouver is one of the most valuable commercial real estate locations in North America, with 214,944 square feet of space being absorbed (leased or sold) in the first quarter of 2011, bringing vacancy rates down overall from 4.6% to 3.7% in that time period. In addition, demand is projected to remain strong.

From a longer term perspective, an important outcome of the Study was the unprecedented level of collaboration between the public and private sectors in addressing a contentious downtown transportation issue under tight deadlines. The ability of business associations, the City and the VEDC to work together on difficult challenges is crucial in ensuring the prosperity and resilience of the commercial heart of the city and the region.

Vancouver is globally recognized for its successful approach to urban planning, and has consistently been rated the number one city in the world for quality of life and liveability. These are the types of planning measures and partnerships that will ensure Vancouver continues to earn those international accolades, and maintain its high standard of quality living.

PURPOSE

The purpose of this VEDC report is to provide Mayor and Council with the interim results of the Business Impact Study Report, and seek approval for the recommendations.

BACKGROUND

The City implemented trial separated bike lanes along Dunsmuir Street in June 2010, and along Hornby Street in December 2010. In October 2010, as part of the approval for the Hornby bike lane proposal, Council directed staff to conduct a Study of the economic impact of the bike lanes on adjoining businesses. Some business and property owners along the impacted streets expressed concerns that the bike lanes were impacting their business. In response, the City requested that VEDC establish a working group of stakeholders to examine in the most credible way possible, what the impacts to businesses might be, and to investigate solutions that would mitigate any impacts.

In April 2011, a stakeholder group (the study partners) comprising City staff, VEDC staff and representatives of three downtown business associations—the Downtown Vancouver Association (DVA), the Downtown Vancouver Business Improvement Association (DVBIA) and The Vancouver Board of Trade—came together to conduct the Study. The VEDC agreed to act as the chair of the group, and to provide secretarial support.

The study partners unanimously developed a set of objectives to select a consultant for the Study, which were integrated into a Request For Proposals (RFP) that went public in May, 2011. The successful proponent was a consortium headed by Stantec Consulting Ltd., which included Site Economics and Mustel Group Market Research. The objectives of the Study were:

1. To measure and quantify the economic impacts on different business segments of the introduction of the Dunsmuir and Hornby separated bike lanes on the businesses located on and near the lanes;
2. To measure and quantify the current and future changes in the commercial/retail occupancy levels and lease rates attributable to the introduction of the separated bike lanes;
3. To measure and quantify the impact on businesses on streets which may have been impacted by new turn restrictions related to the separated bike lanes; and,
4. To propose a range of solutions to, first and foremost, reverse or mitigate any negative impacts caused as a result of the introduction of the separated bike lanes, and secondly, to enhance any economic benefits created.

Table 1. Business and Property Owner Survey Results

Survey Description	Number Surveyed	Number Responded	Response Rate
Grade Level Businesses (bike lane streets and comparators)	225	73	32%
Businesses with greater impacts asked to provide sales data	15	4	27%
Commercial Property Owners and Managers (bike lane streets and comparators)	114	34	30%

Table 2. Regional Resident, Employee and Online Survey Results

Survey Description	Number Surveyed
Customer Exit Survey (bike lanes streets only)	768
Survey of Metro Vancouver Residents	500
Upper Level Tenants Survey (office employees)	557
On-line Survey	436

The Study was launched in May, 2011, and completed in July, 2011.

DISCUSSION

The methodology used for this impact analysis intended to collect as much detailed, authoritative data as possible from the businesses in the study area. With the notable exception of four businesses, this proved impossible despite the best efforts of the consulting team. Despite the failure to produce the robust metrics the stakeholders had hoped for, the work of the consultants did identify impacts at several 'hot spot' areas along the routes, for which solutions have been recommended—and some implemented already.

These business impacts were determined using six separate stakeholder surveys of business owners and managers, customers, and employees on the bike lane corridors and on adjacent comparator corridors (Howe St. for Hornby St. and West Georgia St. for Dunsmuir St.). The comparator streets were used to try and isolate impacts caused solely by the separated bike lanes, and attempt to distinguish impacts along the bike lane routes from other major influencing factors like the recent economic downturn (from which retail sales are still recovering) and recent taxation changes like the HST.

Overall, the partners in the study were disappointed by the survey response rates and by the limited number of businesses willing to provide hard data to the consulting team on loss of sales or impacts, which affected the strength of the analysis. It has been recognized however, that it was too early to accurately measure the impacts on businesses, particularly along Hornby Street where the bike lane was only in place for six (6) months. These results therefore should be viewed as the preliminary and short-term business impacts. As with any major infrastructure change in a city, there is normally an adjustment period, which may take years before impacts become clear and definitive. The group has therefore recommended

that the City continue to measure the business impacts of the separated bike lanes over a longer time period, and to maintain a responsive approach to making improvements that will protect the viability of businesses.

The consultants and the study partners felt confident that enough input was received in the immediate term to identify solutions and improvements to the bike lane routes. The consultants produced a series of recommendations that would lead to improvements along the bike lanes, and that would mitigate impacts on affected businesses.

The main findings of the Study include:

- Businesses along Hornby and Dunsmuir streets have stated lost sales and profit as a result of the bike lanes, but these stated losses have been moderate. According to survey participant perceptions, the overall sales loss is estimated at \$2.4 million, which translates into an approximate profit loss of \$480,000 over a full year.
- The Study states, "This is relatively moderate based on industry standards and, in general, insufficient to create persistent vacancies. The downtown is and will remain vibrant and the moderate negative impact of the lanes will diminish over time as mitigation strategies take effect."
- The following five blocks were identified as 'hot spot' areas where solutions are being applied to help businesses:
 1. 400 Block Hornby
 2. 500 Block Hornby
 3. 600 Block Hornby
 4. 1000 Block Hornby
 5. 600 Block Dunsmuir

The Study made recommendations to address the specific problems encountered in each of the blocks listed above, some of which have already been implemented. In addition, the Study made more general recommendations. Some of these recommendations have already been implemented by the City, or are underway, others will be considered in the coming months. The broad recommendations included:

- Altering vehicle parking hours and restrictions
- Strategic placement of bike parking
- Removal or modification of bike traffic lights
- Improving signage
- Encouraging changes in traffic patterns
- Examining bike lane design for additional improvement opportunities, including the installation of hydraulic bollards and timed uses
- Introducing more safe riding/safe driving programs
- Campaigning to encourage cyclists to use businesses on bike lane routes
- Enhancing the bike lanes with beautification treatments
- Increasing residential density on impacted streets

The Study also identified some key learnings. Among these, one of particular interest to members of the study partners was a recommendation that bike lanes and other uses of the public realm be designed to be as flexible as possible, so that the space they occupy can be used for different purposes depending on demand at different times of the day, on different days of the week, and at different times of the year. This will be explored in the next phase of the City's transportation planning process.

Other key learnings include:

- Continue to develop strategies to maximize positive impacts and minimize negative impacts of separate bike lanes;
- Reinforce monitoring and data collection strategies that includes business data with economic baselines on rents, vacancy rates, sales changes, etc;
- Increase consultation with, and engagement of, potential impacted stakeholders in advance when planning changes to transportation infrastructure;
- Establish a Downtown Business Transportation Advisory Committee.

Throughout the Study process the partners effectively overcame complex challenges to focus together on its key objectives—to identify real impacts of the separated bike lanes on businesses and property owners along Dunsmuir and Hornby streets, and to recommend solutions that would minimize or eliminate those impacts. One important observation the consultants made, is that although there are numerous cities integrating separated bike lanes around the world, this is the first Study of this kind that takes a responsible approach to examining the impacts to businesses and finding solutions that balance important urban planning objectives with the desire to protect the viability of the business community every way possible. The stakeholder group members have expressed both pride and appreciation for this approach, particularly given the complexities involved.

It is the VEDC's belief that the results of the impact analysis, though not perfect, have provided the City of Vancouver with enough information at this early stage to take steps to mitigate what appear to be modest impacts to businesses. It is especially the VEDC's view that one of the most important achievements of the process has been the successful collaboration with all the stakeholders, who began this process with significantly polarized perspectives, who have demonstrated extraordinary commitment to finding solutions, and who have unanimously agreed with the recommendations in the Study.

FINANCIAL IMPLICATIONS

Some recommendations can be implemented within the current budgeted resources; any initiative requiring additional resources will be properly addressed through the City's approval process.

COMMUNICATIONS PLAN

The study partners are working together on communicating the results of the Study.

CONCLUSION

In the immediate term, this Study provides recommendations for improvements. Some best practice recommendations in the Study were employed during the implementation of the bike lanes, such as a 24-hour information access line, an on-site construction manager to deal with ongoing issues or changes as they arose, and individual meetings with the businesses along the bike lane routes to seek input and understand concerns.

Some of the recommendations and changes to improve the lanes have already been made or are underway, including such changes as; extending loading zones and expanding passenger zones for service businesses, relocating passenger loading zones for health services, adjusting signal timing to support better traffic flow at key intersections, etc. Others will be considered and implemented in the coming months.

From a longer term perspective, it is clear that the City should continue to find ways for people to travel to and through the downtown core, and cycling is an important part of that mix. Without alternative transportation options like cycling, traffic gridlock in the City's urban core would be unmanageable.

One of the most important outcomes of the Study was an unprecedented level of collaboration between the public and private sectors in addressing a contentious downtown issue under tight deadlines. The ability of business associations, the City and the VEDC to work together in this way to support local business and economic prosperity is a crucial factor in protecting the resilience of the commercial heart of the city and the region.

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Appendices are available at: vancouver.ca/ctyclerk/cclerk/20110728/penv20110728ag.htm