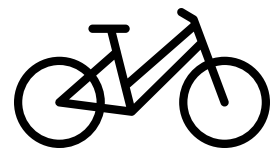


City Auditor's Highlights

Audit of the City's Bikeshare Program, Resolution 19-290

Report No. 20-08



Honolulu's bikeshare program enhances Honolulu's initiatives to promote green alternatives and provides an environmentally-friendly transportation option of Honolulu's urban core. Although city support for this program may have been justified based on its merits initially, it lacked a cost-benefit analysis to truly measure the program's worth. Bikeshare Hawaii receives a myriad of city exemptions to support its operations that are not formalized and lack transparency. Furthermore, these exemptions also have a cost element and the cost to the city, in terms of metered parking stall revenues, and permit and concession fees, are not calculated or even considered when evaluating the program. Bikeshare Hawaii is reaping significant benefits, with little return to the city and its taxpayers, beyond bike operations itself. Going forward, the city should re-evaluate its relationship, right-size the benefits and exemptions, and properly monitor its grant agreement with Bikeshare Hawaii.

The city incurred over \$450,000 in loss revenue in 2019



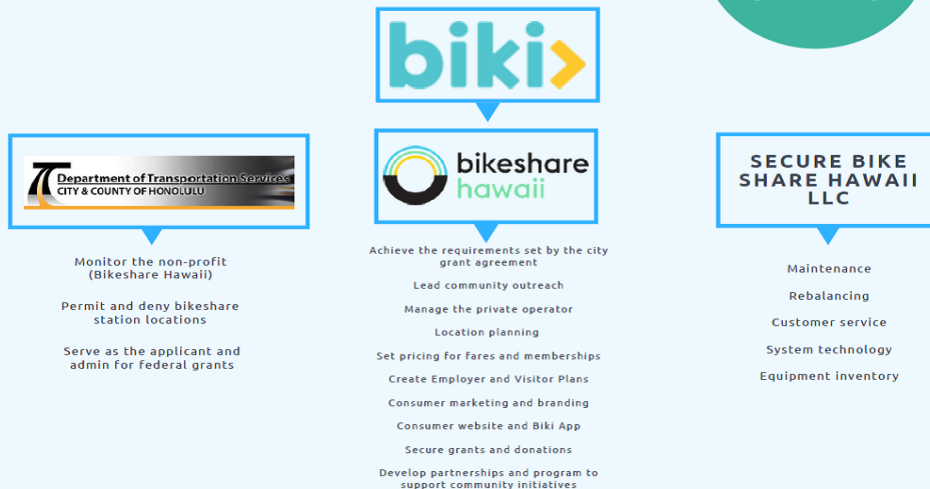
By agreement, the city cannot receive revenues from the bikeshare system. The city is losing revenues from the replacement of 44 metered stalls, which totaled an estimated \$303,692 in 2019. In addition, the city exempted Bikeshare Hawaii from paying an estimated \$157,000 in street usage permit fees annually. Bikeshare revenues increased 190% from FY 2017 (\$939,788) to FY 2019 (\$2.7 million). The city did not share in the \$5.3 million in revenues collected by the Bikeshare program between FY2017 and FY2019. In addition to fare revenues, Biki also receives monies from sponsorships, but does not report these amounts to DTS as required by contract agreement. The city did not share in the nearly \$1.4 million in sponsorship revenues collected between FY 2017 and FY 2020.

DTS is unable to hold Bikeshare Hawaii accountable for its operational and fiscal performance as required by agreement.



DTS could not provide documentation for 7 of 11 contract control requirements. DTS does not effectively monitor Bikeshare Hawaii in these areas and does not enforce grant agreement requirements. As a result, the Biki program lacks transparency and accountability. Currently, DTS cannot assure Honolulu citizens that the Bikeshare program is operating as intended and that the contracted operator is fulfilling its responsibilities. Bikeshare Hawaii is falling short of its responsibility to be transparent and justify their use of city property.

Organizational Structure of Biki (Functions & Roles)



We made 9 recommendations to improve transparency and accountability of the bikeshare program. The Managing Director and Department of Enterprise Services expressed general agreement with the report's findings and recommendations.



For the full report, click or go to: <http://www.honolulu.gov/rep/site/oca/>
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