



**STAFF REPORT
ACTION REQUIRED
With Confidential Attachment**

Strategy for Continuing Toronto's Bike Share Program

Date:	October 15, 2013
To:	Executive Committee
From:	General Manager, Transportation Services
Wards:	All
Reason for Confidential Information	This report involves the security of property belonging to the City or one of its agencies, boards and commissions
Reference Number:	P:\2013\Cluster B\TRA\TIM\ex13014tim

SUMMARY

City staff have been working closely with BIXI Toronto Inc. and its parent company, Public Bicycle System Company (PBSC), for several months to develop and evaluate options for strengthening the financial viability of Toronto's bike share program. The Confidential Attachment to this report recommends a strategy for consideration of Executive Committee and City Council for putting Toronto's bike share program on a solid financial footing and protecting the City's financial interest. The Confidential Attachment will be distributed in advance of the October 30, 2013 meeting of Executive Committee.

RECOMMENDATION

The General Manager, Transportation Services recommends that:

1. City Council adopt the confidential recommendations as contained in the Confidential Attachment to this report with respect to Toronto's bike share program; and
2. City Council direct that the recommendations and information contained in the Confidential Attachment remain confidential as it contains information respecting the security of the property of the City.

Financial Impact

In May 2010, the City approved entering into an agreement for the provision of the BIXI bike share program and provided a capital loan guarantee of \$4,500,000 for a ten year term ending November 2020 for the entire start-up capital to enable BIXI Toronto Inc. to acquire 1,000 bikes, 80 stations and 1500 docking points to be placed throughout Toronto's downtown core. The outstanding loan balance as at September 16, 2013 was \$3,718,250. Revenues generated by the bike share program have not been sufficient to cover costs. Should BIXI Toronto Inc. default on their loan obligation, the lender through the guarantee can make a demand for payment from the City. The confidential attachment to this report presents recommendations to protect the City's financial interest and address the future of the bike share program in Toronto. Additional information on the financial impacts to the City resulting from staff recommendations are contained in the confidential report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact information.

DECISION HISTORY

Executive Committee, on April 23, 2013, considered a staff report and confidential attachment, titled: *Restructuring the Relationship with BIXI Toronto Inc.* (EX31.13) and provided confidential instructions to staff.

A subsequent Request for Information (RFI No. 9101-13-7145) was issued by the City to invite all qualified respondents to assist the City and BIXI Toronto Inc. to determine the possible options for the assumption of ownership, operations and delivery of the program by a third party and the most appropriate business model for continuing Toronto's bike share program.

Transportation Services submitted a report on the results of the RFI, titled *BIXI Toronto – Next Steps* (EX33.19), to the July 3, 2013 meeting of the Executive Committee. The Committee referred the matter to the Deputy City Manager, Cluster B, with confidential instructions.

ISSUE BACKGROUND

The City entered into a 10-year Agreement with BIXI Toronto Inc. to implement Toronto's BIXI bike share program in 2011. From an operational perspective the BIXI program has been successful; however, BIXI Toronto's business plan has not achieved its financial projections and as a result BIXI Toronto is experiencing financial difficulty.

COMMENTS

City staff have been working closely with BIXI Toronto Inc. and its parent company, Public Bicycle System Company (PBSC), for several months to develop and evaluate

options for strengthening the financial viability of Toronto's bike share program. Through this comprehensive process staff have evaluated BIXI Toronto's performance relative to other North American bike share programs; requested information from bike share service providers; investigated the potential for transferring ownership and operations to a private sector firm or a City agency; reviewed different governance models; and strategies to protect the City's financial interest under the terms of the Agreement between the City and BIXI Toronto Inc.

The Confidential Attachment to this report recommends strategy for consideration of Executive Committee and City Council for putting Toronto's bike share program on a solid financial footing and protecting the City's financial interest. The Confidential Attachment will be distributed in advance of the October 30, 2013 meeting of Executive Committee.

CONTACT

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SIGNATURE

Stephen Buckley
General Manager, Transportation Services

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ATTACHMENT 1 – Confidential Information