

**EX2.4a****Decision Letter****Toronto Parking Authority**

<b>Meeting No.</b>	16	<b>Contact</b>	Josephine Archbold, Administrator
<b>Meeting Date</b>	Monday, November 26, 2018	<b>Phone</b>	416-392-4666
<b>Start Time</b>	2:00 PM	<b>E-mail</b>	exc@toronto.ca
<b>Location</b>	Committee Room 1, City Hall	<b>Chair</b>	Chris Murray

PA16.3	ACTION	Adopted		Ward: All
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**Bike Share Program Financial Considerations****Board Decision**

The Board of Directors of the Toronto Parking Authority:

1. Forwarded the report (November 20, 2018) from the Acting President, Toronto Parking Authority including the following recommendations of the Acting President, to City Council, through the Budget and Executive Committees, for consideration in the 2019 and future years' Budget processes:

- a. City Council approve the principle that Bike Share as a municipal service is an integral component in the City's transportation, transit and mobility network, and as such, there is considerable merit in continuing City investment and support in the program.
- b. City Council acknowledges that user/operating revenues alone will not completely cover ongoing operating expenses of Bike Share, and municipal subsidy will likely be required to offset capital requirements (State of Good Repair and expansion) and net operating deficits.
- c. City Council approve the "Financial Sustainability Principles" set out in this report, and that funding current outstanding, as well as future Bike Share capital programs and operating deficits, as necessary, be considered as part of the annual budget cycle in accordance with these principles, namely.
  - i. Efficiency in operations - the need to continually optimize the expense side of operating the Bike Share system;
  - ii. Securing system sponsorship and advertising - as key elements to offset operating deficits and ensure the long-term financial sustainability of Bike Share;
  - iii. Commitment to municipal funding subsidies – to address any system shortfalls as well as capital programs, recognizing the value of the municipality continuing to invest in a Bike Share program;
  - iv. Subsidy funding would not rely on property tax sources, debt financing or impact operating budgets; and

- v. Future years' net surplus operating funds, if any, be deposited to the Bike Share Reserve.
- d. City Council authorize that, in accordance with the principles set out in Recommendation c above, current outstanding unallocated Capital and Operating cash deficits, for Bike Share be funded as follows:
- i. Outstanding 2016 capital requirements in the amount of \$301,000: from interest accruing on Metrolinx funds and retained by Toronto Parking Authority (\$123,500); and from the Bike Share Reserve XQ-0013 (\$177,500);
  - ii. Remaining 2013-2016 cumulative operating cash deficit which has not been covered by existing Bike Share Reserve funds, in the amount of \$1,054,000 from the Public Realm Reserve Fund XR-1410;
  - iii. 2017 Operating cash deficit of \$2,148,000 from the Public Realm Reserve;
  - iv. 2018 Operating final cash deficit amount, currently projected to be \$2,279,000, from the Public Realm Reserve Fund XR-1410;
  - v. Proposed 2019 capital expansion, municipal share under the Ontario Municipal Computer Cycling Program, in the amount of \$1.5 million from received Section 37 and 45 funds.
- e. City Council direct that its previous request, namely that the Chief Planner and Executive Director, City Planning and the General Manager, Transportation Services report back on a review of Toronto's parking standards for new multi-unit residential and commercial developments with the objective to consider the expansion of public bike sharing programs at net zero costs to the City, be revisited.

## Origin

(November 20, 2018) Report from the Acting President, Toronto Parking Authority

## Summary

Responsibility for all aspects of the City's bike share program (then known as "BIXI") was transferred to the Toronto Parking Authority, as of early 2014, and rebranded as "Bike Share Toronto". Since that time, the system has seen significant expansion, and currently comprises approximately 3,750 bikes with 360 stations and 6,170 dock points. (BIXI consisted of 1,000 bikes with 80 stations comprising 1,500 docks at the time of transfer). Over this period, annual ridership has grown exponentially from approximately 400,000 to approaching 2 million projected in 2018.

City Council, in considering Toronto Parking Authority's 2018 Budgets, directed the Acting President, to report back to the Executive Committee, through the Budget Committee, with a comprehensive strategy to address the funding for the Bike Share Program on a longer term basis, to inform the 2019 and future years Budget processes.

Bike Share is an integral and increasingly prominent component in the City's transportation and mobility network, and as such merits continuing City investment and support. The public policy contributions, as well as the numerous benefits Bike Share Toronto brings to the City and its residents/visitors, ranging from a viable, healthy active transportation and mobility

alternative, environmentally friendly green mode of travel in reducing congestion and emissions, and augmenting the public transit systems as a "first/last mile" alternative, are beyond question in a modern city.

The Bike Share program has been extremely successful in terms of capitalizing on the opportunities to facilitate expansion of the system with significant capital funding from all three levels of Government. With that said, on the operating side, Bike Share Toronto reflects the experience of all similar systems, and in fact all public transit operations worldwide, in that it is extremely rare that user/operating revenues alone will completely offset operating expenses. Funding of the vast majority of such systems, both in Canada and internationally, typically derives from three primary sources: user-pay operating revenues (usually in the range of one-half to two-thirds; sponsorship/advertising rights; and subsidy of remaining shortfall. In addition, based on industry-wide trends, we are of the view that the Bike Share Toronto system will become an increasingly valuable City asset, as technologies become more autonomous and converge over time as the future of the urban transportation-as-a-service model advances. In the realm of overall transportation investment, while the system requires some level of ongoing support over and above its ability to fully self-fund, it exhibits, in relative terms, low implementation and maintenance costs and short delivery timeframes.

This report proposes a framework of "Financial Sustainability Principles", intended to guide the range of decisions on capital and operating funding in the ongoing provision and operation of the bike share system. It also proposes specific funding actions to address current outstanding, as well as future Bike Share capital programs and operating deficits, as necessary, to be considered as part of the 2019 and future years' annual Budget cycles. This report has been prepared in close consultation with the City's Transportation Services and Financial Planning Divisions.

### **Background Information**

(November 20, 2018) Report and Appendices 1 to 3 from the Acting President, Toronto Parking Authority on Bike Share Program Financial Considerations

<http://www.toronto.ca/legdocs/mmis/2018/pa/bgrd/backgroundfile-121986.pdf>

(November 12, 2018) Report from the Acting President, Toronto Parking Authority on Bike Share Program Financial Considerations - Notice of Pending Report

<http://www.toronto.ca/legdocs/mmis/2018/pa/bgrd/backgroundfile-121829.pdf>

### **Communications**

(November 26, 2018) Letter from Kevin Currie (PA.New.PA16.3.1)

### **Speakers**

Kevin Currie