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HOW MUCH HAS BIXI COST MONTREALERS?

By Jasmin Gu nette and Bradley Doucet

The Bixi bike-sharing system will soon start its ninth season. Since its creation in the spring of 2009, Bixi has survived thanks to public funds. What does the bill add up to for Montreal taxpayers? If the goal was to promote the use of bicycles and active transportation, could the funds allocated to this service have been better spent?

From 2009 to the start of 2014, the non-profit Public Bike System Company (PBSC) was responsible for operating Bixi’s three sectors of activity: managing the bike system, selling the Bixi system and equipment internationally, and running the call centre service.¹

The PBSC quickly found itself in financial difficulties. In June 2011, Montreal extended it a loan of \$37 million. The City also guaranteed an \$11-million line of credit for the company. In spite of this support, the PBSC had accumulated losses totalling over \$22 million by the end of 2013. In January 2014, Montreal decided to place the organization under bankruptcy protection. The balance of the loan and the line of credit then totalled \$38.2 million, for which the City was ultimately responsible.²

Following the bankruptcy of the PBSC, Montreal inherited the local elements of Bixi and sold the international portion to a private entrepreneur for \$4 million. After the reimbursement of the line of credit by the City, Montreal taxpayers’ total outlay for this first phase was therefore \$34.2 million.³

DIFFERENT RECIPE, SAME RESULTS

Since the 2014 season, it is the non-profit Bixi Montreal that has run the bike-sharing system in the city. For the first season of Bixi Montreal, the City gave the new non-profit \$4 million in

Table 1

Amounts spent by the City of Montreal on Bixi, 2011-2019				
	PERIOD	FUNDS SPENT	FUNDS RECOVERED	NET SPENDING
PBSC	2011-2013	<ul style="list-style-type: none"> • \$31.7M (loan) • \$6.5M (loan guarantee) 	<ul style="list-style-type: none"> • \$4M (sale of international portion) 	\$34.2M
	2014	<ul style="list-style-type: none"> • \$4M (management fees) • \$0.46M (loan) • \$0.165M (start-up subsidy) 	<ul style="list-style-type: none"> • \$0.165M 	\$4.4M
Bixi Montreal	2015-2019	<ul style="list-style-type: none"> • \$14.6M (annual management fees) 	<ul style="list-style-type: none"> • \$0.46M (loan from 2014) 	\$14.1M
	2017-2019	<ul style="list-style-type: none"> • \$9.4M (equipment improvements) 		\$9.4M
TOTAL TAXPAYER COST				\$62.2M

Sources: The data in the table were collated from the various sources cited in the main text endnotes.

“management revenues,” a start-up subsidy of \$165,000, and a \$460,000 loan for the purchase of fixed assets.⁴

According to its financial statements, the organization recorded a surplus of \$867,187 in 2014, which among other things allowed it to purchase equipment and to return \$165,336 to the City.⁵ In reality, Bixi Montreal’s operations were still not profitable. Without the City’s support, the non-profit would have registered a deficit of \$3.7 million.⁶

Spending did not stop there for Montrealers. In 2015, the City signed an agreement with Bixi Montreal and

provided funding for the organization of \$2.9 million a year through to 2019. The agreement allows the organization to keep all of its revenues, including the amount paid by the City, if these have not been spent by the end of the fiscal year.⁷

The non-profit's 2015 financial statements show that it recorded a surplus of \$281,996 during that fiscal year. Without the City's contribution, this surplus would instead have been a deficit of around \$3 million.⁸ At the time of writing, its 2016 financial statements were not yet available, but there is no reason to believe that the financial picture will be markedly different. If Bixi Montreal generates surpluses, it is because taxpayers are subsidizing the organization to the tune of nearly \$3 million a year, which the City has guaranteed until 2019.

To the approximately \$34.2 million in public funds that were sunk into the PBSC starting in 2011 and the \$4-million subsidy paid out in 2014 must be added, at a minimum, the \$14.6 million that the City will have paid Bixi Montreal for the period from 2015 to 2019. Montreal has also announced that it will spend \$9.4 million over the next three years on Bixi equipment improvements.⁹ When Bixi celebrates its 10th anniversary in 2019, the whole enterprise will therefore have cost Montrealers over \$60 million, in addition to the fees paid by users each season.

A BIKE-RIDING CAPITAL?

It is often said that Montreal is the cycling capital of Canada, and even of North America, but the reality is more nuanced. Among five large Canadian cities, Montreal is first in terms of the number of daily cycling trips and the number of separated cycling lanes, second in terms of the density of its network, and third in terms of total network length. However, taking population size into account, Montreal is fourth in terms of cycling infrastructure. It is also fourth in terms of the cycling network's proximity to rapid transit stations (like metro stations).¹⁰

Furthermore, if the goal of launching Bixi was to increase the frequent use of bicycles among

Montrealers, this has not occurred. On the contrary, the number of "regular" cyclists, meaning those who ride at least once a week, fell by a little over 24,000 between 2010 and 2015, a drop of some 8%.¹¹ What's more, Bixi's impact on the environment is probably negligible, since it seems to essentially replace walking, other cycling, or public transit use.¹²

CONCLUSION

Today, we may well wonder if spending \$60 million over ten years to maintain a public service basically limited to central neighbourhoods was the best solution for promoting cycling and active transportation. Could the cycling network have been further developed, or dedicated parking added, for example? There's no telling what kinds of solutions would have emerged, as has happened in the case of car sharing, if not for public intervention pushing a one-size-fits-all model.

All indications are that what was presented as a service that would pay for itself, and even be profitable, has become in the end an additional and recurring burden on taxpayers.

REFERENCES

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2. The balance of the loan was \$31.7 million, and of the line of credit guaranteed by the City, \$6.5 million. Quebec Superior Court, *Rapport du Syndic sur l'état des finances de la débitrice en relation avec la demande de prorogation de délai*, April 4, 2014, pp. 2 and 3.
3. The trustee's report refers to unspecified sums in the PBSC's bank accounts totalling approximately \$700,000 to \$1.7 million, which would reduce this amount. See Quebec Superior Court, "Rapport du syndic en relation avec la demande pour l'autorisation de vendre certains biens de la débitrice hors du cours normal de ses affaires," April 15, 2014, p. 6. Montreal also received physical assets valued at \$11.9 million in exchange for a reduction of its debt. *Ibid.*, pp. 6 and 7.
4. BIXI Montréal, "États financiers de BIXI Montréal au 31 décembre 2015," 2016, pp. 4-6 and 13.
5. *Idem.*
6. *Ibid.*, pp. 7 and 11.
7. *Ibid.*, p. 13.
8. *Ibid.*, p. 4.
9. The City announced total spending of \$9.4 million to the media, but its three-year plan mentions instead \$7.5 million. We confirmed the amount of \$9.4 million with the City of Montreal in early April 2017. See Jeanne Corriveau, "Bixi prendra de l'expansion," *Le Devoir*, October 20, 2016; City of Montreal, *Programme triennal d'immobilisations 2017-2019 Service des infrastructures, de la voirie et des transports*, Présentation à l'intention des membres de la Commission sur les finances et l'administration, November 17, 2016, p. 34.
10. Nithya Vijayakumar and Cherise Burda, "Cycle Cities: Supporting cycling in Canadian cities," Pembina Institute, December 2015, p. 14.
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This *Viewpoint* was prepared by **Jasmin Guénette**, Vice President of the MEI, and **Bradley Doucet**, Editor and Public Policy Analyst at the MEI.

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MEI 910 Peel Street, Suite 600, Montreal QC H3C 2H8 T 514.273.0969 F 514.273.2581 iedm.org