



C40 CITIES
FINANCE
FACILITY

FINANCING AND FUNDING OPTIONS FOR BIKE-SHARING

ENCUENTRO LATINO-AMERICANO DE
SISTEMAS DE BICICLETAS PÚBLICAS

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Rio de Janeiro, June 10th, 2018



Today's presentation

1. WHAT IS C40
2. WHAT IS THE C40 CITIES FINANCE FACILITY
3. FINANCING OPTIONS FOR BIKE-SHARING
4. FUNDING OPTIONS FOR BIKE-SHARING
5. POLITICS OF BIKE-SHARING

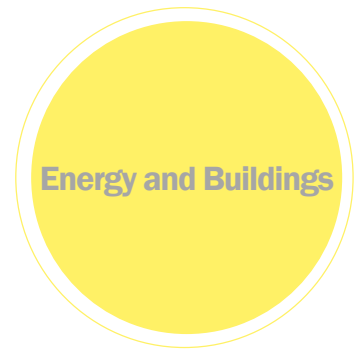
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Introduction to C40



C40 Networks catalyze new, better and faster climate action by helping cities learn from one another



Energy and Buildings

- Private Building Efficiency
- Municipal Building Efficiency
- New Building Efficiency
- Clean Energy



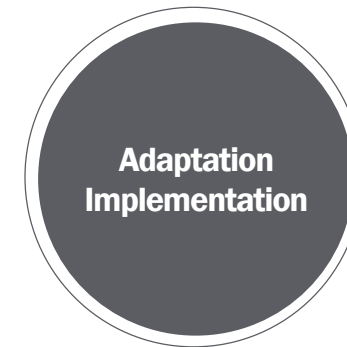
Transport and
Urban Planning

- Mobility Management
- **Walking and Cycling**
- Mass Transit
- Low Emission Vehicles
- Land Use Planning



Food, Water
and Waste

- Sustainable Waste Systems
- Waste to Resources
- Food Systems



Adaptation
Implementation

- Cool Cities
- Connecting Delta Cities
- Urban Flooding



Air Quality

- Air Quality

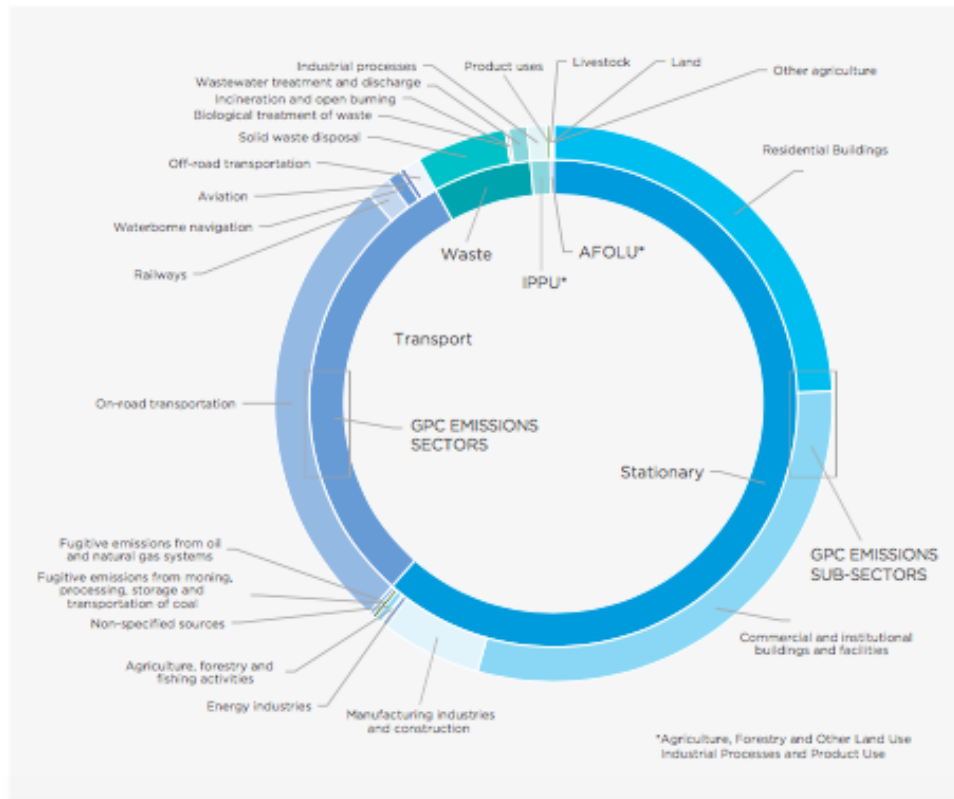
W&C Network cities are key to articulating this vision

Network cities are accelerating a shift towards walking and cycling

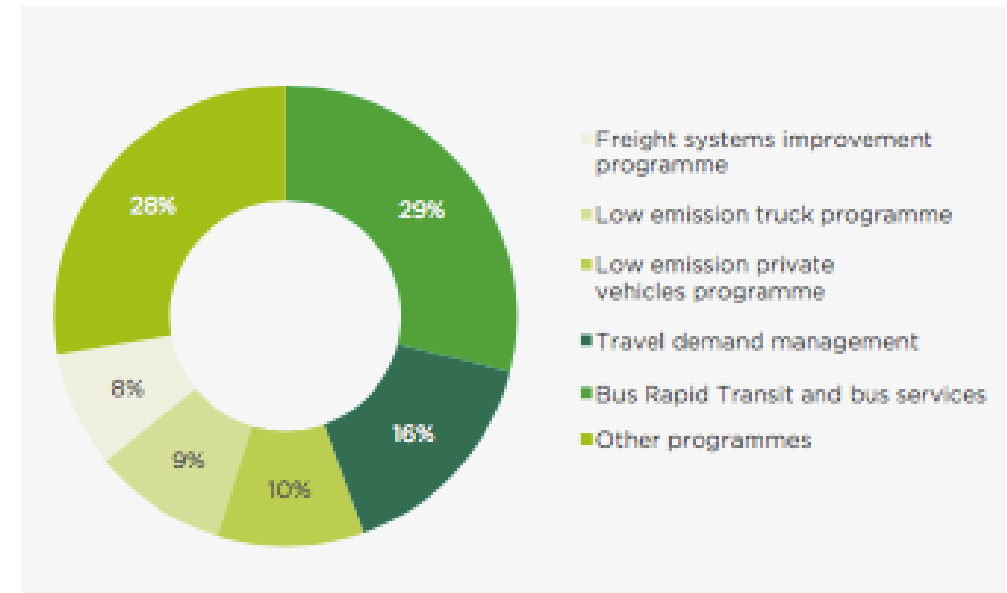


Research highlights the need to tackle motorised transport

ONE THIRD OF C40 CITIES' EMISSIONS COMES FROM TRANSPORT



ACTIVE MOBILITY COULD SAVE UP TO 28% OF TRANSPORT EMISSIONS



That is why we are pushing for green and healthy streets

FOSSIL FUEL FREE STREET DECLARATION

15 C40 SIGNATORY CITIES, AND COUNTING

THE DECLARATION SPECIFIES 2 CLEAR COMMITMENTS

Procure only zero emission buses by 2025

Make one large area of each city Zero Emissions by 2030

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The C40 Cities Finance Facility

Project preparation Capacity development



Knowledge sharing

Partnerships



FUNDING PARTNERS

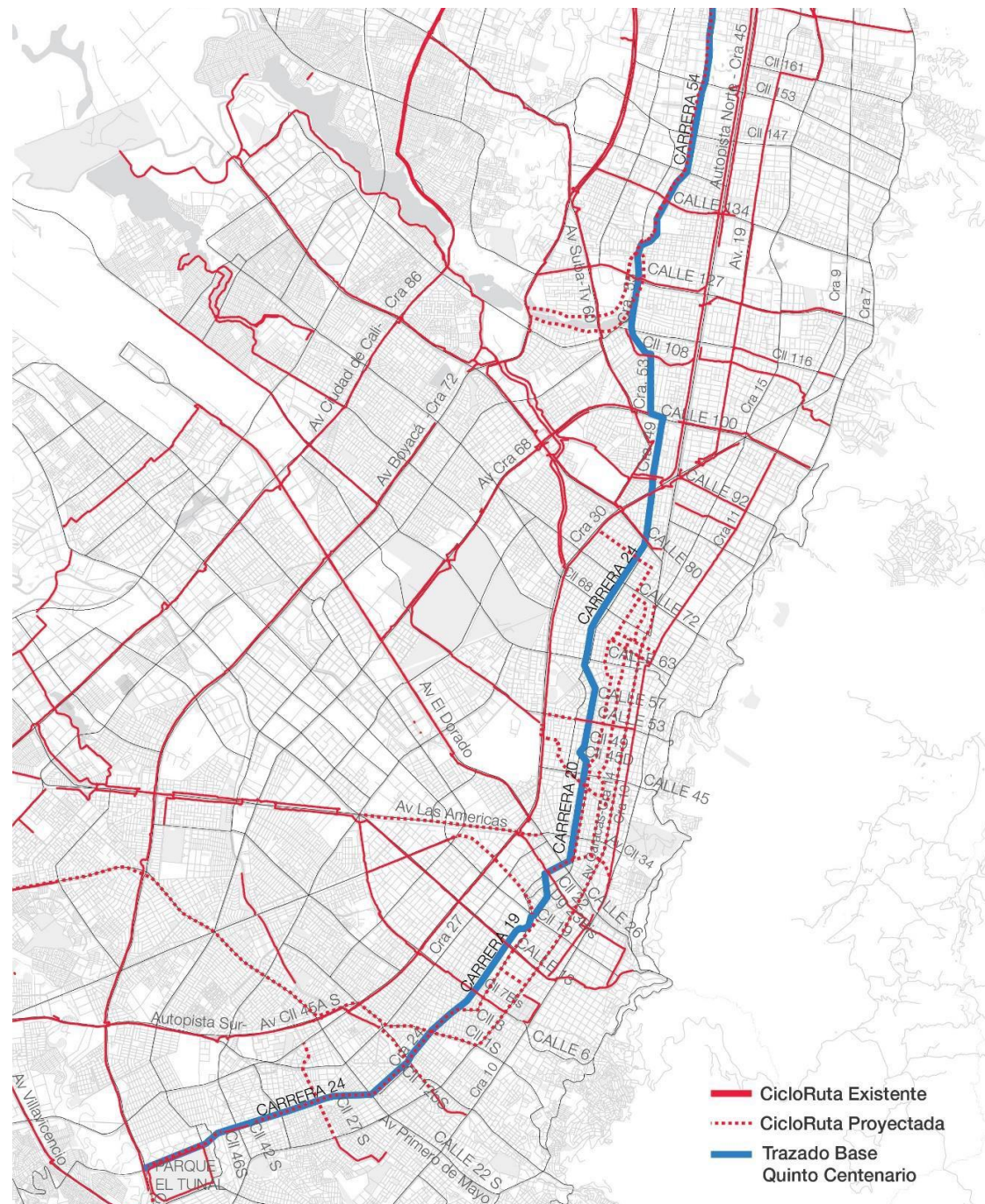


IMPLEMENTING PARTNERS

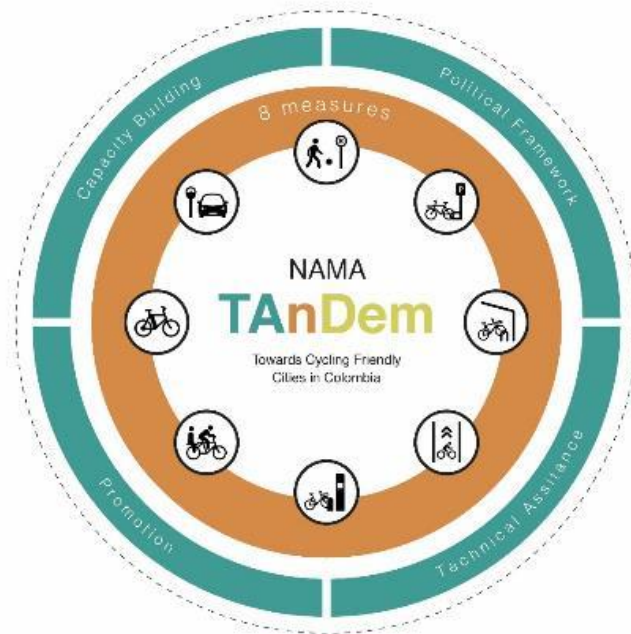


THE QUINTO CENTENARIO CYCLE AVENUE

- 25 km cycle avenue, 34,000 trips in peak hours
- Currently undergoing feasibility studies
- Aiming to develop an innovative financing and funding model for cycling infrastructure



Support to NAMA TANDEM in Colombia



- NAMA TANDEM: 17 CITIES.
- IMPLEMENTED BY FINDETER, ON BEHALF OF COLOMBIAN GOVERNMENT

- 1: Parking space management schemes for automobiles
- 2: Low-speed zones
- 3: **Bicycle parking spaces in multimodal nodes**
- 4: Private bicycle parking spaces
- 5: **Construction and rehabilitation of bicycle lanes**
- 6: **Public bicycle systems**
- 7: **Formal bicycle taxi services**
- 8: **Electrically assisted bicycles**

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Financing options for bike-sharing

- **COST-EFFECTIVE AND IMPORTANT BENEFITS**

- London, in theory: *‘will cover its operating costs within 2-3 years and will then contribute to its capital costs.’*
 - London Cycling Campaign: "It is very likely they will make some kind of profit on this" as opposed to every single bus and tube journey.
- London, in practice: £130m in capital investments between 2010-2017. Subsidy is regressive.

- **PUBLIC BICYCLE SCHEMES REQUIRE SUBSTANTIAL INVESTMENTS IN THEIR SET-UP AND OPERATION, ESPECIALLY IN THE START-UP PHASE**

- Mix of supranational, national, municipal grants (e.g. TIF in Chicago, soft loan from Goldman Sachs in NYC)



PUBLICLY OWNED AND OPERATED

- FULL CONTROL, CAN MEET MULTIPLE OBJECTIVES
- BUT: REQUIRES CAPACITY, CORE BUSINESS?

PUBLICLY OWNED, PRIVATELY OPERATED

- FLEXIBLE, BUILDS MARKET
- BUT: CONTRACTUALLY DIFFICULT, GUARANTEES

PRIVATELY OWNED AND OPERATED

- NO FINANCIAL RISK; EFFICIENCY
- BUT: EQUITY, REDUCED CONTROL, MAY NOT MEET TRANSPORT REQUIREMENTS

Financing options for bike-sharing

FOLLOW-UP QUESTIONS:

- Future sources of financing? Earmark revenues from environmental taxes/fines/charges? Bonds (general or project)? Development banks? But such mechanisms for financing infrastructure projects are often not designed for such small amounts.
- How to keep justifying capital investment in the face of competition from new private actors?
- How to justify higher capital investment in more complex technology (e.g. pedelecs)?
- What is the opportunity cost of investing in a PBS instead of cycle infrastructure?

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Funding options for bike-sharing

- **IMPORTANCE OF COMPREHENSIVE BUSINESS MODEL, WITH CONTINGENCIES (E.G. AROUND USAGE, PRICE STRUCTURE)**
- London underwent a significant change/simplification of its user fee structures in 2016
- **REGULATORY CHANGE TO ENSURE LONG-TERM SUSTAINABILITY OF PROJECT - DEDICATED FUNDING, MUNICIPAL STAFF IN CHARGE**
- Risk of termination due to change in administration or bankruptcy



USER FEES

- VARY IMMENSELY, GENERALLY NOT SUFFICIENT TO COVER OPERATING COSTS AND CERTAINLY NOT TO ALSO RECOUP CAPITAL COSTS

SPONSORSHIP

- LONDON: \$10M A YEAR + ACTIVATION FUND
- NYC: \$9.5M A YEAR
- BARCELONA: \$1.7M A YEAR

SUBSIDY

- GENERALLY REQUIRED, REGARDLESS OF POLITICAL STATEMENTS
- LONDON: 20-40% SINCE INCEPTION

Funding options for bike-sharing

FOLLOW-UP QUESTIONS:

- Future sources of funding? Congestion charges? Land value capture? Earmark revenues from environmental taxes/fines/charges? But such mechanisms for funding infrastructure projects are difficult to design effectively and efficiently.
- How to keep justifying subsidy in the face of competition from new private actors?
- How to attract sponsors? There has been some backlash when selecting past sponsors (e.g. Barclays in London). Also, what if system is not successful and image of sponsor is damaged?
- What is the opportunity cost of funding a PBS instead of e.g. repairing cycle infrastructure?

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Politics of bike-sharing



LONDON SCHEME PLANNED IN 2008 (KEN), THEN FINALISED IN 2010 (BORIS). SANTANDER CYCLE HIRE STILL REFERRED TO AS ‘BORIS BIKES’.

Ponte progetta il bike sharing

Dalla Regione un contributo di 50 mila euro: previste 13 bici elettriche per turisti e residenti
di Martina Reolon

BIKE SHARING BICICLETTA

20 settembre 2015



EXPLOSION OF BIKE-SHARING SYSTEMS IN ITALY AND SPAIN, WITH MIXED SUCCESS



CITI BIKE: PRIVATELY-OWNED, PRIVATELY-OPERATED, HIGH COSTS. EQUITY?

THANK YOU!

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