



MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jorge M. Gonzalez, City Manager

DATE: June 28, 2012

**SUBJECT: DISCUSSION REGARDING ADVERTISING ON DECO BIKE STATIONS,
ITS ECONOMIC IMPACT TO THE CITY AND THE ENHANCEMENT OF THE
DECO BIKE PROGRAM**

BACKGROUND

At the July 13, 2011 Commission meeting a Discussion regarding DecoBike advertising was held. The item was referred to the Finance and Citywide Projects Committee to discuss a) determination of financial need to ensure program is successful; b) look at alternatives if advertising is not an option; c) bring back first reading ordinance at the September Commission Meeting; and d) conduct regional meetings.

ANALYSIS

Committee and Public Meetings

The proposal by Deco Bike to allow advertising on the kiosks was discussed at numerous committees and public meetings including the Miami Beach Visitor and Convention Authority (8/22/11), the Transportation and Parking Committee (9/12/11), the Ocean Drive Association (9/13/11), the Mayor's Blue Ribbon Bikeways Committee (9/22/11), and two specially advertised community workshops, one at City Hall on 9/7/11 and another at the North Shore Park Youth Center on 9/12/11.

The Planning Department showed each group large images of the three options for size and scale of advertising panels on the existing Deco Bike kiosks. They explained that if a policy decision is made to permit advertising on the kiosks, it could be limited to locations in commercial districts.

A majority of persons who spoke at these meetings were opposed to any type of advertising on the Deco Bike kiosks. The most common reasons stated were aesthetics and that it could open a Pandora's box of advertising in other locations in Miami Beach. Many people questioned whether it was premature to make this proposal since the bike sharing program had only been in operation for 6 months. Some individuals stated that the matter should be reconsidered after one year of operation and after the City audits the books to verify whether advertising revenue is necessary to make the program financially viable.

Concession Agreement Review and Proposed Modifications

DecoBike, LLC, entered into a concession agreement with the City dated July 15, 2009 in response to RFP 44-07/08 for the delivery and operation of a self-service bicycle rental fleet for public use to be stationed in the public right of way. This agreement required the concessionaire to implement a program which would enable the public to self-rent bicycles

from any of a number of locations and return them to another location on a 24 hour, 365 day a year basis.

DecoBike began operation March 14, 2011, with 30 stations and 300 bicycles. Approximately 53 stations and an additional 550 bicycles were added over the year, increasing the total number of stations to 83 and bicycles to 850. There are still 27 stations remaining to be implemented over the next 3 months.

In the first month of operation DecoBike enrolled 250 members and has steadily increased to a current total of 2,380 members. Monthly trips have steadily increased from 35,332 trips during March 2011 to over 125,000 trips during March of 2012.

The DecoBike program has had a tremendously positive impact on the community. It has logged in excess of 815,000 rides and their bike fleet journeyed more than 2,444,000 miles. By utilizing DecoBike instead of an automobile for local trips, their members and visitors burned over 89,000,000 calories and reduced the city's CO2 emissions footprint by 2,400,000 pounds.

During the initial period of operations from January 2011 through December 2011 financial statements provided by DecoBike and compiled by their accountant, Douglas N. Rice, CPA, PA, reflected an operating loss of approximately \$387,561. Their proposed operating budget for 2012 reflects increased ridership revenue and while the business still projects an operating loss, it has been reduced to approximately \$76,500. Revenues and ridership continue to increase; however, to maintain the equipment and provide the services that the public has come to expect, the business has a very high ratio of expense to revenue.

Contract Modification

The objective we are trying to achieve for this contract modification is long term fiscal sustainability for this extremely successful public amenity. To accomplish this goal on the operator's side is to recover their \$3,715,000 capital investment over the term of the contract as well as make a modest profit. Capital investment recovery is essential because unlike a "brick and mortar business", this business is primarily its capital equipment which depreciates each day, such that at the end of 10 years there is little or no investment left. The City's objective is to provide a public amenity and recover the value of revenue lost from the parking spaces where the DecoBike stations are located through the City's revenue share of the contract. There are approximately 90 parking spaces that generate approximately \$3,000 per year each or an expected \$2,700,000 over the term of the contract, (without rate increases).

It is clear that, without intervention by the City through contract term modification or an additional revenue source, this program will not achieve a return of capital or modest profit to the operator or recover the City's foregone parking revenues over the long term.

The Administration met with Mr. Bonifacio Diaz, Chief Operating Officer and Mr. Ricardo Pierdant, President DecoBike, LLC. to review the contract terms of the existing concession agreement in the context of current operations. The goal of this process was to achieve a balance between the high quality public services provided, which continue to be a great amenity to our residents and visitors, and financial sustainability over the longer term.

Over the past few months, the Administration has worked with Mr. Diaz to review a revised pro-forma using the terms of the current agreement over a prospective ten year term. (The

agreement currently is for a five year term with one five year option at the discretion of the City.)

The pro-forma was based on current level of operation and revenues for walk-ups and memberships were projected to increase at a rate of 3.5% per year while expenditures were estimated to increase at a rate of 3% per year. The results reflected an annual loss between \$81,000 and \$125,000 and a cumulative loss over the ten year period of approximately \$1,000,000.

Additionally, the original projections did not provide sufficient funds for replacement and repair of bicycles. DecoBike has invested approximately \$3,715,000 into the operation and the projections neither provided a return of invested capital nor a profit to the operator over the ten year term.

We generated and evaluated a number of alternatives, comprised of:

- Using various rates for the City concession revenues;
- Using various rates for the City share of advertising revenues;
- Using various number of kiosks for advertising and implementing different numbers of kiosks in different years;
- Exempting different revenues from the calculation of the City share of revenues, and
- Providing different replacement cycles for bicycles and equipment .

Following the review of these various alternatives, it was apparent that to achieve a sustainable financial model which provided a return to the City, and return of capital along with a modest profit to DecoBike over the ten year period the following terms are proposed.

Contract term	Begin a new ten year term effective with new contract approval. A ten year term will allow for the return of capital after a projected annual profit of 3%
Rate increase	A rate increase from \$5 an hour to \$7 an hour is included in the projection. All other rates remain the same.
City Revenue Share	Continue at 12% of Walk ups and Memberships gross revenues up to \$3,000,000 of Annual Gross Revenues net of sales tax and merchant fees. Continue at 15% of Walk ups and Memberships gross revenues over \$3,000,000 of Annual Gross Revenues net of sales tax and merchant fees. Increase the exemption from City share calculation from \$1,000,000 to \$1,500,000 during the first year of the new term. This exemption will decline at a rate of \$250,000 per year to \$0 in year seven of the revised term. This will allow the concessionaire to recover approximately two thirds of his initial investment.

Exempt merchant fees along with sales tax from the City share calculation.

Advertising

In Year 2 of the revised term, it is proposed to allow 40 kiosks to display advertising.

It is expected that 40 kiosks will generate annual net revenue of \$211,200 per to the concessionaire after deducting City's share, \$57,600 and a 50/50 split of the balance with the advertising company. The City's actual rate of return is 27% of the kiosk net advertising revenues.

Operator's Return of Capital

On an annual basis, the concessionaire will be permitted a 3% profit (on initial capital investment). Any additional net income will be considered a return of capital.

Any additional investment of capital by the concessionaire will be subject to the approval of the City with capital recovery terms to be negotiated.

Equipment Replacement

Funds have been increased to provide for a 3-4 year replacement cycle

Windfall Provision

Should the actual results of operations provide a return of the initial capital investment to the concessionaire prior to year ten of the revised term, the City will receive a 50% share of annual net income in excess of the concessionaire's 3% profit each year until the end of the contract.

This return to the City will be capped at the sum of all the revenues exempted from the City share calculation which include the sum of annual Merchant Fees and the exempted revenues beginning in year 1 of the revised term and declining at the rate of \$250,000 per year to \$0 in year 7; as well as the revenues exempted during the first year of operation under the existing contract, calculated at the appropriate 12 or 15% rate.

Additionally, added to the cap will be the cumulative difference, if any, between the foregone revenue of \$3000 per parking space per year (approximately 90 spaces) and the cumulative 12%/15% City revenue share on walk-ups and membership fees.

Advertising Ordinance Change

Should the Finance Committee wish to recommend that advertising be permitted for the bicycle kiosks, the following represents the proposed language required to effectuate the change.

Sec. 82-414. - Permitted signs, shelters and advertising in public rights-of-way.

Notwithstanding any other prohibitions in this Code to the contrary, the city may place, or contract to place, directory signs and bus shelters in the public rights-of-way, or bicycles and bicycle kiosks as part of a city-sponsored bicycle rental and sharing program, with advertising thereon. Such signs, shelters, bicycles and bicycles kiosks shall be subject to all applicable permitting requirements and design reviews as provided for in the Land Development Regulations.

(Ord. No. 2001-3318, § 1, 9-5-01; Ord. No. 2010-3674, § 1, 3-10-10)

Conceptually, 40 advertisements on kiosks could be acceptable if located in strictly commercial corridors, not facing any residential areas, with the advertising content subject to specific review and approval by the City Manager or his designee. DecoBike advises that their advertising company requires a minimum size of 22"x 48" to generate the revenue included in the projections.

The current agreement provides that the City reserves the right to impose such additional requirements for the installation and display of the Advertisements, at any time, at its sole option and discretion; provided that the City Manager or his designee shall provide the Concessionaire with written notice of such additional requirements. The permissible content of the advertisements shall not include firearms, alcohol or tobacco products, or be of a sexually offensive nature. Additionally, advertisements shall not promote unlawful or illegal goods, services or activities and shall not contain images or information that demean an individual or group of individuals on account of race, color, religion, national origin, ancestry, gender, age, disability or sexual orientation.

June 6, 2012 City Commission Meeting

The proposed Amendment to Sec. 82-414. - Permitted signs, shelters and advertising in public rights-of-way- was presented at the June 6, 2012 Commission Meeting and was approved on first reading. However, a number of questions regarding the proposed contract changes were raised by Commissioner Libbin and the item was referred back to the Finance and Citywide Projects Committee for a discussion of contract alternatives that would permit the DecoBike operation to be sustainable without receiving revenues from the proposed advertising on forty kiosks in commercial areas.

I have continued to review the proposed pro-forma and have reviewed two additional alternatives. Additionally, at the Finance Committee meeting of April 19, 2012, Commissioner Libbin had requested an analysis of raising the hourly rate to \$6 instead of \$7 along with advertising on 40 kiosks.

Option K – Using 40 kiosks for advertising and raising the hourly rate to \$6 instead of \$7 –

This alternative considers the impact of raising the hourly rate to \$6 instead of the \$7 rate that was proposed in **Option J** and includes advertising on 40 kiosks.

Initially, the outcome is a reduction in the return of capital of approximately \$820,000 less than the amount of the invested capital of \$3,715,000. However, by reducing the City revenue share from 12% and 15 % (over \$3.0 M) on net revenues to 8% and 9% (over \$3.0M) you achieve a return of capital in year 10. The drawback in this method is the return on the parking spaces. Over the 10 years, using approximately 90 off street parking spaces at approximately \$3000 revenue per year, the total revenue expected, not considering rate

increases, would be approximately \$2,700,000. This alternative generates \$1,906,000 to the City, a shortfall of approximately \$794,000.

Based on the request for additional alternatives that do not include revenues from kiosk advertising I have explored the following:

1 – Option L –Eliminates Kiosk Advertising and raises rates in current year and 2015 –

An additional alternative would eliminate revenues from kiosk advertising and raise rates to \$4.50 for 30 minutes and \$7.00 for 60 minutes now and to \$5.00 for 30 minutes and \$8.00 for 60 minutes in 2014 or year 3 of the modified contract. This alternative does provide a return of capital and a modest 3% profit to the owner/operator over the 10 year contract period. The City's revenue falls approximately \$151,000 less than the expected recovery of \$2,700,000 for the foregone parking revenue.

2 – Option M - Eliminating the City Revenue Share and No Kiosk Advertising Revenue -

I discussed this option with bond counsel and reviewed the language of our Parking Bond Resolution and this option would not meet our bond covenants. We are not permitted to allow free parking and an estimated number of ninety (90) bike stations are located in off street parking spaces throughout the City. The City averages approximately \$3,000 per space throughout the system and a result the revenue should approximate \$270,000 per year or \$2,700,000 over the life of the Contract. Additionally, this alternative does not achieve a return of capital to DecoBike. There is a shortfall of approximately \$1.6 M.

CONCLUSION

The Administration believes that adding a minimum number of advertisements on kiosks in selected commercial areas and modifying the terms of the existing concession agreement will allow DecoBike to become a financially sustainable program (**Option J**) which will continue to provide a significant amenity to our residents and visitors. However, in the alternative , should the Commission choose not to approve kiosk advertising **Option L** meets substantially all the objectives of the contract modification.

JMG/PDW

Attachments

DECOBIKE PRO-FORMA				10 yrs		
Option J	rate	0.12	0.03 DecoBike Profit	1,114,530	advertising kiosks	40 yr 2
@\$4/ 30 min	advertising rate	0.12 (27% on net)	Return of Capital	3,745,315	rev-cs/2 + expense	0 yr3
@\$7/ 60 min	rebate - \$1.5M declining to 0 in yr 7		DecoBike Total	4,859,845	Capital Return	10 yr10
	increase 60 min to \$7 and use actual membership		City earnings	2,882,589	Bike repair/replace	3,439,164

Period	1	2	3	4	5	6	7	8	9	10	TOTAL
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Revenue											
Walk-ups	1,821,313	1,885,059	1,951,036	2,019,322	2,089,999	2,163,149	2,238,859	2,317,219	2,398,321	2,482,263	21,366,539
Memberships	489,144	506,264	523,983	542,323	561,304	580,950	601,283	622,328	644,109	666,653	5,738,341
Basket Advertising	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	687,833
Kiosk Advertising		480,000	494,400	509,232	524,509	540,244	556,452	573,145	590,339	608,050	4,876,371
Gross Revenue	2,370,457	2,933,123	3,033,073	3,136,441	3,243,342	3,353,899	3,468,236	3,586,484	3,708,776	3,835,252	32,669,083
Top Line Expenses											
Merchant Fees	115,523	119,566	123,751	128,082	132,565	137,205	142,007	146,977	152,122	157,446	1,355,244
FL Sales Tax	165,932	205,319	212,315	219,551	227,034	234,773	242,777	251,054	259,614	268,468	2,286,836
City Revenue Share	70,680	162,989	203,641	244,657	286,049	327,831	372,518	388,268	404,556	421,401	2,882,589
Total Top Line	352,135	487,873	539,707	592,290	645,648	699,808	757,302	786,299	816,292	847,314	6,524,669
Bottom Line expenses											
Labor	1,010,520	1,040,836	1,072,061	1,104,222	1,137,349	1,171,470	1,206,614	1,242,812	1,280,097	1,318,499	11,584,479
Leases	70,022	72,122	74,286	76,515	78,810	81,174	83,610	86,118	88,701	91,362	802,720
Utilities	22,800	23,484	24,189	24,914	25,662	26,431	27,224	28,041	28,882	29,749	261,376
Office Expenses	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	103,175
Supplies	24,000	24,720	25,462	26,225	27,012	27,823	28,657	29,517	30,402	31,315	275,133
Advertising	61,200	63,036	64,927	66,875	68,881	70,948	73,076	75,268	77,526	79,852	701,589
Kiosk Advertising Expense		211,200	217,536	224,062	230,784	237,707	244,839	252,184	259,749	267,542	2,145,603
Freight	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	137,567
Communication	39,564	40,751	41,973	43,233	44,530	45,866	47,241	48,659	50,118	51,622	453,557
Insurance	36,000	37,080	38,192	39,338	40,518	41,734	42,986	44,275	45,604	46,972	412,700
Sub-contractors	38,400	39,552	40,739	41,961	43,220	44,516	45,852	47,227	48,644	50,103	440,213
Vehicles	45,996	47,376	48,797	50,261	51,769	53,322	54,922	56,569	58,266	60,014	527,293
Bike Repair & Replacement	300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	391,432	3,439,164
Total Bottom Line expenses	1,669,502	1,930,787	1,988,710	2,048,372	2,109,823	2,173,117	2,238,311	2,305,460	2,374,624	2,445,863	21,284,569
Total Expenses	2,021,637	2,418,660	2,528,417	2,640,662	2,755,471	2,872,926	2,995,613	3,091,759	3,190,916	3,293,177	27,809,238
Total Net Income	348,820	514,463	504,656	495,779	487,871	480,973	472,624	494,725	517,860	542,075	4,859,845
3% profit	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	1,114,530
return of capital	237,367	403,010	393,203	384,326	376,418	369,520	361,171	383,272	406,407	430,622	
Cumulative return of capital		640,377	1,033,580	1,417,906	1,794,324	2,163,844	2,525,015	2,908,286	3,314,694	3,745,315	
										30,207	

DECOBIKE PRO-FORMA				10 yrs		
Option K rate	0.08	0.1	DecoBike Profit	1,114,530	advertising kiosks	40 yr 2
@\$4/ 30 min advertising rate	0.12	(27% on net)	Return of Capital	3,741,433	rev-cs/2 + expense	0 yr3
@\$6/ 60 min rebate - \$1.5M declining to 0 in yr 7			DecoBike Total	4,855,963	Capital Return	10 yr10
increase 60 min to \$7 and use actual membership			City earnings	1,905,727	Bike repair/replace	3,439,164

Period	1	2	3	4	5	6	7	8	9	10	TOTAL
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Revenue											
Walk-ups	1,726,313	1,786,734	1,849,270	1,913,994	1,980,984	2,050,318	2,122,079	2,196,352	2,273,225	2,352,787	20,252,057
Memberships	489,144	506,264	523,983	542,323	561,304	580,950	601,283	622,328	644,109	666,653	5,738,341
Basket Advertising	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	687,833
Kiosk Advertising		480,000	494,400	509,232	524,509	540,244	556,452	573,145	590,339	608,050	4,876,371
Gross Revenue	2,275,457	2,834,798	2,931,307	3,031,112	3,134,327	3,241,069	3,351,457	3,465,618	3,583,679	3,705,777	31,554,601
Top Line Expenses											
Merchant Fees	110,773	114,650	118,663	122,816	127,114	131,563	136,168	140,934	145,867	150,972	1,299,520
FL Sales Tax	159,282	198,436	205,191	212,178	219,403	226,875	234,602	242,593	250,858	259,404	2,208,822
City Revenue Share	42,832	104,209	131,142	158,312	185,726	213,393	239,389	257,728	276,692	296,303	1,905,727
Total Top Line	312,887	417,295	454,997	493,306	532,243	571,831	610,159	641,255	673,416	706,680	5,414,069
Bottom Line expenses											
Labor	1,010,520	1,040,836	1,072,061	1,104,222	1,137,349	1,171,470	1,206,614	1,242,812	1,280,097	1,318,499	11,584,479
Leases	70,022	72,122	74,286	76,515	78,810	81,174	83,610	86,118	88,701	91,362	802,720
Utilities	22,800	23,484	24,189	24,914	25,662	26,431	27,224	28,041	28,882	29,749	261,376
Office Expenses	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	103,175
Supplies	24,000	24,720	25,462	26,225	27,012	27,823	28,657	29,517	30,402	31,315	275,133
Advertising	61,200	63,036	64,927	66,875	68,881	70,948	73,076	75,268	77,526	79,852	701,589
Kiosk Advertising		211,200	217,536	224,062	230,784	237,707	244,839	252,184	259,749	267,542	2,145,603
Freight	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	137,567
Communication	39,564	40,751	41,973	43,233	44,530	45,866	47,241	48,659	50,118	51,622	453,557
Insurance	36,000	37,080	38,192	39,338	40,518	41,734	42,986	44,275	45,604	46,972	412,700
Sub-contractors	38,400	39,552	40,739	41,961	43,220	44,516	45,852	47,227	48,644	50,103	440,213
Vehicles	45,996	47,376	48,797	50,261	51,769	53,322	54,922	56,569	58,266	60,014	527,293
Bike	300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	391,432	3,439,164
Total Bottom Line expenses	1,669,502	1,930,787	1,988,710	2,048,372	2,109,823	2,173,117	2,238,311	2,305,460	2,374,624	2,445,863	21,284,569
Total Expenses	1,982,389	2,348,081	2,443,707	2,541,677	2,642,066	2,744,948	2,848,470	2,946,716	3,048,041	3,152,543	
Total Net Income	293,068	486,717	487,600	489,435	492,261	496,120	502,987	518,902	535,639	553,234	4,855,963

3% profit	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	1,114,530
return of capital	181,615	375,264	376,147	377,982	380,808	384,667	391,534	407,449	424,186	441,781	
Cumulative Return of Capital		556,879	933,026	1,311,008	1,691,816	2,076,483	2,468,017	2,875,466	3,299,652	3,741,433	
										26,325	

DECOBIKE PRO-FORMA				10 yrs				
Option L	rate	0.12	0.03	DecoBike Profit	1,114,530	advertising kiosks	40	yr 2
@\$4.50/\$7	advertising rate	0.12	(27% on net)	Return of Capital	3,726,927	rev-cs/2 + expense	0	yr3
@\$5/\$8 (2014)	rebate - \$1.5M declining to 0 in yr 7			DecoBike Total	4,841,457	Capital Return	10	yr10
	increase 60 min to \$7 and use actual membership			City earnings	2,548,514	Bike repair/replace	3,439,164	

Period	1	2	3	4	5	6	7	8	9	10	TOTAL
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Revenue											
Walk-ups	1,891,313	1,957,509	2,191,022	2,267,708	2,347,077	2,429,225	2,514,248	2,602,247	2,693,325	2,787,592	23,681,265
Memberships	489,144	506,264	523,983	542,323	561,304	580,950	601,283	622,328	644,109	666,653	5,738,341
Basket Advertising	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	687,833
Kiosk Advertising											
Gross Revenue	2,440,457	2,525,573	2,778,659	2,875,594	2,975,912	3,079,731	3,187,174	3,298,367	3,413,441	3,532,531	30,107,438
Top Line Expenses											
Merchant Fees	119,023	123,189	135,750	140,502	145,419	150,509	155,777	161,229	166,872	172,712	1,470,980
FL Sales Tax	170,832	176,790	194,506	201,292	208,314	215,581	223,102	230,886	238,941	247,277	2,107,521
City Revenue Share	78,072	117,071	173,808	214,056	254,661	295,637	331,244	345,938	361,144	376,881	2,548,514
Total Top Line	367,927	417,050	504,065	555,849	608,394	661,727	710,123	738,052	766,957	796,871	6,127,015
Bottom Line expenses											
Labor	1,010,520	1,040,836	1,072,061	1,104,222	1,137,349	1,171,470	1,206,614	1,242,812	1,280,097	1,318,499	11,584,479
Leases	70,022	72,122	74,286	76,515	78,810	81,174	83,610	86,118	88,701	91,362	802,720
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Supplies	24,000	24,720	25,462	26,225	27,012	27,823	28,657	29,517	30,402	31,315	275,133
Advertising	61,200	63,036	64,927	66,875	68,881	70,948	73,076	75,268	77,526	79,852	701,589
Freight	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	137,567
Communication	39,564	40,751	41,973	43,233	44,530	45,866	47,241	48,659	50,118	51,622	453,557
Insurance	36,000	37,080	38,192	39,338	40,518	41,734	42,986	44,275	45,604	46,972	412,700
Sub-contractors	38,400	39,552	40,739	41,961	43,220	44,516	45,852	47,227	48,644	50,103	440,213
Vehicles	45,996	47,376	48,797	50,261	51,769	53,322	54,922	56,569	58,266	60,014	527,293
Bike	300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	391,432	3,439,164
Total Bottom Line expenses	1,669,502	1,719,587	1,771,174	1,824,310	1,879,039	1,935,410	1,993,472	2,053,276	2,114,875	2,178,321	19,138,966
Total Expenses	2,037,429	2,136,637	2,275,239	2,380,159	2,487,433	2,597,137	2,703,595	2,791,329	2,881,832	2,975,192	
Total Net Income	403,028	388,936	503,420	495,435	488,479	482,594	483,579	507,038	531,609	557,339	4,841,457
3% profit	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	1,114,530
return of capital	291,575	277,483	391,967	383,982	377,026	371,141	372,126	395,585	420,156	445,886	
Cumulative Return of Capital		569,058	961,025	1,345,008	1,722,033	2,093,174	2,465,300	2,860,885	3,281,041	3,726,927	11,819

DECOBIKE PRO-FORMA				10 yrs		
Option M	rate	0	0 DecoBike Profit	1,114,530	advertising kiosks	40 yr 2
@\$4/ 30 min	advertising rate	0	Return of Capital	2,092,879	rev-cs/2 + expense	0 yr3
@\$7/ 60 min	rebate - \$1.5M declining to 0 in yr 7		DecoBike Total	3,207,409	Capital Return	10 yr10
	increase 60 min to \$7 and use actual membership		City earnings	0	Bike repair/replace	3,439,164

Period	1	2	3	4	5	6	7	8	9	10	TOTAL
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Revenue											
Walk-ups	1,821,313	1,885,059	1,951,036	2,019,322	2,089,999	2,163,149	2,238,859	2,317,219	2,398,321	2,482,263	21,366,539
Memberships	489,144	506,264	523,983	542,323	561,304	580,950	601,283	622,328	644,109	666,653	5,738,341
Basket Advertising	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	687,833
Kiosk Advertising											
Gross Revenue	2,370,457	2,453,123	2,538,673	2,627,209	2,718,833	2,813,655	2,911,785	3,013,339	3,118,437	3,227,202	27,792,712
Top Line Expenses											
Merchant Fees	115,523	119,566	123,751	128,082	132,565	137,205	142,007	146,977	152,122	157,446	1,355,244
FL Sales Tax	165,932	171,719	177,707	183,905	190,318	196,956	203,825	210,934	218,291	225,904	1,945,490
City Revenue Share	0	0	0	0	0	0	0	0	0	0	0
Total Top Line	281,455	291,285	301,458	311,987	322,883	334,161	345,832	357,911	370,412	383,350	3,300,734
Bottom Line expenses											
Labor	1,010,520	1,040,836	1,072,061	1,104,222	1,137,349	1,171,470	1,206,614	1,242,812	1,280,097	1,318,499	11,584,479
Leases	70,022	72,122	74,286	76,515	78,810	81,174	83,610	86,118	88,701	91,362	802,720
Utilities	22,800	23,484	24,189	24,914	25,662	26,431	27,224	28,041	28,882	29,749	261,376
Office Expenses	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	103,175
Supplies	24,000	24,720	25,462	26,225	27,012	27,823	28,657	29,517	30,402	31,315	275,133
Advertising	61,200	274,236	282,463	290,937	299,665	308,655	317,915	327,452	337,276	347,394	2,847,193
Freight	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	137,567
Communication	39,564	40,751	41,973	43,233	44,530	45,866	47,241	48,659	50,118	51,622	453,557
Insurance	36,000	37,080	38,192	39,338	40,518	41,734	42,986	44,275	45,604	46,972	412,700
Sub-contractors	38,400	39,552	40,739	41,961	43,220	44,516	45,852	47,227	48,644	50,103	440,213
Vehicles	45,996	47,376	48,797	50,261	51,769	53,322	54,922	56,569	58,266	60,014	527,293
Bike	300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	391,432	3,439,164
Total Bottom Line expenses	1,669,502	1,930,787	1,988,710	2,048,372	2,109,823	2,173,117	2,238,311	2,305,460	2,374,624	2,445,863	21,284,569
Total Expenses	1,950,957	2,222,071	2,290,168	2,360,358	2,432,706	2,507,278	2,584,143	2,663,371	2,745,036	2,829,213	
Total Net Income	419,500	231,052	248,505	266,850	286,127	306,376	327,642	349,968	373,401	397,989	3,207,409
3% profit	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	111,453	1,114,530
return of capital	308,047	119,599	137,052	155,397	174,674	194,923	216,189	238,515	261,948	286,536	
Cumulative Return of Capital		427,646	564,698	720,095	894,769	1,089,692	1,305,881	1,544,395	1,806,343	2,092,879	
										-1,622,229	