

ANNUAL REPORT OF THE WEST SAN LEANDRO SHUTTLE BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2011-12

November 7, 2011



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Executive Summary & Recommendation

On November 7, 2011, the Advisory Board worked in conjunction with City staff and the Executive Director of the San Leandro Transportation Management Organization (SLTMO) to complete a review of the Annual Report of the shuttle service (LINKS) supported by the West San Leandro Shuttle Business Improvement District (BID). The Annual Report includes a brief history of LINKS and the BID, ridership statistics, its current and planned operations, a review of FY 2010-11 expenditures, a review of the recommended budget and the proposed BID assessments for Fiscal Year 2011-12, and anticipated budgets and BID assessments for FYs 2012-13 and 2013-14. After a comprehensive study of LINKS, the Advisory Board recommends the following to continue operations and improve the financial performance of the shuttle:

1. Conduct the LINKS Rider Survey annually. Funding is included in the three FYs 2011-12, 2012-13 and 2013-14 budgets. The data and findings from the rider survey are required for grant applications and reporting requirements.
2. Continue outreach and marketing to keep the business community informed of the shuttle service. The Executive Director shall continue to market the program to companies in the BID area using a variety of marketing and communication efforts.
3. Continue to pursue additional grant funding for FY 2012-13 and beyond, such as the Transportation Fund for Clean Air (TFCA) grant funding administered by the Bay Area Air Quality Management District (BAAQMD) and Alameda County Transportation Commission (ACTC), and Lifeline grant funding administered by the Metropolitan Transportation Commission (MTC).
4. The increase of the BID base fee rate and the per employee assessment rate equal to the Consumer Price Index (CPI) in FY 2011-12 as provided for in Ordinance No. 2009-002. For FY 2011-12 the CPI factor is 1.4%. This would result in the BID Base Rate increasing to \$25.35 from \$25.00, and the BID Rate Per Employee increasing to \$11.03 from \$10.88. Businesses exempt from the BID would remain the same which are businesses with five or fewer employees, landlords, and non-profits. The CPI factor is not yet available for FYs 2012-13 and 2013-14. It is expected to be a similar rate.

LINKS Shuttle Program History

In 2001, in response to a shortage of public transportation in San Leandro and an expressed desire for adequate public transportation by the West San Leandro business community, the Redevelopment Agency of the City of San Leandro (Agency) partnered with the Chamber of Commerce and the San Leandro Industrial Roundtable to provide a shuttle service, known locally as LINKS. The primary purpose of LINKS is to provide free transportation for employees to the industrial area of western San Leandro. The San Leandro Transportation Management Organization (SLTMO), a 501 C (6) non-profit corporation, was formed to handle the day-to-day operations and to provide operational oversight of LINKS.

In early 2004, during preparation of the FY 2004-05 budget, the SLTMO proposed a long-term revenue plan to provide sustainable ongoing funding for the LINKS. The funding model included contributions from the business community, grant funding and financial support from the Agency on an as-needed basis. For FY 2004-05, the SLTMO asked the City Council to establish a BID to assess the business community served by the LINKS an annual fee to pay for a portion of operating costs. With this guaranteed revenue source, the SLTMO would continue to seek grant opportunities to fund the remainder of the LINKS budget.

After completing appropriate notices and public hearings as required by State law, on June 21, 2004, the City Council adopted Ordinance No. 2004-013 establishing the BID. The BID included a total of 380 businesses within the service area and was projected to generate \$135,000 in revenue. The FY 2004-05 BID assessment was set at a base fee of \$25, plus \$10.56 per employee. Businesses with five or fewer employees, landlords, and non-profits were exempt from the BID assessment. The BID assessment imposed by the ordinance was to sunset after four years and expired on June 30, 2009.

During FY 2004-05, the SLTMO and the City continued to pursue all available grant opportunities to support the shuttle program. The City was successful in obtaining a grant from the Bay Area Air Quality Management District (BAAQMD); and the SLTMO, in partnership with the Davis Street Family Resource Center (DSFRC). Since the LIFT grant from MTC was provided to fund transportation for DSFRC clients, the SLTMO expanded the LINKS route in January 2005 to include the DSFRC, located on Teagarden Street. The change in the service route to include DSFRC required the original BID to be re-formed to include additional businesses that lie within one-quarter mile of the expanded service area.

In FY 2008-09, anticipating the expiration of the BID, the BID Advisory Board and the SLTMO recommended that the City Council re-establish the BID for another five year period. Similar to the process in June 2004, notice was sent to over 380 businesses within the BID service area and a public hearing was held as required by State law on April 6, 2009. After the public hearing, the City Council adopted Ordinance No. 2009-002 re-establishing the BID. The employee-weighted votes to oppose the BID were less than 50% of possible number of votes, thus providing the City Council discretion to approve the Ordinance and re-establish the BID.

The BID assessments since FY 2005-06 has remained the same at a base fee of \$25, plus \$10.88 per employee. Businesses with five or fewer employees, landlords, and non-profits were exempt from the BID assessment.

LINKS Shuttle Ridership

LINKS ridership in FY 2011-12 totaled 177,645 (see attached, Exhibit A). Ridership increased 25 percent, by over 35,000 riders, compared to the prior fiscal year's ridership of 142,500. The ridership figure is expected to remain steady or increase since AC Transit bus services was reduced to the West San Leandro area in December 2009. LINKS serves as a vital connection for employees from BART to their places of employment on Davis Street, Doolittle Drive, Farallon Drive, Fairway Drive, Wicks Boulevard, and Alvarado Street.

LINKS Operation for Fiscal Year 2010-11

LINKS continued operations with two 32-passenger unleaded gasoline-fueled buses from 5:45 a.m. to 9:45 a.m. and 3:00 p.m. to 8:00 p.m., five days a week (Monday–Friday). LINKS service consists of a 6.25 mile loop through the central and western areas of San Leandro bounded by Davis Street on the north, Doolittle Drive on the west, Farallon Drive on the south and San Leandro Boulevard on the east. See Exhibit B, the route map. The 23 stops along the route are at easily accessible sites of major employers, with each run originating and terminating at the Downtown San Leandro BART station on San Leandro Boulevard. All in all, the LINKS service was designed to coordinate with other public transit services (AC Transit and BART) to encourage commuters to leave their cars at home and to provide comprehensive service to commuters.

Marketing and outreach efforts continued with brochures in both English and Spanish. The brochures were provided to companies that requested them for their employees. The LINKS website (www.sanleandrolinks.com) continues with relevant information.

To be proactive in providing a high level of service to the riders and employers along the LINKS service area, a ridership survey was conducted in September 2010. A few highlights of the riders' survey follow:

1. Three-quarters of the riders use LINKS to commute to work;
2. Two-thirds of them live in San Leandro or Oakland; and
3. Four-fifths of them ride LINKS every day.

Fiscal Year 2010-11 Expenditures and Income

Expenditures for FY 2010-11 were \$300,702, less than the FY 2010-11 budget of \$339,920 due to reduced operating costs and lower administrative, consulting, marketing and advertising expenses. See LINKS Budget on page 6.

Income for the fiscal year was as projected with the BID fees, the Lifeline Grant reimbursement and the Redevelopment Agency contribution received. In order to cover shortfalls due to delay in

obtaining grant funding through the reimbursement process, the Redevelopment Agency contribution, which was zero in FY 2009-10, was \$50,000 for FY 2010-11.

New Contract for Transportation Provider

The contract with the LINKS service provider was set to expire on December 31, 2010. In October 2010, the San Leandro Transportation Management Organization (SLTMO) issued a Request For Proposals (RFP) to provide transportation services for LINKS. The scope of services outlined in the RFP was similar to the operations described above. The RFP was provided to 20 transportation service providers and the SLTMO received four proposals. Two of the proposals' rates exceeded the current rate, at the time, of \$60.90 per operating hour. The two other proposals were significantly less for operating the service for a three year term. One proposal equaled a 13.7 percent reduction and the other even less at a 16.3 percent reduction (\$50.97 per hour).

After interviews and negotiations, the SLTMO awarded the contract to the provider with the lowest rate, MV Transportation, who is also the current provider, as they found it to be the best service and price. MV had the required vehicles, the branding, and a nearby corporation yard. The SLTMO found advantageous that having the extra vehicle and nearby corporation yard would have the least impact on LINKS operations if a vehicle breakdown occurred during its operating hours.

LINKS Proposed Operations for Fiscal Year 2011-12

The rider survey is a valuable tool in measuring ridership satisfaction, providing information to possibly improve the shuttle service, and providing required data and findings to agencies that award grant funding using ridership survey information, such as the ACTC, BAAQMD and the MTC.

To promote LINKS, continued outreach and marketing will be performed. The budget includes funding for marketing and advertising. This funding can be used for various marketing and communication efforts to inform employers and their employees of the benefits and convenience of using the LINKS Shuttle.

Fiscal Year 2011-12 Proposed Budget

In addition to the cost reduction measures for LINKS, it is necessary to increase revenue by increasing the BID rates with reduced funding assistance in jeopardy; additional grants are being pursued as well. Per the approved Ordinance, the BID may be increased annually by the Consumer Price Index (CPI). This Fiscal Year's CPI factor is 1.4% which would result in the BID Base Rate increasing to \$25.35 from \$25.00, and the BID Rate Per Employee increasing to \$11.03 from \$10.88. Businesses with five or fewer employees, landlords, and non-profits would remain exempt from the BID.

The LINKS budget for FY 2011-12 and anticipated budget for FYs 2012-13 and 2013-14 can be found on page 6. The proposed expenditures are approximately \$300,000 annually the next three fiscal years. The following is a narrative of other items of interest.

- BID revenue is projected at \$125,000 in FY 2011-12 with the recommended increase in the BID rates with similar increases in future years.
- Staff is working with MTC to extend the Lifeline grant term of three years to allow full recovery.
- A TFCA grant of \$66,605 is anticipated to be received FY 2011-12. This grant was awarded for FY 2010-11 however the funds have not yet been received. An additional TFCA grant of \$44,500 is anticipated to be awarded for FY 2011-and received FY 2012-13.
- The SLTMO will continue to pursue additional grant funding for FY 2012-13 and beyond, such as the Transportation Fund for Clean Air (TFCA) grant funding administered by the BAAQMD. An application for a TFCA grant of \$52,000 was submitted to the BAAQMD for consideration. At the time of this report, the application is still being considered. If awarded the funds would likely be received in the FY 2013-14, due to the reimbursement process.
- The SLTMO will continue to pursue additional grant funding for FY 2012-13 and beyond, such as the Lifeline grant funding administered by the Metropolitan Transportation Commission (MTC).

<u>LINKS BUDGET</u>	FY 2010-11 Actual	FY 2011-12 Budget	FY 2012-13 Budget	FY 2013-14 Budget
Income:				
TFCA Grant	-	66,605	44,500	52,000
Lifeline Grant*	96,602	80,756	121,661	107,980
Business Improvement District	121,000	125,000	130,000	135,000
RDA Contribution	50,000	50,000	-	-
Total Income:	267,602	322,361	296,161	294,980
Expenses:				
MV Transportation	266,083	255,000	261,000	267,000
TMO Staff Wages	24,000	24,000	24,000	24,000
Consulting (Audit and Rider Survey)	5,000	5,000	5,000	5,000
Marketing, Advertising, and Misc.	324	2,500	2,500	2,500
Insurance/Tax Return	1,795	1,795	1,795	1,795
City Administration and Accounting	3,500	3,500	3,500	3,500
Total Expenses:	300,702	291,795	297,795	303,795
Net Income	-33,100	30,566	-1,634	-8,815
Year End Balance	49,348	79,914	78,280	69,465

* Reflects estimated reimbursement amounts. Reimbursement is based on a percentage of annual expenditures as set forth in the Grant Agreement.

Business Improvement District Overview

In FY 2008-09, the City Council re-established the BID for another five year period, as previously explained in this report. The BID is a levied benefit assessment on businesses within the BID Area, the proceeds of which shall be used for the public purposes benefits the businesses in the BID, pursuant to the Parking and Business Improvement Area Law of 1989 Section 36500 et seq. of Division 18 of the California Streets and Highways Code. All of the assessments imposed by the BID Ordinance shall be reviewed by the City Council annually based upon the annual reports prepared by the advisory board appointed pursuant to Sections 36530 and 36533 of the California Streets and Highways Code. Pursuant to Section 36533(c), the City Council may approve the report as filed by the advisory board or may modify any particular contained in the report and approve it as modified.

In previous years prior to the economic recession the BID typically generated between \$135,000 to \$145,000 for LINKS operations and administrative costs. This amount has been reduced the last two years to approximately \$120,000. The decline in revenue has made it necessary to raise the BID rates.

As part of the BID process, the City Council has appointed two City staff designees and three to five business representatives to serve on the West San Leandro Shuttle Business Improvement District Advisory Board (Advisory Board) to review the performance of the LINKS, the specific program supported by the West San Leandro Shuttle Business Improvement District.

The five- to seven-member Advisory Board appointed by the San Leandro City Council includes the City's Engineering and Transportation Director and the Director of Finance (or their designees) along with three to five business representatives of businesses within the BID and paying the BID assessment. The business members appointed to the Advisory Board are Dora Wong of Coca Cola Bottling Company, Geza Paulovitz of Eric F. Anderson, Inc., Joyce Lee, The North Face, and Alexandra Munoz, Peterson Companies. The Advisory Board's duties include a review of the performance of LINKS for FY 2010-11, and a review of the budget and a recommendation for BID assessments for FY 2011-12.

Business Improvement District Fiscal Year 2011-12 Assessment

With respect to the BID assessment for FY 2011-12, the Advisory Board recommends that the San Leandro City Council adopt a BID assessment which is adjusted by the Consumer Price Index (CPI), 1.4 percent. This would result in the BID Base Rate increasing to \$25.35 from \$25.00, and the BID Rate Per Employee increasing to \$11.03 from \$10.88. Businesses with five or fewer employees, landlords, and non-profits would remain exempt from the BID.

EXHIBIT A – Ridership Statistics

EXHIBIT B – Route Map