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Title: Staff Report for a City of San Leandro City Council Resolution to Accept the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2018-19 and Directing the City Manager to Impose the 2019 BID Assessment Rates Increased by the Consumer Price Index (CPI)

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Staff Report for a City of San Leandro City Council Resolution to Accept the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2018-19 and Directing the City Manager to Impose the 2019 BID Assessment Rates Increased by the Consumer Price Index (CPI)

RECOMMENDATIONS

Staff recommends that the City Council adopt a Resolution to accept the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2018-19 and direct the City Manager to impose the BID assessment at the increased rates, as recommended by the BID Advisory Board.

BACKGROUND

Business Improvement District and Annual Report

In December 2014, the City Council approved Ordinance No. 2014-023 expanding the BID service area and re-establishing the West San Leandro Business Improvement District (BID) for a period of 15-years. BID fees are collected through the City’s business license process.

The ordinance defines the boundaries of the BID, the amount of the annual assessment, the approved use of the assessment funds, and the effective period of the assessment. The Ordinance requires that an Advisory Board annually review the performance of the LINKS shuttle service for submission to the City Council. In addition, the Ordinance provides that the City Council may increase the annual assessment in an amount not to exceed the increase to the regional Consumer Price Index (San Francisco, Oakland, San Jose), as part of its review of the annual report.

The five to seven member Advisory Board includes the City’s Engineering and Transportation Director and the Director of Finance (or their designees). The business members appointed to the

Advisory Board are Kristin Anderson, of Eric F. Anderson, Inc., Mike Adelson, of Mr. Plastics and Steve Magidson, of Docustream. The Advisory Board's duties include review of the LINKS performance and budget, and a recommendation for the BID assessment rate. On November 13, 2018 the Advisory Board met to complete the annual review of the LINKS Shuttle and its recommendations are outlined below. The complete FY 2018-19 Annual Report is attached to the Resolution associated with this staff report.

Analysis

The Annual Report includes a review of the LINKS performance, planned operations, its budget, and a recommendation for the 2019 BID assessment. Following is a summary of the Annual Report:

Current Operations

The free LINKS shuttle operates Monday - Friday during peak commute hours (5:45 - 9:45 am and 3:00 - 7:00 pm). LINKS provides critical "first and last mile" connection between BART and employers in West San Leandro, serving major employers including Coca Cola Bottling Company, Walmart, and Costco, as well as small employers. There are over 1,000 employers and 18,000 employees in the LINKS service area. LINKS also provides transportation to retail centers and the Davis Street Family Resource Center, which services approximately 10,000 low-income people each year. Links provides approximately 200,000 rides per year with an average of 750 rides per day.

Participation in the BID helps businesses comply with the Bay Area Air Quality Management District's (BAAQMD) Commuter Benefits program. In 2014, BAAQMD implemented the Commuter Benefits Program that requires all employers with 50 or more full-time employees to provide commuter benefits to their employees. To comply with the Program, employers must select one (or more) of four commuter benefit options and register with BAAQMD. Participation in the LINKS BID satisfies Option 3 ("Employer Provided Transit") under the requirements, allowing businesses to save time and money when compared to creating their own in-house program.

The San Leandro Transportation Management Organization (SLTMO), which is the entity that administers the LINKS shuttle program, conducts a rider survey on a regular basis to assess rider satisfaction and ensure compliance with grant requirements. The last survey was conducted in August 2016 and the SLTMO plans to conduct a new survey in 2019. The 2016 survey showed significant improvement in rider satisfaction most likely due to the expanded service. Overall satisfaction with the service increased with 90% of riders rating the service as good to excellent. Schedule satisfaction improved significantly, moving from a 64% good to excellent rating to 81%. If LINKS were not available, 23% of the LINKS riders surveyed indicated that they would drive alone, thereby demonstrating that LINKS significantly reduces single occupancy vehicle trips. Highlights of rider comments included: "Great Service", "Drivers are always so kind" and "Thank you!"

Budget

Funding for LINKS comes from the BID, grants, the City of San Leandro and advertising. The BID funds approximately one-half of the LINKS service.

The most significant impact to the FY 2018-19 and future year budgets will be higher transportation costs that are the result of negotiating a new contract and putting new vehicles into service. Over the last year, the service has been significantly impacted by ongoing vehicle problems associated with an aging fleet, so replacement of vehicles is critical to ensure the long term success of the program.

The grant allocation process has also been uncertain over the last year. LINKS received a \$1.02M Measure BB five-year grant. The first year funding for the Measure BB grant was later eliminated as a result of receiving a \$204,532 Lifeline Grant. The SLTMO reapplied for the full Measure BB allocation after projecting higher transportation costs. Fortunately, the BB funds were reinstated as requested. The combination of the Lifeline Grant and reinstated Measure BB funds have stabilized the LINKS funding for the next several years, at which time the SLTMO can reapply for Measure BB funding.

Other factors that have impacted the program operating budget include Kaiser Permanente's decision to not extend the contract with the SLTMO to run the Kaiser Shuttle service, resulting in a \$60,000 revenue loss. Kaiser did not provide a reason, but it appears that they were combining regional shuttle services under one contract. Marina Square continued its contract to provide advertising on the LINKS buses.

The SLTMO continues to pursue a variety of additional grant funding opportunities. However, grant funding is always a challenge and is inherently unpredictable. For example, it was not until after SLTMO received the Lifeline grant that it was informed that the Measure BB grant would be reduced by that amount. Grant funds are also drawn on a reimbursement basis and can only be drawn as a percentage of the total expense for the reporting period. The reimbursement process also creates cash flow challenges, making it necessary for the program to maintain a strong reserve balance at all times.

The LINKS budget can be found in Exhibit C.

2017-18 Activities

In FY 2017-18, SLTMO focused on further enhancing the LINKS shuttle service through installation of Nextbus technology. Nextbus provides real time arrival and departure information to riders through the Nextbus mobile app. The technology also provides operational data such as passenger counts and on-time performance reports.

Nextbus also allows riders to:

- Find real-time arrival predictions for nearby stops instantly
- Find stops and vehicles on a map
- Get walking directions
- Save favorites and set alerts for favorite stops and times

The installation of Nextbus required updating the program website, the brochure and all written material, new bus stop signage, and outreach to riders. Instant online translation and transportation resources were also added to the website to further increase accessibility for riders. Additional information about Nextbus is available at: www.nextbus.com <<http://www.nextbus.com>>. The LINKS program is listed as: "San Leandro LINKS".

2018-19 Planned Operations

Following is a summary of planned activities for 2018-19:

1. Request for Proposals for Transportation Provider - The LINKS Shuttle transportation contract expires in December 2018 and SLTMO is currently requesting proposals for transportation services. As part of the contract, SLTMO intends to update the service with new shuttle buses. SLTMO is committed to continuously updating the service and enhancing the rider experience.
2. Nextbus - Continue Nextbus implementation and outreach. Nextbus allows riders to find real time arrival and departure information through a mobile application.
3. Grants - Aggressively seek grant and other funding opportunities. The Board will continue to work with the City of San Leandro and the Alameda County Transportation Commission to secure critical funding.
4. Revenue Diversification - Continue to diversify revenue sources by maintaining the current contract with Marina Square (advertising) and to seek other revenue generating opportunities.
5. Shuttle Stops at BART - Last year, BART started to work with stakeholders to develop BART Curb Use Guidelines that determine how shuttle stops and curbspace will be allocated. SLTMO will continue to work with BART to ensure that the LINKS Shuttle secures a suitable curbspace assignment as the planning for the new Bus Rapid Transit service is implemented and the BART station bus and shuttle stops are reconfigured.
6. Outreach - Outreach to employers and employees to educate and promote LINKS ridership.

2019 BID Recommendation

Proactive measures taken to generate new revenue and secure grants have helped to stabilize funding for LINKS. The cash flow gap resulting from the grant reimbursement process will continue to pose a challenge for LINKS. The Lifeline grant and five-year Measure BB grant have stabilized LINKS funding, but the BB grant must be reauthorized every two years. Transportation costs are also anticipated to increase with the new contract.

Per the approved Ordinance, the BID may be increased annually by the Consumer Price Index (CPI). The applicable CPI factor is 4.3 percent. This would result in the BID per employee rate increasing from \$22.87 to \$23.85. Businesses with three or fewer owner/employees, landlords, and non-profits will continue to be exempt from the BID assessment.

After reviewing the Annual Report, the BID Advisory Board approved the 2018-19 Annual Report and Planned Operations and recommended that the 2019 BID rate be adjusted by the applicable Consumer Price Index (CPI).

Current Agency Policies

- Ordinance No. 2004-013, adopted June 21, 2004, amending Title 2 of the San Leandro Municipal Code to add a new Chapter 15 establishing the West San Leandro Business

Improvement District

- Resolution No. 2004-153, adopted October 4, 2004, forming the West San Leandro Shuttle Business Improvement District Advisory Board
- Ordinance No. 2004-021, adopted October 18, 2004, specifying the time and manner of collecting the West San Leandro Shuttle BID assessments
- Resolution No. 2008-130, adopted October 20, 2008, amending Resolution No. 2004-153, modifying the membership of the West San Leandro Shuttle Business Improvement District Advisory Board
- Resolution No. 2009-014, adopted February 2, 2009, approving a Resolution of Intention to re-form the West San Leandro Shuttle Business Improvement District
- Ordinance No. 2009-002, adopted April 6, 2009, amending Title 2 of the San Leandro Municipal Code to add a new Chapter 15 re-establishing the West San Leandro Business Improvement District
- Resolution No. 2010-008 RDA, adopted September 20, 2010, the Redevelopment Agency of the City of San Leandro 2010-2014 Implementation Plan. The West San Leandro -MacArthur Boulevard Project Area identifies the maintenance of LINKS as Economic Development Priority Program
- Ordinance No. 2014-023 re-establishing the West San Leandro Business Improvement District for a period of fifteen years.

Applicable General Plan Policies

Goal 15.03 of the General Plan specifically encourages the use of shuttle buses as a viable alternative to driving and Action 15.03-A urges continuation of public/private partnerships to provide shuttle services and the pursuit of grant funding opportunities for such activities

ATTACHMENTS (to resolution)

San Leandro Transportation Management Organization Annual Report

PREPARED BY:

Lars Halle, Development Coordinator