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**Title:** Staff Report for Resolution Accepting the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2013-14 and Directing the City Manager to Impose the BID Assessment Rates Increased by the Consumer Price Index  
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Staff Report for Resolution Accepting the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2013-14 and Directing the City Manager to Impose the BID Assessment Rates Increased by the Consumer Price Index

**SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council adopt the Resolution Accepting the Annual Report of the West San Leandro Shuttle Business Improvement District for Fiscal Year 2013-14 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 April 2009, the City Council approved Ordinance No. 2009-002 re-establishing the West San Leandro Shuttle Business Improvement District (BID). The BID provides partial funding for a shuttle service between BART and the West San Leandro industrial area, commonly known as LINKS. The ordinance defined 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 LINKS 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 of the 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 two City staff (the Engineering and Transportation Director and the Finance Director) along with three to five business representatives from businesses located within the BID. The current business members appointed to the Advisory Board are:

Alexandra Munoz, Peterson Companies, Dora Wong, Coca-Cola Bottling Company, Mike Adelson, Mr. Plastics and Steve Magidson, Docustream. On November 14, 2013 the Advisory Board met to complete the annual review of the LINKS Shuttle. The FY 2013-14 Annual Report is attached to the Resolution for your information.

## **Analysis**

The Annual Report includes a review of the LINKS performance, planned operations, budget and a recommendation for the FY 2013-14 BID assessment.

LINKS continues to provide an important service to West San Leandro employers and employees with ridership again reaching pre-recession levels. LINKS provided 191,646 rides in FY 2012-13, an average of 737 rides per day. In 2013, LINKS added bike racks to the buses allowing riders not within walking distance to use LINKS, and conducted a new Rider Survey. The San Leandro Transportation Management Organization (SLTMO), the non-profit entity that manages the LINKS operations, is working on a number of LINKS improvements using information gathered from the Rider Survey and Next Generation Workplace District Study, including possible route modifications to better meet rider needs, new benches and signs and technologies such as Wi-Fi and bus tracking applications.

LINKS expenditures for FY 2012-13 were \$267,693, within the budgeted amount projected for the year (see Annual Report, Exhibit C, LINKS Budget.) Income for the fiscal year was \$238,371 with the Lifeline and Transportation Fund and Clear Air (TFCA) Grant reimbursements, and BID fees received. Income was less than projected because some grant reimbursements were received after the close of the fiscal year.

For FY 2013-14, it is anticipated that the BID will generate \$132,000, or approximately 43% of the \$304,800 operating budget. The remaining operating funds will come from grant funding.

The SLTMO successfully applied for a FY 2013-14 Transportation Fund for Clean Air grant for LINKS. The grant is for \$30,000 per year for two years.

LINKS currently has a Lifeline Cycle 2 Grant in the amount of \$370,000 which has a remaining balance of \$49,387. This grant was due to expire, whether all of the grant funds were expended or not. Staff worked with MTC and received approval to extend the Lifeline grant term to December 2014 to allow full recovery of the awarded funds.

In March 2012, the SLTMO applied for a Lifeline Cycle 3 Grant in the amount of \$336,000. The three year grant which would start in FY 2013-14 has been approved. Unfortunately, this grant along with other federal grants has been put on hold at the federal level. The Alameda County Transportation Commission (ACTC) and Metropolitan Transportation Commission (MTC) have vigorously protested the failure to release the funds. Both agencies believe that the funds will eventually be released. However, if the elapsed portion of the funds is not reinstated, the grant could be reduced to approximately \$200,000.

Fiscal Years 2013-14 and 2014-15 are projected to have a year-end balance of \$50,349 and \$349 respectively. Based on current commitments, the 2015-16 Budget projects a deficit. The SLTMO is currently working on several projects which will potentially address the budget deficit including a contract with Kaiser Permanente to provide shuttle services to the new Kaiser Medical Center and a

proposed partnership with AC Transit, in addition to possible grants.

The current BID expires June 30, 2014. Fiscal years 2014-15 and 2015-16 assume that the BID is re-established at rates increased by a projected CPI. An increase in the BID rate will be considered as part of the renewal process.

Proactive measures taken to reduce costs and secure grants have helped to stabilize funding for LINKS. The loss of Redevelopment funding to fill the cash flow gap resulting from the grant reimbursement process will continue to pose a challenge for LINKS. With the instability of grant funding and the loss of Redevelopment funds it is necessary to increase revenue by increasing the BID rates.

Per the approved Ordinance, the BID may be increased annually by the Consumer Price Index (CPI). This Fiscal Year's CPI factor is 2.7 percent which would result in the BID Base Rate increasing from \$26.01 to \$26.73, and the BID Rate per Employee increasing from \$11.32 to \$11.63. Businesses with five or fewer employees, landlords, and non-profits would remain exempt from the BID.

The BID Advisory Board made the following recommendations:

1. Continue outreach and marketing to keep the business community informed of the shuttle service. The Executive Director of the SLTMO shall continue to market the program to companies in the BID area using a variety of marketing and communication efforts.
2. Continue to pursue additional grant funding for FY 2013-14 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).
3. Continue to make improvements to the service to better meet employer/employee needs, including: route modifications; bus benches and updated signs; and technologies to make the service more user friendly such as bus tracking applications and Wi-Fi access.
4. Increase the BID base fee rate and the per employee assessment rate equal to the Consumer Price Index (CPI) in FY 2013-14 as provided for in Ordinance No. 2009-002. For FY 2013-14 the CPI factor is 2.7 percent. This would result in the BID Base Rate increasing from \$26.01 to \$26.73, and the BID Rate per Employee increasing from \$11.32 to \$11.63. Businesses with five or fewer employees, landlords, and non-profits will continue to be exempt from the BID assessment.

### **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

### **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**

None

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