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Title: Staff Report for Accepting the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) Fiscal Year 2011-12 and Directing the City Manager to Impose the BID Assessment Rates Increased by the Consumer Price Index (CPI)

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Staff Report for Accepting the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) Fiscal Year 2011-12 and Directing the City Manager to Impose the BID Assessment Rates Increased by the Consumer Price Index (CPI)

RECOMMENDATIONS

Staff recommends that the City Council adopt the Resolution Accepting the Annual Report of the West San Leandro Shuttle Business Improvement District Fiscal Year 2011-12 and direct the City Manager to impose the BID assessment at the increased rates, as recommended by the Advisory Board.

BACKGROUND

Business Improvement District and Annual Report

In April 2009, the City Council approved Ordinance No. 2009-002 that re-established the BID. The BID provides funding for a shuttle service to West San Leandro, 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 each year 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 (Francisco, Oakland, San Jose), as part of its review of the annual report.

The five to seven member Advisory Board, appointed by the San Leandro City Council, includes two staff members from the City of San Leandro (the Engineering and Transportation Director and the Finance Director) along with three to five business representatives from businesses within the BID. The current business members appointed to the Advisory Board are: Dora Wong, Geza Paulovitz, Joyce Lee, and Alexandra Munoz. On November 7, 2011 the Advisory Board met to complete a

review of the LINKS Shuttle. The FY 2011-12 Annual Report is attached for information.

Analysis

The Annual Report includes a review of the LINKS budget and performance for FY 2010-11, a review of the planned operations and budget for FY 2011-12, and a recommendation for the FY 2011-12 BID assessment. The Advisory Board made several recommendations to continue operations and improve the financial performance of the shuttle. The following is a summary of those recommendations:

1. Conduct the LINKS Rider Survey annually. Funding is included in FY 2011-12 budget. 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) for FY 2011-12 as provided for in Ordinance No. 2009-002. For FY 2011-12 the 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 exempt from the BID would remain the same which are businesses with five or fewer employees, landlords, and non-profits.

For FY 2011-12, it is anticipated that the BID will generate approximately \$125,000, or 39%, of the total operating budget for the shuttle. The remaining operating funds will come from grant funding and the Redevelopment Agency.

The San Leandro Transportation Management Organization (SLTMO) with administrative assistance from the City of San Leandro continues to manage the operations of LINKS. 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 of the Annual Report.

Reduced operating costs resulted from a new service contract; the old contract expired 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. After interviews and negotiations, the SLTMO awarded the contract to the provider with the lowest rate, MV Transportation, who was also the current provider, as they found it to be the best service and price. MV had the required vehicles and branding. The SLTMO also found it advantageous that MV has an extra vehicle and nearby corporation yard.

Project income for FY 2011-12 included BID fees, the Lifeline Grant reimbursement and a Redevelopment Agency contribution necessary to cover shortfalls due to delay in obtaining grant funding through the reimbursement process. The Redevelopment Agency contribution was zero in FY 2009-10, \$50,000 in FY 2010-11, and \$50,000 in FY 2011-12.

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 reform 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 an 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

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