



Legislation Text

File #: 22-587, **Version:** 1

Adopt a Resolution to Accept the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2022-2023 and Directing the City Manager to Impose the 2023 BID Assessment Rates Increased by the Consumer Price Index (CPI)

COUNCIL PRIORITY

- Infrastructure
- Sustainability & Resiliency
- Community & Business Development

RECOMMENDATIONS

Staff recommends that the City Council adopt the resolution accepting the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2022-2023 and directing the City Manager to impose the BID assessment with rates increased by the Consumer Price Index (CPI), as recommended by the BID Advisory Board.

BACKGROUND

Business Improvement District and Annual Report

The West San Leandro Business Improvement District was established to provide management and funding for the LINKS Shuttle Program. In December 2014, the City Council approved Ordinance No. 2014-023 expanding the BID service area and re-establishing the BID for a period of 15-years. BID fees are collected through the City's business license process. The LINKS Shuttle is administered by the San Leandro Transportation Management Organization (SLTMO), a 501(c)(4) non-profit corporation.

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 the BID 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 in 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 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 from Eric F. Anderson, Inc., Steve Magidson from Docustream and Gricelda Sanchez from Alameda County Industries, Inc. The Advisory Board's duties include review of the LINKS performance and budget, and a recommendation for the BID assessment rate. On October 17, 2022, the Advisory Board met to complete the annual review of the LINKS Shuttle. The FY 2022-2023 Annual Report is attached to the Resolution for your information. Since late 2015, the San Leandro Transportation Management Organization (SLTMO) has been

managed by the Municipal Resource Group (MRG). Following notice that MRG did not intend to renew their contract, a Request for Proposals (RFP) was issued for new management of the SLTMO. Transportation management firm, ALTRANS, was selected from among the three respondents based on their cost-effective proposal, specialized expertise and experience, and staff availability and responsiveness. Over the past month, MRG has been working with ALTRANS to assist in the transition. ALTRANS began as manager of the SLTMO effective November 1, 2022, with a team including President Stephen Blaylock, and Shuttle Account Manager, Daniel Oliver. MRG's work to manage and support the SLTMO and Links Shuttle over the years, including through budget challenges and the coronavirus pandemic, is highly appreciated and valued by the organization.

Analysis

The Annual Report includes a review of the LINKS performance, planned operations, budget and a recommendation for the 2023 BID assessment. Following is a summary of the Annual Report.

LINKS Shuttle - 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 the critical "first and last mile" connection between BART and employers in West San Leandro, serving major employers including Amazon, Walmart, and Costco, as well as small employers. There are over 800 employers and 15,000 employees in the LINKS service area. LINKS also provides transportation to retail centers and the Davis Street Family Resource Center, which services 10,000 low-income people each year. With 20 years of service to the community, LINKS has provided over 3 million rides.

Participation in the BID helps businesses comply with the BAAQMD Commuter Benefits program. In 2014, the Bay Area Air Quality Management District (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.

2021-22 Activities

Over the last year, SLTMO provided reliable transportation to LINKS riders during the Covid-19 pandemic. Although operations and ridership were impacted, the service continued to operate without reductions or changes to its normal schedule. LINKS ridership rebounded more quickly during the Covid-19 pandemic than large transit operators such as AC Transit and BART. By the end of FY 2022, LINKS was providing over 500 rides per day.

In 2021, the SLTMO identified a projected budget shortfall beginning in FY 2022-2023 resulting from funding decreases and cost increases. The Alameda County Transportation Commission increased the matching requirement for shuttle operations to 75%, effectively reducing the grant allocation by 50%. Additionally, the SLTMO projected increased transportation costs when the transportation contract expired in FY 2022-2023.

To address the deficit, the SLTMO contracted with a transit consulting firm to review the LINKS service and develop service options that would maximize service levels while reducing service costs. The consultant team recommended a Dual Interlaced Loop service using two buses with 30-minute headways. This alternative provides the most service under projected funding levels and reduces operational costs by approximately 50% with only a 10-minute decrease in frequency. Most importantly, there is no change to the shuttle stops, service area, or operating hours.

The transportation contract was successfully renegotiated with rates within the projected budget. The Dual Loop service was implemented July 1, 2022 and has been operating smoothly with little impact to riders and few rider complaints.

Budget

Funding for LINKS comes from the BID, grants, the City of San Leandro and advertising. Marina Square Shopping Center purchases advertising on the LINKS buses.

2022 Alameda CTC CIP Grant (Measure BB & TFCA) - \$1,180,088.00

The SLTMO received a 2022 Alameda County Transportation Commission Capital Improvement Program grant for the period of FY 2021-2022 through FY 2025-2026 in the amount of \$1,180,088. Although the full grant request was allocated, the matching requirement for this grant cycle went from 50% to 75% reducing the allowable request and significantly impacting the LINKS budget for the next five years.

2024 Alameda CTC CIP Grant (Measure BB & TFCA) - \$331,000.00

The SLTMO applied for FY 2026-2027 and 2027-2028 CIP grant funds (Measure BB & TFCA) in the amount of \$331,000.00. The application is pending.

Business Improvement District Revenue

BID revenue declined significantly year over year in 2020 but 2021 & 2022 revenue has increased back to pre-Covid levels of approximately \$400,000.

Projected Budget Deficit

The SLTMO projected a budget deficit beginning in FY 2022-2023 as a result of:

- New Alameda CTC matching requirements that limit the allowable grant request.
- Unpredictable drop in BID revenue.
- Projected transportation cost increases.

Budget Reduction - Service Modification

Implementation of the Dual Loop configuration provides the most service under projected funding levels and reduces operational costs by approximately 50% with the goal of stabilizing LINKS funding for the next five years.

2022-23 Planned Activities

Rider Safety - Continue to provide much needed transportation following current Covid-19 safety protocols.

Dual Interlaced Loop - Continue to monitor and modify the service as needed to meet rider needs.

Outreach - Increase outreach to employers and employees to promote LINKS ridership now that riders are coming back to public transportation.

Grants - Aggressively seek grant and other funding opportunities. The Board will continue to work with the City of San Leandro and Alameda County Transportation Commission to secure critical funding.

Revenue Diversification - Continue to diversify revenue sources by maintaining the current contract with Marina Square (advertising) and seek other revenue generating opportunities.

2023 BID Recommendation

In order to ensure that funding for LINKS stays current with operating costs, it is recommended that the 2023 Business Improvement District (BID) rate be adjusted by the applicable Consumer Price Index (CPI).

Per the approved Ordinance, the BID may be increased annually by the Consumer Price Index (CPI). The applicable CPI factor is 6.8 percent. This would result in the BID per employee rate increasing from \$25.87 to \$27.63. Businesses with three or fewer owner/employees, landlords, and non-profits will continue to be exempt from the BID assessment. The CPI adjustment will raise approximately \$26,000, which is less than 1% of the total LINKS budget.

After reviewing the Annual Report, the BID Advisory Board approved the 2022-2023 Annual Report and recommended that the 2023 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 an 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

Att A: Resolution to Accept the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) Fiscal Year 2022-23 and Directing the City Manager to Impose the 2023 BID Assessment Rates Increased by the Consumer Price Index (CPI)

Ex A1: 2022 San Leandro Transportation Management Organization Annual Report

Att B: Links Business License Insert

PREPARED BY: Lars Halle, Economic Development Project Specialist, Community Development Department