



## Legislation Text

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Staff Report for a Resolution Accepting the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2016-17 and Directing the City Manager to Impose the BID Assessment Rates As 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 (BID) for Fiscal Year 2016-17 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 annual 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 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 the City's Engineering and Transportation Director and the Director of Finance (or their designees). The business members appointed to the Advisory Board are Dora Wong of Coca Cola Bottling Company, Kristin Anderson of Eric F. Anderson, Inc., Alexandra Vasquez of Peterson Companies, 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 21, 2016 the Advisory Board met to complete the annual review of the LINKS Shuttle. The FY 2016-17 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 2016-17 BID assessment. Following is a summary of the Annual Report.

### Service Enhancements

The BID renewal process provided an opportunity to consider service improvements. After outreach to businesses and in-depth work with transportation experts, the LINKS route was divided into two loops and expanded. The updated service started in March 2015. The new north and south loops provide more frequent service with shorter wait times, shorter round-trip rides and connections to businesses that previously could not access LINKS.

During this period, the San Leandro Transportation Management Organization (SLTMO) implemented other improvements including updated LINKS branding, new signage, brochure and new website. Over this last year, the LINKS brochure was translated into Spanish and Chinese and bus benches were added to stops that did not already have an existing AC Transit bench and where space permitted.

### 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, Federal Express, Walmart, and Costco, as well as small employers. There are over 600 employers and almost 17,000 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.

Participation in the BID helps businesses comply with the BAAQMD Commuter Benefits program. In 2014, the Bay Area Air Quality Management District (BAAQMD) implemented a new 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 new requirements, allowing businesses to save time and money when compared to creating their own in-house program.

A new rider survey was conducted in 2016. The 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 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 demonstrating that LINKS substantively reduces single occupancy vehicle trips. Rider comments included "Great Service, "Drivers are always so kind" and "Thank you!"

### LINKS Shuttle Ridership

The updated LINKS service started in mid-March 2015. Ridership for the “old” LINKS service averaged 14,435 rides per month with an average of 674 rides per day. Ridership for the new service (FY 2015-16) averaged 16,640 rides per month and 777 rides per day.

During the first several months of new service, LINKS experienced ongoing impacts related to prolonged and extensive construction along the LINKS route. Construction along the route is complete and LINKS on-time performance has improved substantially. Ridership has continued to increase, hitting a new peak of 19,117 rides, over 800 rides per day in September. At that rate, the service will provide over 225,000 rides per year.

### Budget

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

In 2016-17 the SLTMO will apply for a two-year Transportation Fund for Clean Air (TFCA) grant totaling \$76,000. In October 2016, the SLTMO submitted an Alameda County Transportation Commission Measure BB application that could provide \$1.7 million over the next five years. It was originally anticipated that the Measure BB funds would be available for 2016-17 but Alameda County Transportation Commission pushed the funding out to 2017-18.

The agreement with Kaiser Permanente to run the Kaiser Shuttle and TDM program for the new Kaiser Permanente San Leandro Medical Center was modified this year. The SLTMO is now providing Kaiser Shuttle services only. In 2015, the SLTMO entered into a new agreement with Marina Square to advertise on the LINKS buses.

The SLTMO continues to pursue a variety of grant funding. However, grant funding is unpredictable. For example, the current Lifeline Cycle 3 grant (\$185,000/yr.) expires this year. LINKS is not eligible to apply for Cycle 4 funds because the funding priority was diverted to large fixed route providers. In addition, grant funds are drawn on a reimbursement basis and can only be drawn as a percentage of the total expense for the reporting period. The reimbursement process creates a cash flow problem making it necessary to have a strong reserve balance at all times. If approved, the Measure BB grant application will stabilize funding for five years, fill the gap created by the loss of the Lifeline grant, alleviate the cash flow challenges and allow for improvements such as adding GPS bus tracking to the service.

### 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. If approved, the Measure BB grant will help to further stabilize LINKS funding but must be reauthorized every two years. In order to ensure that funding for LINKS stays current with operating costs, staff recommends that the BID rate should be adjusted by the

## Consumer Price Index.

Per the approved Ordinance, the BID may be increased annually by the Consumer Price Index (CPI). For 2016-17 the applicable CPI factor is 3 percent (average annual year-to-date through October). This would result in the BID per employee rate increasing from \$21.55 to \$22.20. 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 made the following recommendations:

1. BID Rate - Increase the BID per owner/employee assessment rate equal to the Consumer Price Index (CPI) in 2016-17 as provided in Ordinance No. 2014-023. For 2016-17 the applicable CPI factor is 3 percent. Businesses with three or fewer owner/employees, landlords, and non-profits will continue to be exempt from the BID assessment.
2. LINKS Service - Continue to work with the transportation provider to maintain on-time performance and enhance the LINKS rider experience.
3. Outreach - Outreach to employers and employees to educate and promote LINKS ridership.
4. Revenue Diversification - Continue to diversify revenue sources by maintaining current contracts with Kaiser Permanente (shuttle service) and Marina Square (advertising) and seek other revenue generating opportunities.
5. Grants - Aggressively seek grant and other funding opportunities. The SLTMO applied for a five-year, \$1.7 million Measure BB grant that would stabilize funding and allow technology improvements. The Board will continue to work with the City of San Leandro and Alameda County Transportation Commission to secure this critical funding.
6. Shuttle Stops at BART - BART works with stakeholders to develop BART Curb Use Guidelines determining how shuttle stops and curb space will be allocated. The SLTMO will participate in this process to ensure that the LINKS and Kaiser Shuttles secure suitable curb assignments.
7. Shuttle Improvements - As funding becomes available, the SLTMO commits to installing GPS based tracking to provide real time bus location information for riders.

## Current Agency Policies

- Ordinance No. 2004-013, adopted June 21, 2004, amended 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, formed the West San Leandro Shuttle Business Improvement District Advisory Board
- Ordinance No. 2004-021, adopted October 18, 2004, specified the time and manner of collecting the West San Leandro Shuttle BID assessments
- Resolution No. 2008-130, adopted October 20, 2008, amended 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, approved a Resolution of Intention to

- re-form the West San Leandro Shuttle Business Improvement District
- Ordinance No. 2009-002, adopted April 6, 2009, amended 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, established the Redevelopment Agency of the City of San Leandro 2010-2014 Implementation Plan. The West San Leandro-MacArthur Boulevard Project Area identified the maintenance of LINKS as an Economic Development Priority Program
  - Ordinance No. 2014-023 re-established 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:**

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