



**Metro**

Metropolitan Transportation Authority

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**REVISED**  
**FINANCE, BUDGET AND AUDIT COMMITTEE**  
**May 14, 2014**

**SUBJECT: FUNDING FOR FARE SUBSIDY PROGRAMS**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATIONS**

Authorize the extension and execution of Memorandum of Understanding by the Chief Executive Officer for the 1) Support for Homeless Re-Entry Program (SHORE-\$500,000 annual budget); 2) Immediate Needs Transportation Program (INTP-\$5,000,000 annual budget); and, 3) Rider Relief Transportation Program (RRTP-\$5,000,000 annual budget) for five years beginning Fiscal Year (FY) 2015, subject to availability of funds approved through the budget process. Additionally, authorize:

- A. Re-allocation of the coupon printing expense, estimated at \$100,000 for FY15, from the administration budget to the transportation budget so that the full value of the administrative share of \$500,000 is available for the program administration.
- B. Allocate additional funding in the amount of \$20,000 for the administration of the SHORE program, bringing the total funded value to \$520,000 (an increase of 4%)
- C. Authorize a change in the distribution of INTP fare media to allow for up to 70 ~~65~~ % of the subsidy value to be made available through the token program, increasing the token share from its current level of 50 ~~65~~ %. Conversely, the subsidy value allocated to the taxi program would decrease from 30 ~~35~~ % to 30 ~~50~~ %.

**ISSUE**

The INTP, SHORE and RRTP are specialized transportation programs that serve people with disabilities, frail elderly, welfare participants, indigents, low-income transit riders and people with immediate transportation needs. Both the INTP and SHORE were established with funding through the Call for Projects. RRTP was developed by MTA Board action to mitigate the adverse effects of the 2007 fare increase on low-income population. The programs were last re-authorized in May 2009 for the period FY2010 through FY2014. Please refer to Attachment A for details on each program.

## **DISCUSSION**

In addition to re-authorization of the programs at the funding levels of the past five years, staff requests the following three modifications (one to each of the three programs):

A. When the RRTP was adopted in June 2007, the Board approved 10% (\$500,000) for administration of the RRTP program which included an estimated \$40,000 in printing costs with the remainder to be paid to the program's administrators, FAME Assistance Corporation (FAC) and Human Services Association (HSA). The success of the program coupled with the rise in printing cost has increased the overall cost of printing to \$90,000, effectively lowering the amount of funding allocated to administer the program. For FY15, the printing cost would approximately be \$100,000, an increase of \$10,000 is estimated based on the program growth. The funds remaining in the transportation subsidy budget are adequate to absorb the printing cost.

B. Since the inception of the program in 1994, Shelter Partnership, Inc. has utilized other funding sources to fund the administration of the program, leaving 100% of Metro funds available for transportation subsidy to the participants. However, due to recent budget cuts the agency is unable to provide the full funding for the administration of the program and is requesting additional funding totaling \$20,000 or 4% for administration.

C. In 2008, the Board approved a ~~65~~ 50% token/~~35~~ 50% taxi share under the INTP program. However, the demand for fixed route services exceeds that for taxis. Increasing the allowable token share to a maximum of ~~70~~ 65% would allow more individuals to be served.

## **Policy Implications**

The INTP, SHORE and RRTP programs provide subsidies to a segment of riders who are either unable or cannot afford to ride our transit services even for their immediate and basic transportation needs. These programs enrich the lives of disadvantaged individuals in many ways. Providing transportation to an abused individual to flee from a dangerous situation to a shelter is a way to ensure his or her survival. Providing transportation to homeless people to attend training or job interview, food pantry or medical appointment improves their quality of life. These programs improve lives by providing lifeline transportation services. All three programs are subject to annual audits, and there have been no significant findings to date. With Board authorization, we will execute MOUs with service providers administering these programs to receive funds.

PROGRAM	NO OF ANNUAL PARTICIPANTS
SHORE	7,000
INTP	28,000
RRTP	55,000

A. Originally, the Board approved the allocation of 10% (\$500,000) to administer the RRTP program. Annually, approximately \$90,000 (18%) of the administrative funding is for printing cost, reducing the actual amount of funds for administration by FAC and HSA to just 8.2%, far below the Board approved 13% for the comparable INTP. The continued growth of the program has required greater administrative effort while the funds available for administration have declined.

B. Since SHORES's inception in 1994, Shelter Partnership, Inc. has covered the administrative cost of the SHORE program from other sources. However, recent budget cuts have affected their ability to do so. The partial subsidy of the administrative cost in the amount of \$20,000 (3.8% of a revised program budget of \$520,000) would allow Shelter to continue their administrative duties for the SHORE program with no interruptions.

C. Currently, there is more demand for fixed route than taxi - the requests for tokens exceed the allocated budget by 5% annually. Furthermore, any future fare restructuring if approved by the board, would increase the cost of tokens and will have a negative impact on the number of individuals served. Increasing the bus ratio will assist in reversing the impact should it occur.

**DETERMINATION OF SAFETY IMPACT**

Approval of this project will have no impact on Safety.

**FINANCIAL IMPACT**

Funding of \$10.5 million is included in the FY14 Budget in cost center 0443, project number 410016, task 01(INTP), task 02(SHORE), task 03(RRTP). Reauthorization of these programs plus approval of the three requested modifications would increase the funding level to \$10.52 million for the next five years beginning with FY15. These programs will be funded with Proposition C 40% Discretionary revenues. As this is a multi-year program, the cost center manager will be responsible in budgeting it in the future years.

**ALTERNATIVES CONSIDERED**

The Board of Directors may choose not to authorize the CEO to continue with the execution of the MOUs with the proposed providers as recommended. However, this

option is not recommended, as we will be unable to provide funding for these services and would adversely affect more than 80,000 individuals who will not be able to use transportation for their basic needs, attend school or report to work.

A. The Board may also choose not to authorize the allocation of RRTP printing cost to the transportation share (\$4.5 million) of the budget from the administration share (\$500,000). However, the continued reduction in administrative funding available to FAC and HSA as printing costs increase will impact the effectiveness of the program.

B. The Board might also choose not to subsidize a portion of the administrative cost for the SHORE program however this will impact the administration of the program.

C. The Board might also decide to keep the subsidies at the same level, however this option is not recommended since a number of participants using bus subsidy would be adversely impacted.

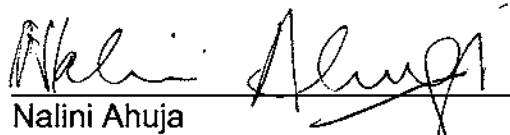
### **NEXT STEPS**

We will prepare five-year MOUs for execution with each of the service providers, as described in the Recommendation. Approval of the recommendation will allow us to provide funding for these specialized transportation programs as budgeted annually. Staff will continue to work with TAP to incorporate the RRTP coupon process to make the program operation more efficient and effective. Additionally, annual audits will continue for each of the three programs. We will return to the Board if there are any significant changes to the programs that affect funding levels or sources.

### **ATTACHMENT**

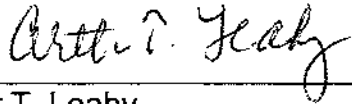
A. Description of SHORE, INTP and RRTP programs.

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Arthur T. Leahy  
Chief Executive Officer

**SUPPORT FOR HOMELESS RE-ENTRY PROGRAM**

SHORE began in May 1994 and was developed to aid homeless persons in central Los Angeles, so that they would become self-sufficient through access to such services as schooling, employment, healthcare, and social services.

Shelter Partnership, Incorporated has administered the \$500,000 annual token program with its own operating funds. Currently, due to budget cuts they are requesting \$20,000 in addition to their transportation subsidy to fund the administration of the program.

Annually, more than 7,000 individuals participate in the program. The tokens are distributed through a network of homeless shelters to assist the clients to access health care, mental health, child care, employment and housing to promote stability and self-sufficiency.

Eligible participants are individuals and families participating in case management services at one of the approved social service agencies in Central Los Angeles.

**IMMEDIATE NEEDS TRANSPORTATION PROGRAM**

This program was established in May 1992 following urban unrest. The Board selected the FAME Assistance Corporation (FAC) to administer and broker the INTP. The Board expanded the program in 1993 to provide service countywide. At that time, the International Institute of Los Angeles (IILA) was selected to broker the program in the northern and eastern half of the county, while FAC continued to broker the southern and western half.

Since 1993, \$5 million annually has been budgeted to the INTP, \$4.3M or 87% is allocated to transportation and \$650,000 or 13% to administration of the program. Each administrator receives \$2.5 million annually, broken down to \$325,000 in administration and \$2.1M in transportation subsidy. Board approved ratio of allocation for transportation subsidy is 65% bus tokens and 35% taxi coupons and vouchers. For past few years, there are more demands on bus tokens than taxi coupons so therefore we request that the ratio be changed to 75% bus tokens and 25% taxi coupons/vouchers.

In total, there are approximately 500 agencies in the INTP network who distribute taxi vouchers and bus tokens to persons with immediate transportation needs and limited transportation resources.

Individuals can apply to any of the participating agencies in their area and once they meet the criteria they will start receiving their subsidy.

There are three types of subsidies;

- Bus Tokens
- Taxi Coupons
- Taxi Vouchers

Annually, more than 28,000 participants receive bus tokens and taxi coupons that are used for trips to medical, shelter, case management, job search/job interview, food and other essential destinations. Taxi coupons and vouchers are utilized to individuals who due to frailty, safety or urgency are unable to use the fixed route service.

### **RIDER RELIEF TRANSPORTATION PROGRAM**

The Board of Directors established the RRTP to help mitigate the impact of the fare adjustment on the low-income and transit dependent riders of Los Angeles County. Three agencies FAC, HSA and JFS were selected to administer the program, which started fare media and subsidy coupon distribution in April 2008. The program had a slow start but by recognizing the barriers, the program was modified.

Jewish Family Service of Los Angeles recused itself from the RRTP program, effective June of 2009, and is no longer involved with the program. Therefore, as of June 2009, FAC has been receiving \$3,000,000 (60%) in transportation subsidy, including 10% or \$300,000 for administration, and HSA receives \$2,000,000 (40%) in transportation subsidy, which includes \$200,000 for administration. The two administrators are working with eligible participants as well as a network of non-profit and governmental agencies to distribute pass subsidy coupons to the RRTP's target population.

As a result of a motion approved by our Board in February 2009, the program was extended to provide subsidy to the eligible riders of the Municipal Operators who have had recent fare adjustment or are likely to raise fares while the program is in place. To date, Long Beach Transit, Santa Monica Big Blue Bus, Torrance Transit, Culver City Bus, Norwalk Transit, Foothill Transit, Antelope Valley Transit, Montebello Transit, Santa Clarita and Los Angeles Department of Transportation have joined the program.

Eligible participants are individuals whose income is below poverty level and who are either Metro or participating Operators' pass holders. The coupons are redeemed at the time of purchase and they are valued at \$10 for a regular pass and \$6 for senior/disabled/student passes. There are currently 55,000 participants in the program

Subsidy coupons are distributed through a network of non-profit agencies to eligible participants. Individuals receiving subsidies from the city/school are not allowed to participate in the program.