

Motion by Directors Burke, Roberts and Villaraigosa**IMMEDIATE NEEDS TRANSPORTATION PROGRAM**

The Immediate Needs Program (INTP) was initiated in February 1993 to provide subsidized taxi service for those who have an immediate transportation need that other modes of transportation cannot meet. Since the first full year of the program, MTA has funded the program at \$5 million annually. MTA staff, within the Countywide Planning and Development division, are responsible for oversight of the INTP. To administer the program, MTA has awarded formal contracts with two non-profit agencies (called administrators) – the First African Methodist Episcopal Church (FAME) and the International Institute of Los Angeles (IILA).

“A 1998 case study conducted for the Transportation Research Board found that **the economic benefit of the INTP is \$2.60 for every (1) dollar invested**¹. This analysis was primarily based on quantifying (only) the medical and job training benefits resulting from the program, in addition to **the program’s role of meeting the MTA’s mission of increasing mobility for County residents**”. In the Nelson/Nygaard Report of June 2001, they stated on page 4 that “While it is impossible to estimate the true level of demand for these services, it is apparent that the static budget has not kept up with demand.”

Each of the above two organizations is responsible for administering the INTP within an assigned geographic area of Los Angeles County. Each administrator works through over 400 non-profit agencies to distribute taxi vouchers with a face value of \$7, variable taxi vouchers, and bus tokens to eligible individuals. Since FY94, MTA has authorized each of the two administrators to spend \$2.5 million annually for the INTP. The \$2.5 million is comprised of the pass-through subsidy distributions (e.g., taxi vouchers, bus tokens, etc.) and administrative costs incurred by FAME and IILA. Up through FY96, the administrative cost limit for each administrator was \$375,000 or 15% of the total \$2.5 million. In FY97, the administrative cost limit was increased to \$437,500 or 17.5% of the total program costs. In FY99, the administrative cost limit was raised again to \$500,000 or 20%². The total number of trips provided under the program has increased from less than 500,000 in FY96 to more than 1.2 million in FY03.

¹ Pg 4 Existing Conditions Report, February, 2001

² In the CEO response to the I.G. concerns, dated October 2000 (I.G. attachment D, pg. 17), MTA “...Staff partially concurs with the need to clarify the methodology, but believes there is a method for calculating administrative cost as a proportion of transportation subsidy distributed. In FY 1996, Amendment 3 to the Agreements...was established to recognize that the administrators have direct control only over the subsidy (taxi vouchers and bus tokens) which they distribute to participating social service and public agencies;...” The CEO response further states that “...While staff recognizes there are some difficulties in determining the value of the subsidies distributed under the program, ... staff...believes this is a viable method of evaluating whether the administrators are carrying out their responsibilities for distributing the maximum transportation subsidy, which is the purpose of the contract language.”

The INTP works with agencies in all parts of the County. While more than half of these agencies are within the City of Los Angeles, there are also agencies located in the cities of Long Beach, Inglewood, Lancaster, Pasadena, Glendale, El Monte, Compton, Pomona, and throughout the unincorporated areas of the County. Many of the cities and the county also have programs providing some type of transportation subsidy which are limited to residents of the jurisdiction and often have other limitations (most often, age and/or disability, and trip destinations). **The INTP serves the entire county, has a general eligibility requirement and provides a wide-range of trip purposes.**

Among the 800 non-profit agencies listed as “vendors” for this program are domestic violence centers, shelters, hospitals, senior centers, dialysis centers, transitional housing, substance abuse, cancer treatment facilities, Los Angeles County Dept. of Health, veterans services, food pantries, mental health facilities, homeless shelters, sexual assault centers, police after school youth programs and refugee resettlement programs. As noted on page 38 in the 2001 ***Existing Conditions Report***, the Immediate Needs program has evolved from strictly serving “emergency” needs to one of **“serving “life sustaining” needs of the most vulnerable members of our local communities.**

Two audit reports were issued in 1994; one report dealt with FAME and the other report with ILLA. These reports found deficiencies concerning controls over vouchers and taxi company billings and administrative costs incurred by the two administrators.

The OIG completed a review of the INTP on November 1, 2000. The report made the following findings:

1. **Prior audit findings were resolved.**
2. The two Administrators were generally following operating procedures.
3. MTA oversight of the program needs improvement.
4. MTA operating procedure was not up-to-date.
5. Increased oversight of administrative costs is needed.
6. Allocation of the administrative costs needed to be updated.
7. Total program costs were exceeded.

MASD completed an audit of INTP in September 2001. This audit was requested by Countywide Planning in response to the recommendation by OIG that periodic audits be completed. The report made the following findings:

1. Lack of written policies and procedures for oversight of the INTP by Countywide Planning and Development Department.
2. MTA has not updated the INTP Operating Manual.
3. FAME is unable to furnish the MTA with its basis for allocating indirect costs to the INTP.

As a result of the audit, written oversight policies were prepared, the operating manual was updated, and FAME provided the requested information to the satisfaction of the MASD auditor.

Countywide Planning and Development (CP&D) has completed two reports on the status of the INTP. Both studies were completed by Nelson/Nygaard Consulting Associates. The first report is titled the *Existing Conditions Report* and was completed in February 2001. The second report is titled the *Strategic Business Plan* and was completed in June 2001. These two reports recommended changes to the program to improve the efficiency and effectiveness of the program to allow it to continue to serve emerging needs.

Research conducted by MTA Capital Planning in April 2004 indicates that 51 of the total 89 jurisdictions use Local Return funds for User Subsidy or Subsidized Taxi Services program. These programs are budgeted at approximately \$13.5 million annually, are limited to residents of each city, and often have trip-purpose and destination limitations.

In 2001, Nelson/Nygaard recommended that the INTP minimize duplication with other programs, specifically citing “three programs that have substantial overlap with INTP: CalWORKs, Shelter Partnership and Ryan White funding.” The Ryan White funding program is provided through the County of Los Angeles Department of Health Services. From March 2003 to February 2004, this program provided \$1.2 million in transportation subsidies to its clients (this amount is above the \$3.9 million budgeted by the County of Los Angeles for its user subsidy program).

Notwithstanding that “duplication” issues need further resolution, the INTP is a county-wide program and a regional project similar to ASI and should be subject to the use of regional funds as it clearly contributes to increasing mobility in the entire region.

In considering how to restore funding to this program, I believe that the Board can consider three viable alternatives.

The first alternative funding source that I believe we should seriously consider is to program unused “**Incentive Program**” funds (Proposition A Discretionary Funds) to restore the INTP for the fiscal year ‘05. The Incentive Program was created by the MTA in 1987-88 to fund coordinated para-transit and transit services provided by the smaller cities of Los Angeles County. It is also used to provide funding to the operators of these services so that they may keep and report National Transit Database (NTD) operating statistics. The NTD statistics are used to help support the amount of federal transit formula funding that Los Angeles County received for transit (Section 5302 Urban Formula and Section 5308 Fixed Guideway Modernization replacement). **The Incentive Program is currently spending approximately \$11 million per year, leaving an unused fund balance of Proposition A Incentive funds of \$18.2 million that could be programmed to fund the INTP.**

Alternatively the Board could consider another Board approved discretionary program with a current unspent fund balance, the **Municipal Operator Service Improvement Program (MOSIP)**. The MOSIP was created in 1999 to provide the Municipal Operators with funds to alleviate overcrowding on their transit systems. The Municipal Operators are scheduled to receive an additional \$17 million in FY05. **There is currently an unspent fund balance of MOSIP funds (Proposition C 40% Discretionary Funds) of approximately \$25 million.**

Or the MTA Board could choose to use a portion of the **approximately \$52 million “carryover” balance** contained in the **Prop C 40% “discretionary”** fund that has historically been the source of INTP funding.

The issue before this Board should not be a choice of funding needed security versus funding for the most needy in our society; we must do both and we can.

WE, THEREFORE MOVE, that this Board act to restore the entire funding of the Immediate Needs Program for FY '05 using **“Incentive Program”** funds (Proposition A Discretionary Funds) under the following conditions:

- That the Administrative Fee for FY '05 shall be limited to 15%;
- In an effort to determine the ongoing viability of the INTP and whether or not the MTA Board should continue its historical commitment to the INTP, the MTA staff shall return to this Board in November, 2004 with an updated report on the status of employing all of the provisions listed in the 2001 Business Plan including but not limited to the following:
 - A review and possible revision of the administrative fee;
 - A status report on efforts and progress to coordinate and consolidate overlapping functions with those agencies previously cited, including dial-a-ride programs throughout the county and other efforts to eliminate and reduce duplication, plus
 - Efforts to form partnerships to develop coordination with health care and human service agencies, including the County's Interagency Operations Group; and
 - Include an assessment of the impact of cancellation of the INTP from the affected agencies;
 - A review and recommendations of how to increase the usage of “day passes” in lieu of taxi vouchers;
 - A status report and analysis of MTA staff efforts to secure further funding from both federal and State agencies to mitigate and obviate the need to use Prop C 40% discretionary funding for Homeland Security.
 - A status report on other MTA funding sources, other than Prop C 40%, to fund Homeland Security;
 - A status report on efforts to identify other MTA funding sources to continue the Immediate Needs Transportation program, including seeking assistance from other jurisdictions directly benefiting from the Immediate Needs Program.