



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

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**PLANNING AND PROGRAMMING COMMITTEE
MAY 14, 2008**

SUBJECT: IMMEDIATE NEEDS TRANSPORTATION PROGRAM REVISIONS

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

Approve revisions to the Immediate Needs Transportation Program (INTP) to improve program effectiveness resulting in a change in the expenditure ratio of bus tokens and taxi coupons to 50% bus tokens and 50% taxi coupons.

ISSUE

The INTP distributes bus tokens and taxi coupons to eligible clientele. In fiscal year (FY) 2008, we changed the expenditure ratio between bus tokens and taxi coupons from 20% tokens and 80% coupons to 65% tokens and 35% coupons. We implemented the new ratio on a trial basis, with a provision that the final ratio be recommended after a year. We now have determined some program changes that will help increase the overall effectiveness of the program and will define the final expenditure ratio between the bus and taxi component.

POLICY IMPLICATIONS

The proposed revision will not affect our other programs and projects. This revision will increase program effectiveness by enabling eligible recipients to more fully utilize the taxi coupons and by allowing the same program budget to serve more people.

OPTIONS

The Board could elect not to approve our recommendation. However, we do not recommend that option, as approval would ensure that the taxi coupons will be utilized by the individuals this program intended to serve. It will also increase the overall effectiveness of the program.

FINANCIAL IMPACT

The funding of \$5 million has been included in the FY09 proposed budget in

cost center #0441, project #410016, task #01 and is being funded with Proposition C 40% sales tax funds.

BACKGROUND

The Board established the INTP in May 1992 and has budgeted \$5 million annually for the program since 1993. Annually, we have allocated \$2.5 million each to FAME Assistance Corporation (FAC) and the International Institute of Los Angeles (IILA) to administer the program. After an audit was completed in May 2006, we have been working with FAME and IILA to improve the program especially with respect to the taxi component. Since the audit, we strengthened the agreements between the taxi companies and the brokers to include new language. New language stipulates more severe penalties by brokers for inaccurate billings received from taxi companies. A progressive sanctioning process begins with probation at the first offense and escalates to monetary sanctions, suspensions and possible expulsion from the program.

Expenditure Ratio of Bus Tokens and Taxi Coupons

In our May 2007 report, we informed the Board that we would evaluate the mix of bus tokens and taxi coupons and we would return to the Board with our recommendation. We evaluated the use of the taxi coupons and concluded that the coupons are not being optimally utilized. This is because the coupon price has remained constant at \$7.00 since the program started in 1992. As a result, the participants have to incur a significantly larger out-of-pocket expense to complete a taxi trip. With a \$7.00 coupon, a person could travel 3.18 miles in 1992 (\$1.90 drop- in rate and \$1.60 per mile). The same \$7.00 allows a person to ride 1.8 miles today (\$2.65 drop- in rate and \$2.45 per mile). The adjusted cost of an average four-mile ride taken in 1992 is \$12.45 in 2008. Some clients use two \$7.00 taxi coupons for a one way trip. However, this is not the most efficient use of the taxi subsidy as the cost of an average trip is less than \$14.00. In addition, the bus tokens are not being fully utilized. Approximately, 30% of the tokens are projected to remain unused in FY 2008.

Therefore, to keep pace with the increased taxi rates and maintain the minimum mobility benefits for the INTP participants, we have determined that the taxi coupon price needs to be changed from \$7.00 to \$11.00. We have also determined that the maximum coupon allotment per client needs to be decreased from four to two. This would increase the number of clients served and improve program effectiveness. With the coupon price increase, even with a reduction in the total number of coupons issued, we expect the amount spent from the program budget on taxi coupons overall to increase. These changes in taxi coupon price and allotment will lead to an expenditure ratio of 50% bus tokens and 50% taxi coupons for the program.

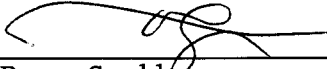
NEXT STEPS

With Board approval, beginning with FY 2009, we will revise the program and will continue to report back to the Board on our progress with the implementation of the remaining audit recommendations.

Prepared by: Armineh Saint, Transportation Planning Manager
Nalini Ahuja, Director of Local Programming
Programming and Policy Analysis



Carol Inge
Chief Planning Officer



Roger Snoble
Chief Executive Officer

