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**EXECUTIVE AND AUDIT
COMMITTEE
JUNE 15, 2006**

**SUBJECT: IMMEDIATE NEEDS TRANSPORTATION PROGRAM (INTP) AUDIT
FINDINGS AND RECOMMENDATIONS**

**ACTION: RECEIVE AND FILE MANAGEMENT RESPONSE TO INTP AUDIT
FINDINGS AND RECOMMENDATIONS**

RECOMMENDATION

- A. Receive and file the management response to Immediate Needs Transportation Program (INTP) audit of the Nelson/Nygaard study findings that Thompson, Cobb, Bazilio and Associates (TCBA) conducted, as shown in Attachment A; and
- B. Receive and file the management response to remaining Nelson/Nygaard study findings on the INTP reviewed by staff, as shown in Attachment B.

ISSUE

By Board Motion dated June 7, 2004 on the INTP, the Board of Directors requested an updated status report on how the provisions of the Nelson/Nygaard study were being addressed. We hired the firm of Thompson, Cobb, Bazilio and Associates (TCBA) to review the key provisions of the plan, and we reviewed the remaining provisions. Our response and planned actions to implement these recommendations are listed in Attachments A and B.

BACKGROUND

The INTP was established in May 1992 following urban unrest in Los Angeles. The Board of Directors initially selected the First African Methodist Episcopal Church (FAME) to administer and broker the INTP. In 1993, the Board expanded the program to provide service countywide by also selecting the International Institute of Los Angeles (IILA) as a broker. The IILA managed the program in the northern and eastern half of the county, while FAME continued to manage the southern and western half.

Since 1993, Metro has budgeted \$5 million annually to the INTP and allocated \$2.5 million to FAME and IILA each. In total, the two brokers work with approximately 600 agencies to distribute taxi vouchers and bus tokens to persons with immediate transportation needs and limited other transportation resources. Taxi vouchers and bus tokens are used for trips to medical, shelter, case management, job search/job interview, food and other essential destinations.

In 2004, Metro Board approved a motion to review all the provisions of the Nelson/Nygaard study completed in 2001. In response to the motion, staff divided the Nelson/Nygaard recommendations in two parts. The key provisions of the study that leant themselves to an outside audit were audited by TCBA. Staff reviewed the remaining provisions that required an in-house assessment. Attachment A shows the management response to the TCBA audit. Attachment B is the staff assessment of the remaining provisions of the Nelson/Nygaard study.

NEXT STEPS

We will re-evaluate the program and pursue actions listed under the management response in Attachments A and B. This will include reviewing the mission statement, and clarifying the eligibility criteria to better define the program’s target population. We will also re-evaluate the mix of the token and taxi programs based on the program’s mission statement and target population. In cooperation with FAME and IILA we will strengthen their agreements with the taxi companies. We will explore coordination and streamlining opportunities to minimize duplication with other programs and improve the effectiveness of the program. Once the new program has been clearly defined, we will begin the procurement for the agencies to administer the program.

The revisions to the program will be implemented according to the following schedule;

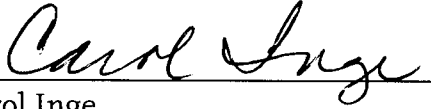
<u>Tasks</u>	<u>Anticipated Timeline</u>
Establish working group consisting of Metro staff and stakeholders.	July 2007
Review and strengthen the taxi company agreements	July 2006 to September 2006 to develop language. Brokers to incorporate into taxi agreements as quickly as possible.
Review the mission statement and clarify the eligibility criteria	July 2006 to September 2006
Re-evaluate the mix of the token and taxi program based on the program’s mission and target population	July 2006 to January 2007
Explore coordination and streamlining opportunities to minimize duplication with other programs and improve effectiveness of the program	July 2006 to January 2007
Procure agency(s) to administer the program	February 2007 to October 2007
Board approval to award contract	July 2008 (new budget year)

ATTACHMENTS

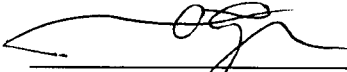
- A. Management Response to INTP Audit of the Nelson/Nygaard Study Findings that Thompson, Cobb, Bazilio and Associates (TCBA) Conducted
- B. Management Response Based on the Staff Analysis of the Nelson/Nygaard Study

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2001 Business Plan/Nelson Nygaard Recommendations
Management Response to
Thompson, Cobb, Bazilio & Associates, Audit Recommendation

Thompson, Cobb, Bazilio & Associates Recommendation	Management Response
<p>1) We recommend that LACMTA develop a clear mission statement identifying the purpose of the program, its intended clients, and establish detailed criteria on program eligibility.</p>	<p>The program has a mission statement and eligibility criteria. The current mission statement and the eligibility criteria were developed around the need to provide service for the Los Angeles County residents who have an immediate need for transportation and no other resources to meet that need. INTP media would be used to transport participants to food banks, medical appointments, shelters and case management. Additionally, participating agencies provide diverse types of social services that have their own eligibility criteria.</p> <p>Staff will convene a small working group to review and update the mission statement. Staff has already begun to develop detailed eligibility criteria by distributing criteria forms to the participating agencies through brokers. Staff will review the current criteria of the various providers for consistency and appropriateness. Staff will then be able to more clearly define program eligibility criteria.</p>
<p>2) We recommend that LACMTA coordinate its effort under the INTP with other social service agencies that provide transportation services once it has developed a clear mission statement and client population.</p>	<p>Staff concurs. In revising the criteria staff will minimize overlapping of services. This will help coordinate the services that each social service agency provides.</p>
<p>3) We recommend LACMTA consider significantly reducing or eliminating the \$7 taxi voucher program, but maintain the variable taxi voucher program for emergency transportation needs only.</p>	<p>Staff concurs. It would be best to considerably reduce or eliminate the \$7 taxi voucher program. This will be reviewed in relation to the program's revised mission statement and eligibility criteria for the participants. Staff will also review and establish stricter eligibility requirements for using variable taxi vouchers.</p>
<p>4) We recommend that a penalty clause be included in contracts with taxicab companies to impose penalties or sanctions when overcharges are found in billings. We also recommend that</p>	<p>Staff concurs. Staff will work with the brokers to revise the cab company agreements to impose penalty or sanction clauses and reimbursement of overcharges. The brokers' contracts would also be revised to include a stricter oversight of the cab</p>

Thompson, Cobb, Bazilio & Associates Recommendation	Management Response
LACMTA consider conducting a one-time full audit of taxi vouchers to identify those cab companies that are abusing the taxi voucher program by overcharging for taxi fares. The LACMTA should then seek reimbursement for the overcharges.	companies. Staff intends to include these requirements in the FY 2007 Memorandum of Understanding (MOU) as part of the annual MOU development process. Beginning FY 2007 staff intends to audit the INTP annually.
5) We recommend that administrative fees paid to the brokers should be reassessed after changes to the program have been made.	Staff concurs. Once the program is modified and the details finalized, staff will reassess the fee keeping in mind the new program requirement and funding availability. Reducing emphasis on the taxi vouchers could help keep the administrative fee in check.
6) We recommend that FAME establish a consistent methodology for allocating indirect expenses to programs based on personnel cost or other equitable allocation methods.	Staff concurs. Previously, steps were taken to correct some of the problems, and we were waiting for any additional audit recommendations. Staff will develop a cost methodology for allocating indirect expenses. This can be implemented with the start of new program July 1, 2008. In addition, staff in their FY 2007 budget has allocated funds for the audit of this program and intends to perform annual audits of the program.
7) We recommend that FAME personnel prepare timesheets detailing the hours worked by program and other activities.	Staff concurs. A clause will be specifically included in FY 2007 MOU requesting more details of the personnel time. The broker invoices would require supporting documentation detailing staff timesheets with a list of associated activities.
8) We recommend that LACMTA and the brokers work together to educate distributing agencies about other transportation programs available and encourage them to direct clients to those services before INTP benefits are distributed.	Staff concurs. Once the new modified program is in place we will initiate the training process for the distributing agencies.
9) We recommend that LACMTA consider outsourcing the responsibility of taxi administration to mitigate LACMTA's risk against unlicensed or uninsured taxicab drivers.	The responsibility of the taxi companies is outsourced and belongs to IILA. Staff will work with IILA to ensure that they monitor the taxi companies more closely.
10) While outside the scope of this study, we recommend that the INTP program begin to investigate how it will adapt to LACMTA's future use of SMART cards to the preclusion of bus	We will explore ways to integrate the use of SMART cards in the program when the SMART card technology is fully functional and in place.

Thompson, Cobb, Bazilio & Associates Recommendation	Management Response
tokens. Because of the cost of individual an individual SMART Card, LACMTA will need to determine how it will be able to distribute relatively small numbers of bus trips to large numbers of clients.	
11) LACMTA should consider soliciting bids for the administration of the INTP program, but not until the program requirements are more well-defined and decisions on changes to the program have been made	<p>Once the program requirements, the mission statement and especially the taxi program are well defined, staff will proceed with procurements to select agencies to administer the program. Staff concurs with the audit recommendations for general qualifications of the brokers which are as follows:</p> <ul style="list-style-type: none"> • Not-for-profit status • Offices located in Los Angeles County • Size and organizational structure that provides administrative support to the program with low overhead costs • Capable of maintaining LACMTA's insurance requirements. • Offers a broad base of social service programs or provides transportation services to the underserved population in Los Angeles County
12) Use of day passes in lieu of tokens may be difficult to implement.	Staff concurs. Currently the day passes can be purchased on the bus and the vending machine at the stations on the day of travel and are not available earlier through the sales distribution network. The time-sensitive processing and purchasing restrictions lead to difficulties in implementing the day pass in lieu of the tokens. Also, as the day pass costs more than tokens, allows unlimited use, the possibility of fraud and cost is higher.
13) We believe there is insufficient justification to change the value of taxicab vouchers at this time.	Staff concurs. The program cost will increase without a corresponding mobility benefit. More costly vouchers would result in a decrease in the number of participants. The benefit will be less than the cost. Given the needs of the program and number of participants, serving less people might not be a viable option. In addition, a major complaint of the participating agencies is that they do not have enough tokens and taxi vouchers to meet the needs of their clients.

Remaining 2001 Business Plan/Nelson Nygaard Recommendations

Staff Analysis

2001 Business Plan Recommendation	Staff Recommendation/Implementation Plan
<p>1) Change the Name of the Program to Safety Net Transportation Program</p>	<p>A survey of the participating agencies is being conducted for this purpose. So far, approximately 250 agencies have been surveyed and 86% want to keep the same name due to current name recognition. Staff will finalize the analysis when the survey is completed. The result of the survey and a clearer mission statement recommended by the audit will help the staff in determining if a name change will significantly improve the program.</p>
<p>2a) Provide more active MTA role in the program</p> <p>b) MTA should periodically monitor the field representatives' meetings with vendor staff to ensure that the eligibility criteria used for fare media distribution are consistent between the 2 brokers</p>	<p>2a) Metro staff is actively involved in the monitoring of the program. The following steps have been taken: quarterly meetings with taxi companies; regular meetings with the project managers from both agencies; and daily discussions of issues. Metro staff has met with the agencies to discuss their issues and problems.</p> <p>2b) Metro staff has designed an Eligibility Criteria form with input from both brokers. The agencies have been asked to complete the forms and return them to the brokers. A study of the completed forms will be used to determine if there are any inconsistencies within the same type of service providers (e.g., senior centers) and steps would be taken to resolve them.</p> <p>The task is difficult because, the participating agencies provide diverse types of services to their clientele. Examples are senior centers, centers serving physically disabled people, shelters for abused women and children, mental health centers and hospitals. The most important criteria for eligibility that are common to every agency are that recipients should be residents of Los Angeles County; recipients should have no other transportation resources; and INTP media be used to transport them to job searches, medical appointments, food banks and case management. In addition, the agency-specific eligibility criteria must be based on the services that they provide.</p>

2001 Business Plan Recommendation	Staff Recommendation/Implementation Plan
<p>c) MTA should assist brokers in developing client information in multiple language to work with the diverse community of program users</p> <p>d) MTA should work with all stakeholders to develop consistent databases. Work as a partner with the brokers, the distribution agencies and the taxi companies to establish a consistent mission statement, program operating procedures and databases to ensure that the program can be administered and monitored in the best manner possible</p>	<p>2c) Once the program is in place staff will update the program guidelines. The guidelines will contain the mission statement, information/instruction on the program, cab companies, agencies and clients. Once the guidelines are revised, the client information will be translated to Spanish, Korean, Chinese and Vietnamese.</p> <p>2d) Our initial assessment of the agencies reveals that some agencies do not have enough resources to participate in the centralized database compilation and regular updates. Metro staff is exploring other options to improve the program, such as a centralized database with an option to fax reports to agencies with technologically limited resources.</p> <p>Once the guidelines and the mission statement are updated, the information will be distributed to all the participating agencies and cab companies in the program.</p>
<p>3) Add additional fare media, including transit tickets and tokens from other operators – particularly Foothill Transit and Long Beach Transit</p>	<p>3) The Municipal Operators (including Foothill and Long Beach) do not have a token-equivalent fare media. Access Services, Culver City, LADOT, Long Beach, Montebello, Norwalk and Torrance do accept Metro tokens. Hence, INTP participants can travel on transit services provided by these operators. With INTP funding, Antelope Valley passes are purchased and made available to the participants in the AVTA service area.</p>
<p>4a) At the intake interview, the agency would provide both written & oral information to the client about the purpose and limitation of the program</p> <p>b) Add flexibility to the taxi program by implementing a new type of coupon for emergency travel. Vendors need more flexibility to deal with emergency transportation needs. Vendors complain that once they have distributed their monthly allocation to their clients for their general needs, they have nothing left over for true emergencies</p>	<p>4a) Once the program is in place staff will work with administrators to prepare client handouts for distribution. Currently only oral information about the purpose and limitation of the program is provided to the clients.</p> <p>b) Each voucher should be treated as an emergency voucher. Adding more vouchers would increase the cost of the program.</p>

2001 Business Plan Recommendation	Staff Recommendation/Implementation Plan
<p>c) Brokers should be encouraged to continually recruit distributing agencies. To become a distributing agency, an applicant must continue to provide proof of non-profit status & a description of their agency, their clients & their transportation needs. New distributing agency should develop a plan describing how INTP will be used. Current distributing agencies should develop a plan in the next 12-23 mos.</p>	<p>c) Brokers have a waiting list of agencies, and once an agency withdraws they invite the next agency to join.</p>
<p>5) 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</p>	<p>Metro sought and secured federal funding from the Department of Homeland Security to help address some of Metro security needs.</p>
<p>6) A status report on other MTA funding sources, other than Prop C 40% to fund Homeland Security</p>	<p>Metro sought and secured federal funding from the Department of Homeland Security to help address some of Metro security needs.</p>
<p>7) 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</p>	<p>Staff is preparing a letter to request funding for the program from Los Angeles County Council of Governments (COGs) and their cities. In addition, staff will apprise Metro's Technical Advisory Committee (TAC) of the funding request at the May 2006 TAC meeting.</p>