

Date: October 9, 2007Committee Meeting Date: October 18, 2007Board Meeting Date: November 01, 2007**BOARD MEMORANDUM**ACTION DISCUSSION INFO

TO: Administration and Finance Committee
 Santa Clara Valley Transportation Authority
 Board of Directors

THROUGH: Michael T. Burns
 General Manager

FROM: Jerry G. Mikolajczyk
 Chief Financial Officer

SUBJECT: Transit Passes for Homeless Shelters

Policy-Related Action: Yes**Government Code Section 84308 Applies: No****RECOMMENDATION:**

Authorize the General Manager to negotiate and execute a contract with the County of Santa Clara in the amount of \$118,400 per year. This contract would enable VTA to provide Eco Pass type passes at a price of \$60 per pass per year, for up to 1,850 passes to be issued each quarter, for a fixed annual price of \$111,000 plus card issuance expenses of up to \$7,400 per year. These passes would be made available to the homeless population in Santa Clara County effective January 2008.

BACKGROUND:

At the June 21, 2007, Board of Directors Meeting, Director Gage requested that staff investigate and bring back to the Board of Directors an analysis of providing passes to homeless shelters through the Eco Pass program that would result in no revenue loss to VTA. Currently, passes are available to homeless shelters through the purchase of the Special Programs (Homeless) Monthly Pass. Eco Pass and the Special Programs (Homeless) Monthly Pass are long-standing VTA fare programs.

Eco Pass is a calendar year program targeted primarily at employers, with some residential complexes and San Jose State University also participating, for a total of over 140,000 benefited individuals. Pricing is tiered according to the size of the contract (number of persons covered) and the level of transit service provided to the location of the organization. VTA's Fare Policy adopted by the Board of Directors in December 2003 requires the fees to be set so that the average revenue per boarding approximates the average revenue per boarding for all other adult riders. Key to the program concept is that the sponsor (typically an employer) purchases Eco Passes for all members of the group (typically, all employees at a specific location) at a fixed price, even though not all members of the group are likely to use the pass.

The Homeless Pass Program (HPP) provides special monthly passes (currently approximately 713 per month) to homeless shelters for sale to clients. The County of Santa Clara coordinates the HPP and provides a subsidy of \$6 per pass distributed and the cost to the homeless client is \$7 per pass (collected by the shelters). Passes are only sold to individuals receiving case management services. VTA currently receives total revenue of \$13 monthly per pass amounting to \$111,000 per year based on the current tariff.

A comparison of both programs is summarized in Attachment A.

DISCUSSION:

VTA is currently receiving approximately \$111,000 annually from the HPP (\$60,000 from the clients/shelters and \$51,000 from the County) for about 713 Special Passes issued each month. In order for there to be no revenue loss to VTA, any new or revised program would have to provide at least this much (\$111,000) in annual fare revenue for VTA.

Based on current Eco Pass pricing, as shown in the VTA tariff, staff has developed a transit pass program in consultation with the County, which would replace the existing HPP with an Eco Pass - type program at a price of \$60 per pass per year, for up to 1,850 passes to be issued each quarter, for a fixed annual price of \$111,000. Passes would be valid for a calendar quarter and would enable the County to have up to 1,850 passes outstanding each quarter to the same or different individuals, depending upon their eligibility. This quantity and price point would generate the same total revenue to VTA as the current HPP, while increasing the number of passes available through the program. The \$60 price per pass would be close to the mid-point of the Eco Pass pricing matrix, which ranges from \$7.50 to \$120.00 per individual per year. These passes would not be eligible for Adult One Way Fare credit towards a Paratransit One Way trip.

The County would continue to administer the transit pass program providing overall coordination and guidance, with the shelters providing intake, distribution, and case management services. Eligibility for passes would be determined by the County or by shelters/service providers. The role of the shelters is critical in ensuring the benefits of the program are provided to those in need, and to leverage the value of the transit passes by packaging them with other services.

As with the existing Eco Pass program, photo identification cards would be required. VTA is already producing photo ID cards for some Eco Pass participants, and this capability could be expanded to serve the homeless. Current costs for ID production are approximately \$1 per card and VTA would negotiate with the County to cover this cost. For 1,850 participants, annual costs would be \$7,400 if 1,850 new dated ID cards were issued each quarter. VTA is also exploring the usage of stickers in combination with the Homeless Management Information Cards which are currently issued to homeless individuals. If this approach is feasible, card issuance costs could be eliminated.

If approved by the Board of Directors, a revised fare resolution (tariff) reflecting the final program details will be presented to the Board for approval.

ALTERNATIVES:

The Board could choose to continue the existing Homeless Pass Program as defined by the current tariff and not authorize the new contract.

FISCAL IMPACT:

The new homeless pass program effective January 2008, would generate at least the same amount of revenue generated by the existing Special Programs (Homeless) Monthly Pass Program (\$111,000) resulting in no revenue loss to VTA.

Attachment A

Prepared by Ali Hudda, Fiscal Resources Manager

	Eco Pass	Special Programs (Homeless) Pass
Target Audience	Company employees, residents of housing developments, and SJSU students. Pricing is based on company or housing location. All employees/residents at a location must be covered.	Homeless individuals receiving case management services from a homeless shelter or day center anywhere in Santa Clara County.
Transit Dependency	The great majority of employees, residents, and SJSU students have multiple transportation options available for most of their travel	Special monthly passes are distributed only to homeless individuals who have no access to other transportation services.
Pricing	Pricing is tiered based on the number of individuals and level of transit service provided at a location. Price levels reflect a group insurance model -- fees are paid for all in the group but only some are expected to use the service.	VTA receives \$13.00 per month per pass, including \$7.00 from the client and \$6.00 paid by the County. The \$13.00 figure for VTA was established in 1994 based on fares at that time and a survey of pilot program participants. Cost of the pass to the client was initially \$5.00 while the County contributed \$8.00. The client share was increased in 2004 in order to reduce costs for the County.
Fare Media	Eco Pass is issued either as a VTA-issued photo ID (with a calendar year sticker) or as a calendar year sticker which is affixed to an existing employer photo ID badge.	The Homeless Pass program utilizes a paper monthly pass identical to the Adult monthly pass except for the word Special instead of Adult . Color of the pass changes every month in order to deter fraud. Passes are serial numbered and include holograms to discourage copying.
Time Period	All Eco Passes are issued on a calendar year basis, with the exception of passes for SJSU, which are issued on a semester basis.	Special passes are issued for calendar months. Program guidelines require that an individual obtaining a pass for one month, must present that same pass at the end of the month in order to qualify for a pass for the next month.
# of Participants	CY 2006 Eco Pass program participants included about 112,000 employees and housing residents, and 31,000-32,000 SJSU students and staff (varies by semester).	VTA currently provides 713 Special monthly passes per month. Passes are distributed to approximately 16 shelters/agencies with some of these serving multiple locations.
CY 06 Revenue	Total \$2,789,000 in CY 06	Approximately \$111,000 annual revenue to VTA of which \$60,000 is from the clients and \$51,000 is from the County of Santa Clara (for 713 passes per month).

	Eco Pass	Special Programs (Homeless) Pass
VTA Subsidy	According to the VTA Fare Policy, Eco Pass pricing is supposed to generate revenue per boarding equal to the average revenue from other Adult riders. Current revenues are significantly below this target, based on on-board passenger surveys.	Compared to the price of a VTA Adult monthly pass, the Special Programs pass is currently discounted by approximately 79%. According to records, the \$13.00 price of the pass is based in part on a study which showed HPP participants using their passes about 9-13 times per month on average.