U.S. Department
of Transportation

**Urban Mass
Transportation
Administration**

User - Side Subsidy Programs for Special Needs Transportation

A Planning Handbook
June 1983

UMTA Technical Assistance Program
Office of Service and Management Demonstration

DOT-TSC-UMTA-83-35

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Foreword

The Urban Mass Transportation Administration's (UMTA) Service and Management Demonstration (SMD) Program was established in 1974 to promote the development and widespread adoption of innovative transit services and transportation management techniques throughout the United States. The program focuses on concepts that use existing technology to create improvements which require relatively low levels of capital investment and which can be implemented within a short time frame. Through the SMD Program, these concepts are demonstrated and evaluated to determine their costs, impacts, and implementation characteristics. Evaluation findings are then disseminated through various media to transportation planners, policy makers, and transit operators in the United States and abroad.

This handbook is the first in a series of documents which synthesize past SMD evaluation findings to provide **practical guidance** to state and local areas for planning and implementing short-range public transportation improvements. This document provides guidance for designing and implementing user-side subsidy programs; subsequent handbooks will focus on other service concepts. Those wishing to explore a **range** of approaches to meeting identified service needs should consult the more general document: **Cost-Effective Public Transportation: Guidelines for Short-Range Planning** (Urban Institute Report 3072-1, December 1982) and its companion: **A Cost-Effective Casebook of Short-Range Actions to Improve Public Transportation** (Urban Institute Report 3072-2, December 1982).

The development of this handbook involved a number of individuals. Frances Harrison, Lance Neumann, and Terry Atherton of Cambridge Systematics, Inc., were the principal authors. Carol Walb and Jim Wojno of Cambridge Systematics were responsible for production and graphics. Bruce Spear at the Transportation Systems Center served as overall project manager, and Larry Bruno of the Office of Service and Management Demonstrations at UMTA provided general study direction and review of drafts. Carol Everett of the Urban Institute provided useful comments which helped to shape the final handbook. Major inputs on the content and format of the handbook were provided by a panel of state and local transportation professionals from six different areas. These individuals were either involved in planning user-side subsidy programs or were considering implementation of programs. Panel members were: L. André Roy of the Kentuckiana Regional Planning and Development Agency (KIPDA) in Louisville, KY; Priscilla Cornelio, City of Tucson, AZ; Ray Olson, Minnesota Department of Transportation; Keith Moxon, City of Lincoln, NE; James Wiesehuegel, Dallas Transit System, Dallas, TX; and Thomas Knight, Milwaukee County DPW, Milwaukee, WI.

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Background

User-Side Subsidy Programs: The Basics

User-side subsidy programs provide a means of improving the mobility of selected individuals in a community without establishing **new** transportation services or providing operating subsidies to existing transportation providers. User-side subsidy programs distribute travel subsidies directly to users, who may then select among participating service providers for their trips. Major advantages of the user-side subsidy approach are:

- **Already existing operators are relied upon, avoiding the need for costly and duplicative new services.**
- **The subsidy can be targeted to a well-defined user group, and to particular types of trips.**
- **The amount of subsidy provided is automatically adjusted to the number of trips actually made, as opposed to the vehicle-hours or miles of service provided.**
- **When more than one service provider is involved, users have the flexibility to choose from a larger menu of transportation options than they would have under a provider-side subsidy arrangement. This in turn gives providers an incentive to improve their services in order to compete for trips.**

The following four basic conditions determine whether a user-side subsidy program is desirable and feasible in a community:

- **A commitment to provide increased mobility for population segments which are prohibited from using existing transportation modes because of cost.**
- **Presence of transportation providers operating services which are compatible with the needs of the identified population segments.**
- **Availability of funds to cover administrative and subsidy costs.**
- **Existence of an agency (or agencies) to administer the subsidy program.**

Given that these conditions are met, the design of a suitable program involves finding answers to the following set of questions:

- **Who should be eligible for the program?**
- **Which service providers should be involved?**
- **What kind of mechanism should be employed for distributing the subsidies?**
- **How can control over subsidy costs be maintained?**
- **How should the necessary administrative activities be carried out?**

Learning from Experience

This handbook embodies a "planning by analogy" approach, which is premised on the fact that the experience of past and ongoing user-side subsidy programs can greatly simplify the process of designing new programs. U.S. experience with transportation user-side subsidy arrangements is considerable — a recent national inventory (2)* identified over 100 programs in 29 states. Over the past several

*Throughout this handbook, numbers in brackets ( ) refer to reports cited in the bibliography.

years, UMTA's Service and Management Demonstrations (SMD) program has conducted demonstrations and case study evaluations of user-side subsidy programs in 11 urban areas providing a rich base of experience for guiding the planning and implementation of future efforts. Characteristics of recent user-side subsidy programs are displayed in Table 1.

Past user-side subsidy programs have varied widely, with different **user eligibility requirements**, different types and numbers of **service providers**, different **administering agencies**, and different **mechanisms for providing subsidies** to users. Three variations are described below; references to further documentation of these and others are provided in the bibliography at the end of the Handbook.

In 1981, **Milwaukee County** (17), used $1.3 million in state and local funds to subsidize 168,000 taxi and chair-car trips made by handicapped residents. About 7,000 or 60% of the total eligible population signed up to receive subsidies.

When a registered user makes a trip with one of the five participating taxi operators or six chair-car companies, he or she presents an ID, pays $1.50, and the driver completes a voucher for the rest of the trip cost, up to a $6.50 maximum for ambulatory riders, and $9.50 for riders in wheelchairs. The user pays the balance of the fare. Vouchers are submitted periodically to the Milwaukee County Public Works Department, which verifies their accuracy and issues reimbursement checks to providers.

Seattle's (15) public transit operator, METRO, subsidizes taxi trips made by low income, elderly persons. Of the eligible population, 13 percent, or 10,000, were registered with the subsidy program as of mid-1981. The program's 1981 budget, derived from UMTA Section 5 funds, was $489,000, and the program was providing about 10,000 trips per month.

Registrants are entitled to purchase booklets containing $10 worth of scrip for $5 (a 50 percent subsidy). The scrip, which comes in 10-cent, 50-cent and $1 denominations is then turned in to taxi drivers as payment for trips. Drivers check user ID cards and record each subsidized trip on a tally sheet, which is turned in along with the collected scrip to METRO for reimbursement. 26 taxi operators in Seattle (3 large, and 23 small) participate in the program.

The **Kansas City** Department of Transportation (12), using funds from the local 1/2-cent sales tax earmarked for transportation, subsidizes trips made by elderly and handicapped citizens on services provided by two taxicab companies, one for-profit medical provider, three not-for-profit social service agencies, and the city (which operates three vans). In mid-1978, the program had 13,000 enrollees (22 percent of the eligible population) and served about 11,000 trips per month. The annual 1978 budget was estimated at $165,000.

Registrants are assigned bunches of 25 coupons at a time, each marked with their ID numbers. To make a trip, they call the city one day in advance for a reservation. The city schedules all trips on the various carriers. When participants make their trips, they remit one coupon and either a flat cash fee of 50 cents, or a zone-based fee, depending on the carrier. Carriers are reimbursed $1.75 for each trip served when they turn in a tally sheet listing all trips and collected coupons.

Guide to the Handbook

The purpose of this Handbook is to assist state and local agencies to plan and implement user-side subsidy programs. Because local conditions, perceived transportation needs, funding availability, and institutional structures will be primary factors dictating how user-side subsidy programs are shaped, there is no one best way of planning a program. Therefore, this Handbook does not attempt to be a "cookbook;" its focus is on providing a framework for program design, presenting past experience in an easily accessible form, and serving as a resource guide.

Because the bulk of experience with user-side subsidy programs has been oriented towards "special needs" transportation, the Handbook has this focus as well. Accordingly, emphasis is placed on programs involving **paratransit** modes, such as taxicabs, as opposed to fixed-route transit operations. However, much of the information presented is applicable to any transportation service arrangement.

The Handbook is divided into two parts, **Program Planning,** and **Program Implementation.** The **Planning** Section (blue tabs) covers six types of program design activities:

A. Goals and Objectives
- Setting basic goals and objectives to guide the program design process

B. User Eligibility and Demand
- Establishing program eligibility requirements
- Estimating expected program usage and resultant costs

C. Involving Service Providers
- Inventorying available transportation resources
- Enlisting participation of providers
- Regulatory issues

D. Subsidy Mechanisms
- Selecting a subsidy mechanism (e.g., voucher, scrip, coupon, etc.)
- Developing program use restrictions
- Setting a subsidy level

E. Program Administration
- Administrative functions
- Overall program management
- User certification and registration
- Coupon/scrip distribution
- Monitoring usage and processing vouchers, coupons, scrip

F. Program Costs and Funding
- Program cost components
- Developing a program budget
- Estimating total program costs
- Potential program revenue sources

The **Implementation** Section (red tabs) covers:

G. The Planning and Implementation Process
- Scheduling of major planning and implementation activities
- Major potential sources of delay
- Strategies for a phased implementation process

Table 1: Recent User-Side Subsidy Applications

Location*	Total Population (1000s)	Eligible Population (1000s)	Eligible Users	Service Providers	Subsidy Mechanism	Subsidizing Agency
New Jersey	7,000	NA	elderly/ handicapped	bus, rail	tickets	New Jersey DOT
Pittsburgh, (14) PA	1,450	236	handicapped	taxi	scrip	Port Authority Transit
Seattle, (15) WA	1,231	78	over 65 handicapped low income	taxi	scrip	Seattle METRO
West Virginia (16)	1,075	122	over 59 handicapped low income	nearly all fixed-route & paratransit operators in the state	tickets	West Virginia Department of Welfare
Milwaukee, (17) WI	965	12	handicapped	taxi, chair-car companies	vouchers	Milwaukee County DPW
Boston, MA	641	NA	elderly/ handicapped	taxi	tickets	City of Boston
Kansas City, (12) MO	528	58	over 65 handicapped	taxi, chair-car companies, city & social service agency vans	tickets	Kansas City DOT
Oklahoma City OK	367	NA	elderly/ handicapped	taxi, chair-car companies	tickets	Central Oklahoma Transportation & Parking Authority
Arlington, VA	174	NA	low income	regional transit system	passes	Arlington County
Champaign, IL	169	NA	elderly/ handicapped	taxi	vouchers	Champaign-Urbana Mass Transit District
Montgomery, (7) AL	159	25	over 65 handicapped	taxi transit buses	vouchers (taxi) tickets (bus)	City of Montgomery

Table 1: Recent User-Side Subsidy Applications (Continued)

Location*	Total Population (1000s)	Eligible Population (1000s)	Eligible Users	Service Providers	Subsidy Mechanism	Subsidizing Agency
Evansville, IN	139	NA	elderly/ handicapped	taxi, bus dial-a-ride, chair-car	tickets	City of Evansville
Los Angeles, (8) CA	127	30	over 60 handicapped & welfare	taxi	coupons	Los Angeles DOT
Wilmington, Dover & Lewis, DE	98	NA	elderly/ handicapped	taxi	tickets	Delaware DOT
Sioux Falls, SD	76	NA	handicapped	taxi, chair-car	vouchers	City of Sioux Falls
Lawrence, (11) MA	67	10	over 65 handicapped	taxi	tickets	City of Lawrence
Danville, (9) IL	43	43	over 65 handicapped	taxi	vouchers	City of Danville
Bangor, ME	32	NA	title XX eligible	public bus	tickets	Eastern Task Force on Aging
Kinston, (13) NC	25	5	over 65 handicapped	taxi	scrip	City of Kinston
Milton Township, (10) IL	NA	6	over 60 handicapped	taxi	tickets	Milton Township
Columbia Hts., MN	20	NA	all residents	taxi	tickets	City of Columbia Hts
Red Wing, MN	16	NA	low income	taxi, lift-equipped bus	tickets	City of Red Wing
Hopkins, MN	15	NA	all residents	taxi, vans	tickets	City of Hopkins
Canon City, CO	11	NA	all residents	taxi	coupons	Canon City
Exeter, NH	10	NA	low income elderly/ handicapped	taxi	tickets	Council on Aging

**Numbers in brackets indicate evaluation reports referenced in the bibliography of this handbook. Information about other programs can be found in reference (2).*

H. Marketing and Community Liaison
- Which groups to involve
- Marketing techniques and their effectiveness

I. Negotiating with Service Providers
- Major negotiation issues
- Provisions of typical user-side subsidy taxi contracts

J. Ongoing Monitoring and Program Refinement
- Major monitoring system components and mechanisms

All of the handbook sections are interrelated: a choice of subsidy mechanism will depend on the types of providers to be involved; an estimate of program cost will depend on the estimated program demand; establishment of eligibility criteria may be based on total funds available, and so on. The user-side subsidy program planning and implementation process will be an iterative one, which cannot be reflected very well in the structure of a handbook intended for use in many different circumstances. Therefore, it should be emphasized that the order of the sections is not intended to dictate any "correct" order for program planning.

A

Goals and Objectives

The first step in designing a user-side subsidy program is to establish a clear set of **goals and objectives** regarding the kinds of mobility needs to be met, how the program should fit in with existing transportation services, and the kinds of cost limitations and productivity standards which should be ensured.

Program Goals

The process of establishing program goals should involve the participation of all parties who may have an interest in the program: the subsidizing agency, potential participating service providers, user groups, and other human service and transportation agencies. The following list of goals can serve as a basis for discussion with these groups and as a starting point to guide choices of design options presented in later sections of this Handbook. It should be noted that some of these goals may not be relevant or desirable, depending on local circumstances.

1. **Provide increased mobility to population segments unable to afford existing transportation services which are geared to their travel needs.**

This is a basic goal of all user-side subsidy programs. Identifying the target groups to be served is a policy choice which should be based on an inventory of "transportation disadvantaged" groups in the population (elderly, young, low-income, disabled), and of transportation services now available to these groups (fixed-route, public and private paratransit). In many cases, restrictions on available **funding sources** for the subsidy program will determine which groups may be eligible. Also, limits on the total program budget will often necessitate restricting eligibility to those judged to be the most "needy." Defining program eligibility restrictions is discussed further in Section B.

Restrictions on trip-making by the selected target groups provide another method of controlling program costs **and are a second major determinant of the kinds of mobility needs to be served** by the program. Trip-making restrictions which have been employed include limiting the number of trips per user within a given time period, the total subsidy to be distributed per trip, and trip purpose prioritization. These mechanisms are detailed in Section D.

It is important to recognize that while user-side subsidy programs do provide **increased travel opportunities** and stimulate new trip-making, they also result in **modal shifts** for trips already being made by the target population. In programs in **Montgomery** (7) and **Kinston** (13), it was estimated that only 14 to 15 percent of program trips would not have been made in the absence of the subsidy program; in **Lawrence** (11), project-induced trips were estimated to be somewhat higher — 26 percent. While it can be argued that shifts from other modes (e.g., mass transit, getting rides with family members) implies increased convenience for users, many programs place priority on providing trips for people with no other options available.

II. Make maximum use of existing transportation resources in order to improve overall system productivity and provide a large "menu" of travel options to users.

Providing the travel subsidy at the "user side" of the trip as opposed to the "provider side" allows the program to take advantage of the various existing transportation services operating in a community. By simply lowering the cost of travel to users, a **range** of travel opportunities can be opened up, and existing systems benefit from increased demand. Therefore, it is desirable to involve as many qualified service providers in the program as is administratively feasible. Guidance on identifying and screening potential service providers is presented in Section C.

III. Preserve a "free market system" in which users select service providers for their trips and service providers maintain control over operational policies.

In contrast to programs which contract with providers for specific services at specified fares, user-side subsidy programs in their "purest" form minimize supply-side interference. The benefits of this approach are twofold: first, allowing users to choose service providers gives them the flexibility to select services which best suit their individual travel needs; second, it promotes competition among service providers who are given an incentive to attract riders through improved service quality. If the services offered by certain providers are not "up to par," users can simply elect to go elsewhere. This kind of system is clearly simpler and less costly to administer than one in which strict control over and monitoring of providers' services are maintained.

In some circumstances, the "free market" approach may not be feasible, or may conflict with other program goals. For example, where only one or two service providers participate in the program, some degree of control over the kinds of services to be available to users may be desirable. (Negotiating with service providers on this and other issues is covered in Section I.) Similarly, there may be reasons for exercising some control over users' choices of service providers. A program in **Pittsburgh** (15), for example, has combined a brokerage system for scheduling trip requests made by clients of various social service agencies with a user-side subsidy program for trips made by unaffiliated individuals. While systems with centralized trip scheduling do not allow for user choice of service and thus do not promote competition, they can be an effective way of improving service productivity — particularly with transportation services geared to the handicapped which typically schedule trips in advance. Systems which rely primarily on taxicabs may not want to spend too much effort on grouping rides to improve service productivity, as demand is typically low density, and considerable "sacrifice" may be required in terms of passenger waiting time for service.

IV. Complement, don't compete with existing public transportation services.

There may be some transportation services operating in the commun-

ity which the user-side subsidy program should not compete with or replace. Fixed-route public transit is the most common example. Many user-side subsidy programs using taxis or other paratransit systems restrict program eligibility to those who are unable to use the public transit system. (See Section B for a discussion of eligibility requirements.) Still, as was pointed out under the first goal it is difficult to prevent modal shifts from occurring. For example, a survey of program users in **Seattle** (15) revealed that 18 percent formerly used the bus for their trips — despite a marketing effort to discourage this phenomenon.

A second important example is paratransit service operated by or under contract to social service agencies for their clients. Some user-side subsidy programs which have not involved these providers have found that social service agency client trips are "dumped" on the new program — with the result that the amount of "new" mobility provided by the user-side subsidy program is decreased. Both carefully defined eligibility restrictions (Section B) and advance coordination of the program with social service agencies (Section H) can guard against this.

V. Relieve some of the pressure on existing transportation services which do not have sufficient capacity to meet demand.

User-side subsidy programs can be designed to supplement certain existing services which cannot be sufficiently expanded to meet demand. An example of this approach is a program in **Lincoln, Nebraska,** which utilized taxicabs to handle some of the trips previously served by the existing public "handivan" system. Lincoln's goal was to achieve a better match between users' service requirements (e.g., wheelchair accessibility) and the types of vehicles deployed for trips. By providing a user-side subsidy program using taxis, Lincoln was able to make more room on vans for riders requiring wheelchair accessibility.

VI. Make program administration as simple and inexpensive as possible.

A major advantage of user-side subsidy programs over other types of public special-needs transportation programs is that administrative costs can be considerably lower. This is a result of minimizing the program's involvement in service operation activities. Major administative functions necessary for user-side subsidy programs are user registration and eligibility determination, distribution of tickets to users (if tickets are used), service provider reimbursement, and monitoring of trip-making and/or subsidy expenditures. Design of mechanisms for performing each of these administrative functions involves tradeoffs between cost and the degree of control over how subsidy funds are allocated and tracked. The cost implications of achieving various degrees of control should be a major consideration in program design. Administrative options are described in Section E.

Program Objectives

Goals established for the user-side subsidy program should serve as the basis for establishing specific

program objectives to guide day to day management decisions and provide a framework for periodic program evaluation. Each program objective should be **quantifiable**, or alternatively, translated into specific measures of effectiveness or performance standards.

Examples of objectives which are related to the above program goals are presented below. Specific numbers used in these examples are based on the performance of ongoing programs, and are not necessarily recommended, since programs vary considerably. An effort should be made to select objectives and performance standards which are **realistic**, yet which also reflect public expectations about what the program should achieve to be worth its costs.

Goal I: Provide increased mobility to population segments unable to afford existing transportation services which are geared to their travel needs

Objective I-1:
Register at least 20 percent of the eligible population for the subsidy program.

Objective I-2:
Provide at least two subsidized trips per registered user per month.

Objective I-3:
At least 25 percent of the subsidized trips should be trips which would not have been made in the absence of the subsidy program.

Goal II: Make maximum use of existing transportation resources

Objective II-1:
Enlist the participation of all major taxi operators in the program service area.

Goal III: Preserve a "free market" system

Objective III-1:
Users should be able to choose between at least two service providers for their trips within the designated service area.

Goal IV: Complement, don't compete with existing public transportation services

Objective IV-1:
At least 75 percent of the subsidized trips provided should be trips which could not have been made on existing fixed route transit systems.

Objective IV-2:
Do not subsidize trips presently being subsidized by social service agencies.

Goal V: Make program administration as simple and inexpensive as possible

Objective V-1:
The administrative cost per trip should be kept below $1.50.

Goal VI: Relieve pressure on existing transportation services

Objective VI-1:
The user-side subsidy program should handle 20 percent of the trips previously made on other transportation services to allow these services to accommodate additional new trips for which they are better suited.

B
User Eligibility and Demand

This section provides guidance on two interrelated activities:

- **establishing program eligibility requirements; and**
- **projecting program demand and resulting costs given a particular set of eligibility requirements.**

Establishing Program Eligibility Requirements

Program eligibility requirements are the key means of targeting subsidies to particular users. They should be established so as to be (1) compatible with restrictions on available funding sources, (2) administratively simple to verify, and (3) consistent with the mobility goals set for the program (see Sections E and F of this Handbook for further discussion of funding source restrictions and administrative procedures for eligibility verification).

While user-side subsidy programs can be targeted to any class of users (e.g., students, employees of particular companies, patrons of specific businesses, the general public), most programs geared toward special-needs transportation have restricted eligibility based on combinations of the following criteria:

Place of Residence:
Most programs restrict program use to residents of the area over which the subsidy agency has jurisdiction.

Age:
Some programs use age 60 as the minimum age for program eligibility; others use 65.

Income:
Programs in **West Virginia** (16), **Seattle** (15), and **Los Angeles** (8) have incorporated income requirements into their programs. **Seattle** and **West Virginia** have defined specific maximum household income levels according to household size; **Los Angeles** requires that non-elderly or handicapped participants qualify for some kind of aid to the dependent.

Disability:
There is a fair amount of variation among programs in the definition of eligibility for non-elderly disabled users. Some leave eligibility definitions quite vague (e.g., "inability to used fixed-route transit") and rely on personal interviews and/or social service agency or doctor's certification to judge whether the necessary conditions are met. Other programs have specified more rigid definitions of eligibility — for example, **Milwaukee** (17) requires that users have either some sort of mobility aid (wheelchair, walker, or crutches) or be legally blind. **Kinston** (6) defined seven categories of disabilities for program eligibility: non-ambulatory (wheelchair dependent), semi-ambulatory (including those with arthritis and heart conditions), sight disabilities, hearing disabilities, disabilities due to brain, spinal or peripheral nerve injury, mental retardation, and brain damage.

In order to guide decisions about eligibility criteria, it is useful to gather as much information as possible about the number of elderly, low income, and handicapped (by type of disability) persons in the service area. This way, program demand (and therefore program costs) can be projected for several alternative eligibility criteria, facilitating explicit "cost versus mobility" tradeoffs.

Projecting Program Demand and Obtaining an Initial Cost Estimate

Projecting program demand is a useful planning exercise which will yield initial estimates of how many people will be served and what the program will cost. However, it is important to recognize the uncertainty associated with demand estimates and maintain flexibility to adjust the program on an ongoing basis in response to the actual number of trips that are made.

Given a specific definition of program eligibility, the following procedure may be used to obtain an estimate of the demand for service:

1. estimate size of eligible population;
2. estimate percent of eligible population who will use the service;
3. estimate the average number of trips made by each user;
4. calculate demand; and
5. estimate likely "upper bound" on costs.

Figure B.1 illustrates this procedure.

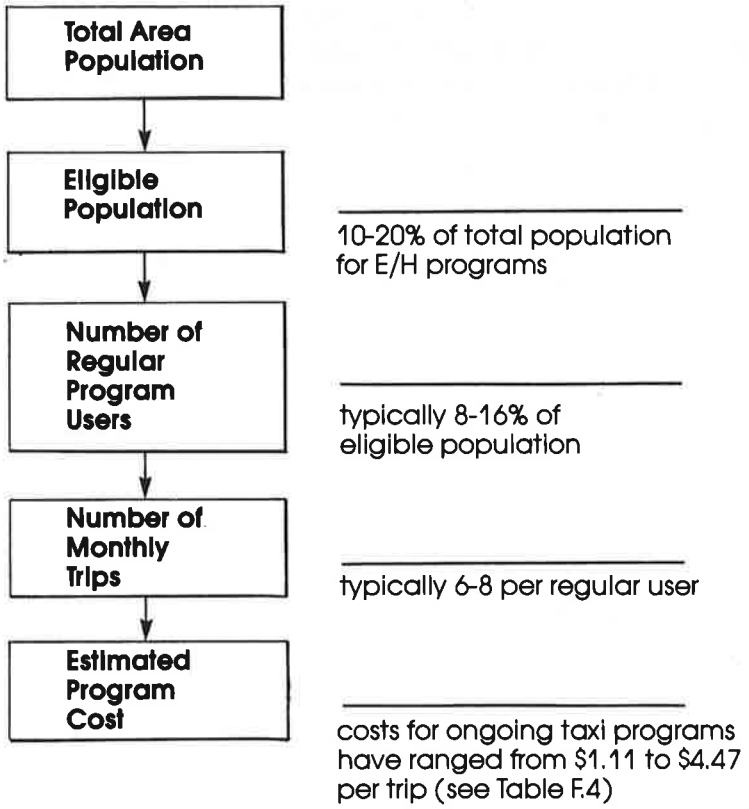
1. Size of Eligible Population

Much of the data needed for estimating the number of potential users for a user-side subsidy program given an eligibility definition was collected as part of the 1980 Census. In addition, a number of secondary data sources can be used. In **Milwaukee,** for example, the size and characteristics of that area's handicapped population were estimated by applying National Health Survey statistics to Census data.* **Milwaukee** also administered a small (one percent) telephone survey to obtain a more detailed profile of the area's transportation-handicapped population.

As can be seen in Table B.1, elderly and handicapped persons in pre-

**Information and further references on transportation handicapped persons in the US are described on pages IV-2 to IV-6 of Urban Institute Report 3072-1, "Cost-Effective Public Transportation: Guidelines for Short-Range Planning." (3)*

Figure B.1 Demand Estimation Procedure



vious user-side subsidy program sites generally comprise between 10 and 20 percent of the total area population. In **Seattle** and **West Virginia,** where programs have income requirements in addition, the proportion of eligible users in the population is 6-7 percent. In **Los Angeles,** where low income, **non** elderly/handicapped users are allowed, 24 percent of the population is eligible. Finally, in **Milwaukee's** program, which is open to persons with specific handicaps only, 1 percent of the population is eligible.

2. Number of Regular Users

Given the size of the eligible population, the next step is to estimate the number of these potential users who will actually take advantage of the user-side subsidy program. Data obtained from eight programs are presented in Table B.2. As shown, while the proportion of the eligible population **registering** in these programs varied from 3 to 59 percent, the proportion actually using the program **on a regular basis** (i.e., at least once a month) was lower, and varied less — between 8 and 16 percent.

Table B.1 Size of Eligible Population in Selected User-Side Subsidy Sites

Program	Eligibility Criteria	Size of Eligible Population*
Pittsburgh (14)	elderly or handicapped	16%
Kansas City (12)	elderly or handicapped	11
Montgomery County (7)	elderly or handicapped	16
Kinston (13)	elderly or handicapped	18
Lawrence (11)	elderly or handicapped	19
Seattle (15)	low income **and** elderly/handicapped	6
West Virginia (16)	low income **and** elderly/handicapped	7
Los Angeles (8)	low income **or** elderly/handicapped	24
Milwaukee (17)	handicapped	1

**Expressed as a percentage of total area population.*

Table B.2 Registration and Trip Rates for Selected User-Side Subsidy Programs

Site (Modes Available)	Eligible Target Groups	Size of Eligible Population	Average User Fare	Registrants (% of Eligible Pop.)	Regular Users % Eligible Pop.	Regular Users % Registrants	Average Trips/Month (Regular Users)
Milwaukee (taxi, chair-car)	handicapped	12,000	$1.00	59	16	27%	6.8
Danville (taxi)	elderly/ handicapped	7,500	0.74	45	16	36	5.2
Lawrence (taxi)	elderly/ handicapped	13,000	1.41 taxi 2.50 van .01 bus	33	NA	NA	7.6
Kinston (taxi)	elderly/ handicapped	4,000	0.74	26	16	63	7.9
Kansas City (taxi, chair-car)	elderly/ handicapped	58,000	0.55	23	NA	NA	0.8 (per registrant)
West Virginia (taxi, bus, vans)	low income & elderly/ handicapped	122,000	0.13	14	10	72	8.4
Seattle (taxi)	low income & elderly/ handicapped	78,000	2.09	13	8	62	1.8
Los Angeles (taxi)	low income, elderly, or handicapped	30,000	0.24	3	NA	NA	8.0 (per registrant)

A number of factors will influence how many people will sign up for a user-side subsidy program: eligibility requirements, number and type of service providers involved, the cost of trips to users, the availability of alternative transportation modes, and the effectiveness of program marketing. The registration rates from the eight different user-side subsidy programs displayed in Table B.2 may be used for estimating the user registration to be expected in different circumstances.

Comparisons of the characteristics of **regular program users and registered non-users** (i.e. those who register but do not make very many, if any trips) in **Kinston, Lawrence,** and **Montgomery** indicate a number of important differences which should be kept in mind when predicting the number of registrants who will make trips **on a regular basis**:

- **A large proportion of regular users reside in "autoless" households (56-85 percent), whereas most registrant non-users will live in households with at least one automobile (80-99 percent).**
- **Non-elderly handicapped registrants are more likely to be regular users than elderly registrants.**
- **Regular users also tend to be low income, female, more likely to live in smaller households, and more likely to be unemployed than registered non-users.**

3. Number of Trips Per User

The average number of trips per month made by **regular users** of the user-side subsidy programs presented in Table B.2 ranged from 1.8 to 8.4. The low trip rate in **Seattle** (1.8) may be due to the relatively good wheelchair accessible public transit system compared to the other programs. In areas without good wheelchair-accessible transit, an average trip rate per **regular user** of 6-8 would be an appropriate assumption for programs similar to those listed in the table.

It should be noted that this rate is considerably lower than (about one third of) national estimates of trip rates for transportation handicapped persons (4, 5). This is probably due to the fact that **regular trips** (for work and school) comprise a significant portion (64 percent) of trips made by transportation handicapped persons, while user-side subsidy programs typically do **not** serve a very large proportion of these trips (see Table B.3) — due to high user costs and restrictions on subsidies imposed.

Trip purpose restrictions (also discussed in Section D) may have the effect of lowering trip rates further. This effect can be estimated using the trip purpose distributions for selected user-side subsidy programs shown in Table B.3.

Finally, the types of restrictions on trip-making instituted as part of the program will obviously affect trip rates. However, information from past programs is insufficient to suggest "rules of thumb" for estimating these impacts — the suggested monthly trip rate range of 6 to 8 can be assumed to reflect a "typical" level of trip making and subsidy restrictions. (See Section D for further discussion of trip-making and subsidy restrictions.)

Table B.3 Trip Purposes of Transportation Handicapped Persons

Trip Purpose	National Transportation Handicapped (16 yrs +)*	Kinston (13)	Milwaukee (17)	Lawrence (11) (taxi trips)	Montgomery (7)
Shopping/Personal Business	13.2%	59%	23%	43%	32%
Medical	4.9%	20%	19%	9%	14%
Work/School	64.2%	9%	23%	4%	20%
Other (social/recreation)	17.7%	12%	35%	44%	34%

*See reference (3).

4. Demand Estimate

The demand estimate (i.e., the number of subsidized trips per month) can be calculated as the product of the size of the eligible population, the estimated proportion who will be regular users and the average number of trips per regular user. (See Figure B.1)

5. Cost Estimate

Table F.4 (in a later section) may be used to obtain a rough, initial estimate of the program cost, given the estimated demand. Using $5.00 per trip will yield a reasonable "upper bound"; if desired, a lower (or higher) figure may be selected based on the characteristics of programs displayed in the table. Sections D and F outline procedures for refining cost estimates according to specific subsidy mechanisms and subsidy levels selected.

The Role of Demand Estimates

It should be emphasized that the demand estimation procedure outlined above is intended **only as a tool** for program planning. While the estimates resulting from this procedure will be useful for getting a sense of the **order of magnitude** of trips and program costs to be expected, they should not be treated as a substitute for careful monitoring of actual program usage and built-in safeguards for containing total subsidy costs.

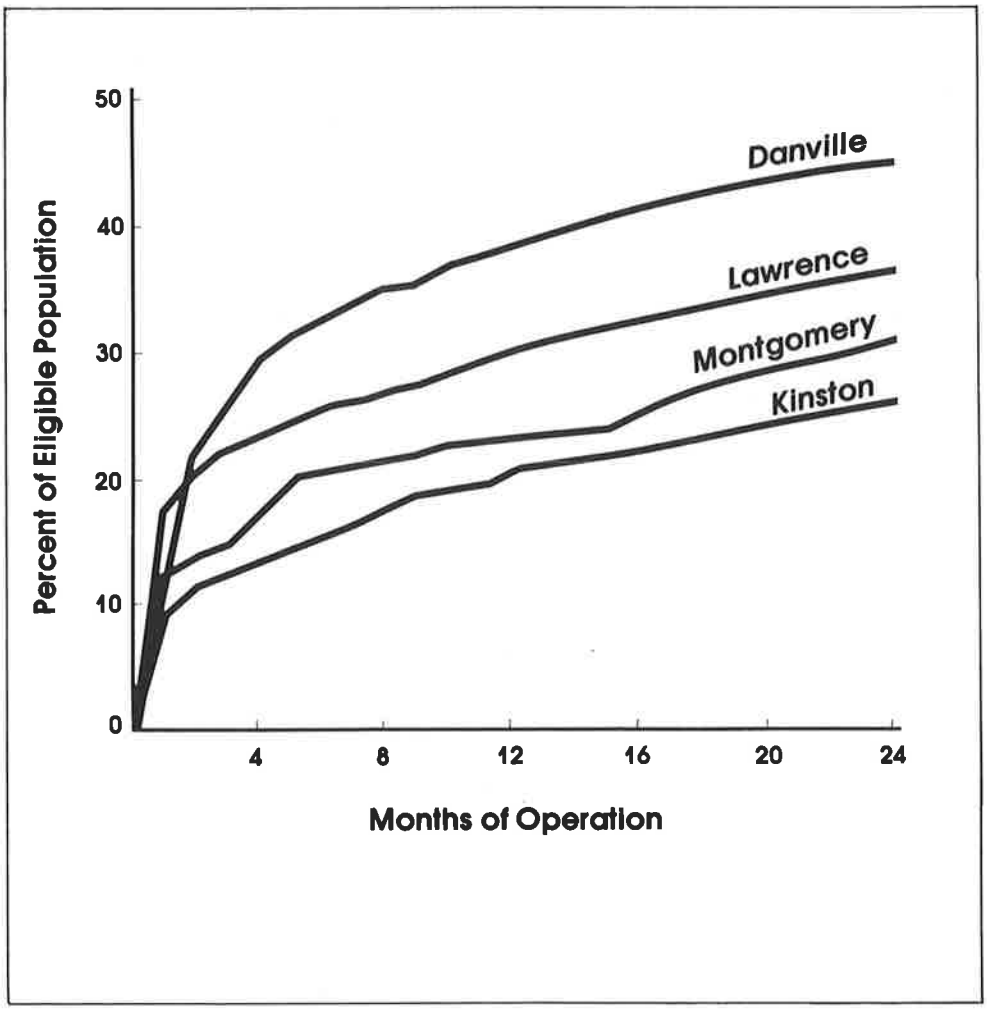
Many areas have found that an **incremental approach** to program implementation is the best strategy for ensuring that a manageable level of program usage is maintained. This kind of approach would call for initially establishing a restricted version of the program ultimately desired, and subsequently adjusting **eligibility requirements**, **subsidy levels** (as a proportion of total trip costs), and **subsidy limits** (maximum subsidy allowed per trip or per individual in a given time period) based on the level of patronage. (See Section D for a more detailed description of limits on subsidies; see Section J for a discussion of ongoing program monitoring and refinement).

Demand Over Time

It should be kept in mind that demand for user-side subsidy programs typically increases over time during a transition period until an equilibrium level is achieved. As shown in Figure B.2, for example, the percent of the eligible popula-

tion registering for the four user-side subsidy programs presented increased rapidly over the first 4 to 6 months of program operation, then levelled off to a relatively steady rate of increase, over the next 18 to 20 months.

Figure B.2: User-Side Subsidy Project Registration Over Time



C Involving Service Providers

As user-side subsidy programs rely on already existing transportation services, the identification and involvement of suitable service providers is of critical importance. In order to maximize users' choice of travel options and stimulate competition, it will be desirable to involve as many qualified providers as possible.

In **Milwaukee** (17), five taxi companies and three chair-car providers are involved. The chair car companies agree that the program has served to fuel competition among them. This, in turn, contributed to longer service hours, greater service flexiblity, and lower fares.

Inventorying Transportation Resources

For user-side subsidy programs geared to elderly and handicapped users, identification of potential service providers should begin with an inventory of:

- **taxi companies (or associations of individual taxi operators)**
- **chair-car operators**
- **social service agencies who operate transportation services.**

For each operator, it will be useful to obtain the following information in order to determine if the service they provide is compatible with the needs of the target population and to get a handle on the transportation resources potentially available to the user-side subsidy program:

- **service area; existence of formally or informally designated "turfs" for clientele or service area**
- **hours of operation**
- **dispatching capability**
- **advance notice requirements**
- **number, type, and availability of vehicles**
- **wheelchair accessibility**
- **present clientelle; prior experience with target population**

- **perceptions of service quality and safety by the elderly/handicapped population**
- **provisions for passenger assistance**
- **currently applicable user or supplier-side subsidies**
- **type of public regulation: entry, fares, insurance, safety, shared-riding provisions**
- **fare structure**
- **evidence of connection with illegal activities**

This information can be obtained from a variety of sources:

- **public utilities commissions which regulate carriers**
- **human service directories**
- **regional and local transit agencies and authorities**
- **state transportation departments (lists of 16(b)(2)* recipients)**
- **telephone interviews with providers**
- **interviews with social service agencies and community organizations**

Collection of detailed information about service providers may not be necessary in all cases. Where the condition of the taxi/paratransit industry is known, the subsidizing agency may simply opt to issue a general solicitation with minimum service criteria, as was done in **San Diego** (see Exhibit C.1).

Enlisting Participation of Providers

Specific issues relevant to involving each class of service provider are discussed below.

*Capital grants to private non-profit organizations for transporting the elderly and handicapped are provided under UMTA Section 16(b)(2).

Taxi Operators are a key resource to be tapped for special needs transportation. While many will be somewhat hesitant to become involved in a public program, the potential benefits of participating to their business will usually be sufficient to stimulate their interest. As taxi operators typically operate a portion of their business in a contract-for-service mode, many of the administrative activities associated with user-side subsidy programs will not be foreign to them.

Typically, there will be a handful of large and medium sized taxi companies operating in a locale, and a much larger number of small companies, many of them one-cab operations (particularly where there are no entry restrictions in effect). The larger companies, which include cooperative associations of individual owners, will generally be more willing to participate in the subsidy program, though past user-side subsidy programs have successfully involved smaller operations as well.

Seattle's (15) program includes three large companies with fleets ranging from 30-160 cabs, and 23 smaller companies.

Milwaukee's program began with the three largest taxi companies operating in the area agreeing to participate and subsequently two of the remaining seven smaller taxi operators began participating.

Small companies generally cite cash flow as a major reason against participation. Given their typical reluctance, and the small market share of program trips they can carry, the coordination and administrative effort required to involve them may not be merited.

However, out of fairness, it may not be advisable to officially exclude them from participating.

In enlisting participation of taxi operators, the major initial focus should simply be obtaining their agreement to accept subsidy program vouchers/tickets as fare payment. The specifics of their ultimate formal agreement with the subsidizing agency should be flexible at first—in fact, many programs (e.g., **Lincoln, Nebraska**) have found taxi operator participation in program design meetings to be valuable. Because the goal is to make as much service available to users as possible, it is in the subsidizing agency's interest to work with operators to arrive at a mutually agreeable arrangement. Section I, **Negotiating with Service Providers** lists the major issues to be covered, such as insurance, service quality, provisions for shared-riding, and administrative requirements.

Chair-Car Operators are another important resource to be considered, particularly when a portion of the targeted users will require wheelchair-accessible vehicles and special assistance. Typically, chair-car operators require 24-hour advance trip reservations and charge premium fares for service. They are dependent on contract business and are concerned with improving their ability to group rides in order to keep service productivity in line with competitive fares.

Because they are commonly dependent on fixed-bid, government-assisted transportation programs, chair-car companies are likely to welcome the user-side subsidy program as a way of reducing reliance on these often-unstable funding sources.

Social Service Agencies such as Councils on Aging, the Red Cross, Centers for Independent Living, Goodwill, and medical rehabilitation centers will often operate specialized transportation service (some with 16(b)(2) vehicles) for their clients. Tapping these transportation resources for the user-side subsidy program merits consideration, but past experience has not indicated a great deal of success with involving social service agency providers. Many of these agencies transport clients to very specific locations, such as medical and nutrition centers, and are not willing to modify their operations for more general use. Further, they perceive the additional bookkeeping necessary to account for the new subsidy program trips as being not worth the costs, unless, of course, the program is willing to subsidize client trips as well as trips made by unaffiliated users.
In some circumstances, however, goals set for the user-side subsidy program may support increasing coordination with social service agencies.

> For example, **Kansas City's** (12) program goals explicitly called for involvement of two social service agency providers who were receiving funds from the city for their services prior to the program. These providers (and others as well) were successfully incorporated; in fact, the number of non-client riders on one of the agency provider's systems grew to equal the number of client riders.

In sum, while ability and willingness of providers to participate tends to vary considerably depending on local conditions, in general the major obstacles have been lack of perceived benefits from participating in user-side subsidy programs

(social service agencies in particular), the perceived cost of cash flow problems, and administrative and record-keeping requirements. Many of these obstacles can be overcome through negotiating with providers (see Section I), and carefully designed subsidy mechanisms and administrative procedures. For example, cash advances to providers or guarantees of rapid reimbursement can alleviate cash flow problems.

Regulatory Issues

Some programs have met with regulatory barriers to effectively involving service providers. **Taxi ordinances which prohibit shared-riding** have presented problems for programs wishing to encourage increased service productivities and/or those which rely on UMTA funds and therefore must comply with rules stating that shared-riding must be allowed. The program in **Kansas City** (12) amended the local taxi ordinance to permit shared-riding for program trips (see exhibit C.2).

Recipients of UMTA funds may also face challenges from certain service providers on section **13(c) grounds** — i.e., that expenditures of program funds may be detrimental to existing transit labor conditions. An example of this occurred in **Pittsburgh** (14) and is discussed in reference (3).*

Finally, **entry restrictions** for taxicab and/or chair car services can present a barrier to a user-side subsidy program which capitalizes on the benefits of competition. The possibility of relaxing such restrictions where they exist — even on a limited basis — can be investigated with the appropriate regulatory body.

**This reference also provides a listing of "significant 13(c) labor agreements for special user group travel."*

C.1 San Diego Request for Proposals

Request for Proposals

Dial-a-Ride Transportation

Introduction

The City of San Diego is seeking proposals from taxi and paratransit vehicle operators who wish to provide service for the City's Dial-a-Ride system.

Background

San Diego Dial-a-Ride is an essential transportation service for frail elderly and mobility impaired residents of the City within the 320 square miles of the City limits. There are approximately 2,000 persons registered for Dial-a-Ride.

Beginning in July 1982, Dial-a-Ride passengers not requiring lift-equipped vehicles will select their own transportation provider from a City-approved list of participating companies. Passengers will pay the operator for service with coupons issued by the City. The coupons will be redeemed by the City to the company for the specified value.

Specific Requirements

1. Proposals must be submitted on the attached form. Upon approval by the City, the proposal will become a registration to provide service.
2. Proposers must have and maintain a valid permit authorizing the operation of a taxi or paratransit vehicle within the City of San Diego.
3. Service providers operating under a City-issued permit must meet applicable insurance and operating requirements of the City of San Diego.

REQUIRED INSURANCE COVERAGE

Passenger Seating Capacity	Bodily Injury/ Death One Person	Bodily Injury/ Death One Accident	Property/Damage
9 pass. or less	$250,000	$ 500,000	$100,000
10 to 22 pass.	250,000	750,000	100,000
23 pass. or more	250,000	1,000,000	100,000

4. Service providers must specify the rates of fare to be charged for this service. Rates for this service may not exceed the maximum rate(s) filed as a permit-holder.

5. Service providers agree to accept City issued coupons from eligible passengers in payment for services. These coupons accompanied by supporting records i.e. voucher(s),will be submitted to the City for redemption along with an invoice.
6. Vouchers furnished by the City will be completed for each trip provided under this service.

Proposal Response

Proposals must be sent to:

City of San Diego
Paratransit Administration
202 C Street, MS 8-A
San Diego, CA 92101

Termination

Registration to provide service will be terminated if the operators fail to comply with any of the above requirements. Registration may also be cancelled by the City if anticipated funding is not received or is removed during the effective period. The City and the service provider may mutually terminate the agreement if continuation would not produce beneficial results.

Fraud

Particpation in any fraudulent activity will cause the service provider(s) and/or the passenger(s) to be ineligible for the Dial-a-Ride program and appropriate legal action will be taken.

City of San Diego
Dial-a-Ride
Registration

Company Name_____Phone_____

Company Address_____

Contact Person_____Title_____

Medallion Numbers_____

RATES:

Exclusive ride_____per mile

Shared ride_____per zone

Fixed route_____per person

Other_____

Effective Dates:_____through_____

Insurance Carrier_____

Policy Number_____

I certify that I currently hold valid permit(s) to operate a paratransit service in the City of San Diego and propose to offer this service to eligible Dial-a-Ride program passengers and to accept for payment valid City-issued coupons, complying with the rates and information as stated above. I also understand that the coupons must be submitted within 5 days of their expiration date and must be accompanied by completed and signed vouchers. Iagree to provide the City with supporting records upon request.

Date_____Signature_____

for_____

-for City use only-

Approved:_____

Date:_____

C.2 Kansas City Shared-Ride Taxi Ordinance

AN ORDINANCE

PROVIDING FOR IMPLEMENTATION OF DEMAND-RESPONSIVE TRANSPORTATION FOR ELDERLY AND HANDICAPPED CITIZENS BY AMENDING CHAPTER 33 OF THE CODE OF GENERAL ORDINANCES OF KANSAS CITY, MISSOURI, ENTITLED "TAXICABS AND OTHER VEHICLES FOR HIRE" BY AMENDING SECTIONS 33.2, 33.77 AND 33.85 THEREOF.

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the following sections of Chapter 33 of the Code of General Ordinances entitled "Taxicabs and Other Vehicles for Hire" are hereby amended, as follows:

a. Section 33.2 entitled "Definitions" is hereby amended by deleting said section and enacting in lieu thereof a new section of like number and subject metter, to read as follows:

"Sec. 33.2. Definitions.

As used in this chapter the following words and phrases shall have the meanings set out herein:

Administrator: Shall be the person designated by the director of the transportation department of the city as the administrator of taxicabs and other commercial vehicles for hire.

Cruising: Continuous or repeated operation of any taxicab or other vehicle along a street for the purpose of obtaining or picking up passengers.

Jitney: Any automobile, motor bus or other self-propelled vehicle run, driven or operated upon or along any street, between definite or substantially fixed points or terminals or along a definite or substantially fixed route, whether entirely within the city or partly within and partly without the city, and carrying passengers for compensation, or furnishing passengers transportation for compensation upon or along the streets, from, to and between definite or substantially fixed localities or districts, whether such compensation is payable per trip, weekly, periodically or otherwise, directly or indirectly.

Judgment: A final judgment by a court of competent jurisdiction of any state or of the United States, upon a claim for relief for damages, including damages for care and loss of services because of bodily injury to or death of any persons, or for damages because of injury to or destruction of property, including the loss of use thereof, or upon a claim for relief on any agreement or

settlement for such damages arising out of the ownership, maintenance or use of any and all motor vehicles operated pursuant to a permit issued by the city.

Livery vehicle: A public passenger vehicle with driver furnished, for hire only by written agreement at a charge per hour fixed in advance, provided further that all such livery vehicles are:

(a) To be for hire only for continuous periods of two hours or more; and

(b) Not to cruise in search of patronage and not to park in any public street, at any public airport, or in any public place of assemblage awaiting patronage not prearranged.

Manifest: A daily record prepared by a taxicab driver of all trips made by such driver showing time and place of origin, destination, number of passengers, and the amount of fare of each trip.

Motor bus: A motor vehicle designed and constructed for the general transportation of passengers for hire and possessing a manufacturer's rated seating capacity of ten (10) or more passengers.

Motor pool operations: Special transportation services provided pursuant to a contract with the city to elderly, handicapped residents of the city.

Permit: A certificate issued by the transportation department authorizing operation of a licensed taxicab, livery or sight-seeing vehicle on the streets of Kansas City, Missouri.

Permit holder: A person, company or corporation to whom a permit has been issued by the transportation department.

Rate card: A card issued by the administrator for display in each taxicab which contains the rate of fare then in force.

Sight-seeing vehicle: A public passenger vehicle with driver furnished, for hire on regularly routed sight-seeing tours, at a charge or fare per passenger or per hour fixed by agreement in advance, provided further that such sight-seeing vehicles are:

(a) To be for hire only for continuous periods of one hour or more; and

(b) To be returned to regular place of garage or point of origin of the regularly scheduled tour between hires; and

(c) Not to cruise in search of patronage and not to park on any public street, at any public airport, or in any public place of assemblage awaiting patronage other than as scheduled.

Taxicab: In addition to such motor vehicles as are commonly known as taxicabs, all motor vehicles of every kind, character and description which are used as taxicabs, cabs, for-hire cars or delivery cars, and engaged as such in the carriage of passengers for hire, provided however, that motor vehicles owned by undertakers and used exclusively for funeral services and motor vehicles for hire while being used for services at funerals or weddings, and motor buses, livery and sight-seeing vehicles as defined herein, are specifically excluded.

Taxicab sticker: A tag or sticker conforming to the specifications set forth in the traffic code of the city, except that the word "taxicab" shall prominently appear thereon, in addition to all other words and figures.

Taximeter: A meter instrument or device attached to a taxicab which measures mechanically the distance driven and the waiting time upon which the fare is based."

b. Section 33.77 entitled "Fare Schedule" is hereby amended by deleting said section and enacting in lieu thereof a new section of like number and subject matter, to read as follows:

"Sec. 33.77. Fare schedule.

Except for such periods of time that any taxicab may be engaged exclusively in motor pool operations, the following shall apply to all taxicabs operated pursuant to permits issued hereunder:

(a) The fares for taxicab service shall be as follows:

(1) Generally: A charge of seventy cents ($0.70) for the first one-fifth (1/5) mile or any fraction thereof, and twenty cents ($0.20) for each additional one-third (1/3) mile or any fraction thereof shall be made.

(2) Waiting time: A charge of ten cents ($0.10) for each one minute waiting time shall be made, ($6.00 per hour).

"Waiting time", as used herein, means the time when the taxicab is not in motion from the time of acceptance to the time of discharge of a passenger, but does not include any time the

taxicab is not in motion, if due to any other cause than the request, act or fault of a passenger. The first three (3) minutes elapsing prior to the arrival of a passenger at the beginning of a trip shall not be included in computing "waiting time" and in no event shall any time be included as "waiting time" for any period prior to the time fixed for the arrival of the taxicab by the prospective passenger when calling for a cab.

(3) Traffic delay time: A charge of ten cents ($0.10) for each one minute traffic delay time shall be made.

"Traffic delay time", as herein used, shall be that time as set and determined by the taximeter, provided no traffic delay time shall accrue on the taximeter unless the taxicab is stopped in traffic or proceeding at a speed of less than ten (10) miles per hour. Said traffic delay time shall not exceed a total of three dollars ($3.00) per trip.

(4) Toll bridge trip: An additional charge of twenty-five cents ($0.25) shall be made for each toll bridge trip with passenger.

(b) With the consent of the passenger procuring the service of a taxicab, additional passengers (not exceeding four (4)) may be carried from the point where the trip starts without additional charge."

c. Section 33.85 entitled "Prorating Fares" is hereby amended by deleting said section and enacting in lieu thereof a new section of like number and subject matter, to read as follows:

"Sec. 33.85. Prorating fares.

No driver of a taxicab shall prorate the fare for any trip among two or more passengers. In case two or more passengers occupy and use a taxicab, the person originally engaging the taxicab shall be responsible for payment of the entire fare. This section shall not apply to taxicabs while engaged exclusively in motor pool operations."

Approved as to form and legality:

Nordahl E Holte

Assistant City Attorney

D
Subsidy Mechanisms

All user-side subsidy programs require some kind of mechanism for transferring subsidies for trip-making from the **subsidizing agency** to the **users**. Subsidy mechanisms are also the primary means of **rationing** available subsidy funds among eligible users or types of trips, and **containing** the total subsidy cost.

Types of mechanisms*

Commonly used subsidy mechanisms fall into the following five categories:

Voucher Systems
After a user-side subsidy trip is made, the driver completes a voucher for the subsidized portion of the trip cost (most commonly 50 percent) and collects the balance in cash from the user. Completed vouchers are submitted periodically to the subsidizing agency, which then reimburses the service provider for the voucher amounts.

Scrip Systems
Booklets of "scrip" good for fare payment on participating transportation service providers are sold to eligible users at a fraction of their value. Users then pay for their trips using the scrip, which typically comes in small (25¢ or 50¢) denominations, and service providers redeem the scrip they collect at the subsidizing agency for its full value.

Coupon (or ticket) Systems
Coupons are distributed or sold to eligible users. Each coupon entitles the user to a one-way trip either at a fraction of the normal charge, or (in the case of meter fare systems) fully subsidized up to a certain dollar limit. Service providers redeem coupons for a set reimbursement per coupon.

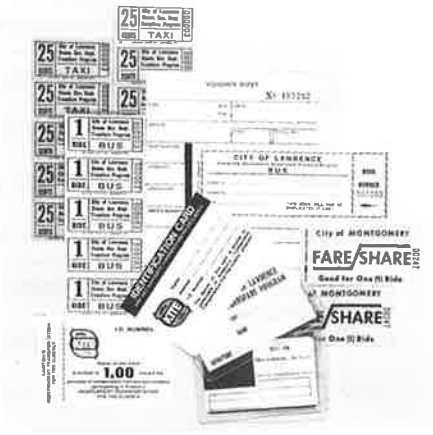
Direct Purchase Systems
The subsidizing agency purchases regular tickets, tokens, or passes good for use on various transportation systems from the provider, and gives or sells them to eligible users at a reduced rate.

Cash Payment Systems
The subsidizing agency distributes cash payments to eligible users to be spent for transportation on any mode of their choice.

In selecting and designing a subsidy mechanism, the following criteria should be kept in mind:

- **ease of use by the target group and service providers**
- **administrative requirements and costs**
- **potential for fraud on the part of users or providers**
- **up-front expense to users**
- **cash flow problems for service providers**
- **ease of controlling subsidy cost**

Table D.1 displays the major pros and cons of the different kinds of subsidy mechanisms based on these criteria. These can be summarized as follows:



**See exhibits at the end of this section for pictures of vouchers, scrip, and coupons used in ongoing programs.*

Table D.1 Pros and Cons of Alternative Subsidy Mechanisms

Mechanism	Pros	Cons
Voucher Systems	■ eliminates administrative burden associated with ticket/scrip distribution ■ no "up-front" cost to users ■ easy to understand by users ■ potential for obtaining valuable trip information on an ongoing basis for program monitoring ■ appropriate for use with taxis or providers with variable fares based on distance ■ simpler than scrip systems when only a small number of providers and users are to be involved	■ potential forgery of vouchers by service providers ■ responsibility for verifying user eligibility rests with drivers ■ greater administrative burden on service providers than ticket/scrip systems ■ more difficult to limit subsidy per user and total subsidy cost than scrip and coupon systems, where distribution to users can be more easily controlled ■ difficult to subsidize different users at different levels according to need or income
Scrip Systems	■ can restrict subsidy allocations per user by restricting sales ■ can ensure strict control over total subsidy cost by only selling/distributing fixed amount ■ can easily adjust subsidy level to control program costs by simply changing price of scrip ■ can vary subsidy level for different classes of users through differential pricing of scrip ■ appropriate for use with taxis or providers with variable fares based on distance ■ simpler to administer and use than vouchers when a large number of providers and users are to be involved	■ need for administrative mechanisms to print and distribute/sell scrip ■ low income users may have difficulty in paying for even a portion of their trips in advance ■ potential for eligible users to sell/give scrip to non-eligible users, or for a "black market" to develop
Coupon Systems	■ same "pros" as scrip systems, except coupons are better suited for restricting the number of subsidized trips per user, as opposed to dollar subsidy amounts. ■ good for use with providers who charge fixed price per trip, e.g., chair car operators	■ same "cons" as scrip systems, but more difficult than scrip to design for use with multiple providers having different fare structures
Cash Payment Systems	■ extremely simple ■ total subsidy costs easily controlled ■ minimum of administrative costs ■ no need to negotiate with service providers	■ no assurance that subsidy will be used for intended purpose
Direct Purchase	■ administratively simple ■ total subsidy costs easily controlled ■ no need to negotiate with service providers	■ only good for service providers who use tickets, tokens, etc.; taxis typically do not ■ requires large up-front expenditure on part of subsidizing agency

Voucher Systems are best suited for programs with relatively few providers and users — when the administrative costs associated with a ticket distribution system are not justified and when relatively few providers have to be "trained" to properly fill the vouchers out. Vouchers are well-suited for use with taxicabs, and other providers with variable fares based on trip distance, and can provide a valuable "built in" mechanism for monitoring system usage. However, vouchers place a greater administrative burden on service providers than ticket systems, as well as a greater amount of "in-service" time and effort. They also require a higher degree of literacy and competence on the part of both drivers and users than tickets. Finally, they provide greater opportunities for driver/provider fraud, such as falsification of trips.

Montgomery, Alabama (7) utilized vouchers on the taxi part of their user-side subsidy program, and faced a number of problems: users who were unable to sign their names to verify that the voucher amount was correct, driver inability and unwillingness to fill them out, particularly for short trips, incorrect or incomplete vouchers turned in to the subsidizing agency for reimbursement.

Lincoln, Nebraska's subsidy program involved one taxi company and 250 users. Vouchers were used as the subsidy mechanism. After a brief period where users and providers moved up on the voucher "learning curve," the voucher system operated smoothly with few complaints.

Scrip and Coupon Systems are best suited for programs with several providers and a large number of users, assuming that users can afford to bear "up front" costs before trips are actually made. An important advantage of both systems is that the amount charged to users can be periodically adjusted in order to control program costs. With vouchers, this is not feasible since the calculation of user and subsidy costs must be kept simple, and therefore a subsidy level of 50 or 100 percent is typically maintained. It is also simpler to vary the level of subsidy by **type of user** with scrip/coupon systems. Scrip and coupon systems also offer better safeguards on tracking and limiting total subsidy expenditures as their sale/distribution can be monitored and restricted. However, these systems are subject to some amount of fraud-- there is the potential for a "black market" to develop or for users to transfer the scrip/coupons they purchase to ineligible persons. Requiring that users show an ID card at the time of the trip can be a guard against this.

Coupon systems are best for use with providers who charge a fixed price per trip (or those with zone fare systems) — though if multiple providers with different types of fare structures are involved, **scrip** systems offer greater flexibility.

Seattle (15) utilizes a scrip system for its user-side subsidy taxi program, and has encountered very few problems, aside from a minimum amount of illegal sale of scrip by users to providers for a profit. The scrip system has allowed Seattle to rely on periodic adjustments to scrip prices as its major means of control over the program budget. The price of scrip booklets was initially set at $6, and was lowered to $4 when it was determined that usage was lower than anticipated and that

the available budget would not be used. After the $4 price was instituted in combination with an extensive marketing campaign, usage increased substantially, and a deficit for the program was projected. In response, the price was raised to $5.

Kansas City (12) involves taxis, chair-car operators, city vans, and social service agency vehicles in its program — each with very different operating characteristics and costs of service. A coupon system is utilized, in which users making trips on any of the carriers remit one coupon plus a fare which varies according to the particular carrier and the length of the trip. While some public confusion regarding the proper fares to be paid has resulted, the system provides the needed flexibility to involve the various types of carriers.

Program Use Limits

Once a general type of subsidy mechanism (voucher, scrip, etc.) is selected, methods for containing total subsidy costs, rationing the allocation of subsidies, and preventing potential program abuse or fraud need to be devised.

Depending on the particular goals of the program and the type of subsidy mechanism selected, four types of strategies can be employed to limit program use:

User or Trip Purpose Eligibility
Strict requirements on which users and which types of trips are eligible for subsidies can control the use of the program. Requirements for proof of eligibility at the time of coupon/scrip purchase and/or at the time of the trip can reduce program abuse.

Subsidy Per Trip
Requiring users to pay some minimum amount in cash for each trip and/or a proportion of the total trip cost can limit frivolous use of the subsidy program and control the subsidy cost per trip. Stricter subsidy cost control can be achieved by instituting a ceiling on the allowable subsidy per trip. This is done by fixing an upper limit on either voucher amounts, the value of scrip to be collected on any one trip, or coupon values.

Subsidy Per User
To control the total subsidy cost and ration available subsidy funds among users, many programs establish maximum subsidy "budgets" per user. With coupon systems, this is done by assigning eligible users ID numbers and restricting sales to each user. With voucher systems, user ID numbers are recorded on vouchers and subsidy amounts expended by each user are monitored closely. In some areas it has been found that the honor system works quite well when the target population is elderly/handicapped.

Total Subsidy
The above three methods, by themselves, are not sufficient to ensure that the total subsidy cost of the program will stay below a set budget. With voucher systems, this can be done only by fixing both the subsidy per user and the number of registrants. With coupons or scrip systems, total sales can be restricted. Because of administrative cost and equity considerations, many programs do not institute these safeguards, and rely on limits on user eligibility, subsidy per trip and/or subsidy per user, along with close monitoring of usage to ensure that budgets are not exceeded.

Lincoln, Nebraska began their 6-month user-side subsidy demonstration program for handicapped residents by assigning individual "budgets" of $150 in taxi subsidies to the first 150 eligible program participants. In this way, there was no danger of total subsidy costs of the program

exceeding the available budget. This approach may not be acceptable for equity reasons (is first come, first served an appropriate allocation rule?), and because of the need to continually monitor each user's cumulative voucher amounts to ensure budgets are not overspent.

Other areas using the budget technique to limit subsidies per user have found elderly and handicapped clients quite conscientious — in fact, one program received nickels and dimes in the mail from users who realized that they had overspent their limits.

In general, the more program use-limits instituted, the better the ability to target subsidies to those who need it most, and minimize risk of overspending available subsidy funds. However, the price that must be paid for these limits is greater administrative complexity and cost, and a greater degree of difficulty in getting users and service providers to understand and make use of the program. Table D.2 provides some examples of the kinds of use-limits existing user-side subsidy programs have instituted, along with descriptions of the overall schemes employed for dividing trip costs into subsidy and user payments. Table D.3 summarizes the major pros and cons of different types of limits.

Setting A Subsidy Level

A decision that is typically made in tandem with the design of program use limits is the **subsidy level**- that is, the portion of trip costs* to be subsidized. In setting a subsidy level, the following factors should be considered:

- **Trips should be made affordable to the target population. As "affordable" is difficult to define, some areas try to have the cost of trips to users equal the fare on local fixed-route transit systems.**
- **The higher the subsidy per trip, the higher the demand and the fewer total trips that can be subsidized (given a fixed program budget).**
- **The subsidy level should be devised so that users and service providers have no trouble understanding how much to pay or how much to collect at the time trips are made. For example, a 29.6 percent subsidy level may fit the available budget and target demand, but would be difficult to apply with a voucher system.**
- **High subsidy levels and those which do not vary with the total trip cost could potentially encourage frivolous trip-making in the absence of per-user subsidy limits. For example, one user-side subsidy program discovered that users were having taxicabs wait for them with the meter running while they shopped.**

The best way to decide on a subsidy level is to define several alternatives compatible with selected subsidy mechanisms and evaluate them based on:

- **implied cost of trips to users**
- **number of trips which could be subsidized given a fixed budget**
- **total cost of subsidizing the number of trips which the program is aimed at serving.**

To carry out this exercise, a worksheet has been provided at the

**It is assumed here that the total trip cost will equal the fare that would be charged to users in the absence of the subsidy program. Sometimes it is necessary to negotiate with providers to arrive at an acceptable basis for setting fares and subsidy amounts.*

end of this chapter. The worksheet provides a way of calculating user and subsidy cost per trip under three commonly employed subsidy "schemes":

(1) **Flat user fee, variable subsidy** — user pays a flat fee per trip, and the remainder of the trip cost is subsidized. Limits on subsidy per trip and/or per user are typically applied as well. This method lends itself best to either voucher or coupon systems. Its major advantage is ease of understanding by program users. Its disadvantage is the lack of a pricing mechanism to control usage.

(2) **Flat subsidy, variable user fee** — subsidy per trip is a set amount (e.g., $1.75), and user pays remainder of trip cost. For non distance-based fare systems, this is the same as **flat user fee, variable subsidy**.

(3) **Percentage subsidy** — A set percentage of the trip cost (typically 50% with vouchers, as drivers would not want to multiply most other numbers in their head) is subsidized and the remainder is paid by the user. With coupon/scrip systems, it is easy to vary this percentage for different classes of users. A variation on this scheme common to coupon systems is when the user pays a flat fee **in addition** to half of the fare. Limits on subsidy per trip and/or per user are sometimes applied with this scheme, though are less necessary than with the first scheme due to its built-in pricing mechanism.

Table D.2 Subsidy Limits Used in Selected Programs

Program:	Subsidy Limits:			Subsidy Scheme:
	Subsidy/Trip	Subsidy/User	Total Subsidy	
1. Voucher				
Milwaukee, WI (17)	$6.50/$9.50 maximum (non-wheelchair/ wheelchair			**Flat user fee, variable subsidy:** $1.50 minimum user fee/trip; full subsidy for remainder up to maximum limits
Lincoln, NE		$150/user in 6 month trial period	150 users x $150 = $22,500	**Flat user fee, variable subsidy:** 60¢ minimum user fee/trip; full subsidy for remainder
Champaign, IL		$40/user/month		**Percentage subsidy:** subsidy of 50% of metered taxi fare
Montgomery, AL (7) (taxi portion of program)		$15/month (limit waived for users making work, school, therapy, or medical trips)		**Percentage subsidy:** subsidy of 50% of taxi fare
2. Coupon/Scrip				
Canon City, CO (coupons)		$20/user/month	restricted number of coupons sold	**Percentage subsidy:** subsidy of 50%
Seattle, WA (15) (scrip)		$2,000/user/year		**Percentage subsidy:** subsidy of 50%
Kansas City, (12) (coupons)	$1.75 fixed			**Flat subsidy, variable user fee:** user charge varies with service provider and trip length
Kinston, NC (13) (scrip)		$25/user/month waived in special circumstances)		**Percentage subsidy:** 50% subsidy
West Virginia (16) (scrip)		$8/user/month (waived in special circumstances)		**Percentage subsidy:** 88.5% subsidy
Harbor Area, Los Angeles, CA (8) (coupons)	$3.00 maximum			**Flat user fee, variable subsidy:** 15¢ minimum user fee/trip; full subsidy for remainder up to maximum limit

Table D.3 Pros and Cons of Alternative Subsidy Limit Methods

Method	Pros	Cons
Restrict User Eligibility	■ simple ■ necessary to comply with funding source restrictions ■ reserves program funds for those who need them most	■ program benefits available to fewer people ■ requires a user eligibility verification procedure
Trip Purpose Restrictions	■ a way of targeting subsidies to the most essential trips	■ loss of individual discretion—typically strongly opposed by users & handicapped advocacy groups ■ difficult to enforce
Limit Subsidy Per Trip	■ discourages "frivolous use" of program ■ safeguards against very costly trips	■ adds to the complexity of the program's "ground rules"
Limit Subsidy or Numbers of Trips per User	■ discourages "frivolous use" of program ■ rations program use so benefits are more evenly distributed among users ■ simple to accomplish with scrip and coupon systems ■ discourages users from buying large amounts of tickets and selling them to providers at a profit	■ those with frequent need for service are restricted* ■ somewhat difficult to control with voucher systems (but not impossible)
Total Subsidy	■ provides absolute safeguard on subsidy costs	■ inflexible to adjust to individual needs ■ equity problems with "first come, first served" subsidy distribution system

**Some programs (Milwaukee, Kinston, West Virginia) have instituted procedures for waiving subsidy per user or per trip limits in cases where individuals make regular trips for work, school, medical, or nutritional purposes.*

Figure D.1 Subsidy Worksheet

Step One: For each service provider to be included, calculate present average one-way trip costs.

1. Flat Fare Systems:

[ ] Present one-way fare = average trip cost

2. Distance-Based Systems:

[ ] Drop charge

\+ [ ] Average trip distance (miles) X [ ] Rate per mile

\+ [ ] Average wait time/trip (min.) X [ ] Rate per min. of wait time

= [ ] Average trip cost

3. Zone-Based Systems
(for two zone system)

[ ] 1 zone fare X [ ] Average % of 1 zone trips

\+ [ ] 2 zone fare X [ ] Average % of 2 zone trips

= [ ] Average trip cost

Subsidy Worksheet (continued)

Step Two: Define a subsidy scheme.

Choose one:

( ) **Flat user fee per trip**

Flat user fee per trip = $ _____ per trip

Maximum subsidy per trip = $ _____ (optional)

( ) **Flat subsidy per trip**

Flat subsidy per trip = $ _____ User pays remainder.

( ) **Percentage subsidy**

Subsidy is _____ % of total trip cost.

Additional user fee/trip = $ _____ (optional)

Maximum subsidy per trip = $ _____ (optional)

Step Three: Calculate the average subsidy per trip implied by the chosen subsidy level scheme.

( ) **Flat user fee per trip**

The lesser of:

Average Trip Cost − Flat User Fee = _____

AND

Maximum Subsidy Per Trip (if any) = _____ = _____

Average subsidy per trip

( ) **Flat subsidy per trip**

Flat subsidy = _____

Subsidy per trip

Subsidy Worksheet (continued)

( ) **Percentage subsidy**

The lesser of: [ ] Average trip cost X [ ] Subsidy % = [ ]

AND

[ ] Maximum subsidy per trip = [ ] Average subsidy per trip

Step Four: Calculate the average user payment per trip implied by the chosen subsidy scheme.

( ) **Flat user fee, variable subsidy**

Flat user fee + Average trip cost – (Maximum subsidy + user fee) = [ ] User payment per trip

( ) **Flat subsidy, variable user fee**

Average trip cost-flat subsidy = [ ] User payment per trip

( ) **Percentage subsidy**

Flat user fee per trip = [ ]

+

The greater of:

[ ] Average trip cost X [ ] 100-subsidy % = [ ]

AND

[ ] Average trip cost - [ ] Maximum subsidy per trip = [ ]

= [ ] User payment per trip

Subsidy Worksheet (Continued)

Step Five: Calculate total subsidy cost given estimates of trips:

	X		=	
Number of trips (from demand estimate in Section B)		Average subsidy per trip		Total subsidy cost

Step Six: Calculate the number of trips which can be subsidized given a fixed subsidy budget:

	÷		=	
Total Budget		Average subsidy per trip		Number of trips

Step Seven: Summarize analysis of alternative subsidy level schemes:

Scheme	**Subsidy Per Trip** (From Step 3)	**User Cost Per Trip** (From Step 4)	**Total Annual Subsidy Cost** (From Step 5)	**Number of Annual Trips** (From Step 6)
1				
2				
3				
4				
5				

D.1 Milwaukee Program Voucher

MILWAUKEE COUNTY USER SIDE SUBSIDY PROGRAM TRIP VOUCHER EX1

Date _____

NAME _____

ADDRESS _____

ID NUMBER _____

POINT OF ORIGIN _____ TIME _____

DESTINATION _____ TIME _____

PURPOSE (Check Appropriate Box or Boxes)

1 MEDICAL ☐ 4 SHOPPING ☐ 7 PERSONAL BUSINESS ☐
2 EMPLOYMENT ☐ 5 EDUCATION ☐ 8 OTHER _____
3 NUTRITION ☐ 6 SOCIAL/RECREATION ☐ _____

To the best of my knowledge, this trip does not qualify for payment from Title 19 or 20 of the Social Security Act, Title 3 or 7 of the Older Americans Act, the Veterans Administration, the Division of Vocational Rehabilitation, or any other Federal, State or Local Agency

	Wheel-Chair	Non Wheelchair
TRAVEL COST		
OTHER _____		
1 TOTAL TRIP COST		
2 LESS INITIAL USER CHARGE	1.50	1.50
3 ELIGIBLE FOR SUBSIDY (LINE 1 MINUS LINE 2)		
4 MAXIMUM ALLOWABLE SUBSIDY	9.50	6.50
5 ADDITIONAL USER CHARGE (LINE 3 MINUS LINE 4 IF LINE 3 IS LESS THAN LINE 4, ENTER ZERO)		
6 TOTAL USER CHARGE (LINE 2 PLUS LINE 5)		

CUSTOMER SIGNATURE _____

COMPANY NAME _____

DRIVER _____ VEHICLE # _____

MCTS APPROVAL _____

AMOUNT _____

COPY TO
WHITE — MCTS
CANARY — VENDOR
PINK — PATRON

№ 562643

HOW WAS YOUR TRIP?

1. DID YOUR DRIVER ARRIVE ON TIME? _____

   IF NOT, HOW LATE WAS THE DRIVER? _____

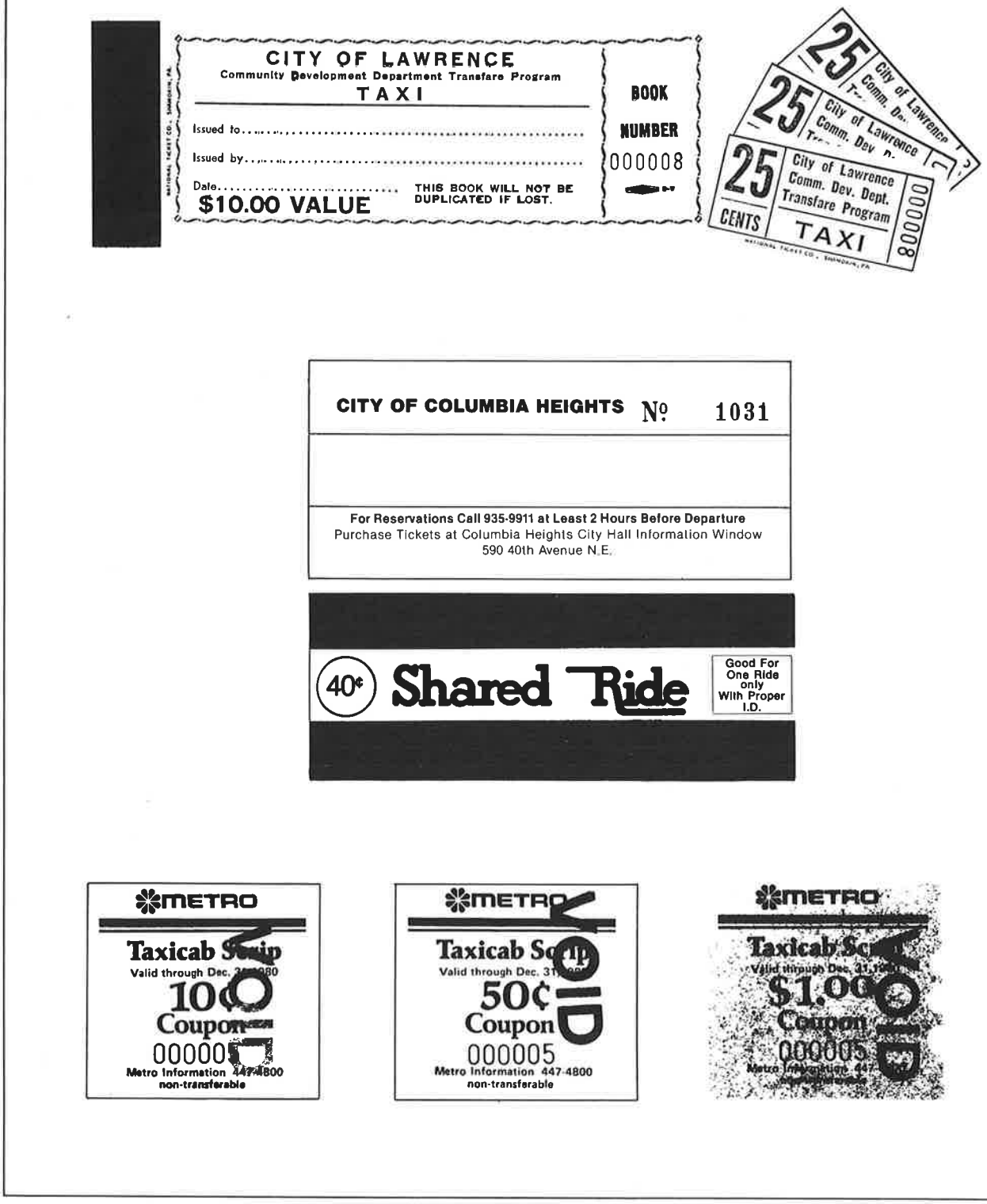
2. WAS YOUR DRIVER COURTEOUS, HELPFUL? _____

3. COMMENTS: _____

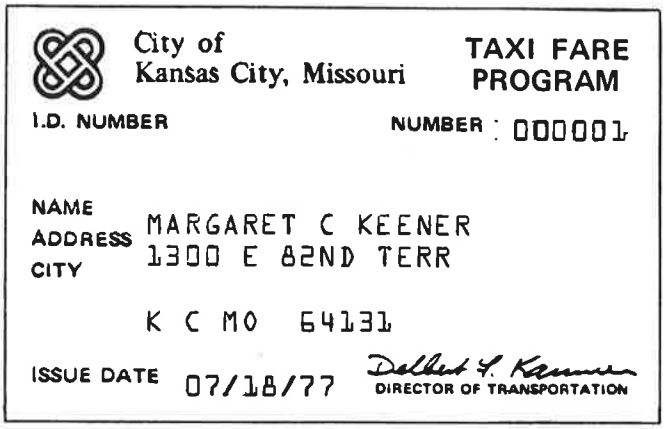
   _____

   _____

D.2 Scrip Samples (Lawrence, Seattle, Columbia Heights)



D.3 Kansas City coupons and ID card



City of
Kansas City, Missouri

TAXI FARE
PROGRAM

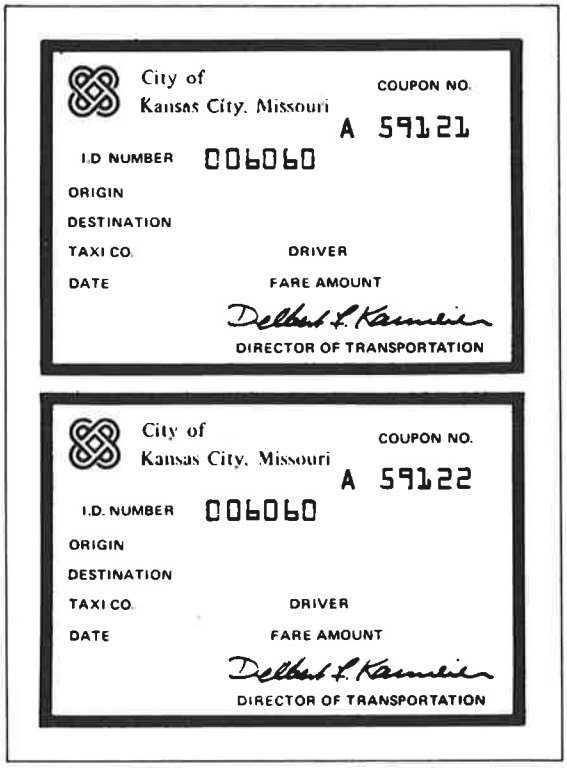
I.D. NUMBER

NUMBER : 000001

NAME MARGARET C KEENER
ADDRESS 1300 E 82ND TERR
CITY K C MO 64131

ISSUE DATE 07/18/77

DIRECTOR OF TRANSPORTATION



City of
Kansas City, Missouri

COUPON NO.
A 59121

I.D NUMBER 006060
ORIGIN
DESTINATION
TAXI CO. DRIVER
DATE FARE AMOUNT

DIRECTOR OF TRANSPORTATION

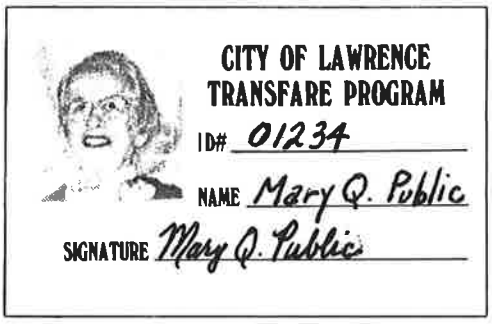
City of
Kansas City, Missouri

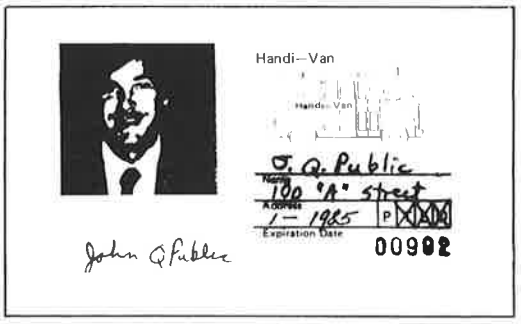
COUPON NO.
A 59122

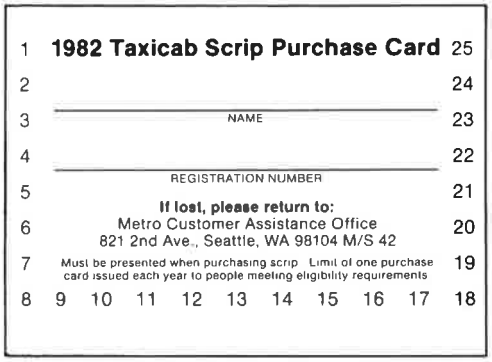
I.D. NUMBER 006060
ORIGIN
DESTINATION
TAXI CO. DRIVER
DATE FARE AMOUNT

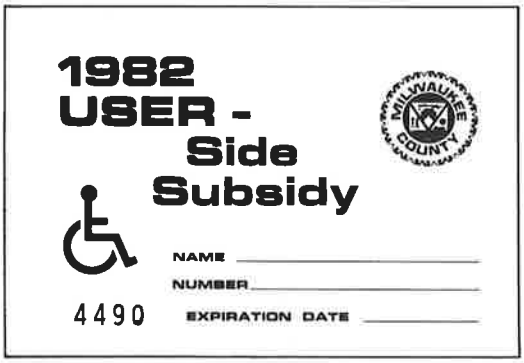
DIRECTOR OF TRANSPORTATION

D.4 ID Cards (Milwaukee, Lawrence, Seattle, and Lincoln)









E Program Administration

As the best scheme for program administration is highly dependent on local conditions, this section attempts only to categorize the types of administrative functions common to user-side subsidy programs, to illustrate how these have been performed in existing programs, and give some general guidance on opportunities for minimizing costs.

User-side subsidy programs typically involve the following functions:

- **Overall Program Management**
- **Certification of User Eligibility /User Registration**
- **Coupon/Scrip Distribution**
- **Monitoring System Usage/Processing Vouchers, Coupons, Scrip**
- **Dispatching Trip Requests**

Each of these functions are described below. Techniques for minimizing administrative costs are displayed in Table E.1.

Overall Program Management

Depending on the size and complexity of the program, one to two persons will be required to provide overall program management and direction, ensure budgetary control and act as liaisons with the community and other points in the subsidizing agency organization. Typically, a senior manager with other responsibilities can provide oversight and liaison functions, while a second person spends between 50 to 100 percent of his/her time on day-to-day program operations. This person should both be in a position to hear complaints and discover operational problems and have the authority to modify the program to rectify the situation.

Certification of User Eligibility/User Registration

Procedures for ensuring that program users meet the designated eligibility restrictions can vary, depending on the types and sub-

Table E.1 Minimizing Administrative Costs

Function	Techniques
Overall Program Management	■ Program management can be provided by an individual with other responsibilities and thus not require a full-time position.
Certification of User Eligibility/ User Registration	■ Rely on doctors, social service agencies to certify eligibility. ■ Rely on the "honor system," with spot checks of validity. ■ Do not require registration; just visible proof of eligibility at time of trip or purchase of coupons/scrip. ■ Institute a mail-in registration procedure (e.g., West Virginia (16)). ■ "Piggyback", on existing public programs dealing with the eligible population.
Ticket/Scrip Distribution	■ Distribute by mail. ■ Distribute through merchants, banks, nursing homes, social service agencies, etc. ■ Restrict times of the day or days when scrip/tickets are on sale.
Dispatching Trip Requests	■ Leave this function to service providers, unless crucial to program objectives. ■ Make use of already existing dispatching system by contracting out for this service.
Monitoring System Usage/Processing Vouchers, Coupon, Scrip	■ Institute incentives for providers to correctly fill-in vouchers (e.g., a 15¢ bounty per correct voucher). ■ Check vouchers in bulk; not as they come in. ■ Utilize computerized management information system. ■ Make use of existing administrative mechanisms for issuing funds to outside entities. ■ Issue checks as infrequently as is acceptable to providers.

jectivity of restrictions. For example, programs open to all elderly persons can rely on existing forms of identification such as drivers licenses. Other programs with eligibility criteria such as inability to use regular mass transit generally require users to be interviewed, or to submit some form of proof of their disability. (See Exhibits at the end of this section.)

While user **registration** is not required in all programs, many areas institute a registration process in order to better track total program use and restrict individual usage. Registration can be performed by:

- **having users complete and mail in applications and proof of eligibility**
- **telephone interviews with users**
- **in-person interviews with users**

If in-person interviews are desired, a commonly used option is to contract for or seek donated services from a social service agency to handle the certification and registration. These agencies are often more familiar to the target group than the subsidizing agency is, and additionally, have appropriate staff to conduct eligibility interviews with potential users.

Programs with user registration typically issue ID numbers and cards so that service providers can verify eligibility when trips are made. ID cards may not be necessary if the program includes a centralized trip dispatching function with access to a registrant name-and-address file.

Programs which do not register users rely on visible indications of eligibility (e.g., presence of a walking aid) or existing forms of identification at the time of scrip/coupon purchase and/or at the time of the trip. The **Los Angeles** program (8) user the latter approach.

In addition to the initial user certification process, it is often desirable to **re-certify** program registrants on an annual basis, using similar procedures. In this way, continuing program use by those with only temporary disabilities can be discouraged, and at the same time, registrant file records can be kept up-to-date. In **Kinston** (13), a survey of project registrants found that in just two years of program operation, 22 percent of the registrants experienced some change in their handicap status, and 14 percent had changed their place of residence.

Coupon/Scrip Distribution

Distribution of coupons and scrip can be one of the most costly administrative functions. Past programs have employed a variety of methods:

- **distribution/sale by mail (West Virginia (16) used this method)**
- **distribution/sale at the subsidizing agency (one or more program staff persons are assigned to this function)**
- **distribution/sale at remote sites, including social service agencies, medical facilities, banks, shops, city halls, etc.**
- **distribution/sale by service providers.**

Programs generally combine the coupon/scrip distribution and registration functions, as both involve contact with the users. Thus, subsid-

izing agencies which contract with social service agencies for registration/certification also use them for distribution.

The major tradeoff to be considered when selecting one of the above options is one of **administrative cost versus control**. Making use of remote sites will relieve some of the administrative burden on the subsidizing agency, and improve "access" to the program by users. On the other hand, when program use limits are designed to be enforced through restricted ticket sales or where records of sales are to be the primary means of monitoring system use, there may be risks to involving remote distribution sites. **Seattle** (15), for example, found that remote sites did not perform the required sales record-keeping functions accurately.

Distribution sites must also be made aware of policies regarding the length of time for which coupons/scrip are valid and of procedures for issuing refunds for unused coupons/scrip. (Most programs simply do not grant refunds.)

Monitoring System Usage/ Processing Vouchers, Coupons, Scrip

Monitoring systems (see also Section J) involve a set of tasks integrated with the various administrative functions: user registration, coupon/scrip distribution, and trip dispatching, and with fare collection procedures on the part of service providers. For example:

In **Seattle** (15), outlets selling scrip record for each transaction: booklet serial numbers, quantity sold, purchaser's ID number and date of purchase on specially provided forms. While taxi drivers are supposed to record program riders' ID numbers and the value of scrip collected for each trip, some drivers just keep records of total scrip receipts each day. Each taxi company collects scrip and trip-record sheets from drivers (lease drivers generally receive cash for their scrip when they turn it in), counts and batches it by denomination, and submits it to Metro along with tally sheets showing trip records. Large companies turn in scrip as often as 2-3 times a week; smaller companies turn scrip in less often.

Collected scrip is counted and tally sheets are checked for accuracy by Metro's Accounting Department. Reimbursement checks are issued to taxi companies generally within 8 days of receipt of scrip.

In **Los Angeles** (8), where a combination coupon-voucher system is used, user-side subsidy riders call the participating taxi operator (there is only one) on a special phone line to requests trips, and the dispatcher enters the user's ID on a log. Drivers record mileage and fares on coupons they collect. The cab company submits coupons and waybills to the City, with an accounting of the total fares charged on a monthly basis. The City checks these for accuracy, and issues reimbursement checks.

Voucher/coupons/scrip processing entails collecting vouchers, etc., from providers, along with any back-up logs, verifying the accuracy of recorded information, and entering the information into

central program records. Records can be kept on simple hand-written summary sheets, or on more sophisticated computer databases. In **Montgomery** (7), institution of a computerized management information system cut down on staff needs and administrative costs.

Dispatching Trip Requests

Some programs (e.g., **Kansas City** (12)) include a trip dispatching function. This is most common where wheelchair-accessible vehicles are involved, where grouped riding to improve productivity is a goal, and/or where the user-side subsidy program is part of a "brokerage" program to better manage existing transportation resources.

Programs which dispatch trips can control program use (screen for particular trip purposes, restrict the number of trips per user) as trip reservations are made, instead of relying on service providers and more complex, "after-the-fact" monitoring systems. **However, dispatching does entail significant administrative costs, and detracts somewhat from the efficiency of the user-side subsidy concept.**

If a dispatching function is instituted, procedures need to be established for deciding on how to allocate trip requests to the various participating providers. Where two or more similar providers are involved, one of the following procedures will have to be chosen:

- **user chooses provider (advantage: preserves individual choice, stimulates competition);**
- **trip requests are divided equally among all providers (advantage: an equal share of trips for all participating providers);**
- **trip requests are assigned to providers in a manner that maximizes the productivity of service (e.g., to group rides, minimize back-hauls, etc.).**

E.1 Seattle Registration and Purchase-by-Mail Forms

REGISTRATION

Name _____ Taxi I.D. No. _____

Address _____ Date of Birth _____

City _____ Zip Code _____ Telephone No. _____

Eligibility: Reduced Fare Permit

Senior Citizen ☐ Disabled ☐

Household Income: Combined income includes social security, pension and interests on savings.

Single _____ (Limit $7,833)
Two Persons _____ (Limit $10,227)
Three Persons _____ (Limit $12,642)

1168 FRONT (Rev 12-79)

(See Reverse Side)

How do you travel now?

	Mostly by:	Sometimes by:
Own car	☐	☐
Friend's car	☐	☐
Bus	☐	☐
Taxi	☐	☐
Walk	☐	☐

1168BACK (Rev. 12-79)

I hereby certify that the information stated on the opposite side is correct.

_____
(Signature)

_____
(Date)

Metro Taxicab Scrip Purchase-By-Mail Form

Name _____

Address _____

City _____ Zip _____ Phone _____

*If you have registered for the Taxicab Scrip Program, your I.D. number is located on the back of your Metro Reduced-Fare Permit. If you have any questions, please call Metro at 447-4824. Mail form and check or money order to:

Taxicab Scrip Purchase
Metro Customer Assistance Office
821 - 2nd Avenue, Seattle, WA 98104

Scrip I.D. No _____

Number of Scrip Books requested at $4.00 per book _____

Total amount enclosed (Number of books x $4.00) $_____

(Please use check or Money Order)

METRO

E.2 Milwaukee Certification Form

SECTION A TO BE COMPLETED BY THE APPLICANT

Name (Please print or type) _____ City _____ State _____ Zip _____

Address _____ Telephone _____

Social Security Number _____ Date of Birth _____ Age _____

Do you have a Medicaid Card? Yes No _____ Expiration Date

I understand that the purpose of this certification form is to determine my eligibility for participation in the User-Side Subsidy Program, and therefore agree to release the information requested to the program administrators. I understand that the completed form will not be made available to any other person or agency. I also understand the program administrators reserve the right, at the program's expense, to have examined any person seeking participation in the program when and as often as it may reasonable require.

_____ User Signature

SECTION B TO BE COMPLETED BY PHYSICIAN OR AGENCY PROFESSIONAL

A. The above listed applicant has or will have a condition for a period of at least 3 months that requires the use of:

☐ A walker ☐ Crutches ☐ Wheelchair ☐ Legbraces (Long Leg)

If this condition is temporary, how long do you expect it to last _____ ? No. of months

B. The above listed applicant is legally blind. His condition is defined as:

☐ Central visual acuity of 20/200 or less in the better eye with the use of a correcting lens.

☐ A limitation in the field of vision such that the widest diameter of the visual field is equal to or less than an angle of twenty degrees.

To the best of my knowledge, the information contained on this form is correct.

Physician's or Professional's Signature _____ Print or Type Name _____

Office Address _____ City _____ State _____ Zip _____

Date _____ Telephone _____

SECTION C TO BE COMPLETED BY PROGRAM ADMINISTRATORS

CERTIFICATION APPROVED CERTIFICATION NOT APPROVED

IDENTIFICATION NUMBER _____

EX4

E.3 Sioux Falls Administrative Procedures Fact Sheet

PROJECT MOBILITY
A USER-SUBSIDY PROGRAM

The general purpose of PROJECT MOBILITY is to lower the user cost of selected transportation services for handicapped residents of Sioux Falls unable to use conventional bus service.

I. HOW TO APPLY FOR CERTIFICATION

a. Call the Sioux Falls Voluntary Action Center (336-5303) between 8:00 - 5:00, Monday - Friday.

b. Give your name and address to the Agency.

c. Give the Agency the name and address of your doctor or counselor. The Agency will mail the certification form directly to this individual. Certification forms may only be completed by: (1) a licensed physician, (2) a licensed physical therapist, (3) a certified orientation and mobility specialist, or (4) a certified rehabilitation counselor.

d. Completed certification forms will be returned directly to the Sioux Falls Voluntary Action Center by the doctor.

e. If you are determined eligible for PROJECT MOBILITY, you will be notified and arrangements will be made to complete a certification interview with the Sioux Falls Voluntary Action Center representative.

II. PROJECT MOBILITY USER PROCEDURES

a. If you have completed the above procedures and are determined eligible for the program, a PROJECT MOBILITY numbered identification card will be issued to you.

b. You may then request transportation service directly - THE AGENCY NEED NOT BE CONTACTED.

PROJECT MOBILITY Wheelchair Transportation is provided by: We Care Wheelchair Transportation Service, Ltd. 336-9625.

PROJECT MOBILITY Taxi Transportation is provided by: Yellow Cab Company, Inc., 336-1616.

c. When calling for service, inform the dispatcher that you are a PROJECT MOBILITY passenger. Inform the dispatcher if driver assistance will be needed in boarding the vehicle.

d. When boarding the vehicle, show your PROJECT MOBILITY I.D. card to the driver.

e. At the end of the trip, read the charge slip given to you by the driver, and pay only the rate indicated as "user share". Do not sign the charge slip if the user share is not in conformance with the rates listed below.

PROJECT MOBILITY USER RATES

The following rates are based upon a one-way trip for an eligible individual (or group of individuals) between a single origin and a single destination. Escorts and/or companions traveling with the eligible individual between the same origin and destination are included in the user cost and will not be charged a separate fare.

TAXI SERVICE

Time Period	User Cost
Monday-Saturday* 6:00 am - 6:00 pm	$1.00 per person (or group)

WHEELCHAIR SERVICE

Monday-Saturday* 6:00 am - 6:00 pm	$1.00 per wheelchair transported

*Except the following holidays: Memorial Day, Fourth of July, Labor Day, Thanksgiving, Veterans Day, Christmas and New Year's Day.

III. PROJECT MOBILITY GENERAL POLICIES

a. Final determination of questions regarding the eligibility and certification of applicants for PROJECT MOBILITY shall rest with the City of Sioux Falls.

b. Qualified persons will be eligible for either TAXI or WHEELCHAIR TRANSPORT service, whichever is most appropriate. Persons will not be eligible for both services.

c. Persons eligible for PROJECT MOBILITY on a TEMPORARY basis shall be issued an ID card with an expiration date and shall surrender the ID card to Barrier Awareness upon its expiration.

d. Barrier Awareness shall be authorized to revoke the eligibility, subject to written City concurrence, of any person certified on the basis of incomplete or incorrect information.

e. Wheelchair service requires that the rider call 24 hours in advance. Other requests (non-advance) will be handled on a space available basis.

FOR MORE INFORMATION CONTACT: PROJECT MOBILITY
c/o Sioux Falls Voluntary Action Center
2118 S. Summit Avenue
Sioux Falls, SD 57105
336-5303

E.4 Milwaukee County User-Side Subsidy Hardship Application

EXHIBIT E.4

MILWAUKEE COUNTY USER-SIDE
SUBISDY HARDSHIP APPLICATION

NAME:_____ U.S.S. I.D. No._____

ADDRESS:_____ TELEPHONE:_____

CITY:_____ ZIP CODE:_____

I hereby make application for hardship status in the Milwaukee County User-Side Subsidy Program. I understand that this designation applies only to medical, employment, or education trips. I understand that I am responsible for the payment to the carrier (taxi, van) of all costs beyond the maximum subsidy limit of $9.50 for wheelchair and $6.50 for others. I understand that I will be reimbursed through the User-Side Subsidy Program for costs over $10 incurred during designated two week periods for medical, employment, or education trips. I understand further that fraudulent usage of this benefit will result in disqualification from the Milwaukee County User-Side Subsidy Program.

_____ _____
User's Signature Date

EMPLOYMENT:

Employer:_____ Work Hours: From:_____To:_____

Address:_____ Full Time

Phone:_____ Part Time(describe)____

Supervisor's Name:_____ _____

Supervisor's Telephone:_____ _____

_____ _____
Supervisor's Signature Date

MEDICAL

List below doctors, dentists, optometrists, psychiatrists, psychologists, licensed therapists, and chiropractors, which you regularly visit.

NAME: ADDRESS:

_____ _____

_____ _____

_____ _____

_____ _____

EDUCATION:

School:_____ Semester: From:_____To_____

Address:_____ Advisor's

Name of Advisor_____ Telephone_____

Attach a copy of your Cashier's receipt for tuition or fees for the semester indicated above.

EX17

F

Program Costs and Funding

This section provides information on the cost of planning, implementing and operating user-side subsidy programs and the potential funding sources available to finance these programs.

Cost Components

The two major categories of costs for user-side subsidy programs are the subsidy payments to users (generally redeemed by the service providers) and the administrative costs associated with operating and managing the program, including registering users and providers, printing and distributing scrip or vouchers, redeeming scrip or vouchers, and monitoring. Users also bear part of the program costs, though this component is "invisible" to the subsidizing agency and is determined by policy decisions regarding subsidy levels to be established.

Subsidy Costs. The **subsidy** component of total costs is a policy variable which can be controlled to a great extent by the operating agency. For ongoing programs, subsidy costs range from over 90% to less than 50% of total program costs and the subsidy levels may vary widely, covering from 5% to 100% of trip costs for the user. Section D of this guide discusses alternative subsidy mechanisms and methods to control overall subsidy costs.

Start-up Costs. The costs of initiating a user-side subsidy program have tended to be quite modest compared to the overall subsidy and adminstrative costs of the operating program. In many cases, one individual (not necessarily full time) has been able to plan, organize and initiate a user-side subsidy program over a two to four month period.

Major start-up activities include:

- **program planning and funding**
- **office organization**
- **initial marketing/promotion**
- **development and initiation of program management/clerical procedures**

For the five UMTA-sponsored demonstration projects, start-up costs varied from $10,000 to $15,000 for programs serving between 3,000 to 10,000 trips per month, once ridership stabilized. Several other programs (2) estimate start-up costs in the $4,000 to $6,000 range.

Administrative Costs. The administrative costs for an ongoing program, once the start-up period is over, will depend to some extent on the type of program being implemented. Specific program characteristics which will influence administrative costs include:

- **size of the program (number of registrants and trips)**
- **type and number of user classes**
- **subsidy mechanisms employed**
- **number of providers**
- **extent of monitoring/auditing**
- **degree of automated data processing**

The administrative cost of existing user-side subsidy programs vary quite widely depending both on program design and other local factors. In almost every case, labor costs are the major administrative cost category, and there is generally a certain minimum fixed administrative cost associated with

any program. While total administrative costs tend to increase with program size (amount of subsidy or number of trips), the administrative costs **per trip** tend to decrease as program size increases.

Tables F.1 and F.2 show how administrative costs vary for a number of ongoing programs. Table F.1 suggests that administrative costs decrease as a percentage of subsidy expenditures (and thus total program costs) as program size (as indicated by the subsidy level) increases. Similarly, Table F.2 indicates that the administrative costs per passenger trip tend to decrease as the total ridership level increases. Thus there are some components of administrative costs which are either independent of program size or increase at a substantially lower rate.

It should be noted that the results shown in Tables F.1 and F.2 are based on a relatively small number of programs of widely varying size and design, and for the smaller programs, in particular, there is a high degree of variance in the magnitude of administrative costs. Some of this variation can be explained by the fact that many programs "bury" a portion of their administrative costs in non-program-related overhead accounts.

Developing a Program Budget

While the administrative cost experience of other programs can be useful to get a preliminary estimate of the administrative costs of a new user-side subsidy program, a more precise budget must reflect the specific program design under

Table F.1 Administrative Costs as Percent of Subsidy Costs for Ongoing Programs

Annual Subsidy Level	Administrative Cost as % of Subsidy Cost	Number of Programs
0-$50,000	33.6%	6
$50-$100,000	37.1	5
$100-$500,000	27.4	4
Over $500,000	19.3	2

Table F.2 Administrative Costs Per Trip for Ongoing Programs

Annual Ridership Level	Adminstrative Cost Per Trip	Number of Programs
0-50,000	$.63	9
50-100,000	.52	4
100-500,000	.48	2
Over 500,000	.02	2

consideration. Also, while the administrative costs of many programs are quite modest, other programs of similar size have had significant administrative expenses. Thus, it may require a few cycles of program design and budget estimating to develop a program which both meets objectives and is consistent with local funding constraints.

Figure F.1 shows the typical line items appearing in a user-side subsidy adminstrative budget. As noted, the line items with an asterisk do not appear in the administrative cost of many user-side subsidy programs due to explicit design considerations (use of computers, payments to scrip/-ticket outlets) or due to the way the operating agency allocates its costs (overhead, rent/utilities, and possibly computers).

Labor, almost without exception, is the largest single administrative cost item varying from 36 percent to 90 percent of total administra-

Figure F.1 Administrative Cost Budget

Labor	**Hours**	**$/Hr.**	**Total**
Supervisory/management staff Clerical/accounting staff	_____	_____	_____
Subtotal Labor			
Overhead (Fringe Benefits)			
% x Labor Cost (typically 25-40%)*			_____
Subtotal Overhead			
Direct Expenses			
Office supplies and printing (client registration/ IDs, Scrip/Vouchers)			_____
Promotion and advertising (including maps/schedules)			_____
Office rental/utilities*			_____
Computer time*			_____
Payments to outlets*			_____
Miscellaneous postage telephone local travel			_____
Subtotal Direct Expenses			_____
Total Administrative Cost			_____

**The magnitude of these costs vary significantly depending on program design and the operating agency.*

tive costs with 60 percent to 80 percent being typical.

Table F.3 shows the monthly distribution of labor costs among functions for one program using scrip and serving approximately 10,000 trips per month. While actual costs will vary widely, the distribution of costs is indicative of the functions (i.e., scrip distribution/redemption) requiring the most staff efforts for an ongoing program. In four of the five user-side subsidy demonstrations sponsored by UMTA,* an average of 2.5 full-time persons staffed the fully operational programs with subsidy distribution/redemption accounting for one third to one half of total staff effort. The other program, in Danville, Illinois, used vouchers (no scrip distribution) and computerized processing to cut staff needs to approximately one half-time postion.

A number of other small programs are being operated with one individual, often part-time, performing all required functions. In **Exeter, New Hampshire,** senior volunteers do all the administrative work for a program serving 10,000 trips annually.

Overhead costs for labor will vary greatly depending on the agency operating the program. For many programs these costs are in the range of 25 percent to 40 percent of direct labor costs. If the program is set up within an existing agency, the required overhead charge will generally be a given standard rate. However, many existing pro-

Danville, Montgomery, Kinston, Lawrence, Milton Township.

Table F.3 Distribution of Monthly Labor Cost (Seattle 1981)

	Percent of Labor Cost
Planning	19
Office Management and Coordination	22
Promotion and Marketing	4
Client Registration	6
Scrip Printing/Distribution	3
Scrip Sales	31
Scrip Redemption	15
Total	100%

	Costs
Total Monthly Labor Costs (excluding overhead)	$3,700
Total Monthly Direct Costs	2,500
Total Monthly Administration	$6,200

grams do not have to bear this cost simply due to the agency's cost allocation and accounting system. If a program is set up independently or is required to cover all costs, overhead costs will have to cover all non-salary, labor-related expenses including vacation, holiday, sick time, insurance, disability and retirement benefits.

Direct Expense items will generally be more straightforward to estimate than labor costs, though some such as printing and payment to outlets (if applicable) will vary with the program size. Many programs receive substantial **in-kind contributions** to cover all or part of such direct expenses as office supplies, printing and rent and utilities. Again, the agency sponsoring the program often will dictate to what extent an individual program must cover full costs. In **Milwaukee** (17), the user-side subsidy program received the benefit of in-kind contributions including rent and utilities when located within the county transit agency, but had to account for all costs when the program was moved to the county public works department.

Estimating Total Program Costs

The total public costs of a user-side subsidy program, once the initial start-up period is over, will depend on the magnitude of both the subsidy and administrative costs. In Section D, a worksheet was provided for calculating total subsidy costs based on the number of trips served.

To arrive at a preliminary estimate of total program cost, simply add the subsidy cost estimate from the worksheet to the product of the projected number of trips and the approximate average administrative cost per trip provided in Table F.2. It should be cautioned, however, that this estimate should be used only as an initial guide subject to revision once an explicit budget estimate has been developed.

The actual total cost experience for a number of different programs is shown in Table F.4. Table F.5 details administrative and subsidy cost components for four of these programs.

Funding Sources

There are a variety of Federal, state, and local funding sources that can be used to fund a user-side subsidy program. While some of the funding sources that have been used by many programs in the past have been cut back or eliminated, a variety of potential funding sources remain. Table F.6 lists potential Federal, state, and local sources of funding. Of course, specific state and local sources vary widely.

The most frequently used Federal programs are UMTA Sections 16 and 18 and HHS Titles III, XIX, and XX. At the state level, transportation programs have been the primary source, while at the local level, general funds or a variety of social service agency contributions have been the predominant sources of funds. Table F.7 lists the mix of funding sources used by a number of ongoing programs. In many programs, a number of different revenue sources are used. It should be noted that the Federal entitlement programs (i.e., Titles III, XIX,XX etc.) restrict the use of funds to program eligible recipients. Thus if

more than one of these programs is used, or if any one program is used in conjunction with a less restrictive state or local program, a record keeping and auditing procedure will have to be established to verify the claims credited to each funding source. For some programs, this record keeping has proved to be a significant administrative burden requiring a more complicated dispatching procedure and multiple sets of books.

Table F.4 Total Program Costs[1]

Program/ Subsidy Mechanism	Annual Trips	Total Annual Cost	Admin. Cost Per Trip	Subsidy Cost/ Trip	Total Cost/ Trip
Milwaukee (1981)/Vouchers	168,00	$1,476,800	$1.05	$7.74	$8.79[2]
Seattle (1980)/Scrip	50,113	224,108	1.50	2.97	4.47
Los Angeles (12/78-11/79)/Scrip	59,327	150,869	.78	1.77	2.55
Montgomery (1979)/Vouchers	36,187	110,447	1.60	1.45	3.05
Kansas City (5/77-4/78/Coupons	56,383	137,479	.86	1.58	2.44
Kinston (1979)/Scrip	36,832	54,251	.64	.83	1.47
Lawrence (1979)/Scrip	96,954	119,770	.48	.76	1.24
Danville (1976)/Vouchers	89,900	109,715	.20	1.02	1.22
West Virginia (1978)/Scrip	1,229,729	1,365,000	.22	.89	1.11

[1]*Costs have* ***not*** *been converted to current dollars.*

[2]*Milwaukee's high cost reflects both a high meter-based taxi fare, and a relatively large number of wheelchair trips, which were subsidized up to $9.50*

Table F.5 User-Side Subsidy Monthly Operating Costs*

	Danville	Montgomery	Kinston	Lawrence
Labor				
Average Wage Rate	$5.40	$5.01	$3.81	$7.38
Staff Hours Per Month	88	404	367	350
Direct Labor Costs	$475	$2,125	$1,400	$2,582
Overhead (25%)	75	531	350	646
Total Labor Costs	$550	$2,656	$1,750	$3,228
Office Rental & Supplies	350	1,773	200	555
Promotion and Advertising	100	83	10	63
Computer Costs	500	325	—	—
Total Administrative Costs	$1,500	$4,837	$1,960	$3,846
Average Number of Subsidized Taxi Trips/Month (1979)	7,500	3,016	3,070	8,080
Average Adminstrative Cost Per Trip	$.20	$1.60	$.64	$.48
Average Subsidy Per Trip	1.02	1.45	.83	.76
Total Public Cost Per Subsidized Trip	$1.22	$3.05	$1.47	$1.24

*Danville cost figures reflect a typical project month in 1976. Cost figures for the other three sites reflect typical project months in 1979.

Source: Reference (1)

Table F.6 Potential Revenue Sources

Program	Description	Type
Federal		
UMTA Section 4 (i)	Deployment of Innovative Techniques in Public Transportation	Discretionary
UMTA Section 5	Formula grants for operating assistance (50% match) or capital expenditures (20% match)	Formula
UMTA Section 6	Up to 100% financing for planning, capital and operating costs for demonstration projects	Discretionary
UMTA Section 8	Planning grants	Discretionary
UMTA Section 16 (b) (2)	Capital grants to private non-profit organizations for transportation for the elderly and handicapped	Discretionary
UMTA Section 18	Public transportation for rural and small urban areas. Requires 20% match for capital expenditures and 50% for operating assistance	Formula
HHS Social Service Title XX	Transportation to and from community services and facilities for Title XX eligible (low-income) recipients	Discretionary
HHS Medical Assistance Title XIX	Medically related transportation for eligible public assistance recipients	Discretionary
HHS Older Americans Act Title III B	Transportation for health, nutrition, shopping, social service and recreational-related trips by the elderly	Formula
Rehabilitation Act Section 10 VISTA CETA Retired Senior Volunteer Foster Grandparents Senior Companion Program Work Incentive Program	All programs can cover transportation expenses for eligible participants traveling to and from program sponsored activities	Mix of discretionary, targeted, and formula programs
State		
Transportation Health/Welfare Labor/Employment Elderly	Variety of potential funding sources—will vary from state to state. In-kind services—especially technical assistance often available	
Local		
City/County General Funds Transit Agency Social Service Agencies User Charges Volunteer Labor In-kind services, facilities	Variety of sources depending on local area. User charges often used to defray client registration costs.	
Private		
Privately sponsored programs Foundations/charitable organizations Volunteers		

Table F.7 Revenue Sources Used by Selected Programs

Malvern, AR	Title XX Title XIX Section 18 State Social Security
Los Angeles, CA	State Transportation Development Act Funds
Canon City, CO	Section 18 County General Funds City General Funds
Wilmington, DE	Delaware Department of Transportation Delaware Transit Authority
Evansville, IN	Title XX Title III City General Funds State General Funds
Lawrence, MA	City General Funds State Funds UMTA Section 5
Kansas City, MO	½% Transportation Sales Tax
Exeter, NH	Town General Funds Senior Volunteers
Billings, MT	Various Social Service Agencies
Pennsylvania (Statewide)	State Lottery Funds
Milwaukee County, WI	County General Funds State Transportation Funds

G
The Planning and Implementation Process

Despite the old adage that schedules are made to be broken, a rough timeline for carrying out the various activities necessary for program planning and implementation can be a useful management tool.

Making a timeline involves the following steps:

1. List all activities
2. Estimate time requirements of each
3. Anticipate potential sources of delay
4. Design strategies necessary for "phasing-in" components
5. Decide on sequencing of activities

Planning and Implementation Activities

The following list of activities and the Handbook sections relevant to them may be used as a basis for scheduling program design and implementation activities. Note that the process will be an iterative one; no specific order of activities can be recommended.

	Activity	Relevant Handbook Section(s)
1.	Establish schedule for Program Planning and Implementation	G
2.	Assemble and establish periodic communication with formal or informal Task Force/Policy Group to guide program design. (Members might include representatives of the subsidizing agency and/or other transportation and human service agencies, potential service providers, and user advocacy groups.)	A,H
3.	Establish program goals and objectives	A
4.	Line up funding sources	F
5.	Anticipate and pursue necessary regulatory changes	C
6.	Decide on user eligibility criteria (or define a set of alternatives)	B,D
7.	Inventory service providers to obtain background information and initial indicators of interest	C
8.	Project potential program demand given selected eligibility criteria	B
9.	Project potential program costs given demand estimate	B
10.	Investigate and select a subsidy mechanism	D
11.	Investigate and select methods for limiting total subsidy allocations	D
12.	Enlist participation of service providers	C,I
13.	List administrative functions required for program operation, and determine how they will be performed (user registration, ticket distribution, etc.)	E

14. Draw up program budget	F
15. Design program monitoring system	J
16. Obtain necessary approvals	A,H
17. Set up administrative offices	E
18. Negotiate agreements with service providers	I
19. Hire and train new staff	E
20. Go through competitive bidding process for any desired services (optional)	E
21. Design and order necessary materials (vouchers, brochures, etc.)	D,H
22. Design and launch marketing and community liaison strategies	H
23. Obtain and implement computer software for record-keeping (optional)	E,J
24. Meet with service providers to explain program procedures	C,I
25. Register users and distribute scrip (if applicable)	E
26. Respond to problems which arise	J

Time Requirements/ Sources of Delay

Past user-side subsidy programs exhibit considerable variation in time requirements for different activities. In general, a minimum of two months will be required for program implementation, though in many cases it will take longer (4-6 months). In planning an implementation schedule, it is best to use judgement and rely on the agency's past experience with similar kinds of activities--for example, how long it has taken to locate and hire new staff, or to go out to bid for marketing services.

Major sources of delay in past user-side subsidy programs have included:

- **the planning process: significant lead time may be required to obtain agreement on program design**
- **changes in political leadership resulting in shifting degree of support/priority for the program**
- **difficulty in arriving at mutually satisfactory agreements with suppliers--particularly when major modifications to fare structures, service dispatching, etc. are being pursued**
- **difficulty in finding a sufficient number of qualified suppliers to support the goals of the program**
- **necessity of pursuing regulatory changes (e.g., amending taxi ordinances)**
- **funding uncertainties**
- **competitive bidding processes**

The program manager should be very careful to anticipate any of these major delays, and design the implementation process so that delays do not result in wasted resources or dilution of the impacts of other implementation activities (marketing campaigns in particular). A good strategy for this is a phased implementation process.

Strategies for "Phasing-In" Program Components, Sequencing Activities

Whenever there is uncertainty about how a program will work out, it is best to implement the program in **phases.** For user-side subsidy programs, which depend on many difficult-to-control outside factors for success, two types of phasing strategies are recommended. The first simply involves built-in "checkpoints" in the implementation process where a go/no go decision can be made with a minimum of waste and embarassment. Reaching formal agreements with a set number of service providers is one example of a possible "checkpoint"; another is winning the endorsement of a group of agencies whose support is felt to be critical.

The second type of phasing strategy involves implementing a scaled-down version of an ultimately larger program so that inevitable bugs can be worked out; demand can be gauged and procedures can be streamlined without an inordinate amount of disruption. Possible ways of scaling down a program could include:

- **involving a smaller number of service providers**
- **using fewer distribution points**
- **limiting the service area**
- **placing more restrictive limitations on eligibility**
- **placing more restrictive limitations on trip purposes**
- **lowering the subsidy per trip or per user (increasing user fares)**

General principles to use in designing a phased-implementation process are:

- **don't change too much too often — user and provider confusion results**
- **try and maintain the same general administrative framework from the start — the object is to build the program up, not to change course**
- **unless necessary to prevent program abuse, expand, don't reduce benefits to users in subsequent phases to avoid unpopularity and distrust — program eligibility should be expanded as time goes on (if possible), not restricted further**
- **reduce, don't expand, required paperwork for service providers — otherwise a new negotiation process could be necessitated**
- **periodic fare increases are generally acceptable to and understood by users, and should be instituted in line with increases in service costs.**

H

Community Liaison and Marketing

Marketing and community liaison activities are particularly crucial to successful user-side subsidy programs, as no **visible** new transportation system is created for people to see; and existing agencies in the community are often relied on for administrative support.

Community Liaison

As defined here, community liaison simply means establishing contact with different members of the community to achieve one or more of the following objectives:

- **build community support for the program**
- **seek additional program funding sources**
- **maximize opportunities for "gifted" services, such as ticket distribution through merchants or user certification through social service agencies**
- **ensure that the program is coordinated with and non-duplicative of existing transportation services**
- **establish effective mechanisms for obtaining community feedback on how well the program is working**
- **make use of existing links with the target population for marketing purposes**

The kinds of groups to involve in a community liaison effort could include:

- **user groups/organizations (particularly useful for building political support)**
- **social service agencies (e.g., Red Cross, Meals on Wheels programs, senior centers, centers for independent living, etc.)**
- **city/state committees or councils on aging**
- **elected officials**
- **welfare departments**
- **jobs programs**
- **nursing homes**
- **local chambers of commerce**
- **individual merchants, businesses, and banking institutions**
- **libraries and schools**
- **public transit and paratransit operators**
- **private transit and paratransit operators (including taxi companies)**

A community liaison effort should ideally begin during the design phase of the program — to test out ideas, learn about the market and its needs, gauge the receptivity of potential service providers, and learn about any major concerns or barriers which could impede program implementation. This initial component should include informal contacts — a series of phone calls or informational letters asking for comments, as well as establishment of a formal program steering committee composed of representatives of the target population, service providers, the business community, etc.

As the program design is finalized and implementation begins, it is important to keep the channels open so that feedback on the program can be obtained, and opportunities to make use of gifted services or links with the target population can be capitalized upon.

Marketing Activities

These include all efforts directed a **informing** the target population about the program and assisting them to use it. Information dissemi nation opposed to "flashy advertis ing" should be the emphasis. A "bare-bones" marketing program would involve:

1. A public announcement of the program; and
2. Distribution of materials explaining program procedures and restrictions.

Because public funds are involved, it is extremely important that nobody suspect that the program is being kept a secret, and that reasonable efforts have been made to inform the potential users (who are often shut-ins). It is also essential that the program's procedures and restrictions are layed out in clear terms to the users. This will avoid unintentional program misuse and misunderstandings, and will minimize the burden on service providers to explain and clarify the rules (see exhibits for sample brochures).

A list of marketing techniques is provided below. In general, programs have found that personalized "word-of-mouth" strategies work best. Surveys of users of past programs have revealed that the most commonly cited source of information about programs has been from friends and relatives. Thus, strategies aimed at the general population should not necessarily be ruled out.

Marketing Techniques

Telephone Campaigns

Mass Mailings (using social service agency lists or voter registration lists)

Special Project Newsletters

Press Releases

Radio/Television Public Service Announcements

Newspaper Ads

Pamphlet Distribution (to stores, libraries, senior centers, etc.)

Exhibits/Registration Desks (at fairs, markets, etc.)

Posters (on buses, in cabs, at social service agencies, stores, etc.)

Free shopping bags (with program logo)

Announcement of program by public officials (e.g., at Mayoral news conference)

Free Trips (given away to the first 50 registrants) or to individuals who come by taxi to register

H.1 Lawrence Program Brochure

The Merrimack Valley Regional Transit Authority
and the City of
LAWRENCE
present

LIFT EQUIPPED VAN TRANSPORTATION

as a component of

TRANSFARE

offering
LIMITED REDUCED FARE VAN TRANSPORTATION

to
Residents of Lawrence Regardless of Income

who are confined to a wheelchair or walker for more than a six month duration and are unable to use taxi as a means of transportation

or require the aid of an attendant.

REGISTER
MONDAY through FRIDAY
8:30 a.m. to 4:30 p.m.
at
TRANSFARE
370 Common Street (at the Intown Mall)
Lawrence, Massachusetts 01840

or
Call 685-1412 to arrange for a short registration interview at your home

CITY OF LAWRENCE
Lawrence P. Lefebre, Mayor

Client Pays:
At the end of the trip, you will pay the driver in cash the difference between the total fare and the subsidy deduction.

VAN SERVICE RULES:

There are no restrictions on the purpose of your trip.

You may use the van service for only two two-way or four one-way trips per week.

PARTICIPATING VAN SERVICES:

List of participating van services can be obtained at the Project Office.

TRANSFARE

ELIGIBILITY:
You must *live in Lawrence* and either be confined to a wheelchair or walker, *or* require the aid of an attendant.

REGISTRATION:
If you are unable to register in person at the *TRANSFARE* office, call 685-1412 to arrange for registration interview at your home. The *TRANSFARE* office may require medical verification of your disability from a social service agency or licensed physician. Upon registration, you will be given a *TRANSFARE* identification card.

CARRY THIS CARD WHENEVER you use the van service. The van driver will ask to see it.

USING YOUR TRANSFARE I.D. CARD:
When you call a participating van service, the driver will ask to see your *TRANSFARE* I.D. card. At the end of the trip, the driver will fill out a *TRANSFARE* voucher, you will sign it, and the driver will give you a copy. Sign only one voucher for each one-way ride. *TRANSFARE* does not place any restrictions on the purpose of your trip. You can use the service for any reason.

COST OF RIDE

Trip Charge: $15.00
For a one-way trip within 5 miles of the Lawrence Central Business District. The subsidy will be $13.00 and you will pay $2.00. Although most trips will cost you $2.00, in some cases, you may be required to pay additional fees.

Attendant Fee:
If you need the aid of an attendant, the van service will provide one for a $5.50 fee. *TRANSFARE* will pay $4.50 and you will pay $1.00.

Additional Mileage:
If you travel beyond 5 miles of the Lawrence Central Business District, the cost is 53 cents per mile after the first five miles.

Group Ride Rates:
When you travel in a group ride (two or more eligible handicapped passengers riding from the same origin to the same destination) you will receive a discount in the fare.

In most cases, a one-way ride will cost each passenger in a group ride $1.50.

The first handicapped passenger in a group ride will be charged $15.00 for a one-way trip within five miles of the Lawrence Central Business District. You will pay $1.50 and *TRANSFARE* will pay $13.50. The second and subsequent handicapped passenger will each be charged $7.00. You will pay $1.50 and *TRANSFARE* will pay $5.50.

All handicapped passengers in a group ride will pay an equal share of any additional fees (attendant or mileage) associated with the ride.

Subsidy Deduction:
For a single one-way trip by a handicapped passenger thirteen dollars ($13.00) will be deducted from the trip charge of $15.00.

If you require an attendant, four dollars and fifty cents ($4.50) will be deducted from the $5.50 attendant fee.

In a group ride, thirteen dollars and fifty cents ($13.50) of the $15.00 trip charge will be deducted for the first handicapped passenger and five dollars and fifty cents ($5.50) of the $7.00 per additional handicapped passenger fee will be deducted for the second and subsequent passengers.

H.2 Seattle Brochure for Users

Metro Taxicab Scrip Purchase-By-Mail Form

Name _____

Address _____

City _____ Zip _____ Phone _____

Scrip I.D. No.*

Number of Scrip Books (Each valued at $5.00 per book)

Total amount enclosed (Number of books x $5.00) $

Please use check or money order. Limit of 25 scrip books per person each calendar year. If you must use lift-equipped taxicabs, the limit is 30 scrip books per person each calendar year.

*If you have registered for the Taxicab Scrip Program, your I.D. number is located on the back of your Metro Reduced Fare Permit. If you have any questions please call Metro at 447-4824. **Mail form, check or money order, and scrip purchase card to:**

Taxicab Scrip Purchase
Metro Customer Assistance Office M S 42
821 - 2nd Avenue Seattle, WA 98104

METRO

Helpful Hints

You can help Metro and participating cab companies serve more people if you:

1. Take the bus whenever you can. Your Metro Reduced Fare Permit lets you ride the bus for 15¢ on regular Metro routes anywhere in King County. Or you can purchase a Reduced Fare Monthly Pass — it costs only $2 and lets you ride as often as you like for a whole month.
   If you must use a bus that is wheelchair lift-equipped, check a timetable for your route to see if accessible service is provided—or call 447-4800 for information on routes offering wheelchair accessible service.
2. Ride in groups. Remember—you can save money by sharing the cab with other people.
3. Avoid traveling during rush hours (7-9 a.m. and 4-6 p.m.)

If you need more information or would like to make comments about the Taxicab Scrip Program, call 447-4824.

Refunds

You may request a refund (purchase price) for unused scrip coupons. Just bring your unused coupons to Metro's Accounting Office (7th Floor of the Exchange Building at Second and Marion, Seattle) between 8 a.m. and 5 p.m., Monday through Friday. Only unused scrip coupons that remain in the Scrip Book, and have the same serial number as the Book, will be redeemed.

Refunds will be at 50% of face value since the $10 book costs only $5.

$10 worth of taxicab service for just $5

2 1982

Metro's Taxicab Scrip Program

for low-income disabled people and senior citizens

METRO

Discounts on cab fares when you can't take the bus

Metro offers taxicab scrip at a discounted price to **low-income** disabled people and senior citizens. The scrip may be used for special or emergency trips when no other means of transportation is available. Although many Metro routes have lift-equipped buses for riders who are in wheelchairs or unable to climb steps, there are still some areas where bus transportation for elderly or handicapped people is limited. If you qualify for the Taxicab Scrip Program, you may purchase books worth $10 of taxi rides for just $5.

Who is eligible?

You qualify if you are disabled or age 65 or older **and** your yearly household income is below $8,885 for one person, $11,619 for two people or $14,353 for three or more people.*

*[illegible]

How to register

If you meet eligibility requirements, you may register for the Taxicab Scrip Program at Metro's Customer Assistance Office (4th Floor of the Exchange Building at Second and Marion, Seattle). The office is open Monday between 8 a.m. and 5:30 p.m. and Tuesday through Friday from 8 a.m. till 5 p.m. Bring proof of age or disability (for example, a Metro-Reduced Fare Permit, birth certificate, VA or SSI award letters, etc.)

If you already have a Metro Reduced Fare Permit, registration for the Taxicab Scrip Program is free. If you don't have a Reduced Fare Permit, a $1 fee will pay for both that and your Taxicab Scrip registration.

For other locations in King County where you can register, please call Metro at 447-4824.

Buying Scrip

Once you have registered, you may purchase $10 books of taxicab scrip for just $5 each. The limit per person is 25 books each calendar year. If you are disabled and must use lift-equipped taxicabs, you may buy up to 30 books each calendar year.

Scrip books are available at Metro's Customer Assistance Office, the Mayor's Office for Senior Citizens (Room 315 Jones Bldg., 1331 Third Ave., Seattle) and several community service centers (contact the M.O.S.C. at 625-4834 for locations).

You also may purchase scrip by mail. Mail forms are available at the Customer Assistance Office or you may use the one on the back panel of this brochure.

You will receive a scrip purchase card the first time each year that you buy taxicab scrip. Bring the card (or send it) each time you purchase scrip.

How to Use the Service

447-4824
625-4834

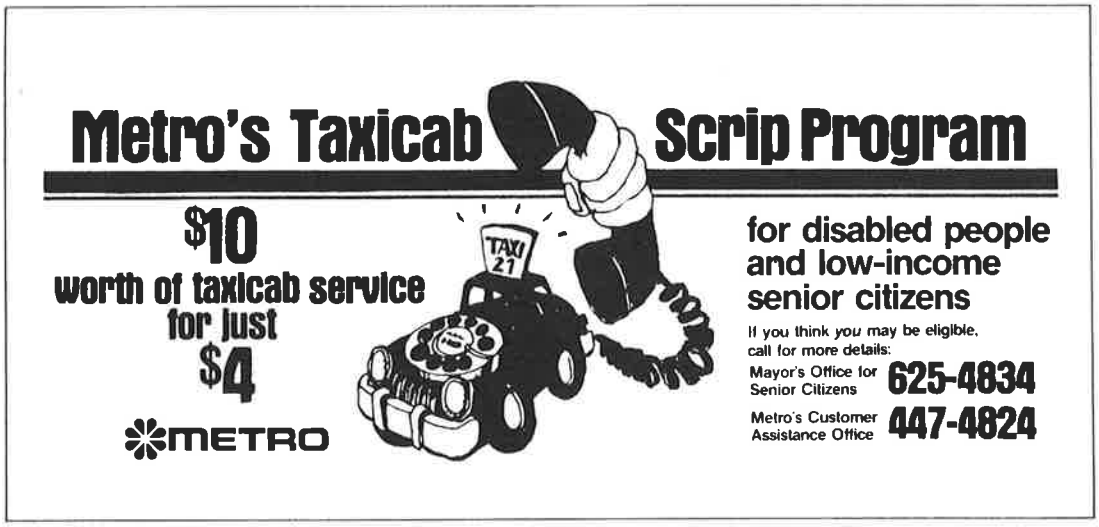
For names of participating cab companies in your area, phone 447-4824 or 625-4834. Some companies offer special lower rates if you share your ride with other passengers. Other companies provide wheelchair accessible taxi-van service, upon request.

After you have selected your cab company, just call to request a taxi. When you pay your fare, show the driver your Metro Registration card. You may then use scrip to pay all or part of your fare. **(Scrip may not be used for tips.)**

If you are eligible for taxicab scrip but live in an area of King County without taxi service, your Metro Registration Card may allow you to ride with the "Van-Go" service.

Northeast King County Van-Go (485-6524) serves the areas north of the Seattle city limits and east of Lake Sammamish. South King County Van-Go (824-9181) serves southwest and southeast King County. Call for information.

H.3 Seattle Bus Poster



Negotiating with Service Providers

Reaching agreements with service providers on the terms and procedures to be followed for the subsidy program can be a very simple or a very long and difficult process. Ideally, providers should be given a chance to give their input during program design so that a mutually agreeable set of procedures can be arrived at.

Major concerns of service providers are likely to include:

- **How many new trips will the program produce? Will capacity have to be added to the system?**
- **How often will reimbursement occur — could there be cash-flow problems?**
- **What will be required of the dispatcher and general administration? How much will this cost?**
- **What will be expected of the drivers in terms of paperwork?**
- **Will there by any labor negotiations required?**
- **How will this affect current policies about shared-riding?**
- **Will users be expected to tip drivers?**
- **What will the reimbursement per trip be: a fixed rate or a variable one based on actual trip costs?**
- **Will drivers be expected to provide special assistance to passengers?**
- **Can extra fees be charged for wheelchair-bound passengers?**
- **Can extra fees be charged for luggage, packages, etc.?**
- **Will regular fares be charged to escorts of program users?**
- **What fares and trip-recording procedures are to be used for shared-ride trips?**

It may be wise to explicitly discuss these concerns with providers in advance in order to avoid problems later when the program becomes operational.

Some providers (taxi companies in particular) will have a general suspicion about taking part in publicly sponsored programs. In some cases, this will be connected to a reluctance to make records public. Some areas have found that if **one** provider can be convinced to participate, others will ask to participate as well once the program is operating.

The subsidizing agency's major concerns will be:

- **Will providers abide by all of the program rules — enforcing use limits, accurately collecting fares, completing records, etc.?**
- **Will the desired level and quality of service be made available to program participants?**
- **Will the providers be liable for personal injury or property damage occurring on trips?**
- **What means of recourse or penalties can be used upon discovery of program fraud on the part of providers?**
- **Under what conditions can the provider be refused reimbursement (for example: incorrectly completed vouchers, trips by riders which have exceeded their subsidy limits)?**

As emphasized in Section C, every effort should be made by the subsidizing agency to see that provider's concerns are met. A minimum of "intrusion" into their service and operational policies should be the goal. Arrangements for reimbursement should be made so that it is

as expeditious as possible. Administrative requirements should be kept to a minimum and made as simple as possible. However, the subsidizing agency should of course ensure that providers meet certain minimum requirements (adequate insurance coverage, safety of vehicles, good business practices, dispatching equipment).

Depending on the complexity of the subsidy mechanism and program use limits, and on the risk-aversity of the subsidizing agency, negotiations can culminate with a formal contract or a simple letter of intent by providers agreeing to abide by program rules.

In the **West Virginia** (16) statewide user-side subsidy program, where many different service providers were involved, the subsidizing agency required providers to submit a simple application in order to receive a "certificate of authorization" to participate in the program. Requirements were that the provider had to have a certificate of convenience and necessity, and meet public utility commission regulations for insurance coverage, vehicle safety inspection and fare structures.

Table I.1 presents a "master list" of provisions which have been included in user-side subsidy program taxi contracts. It should be noted that the provisions shown in the table will not necessarily be required; they are only illustrative of items to be considered in drawing up a contract.

Table I.1 User-Side Subsidy Taxi Contract Provisions

Insurance	■ type and amount of coverage against losses, claims, damages, and expenses ■ proof of insurance coverage
Service Specifications	■ days and hours of service ■ guaranteed availability to users (fines for refusing service) ■ vehicle types and condition ■ driver sensitivity training ■ complaint monitoring and reporting ■ driver assistance required
Program Rules	■ definition of eligible users, required type of proof ■ definition of service restrictions: place of origin, destination, trip length, trip purpose ■ calculation of user and subsidy costs ■ required procedures for completion of vouchers, collection of scrip, coupons ■ required procedures, timetable for submitting and receiving reimbursement for coupons, vouchers, scrip
Accountability	■ all records subject to audit ■ service subject to regular monitoring ■ back-up financial, operating data required ■ length of time relevant records must be retained after payment by provider
Contract Termination	■ grounds and notice required by either party (Acts of God, labor disputes, strikes, depletion of project funds, unsatisfactory service, etc.)
Fares	■ specified fares for users, non-eligible escorts, and shared-ride trips ■ rates shall not change during life of contract ■ rates shall not exceed those prescribed by regulatory agency ■ fare meters must be accurate to within .1 mile ■ rates charged to non-program users are not subject to compensation ■ any available discount fares according to standard practice should be made available to program participants.
Other	■ trips eligible for other Federal, state, or county agency reimbursement will not be approved ■ right is reserved to contract for similar services with other similar providers

I.1 Seattle Taxi Driver's Guide

Drivers' Guide to the Metro Taxicab Scrip Program

METRO

WHAT IS IT

Taxicab scrip is being sold at a discounted price to provide transportation for low-income elderly and disabled people who have no other means of travel.

HOW IT HELPS THE DRIVER

Metro's Taxicab Scrip Program replaces the old City of Seattle program which was paid for with deductions from taxicab drivers' wages. Metro pays the full cost of the new program itself, so cab drivers are no longer subsidizing the fares of scrip users.

By enabling people, who otherwise could not afford it, to take taxis, the Scrip Program increases business, so everybody benefits.

WHAT'S EXPECTED OF YOU– THE TAXICAB DRIVER

1. **Ask to see the passenger's Metro Reduced Fare Permit** when you are given Metro scrip for fare payment. On the back of the permit will be either a green Metro card or a white City of Seattle Senior Citizen Identification card with a Metro Scrip I.D. number. (See at right →)
2. **Record the passenger's Metro Scrip I.D. number in your trip log** in addition to the usual information.
3. **Accept the scrip.** Eligible passengers can use Metro scrip for all or any part of the meter fare, but not for tips.
4. **Turn in the scrip to the taxicab company** at the end of each shift.

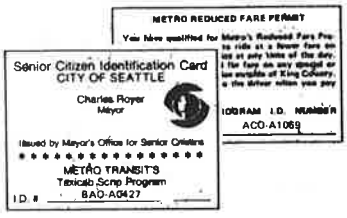
YOU CAN HELP

You can help make this Taxicab Program a success:

Be aware that passengers might need assistance from you.

Offer help if it appears needed. Then respect the decision of the passenger to accept or reject your aid.

And thanks for your help in making the program work.



I.2 Milwaukee Taxi Contract

C O N T R A C T

This Agreement made and entered into this_____day of _____, 1982, by and between Milwaukee County (hereinafter referred to as the "County"), and_____ (hereinafter referred to as the "Company").

WHEREAS, the County has many handicapped and disabled citizens in need of reasonably priced transportation; and

WHEREAS, there currently exists in the County, companies which are experts in the field of providing transportation to handicapped and disabled individuals; and

WHEREAS, the County received a grant from the Wisconsin Department of Transportation to develop and implement a User-Side Subsidy Program for handicapped and disabled residents; and

WHEREAS, the County has budgeted additional funds to support transportation services for the elderly and handicapped; and

WHEREAS, the Company provides transportation services to handicapped and disabled residents; and

WHEREAS, the County and the Company are desirous of cooperating on the implementation of the User-Side Program (hereinafter referred to as "Program");

NOW THEREFORE, THE COUNTY AND THE COMPANY AGREE TO THE FOLLOWING:

1. TERM. The term of this Agreement shall be from the date of this contract until either December 31, 1982, or all the Program funds are expended, whichever occurs first.
2. DESCRIPTION OF THE PROGRAM: The Program shall be subject to the following:

   A. The County will subsidize trips provided by the Company

to only those Milwaukee County residents who require the use of a wheelchair, a walker or crutches, or who are legally blind and are enrolled in the Program.

B. The County will only subsidize trips provided by the Company within Milwaukee County up to a maximum of $9.50 for a person confined to a wheelchair and $6.50 for all other eligible persons.

C. Arrangements for transportation are to be made by the patron with the Company.

D. All patrons shall show a proper identification card before receiving a ride under this Program.

E. All patrons shall deliver $1.50 per one-way trip to the Company according to the normal payment procedures of the Company, and pay any cost exceeding the maximum subsidy limits of $9.50 for persons confined to wheelchairs and $6.50 for all other eligible persons.

F. The driver shall complete a trip voucher for the remainder of the fare, sign it, and have the patron sign it. One copy of this voucher is given to the patron, one is retained by the Company, and the original is sent to the County.

G. Any trip eligible for reimbursement from any other Federal, State, or County agency shall not be approved for reimbursement under the Program, i.e., Title 19 or 20 of the Social Security Act, Title 3 or 7 of the Older Americans Act, the Veterans Administration, The Division of Vocational Rehabilitation, etc.

H. Program elements such as, but not limited to, eligibility requirements, maximum subsidy limits, and initial user fee may be subject to change upon reasonable notice during the course of this Agreement at the discretion of the County.

3. OBLIGATIONS OF THE COMPANY:

A. The Company shall avoid any undue delay of any patron, either at point of pick-up or enroute and will strive to pick up Program patrons in a timely fashion.

B. The Company will govern vehicle staging and routing.

C. Drivers employed by the Company will assist patrons, from the point of origin, into and out of the vehicle, and into the destination as needed.

D. The Company shall provide any available discount fares, according to their standard practice, to patrons of the Program.

E. The Company understands that the County may contract with similar transportation carriers for the provision of like service.

F. The Company shall submit, in writing, the fares that shall be in effect for the life of this contract.

G. The Company agrees to indemnify and save harmless the County against any claims for injury or damage resulting from its operation of this service and shall provide the County with a certificate of general liability insurance specifying the limits of its coverage. Such limits shall be in amounts which are acceptable to the County.

4. HOURS OF OPERATION: The Company shall operate vehicles for this Program during their regular operating hours for other patrons.

5. REIMBURSEMENT FOR RIDES: The Company shall submit all vouchers for subsidy to the County for approval and reimbursement. Approved vouchers will be paid twice monthly according to the following:

   A. Payment periods are from the first (1st) to the fifteenth (15th) of each month and from the sixteenth (16th) to the last day of the month.

   B. Vouchers received by the County within four (4) working days of the end of the payment period, if approved, will be paid within ten (10) working days of receipt.

   C. Vouchers will not be approved by the County for trips which are reimbursable under other programs.

   D. Any vouchers which are submitted by the Company to the County later than four (4) working days after the end of the payment will be processed during the next payment period by the County. Other payment arrangements may be made by mutual agreement.

6. INTERRUPTION OF SERVICE: The Company shall be excused for failure to perform services under this Agreement if said service is prevented by reasons of Acts of God, strikes, labor disputes or other occurrences over which the Company has no control.

7. In the event the Company or the County shall fail to comply with this Agreement, then this contract may be terminated by the aggrieved party.

8. MODIFICATION OF AGREEMENT: This Agreement may be modified periodically by mutual consent of the parties in order to meet the changing transit needs of the Milwaukee County handicapped population and to better evaluate the Program.

This Agreement shall terminate if the funds to be provided by the Wisconsin Department of Transportation and the County are exhausted prior to December 31, 1982.

This Agreement shall, at all times, be subject to the rules and regulations of the Wisconsin Department of Transportation and the legislation under which the grant was appropriated.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement the day and the year first above mentioned.

MILWAUKEE COUNTY

Date_____ By_____

Date_____ _____

PRIVATE TRANSPORTATION PROVIDER

I.3 Lincoln Taxi Contract

AGREEMENT FOR TAXI TRANSPORTATION FOR
PERSONS ELIGIBLE FOR USER-SUBSIDY PROJECT

THIS AGREEMENT made and entered into this 5TH day of FEBRUARY, 1982, by and between the City of Lincoln, Nebraska (hereinafter referred to as "CITY") and Yellow Cab Company, a Nebraska Corporation (hereinafter referred to as "CONTRACTOR").

WHEREAS, the CITY desires to evaluate the use of taxi service as a means of supplementing the LTS Handi-Van program for persons unable to use conventional bus service; and

WHEREAS, the Lincoln Transportation Department, in conjunction with the Mayor's Advisory Committee on Special Transportation Programs, has developed a specific proposal for the implementation, administration, and evaluation of a six month demonstration project involving the use of taxis for specialized transportation, and

WHEREAS, the CONTRACTOR possesses the necessary capabilities and resources to provide taxi service in accordance with the terms and conditions of this Agreement,

NOW THEREFORE, the CITY and CONTRACTOR, for the consideration and under the conditions set forth do agree as follows:

I. GENERAL CONDITIONS

1. Beginning of Service: The CONTRACTOR shall not commence work under this contract until authorized to do so in writing by the CITY or its authorized representative.

2. Laws to be Observed: The CONTRACTOR shall make himself familiar with, and at all times shall observe and comply with Federal, State and local laws, ordinances, and regulations which in any manner govern or affect the conduct of the work and shall indemnify and save harmless the CITY and its representatives against any claim arising from the voilation of any such law, ordinance or regulation, whether by himself or by his employees.

3. Permits and Licenses: The CONTRACTOR shall procure all permits and licenses, pay all charges and fees, and give all notices necessary and incident to the due and lawful prosecution of the work.

4. Insurance: The CONTRACTOR shall indemnify and save harmless the City of Lincoln, Nebraska from and against all losses, claims, damages, and expenses, including attorney's fees, arising out of or resulting from the performance of the contract that results in bodily injury, sickness, disease, death, or to injury to or destruction of tangible property, including the loss of use resulting therefrom and is caused in whole or in part by the CONTRACTOR, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. This section will not require the CONTRACTOR to indemnify or hold harmless the City of Lincoln for any losses, claims, damages, and expenses arising out of or resulting from the negligence of the City of Lincoln, Nebraska.

CONTRACTOR shall not commence work under this contract until he has obtained all insurance required under this Section and such insurance has been approved by the City Attorney for the City of Lincoln, nor shall the CONTRACTOR allow any subcontractor to commence work on his subcontract until all similar insurance required of the subcontractor has been so obtained and approved.

A. Workmen's Compensation Insurance and Employer's Liability Insurance

The CONTRACTOR shall take out and maintain during the life of this contract the applicable statutory Workmen's Compensation Insurance with an insurance company authorized to write such insurance in this state covering all his

employees, and in the case of any work sublet, the CONTRACTOR shall require the subcontractor similarly to provide statutory Workmen's Compensation Insurance for the latter's employees. The CONTRACTOR shall take out and maintain during the life of this contract, Employer's Liability Insurance with a limit of $100,000 in an insurance company authorized to write such insurance in all states where the CONTRACTOR will have employees located in the performance of this contract, and the CONTRACTOR shall require each of his subcontractors similarly to maintain common law liability insurance on his employees.

B. Public Liability Insurance

i. The CONTRACTOR shall maintain during the life of this contract, Public Liability Insurance, naming and protecting him and the City of Lincoln against claims for damages resulting from (a) bodily injury, including wrongful death, (b) personal injury liability, and (c) property damage which may arise from operations under this contract whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them. The minimum acceptable limits of liability to be provided by such insurance shall be as follows:

(a)	Bodily Injury Limits	$500,000 Each Occurrence $500,000 Aggregate
(b)	Personal Injury Limits	$500,000 Per Person Aggregate $500,000 General Aggregate
(c)	Property Damage Limits	$300,000 Each Occurrence $300,000 Aggregate

ii. The Public Liability Insurance required by the preceding paragraph shall include the following extensions of coverage:

(a) The coverage shall be provided under a Comprehensive General Liability form of policy or similar thereto.

C. Automobile Liability Insurance

The CONTRACTOR shall take out and maintain during the life of the contract such Automobile Liability Insurance as shall protect him against claims for damages resulting from (a) bodily injury, including wrongful death, and (b) property damage which may arise from the operations of any owned, hired, or now-owned automobiles used by or for him in any capacity in connection with the carrying out of this contract. The minimum acceptable limits of liability to be provided by such Automobile Liability Insurance shall be as follows:

(a)	Bodily Injury Limits	$500,000 Each Person $1,000,000 Each Occurrence
(b)	Property Damage Limit	$250,000 Each Occurrence
	or	
(c)	Combined Single Limit (Bodily Injury and Property Damage)	$1,000,000 Each Occurrence

D. Certificate of Insurance

The CONTRACTOR shall furnish the City of Lincoln with a certificate of insurance evidencing policies required in Paragraphs A, B, and C above. Such certificates shall specifically indicate that the Public Liability Insurance includes all extensions of coverage required in Paragraph B, Subparagraph 2, above. Such certificate shall specifically state that insurance policies shall give the CITY at least thirty (30) days written notice in the event of cancellation of or material change in any of the policies.

5. Subletting or Assigning of Contract: The CONTRACTOR will not be permitted to assign, sell, transfer or otherwise dispose of the Contract or any portion thereof, or his rights, title, or interests therein, without the written approval of the CITY. The CONTRACTOR will not be permitted to sublet any portion of the Contract without the approval of the CITY. No subcontractor will, in any case, relieve the CONTRACTOR of his responsibility under the Contract.

II. SERVICE SPECIFICATIONS

1. The CONTRACTOR shall provide efficient and prompt taxi service to all persons eligible for the User-Subsidy Taxi Service Project. Service shall be provided during the hours of 5:30 a.m. to 11:30 p.m. on weekdays, during the hours of 8:00 a.m. to 8:00 p.m. on Saturdays, and during the hours of 8:00 a.m. to 2:00 p.m. on Sundays. The CONTRACTOR shall at all times have sufficient vehicles and personnel to meet demand for service under the Program.

2. The CONTRACTOR agrees to provide written sensitivity/awareness training information to all taxi operators transporting passengers under this Agreement. Such information will be prepared by the City or its authorized representative and will include:

   A. History of the Disability Movement.
   B. Review of stereotypes and myths regarding disabled and elderly individuals.
   C. Overview of "normalization theory".
   D. Physiological and psychological aspects of various disabilities and the aging process.

   The CONTRACTOR agrees to maintain complete records of all complaints received regarding service provided under this Agreement and agrees to forward to the CITY a complete summary of all such complaints with the request for reimbursement (Item 10(G) of this section).

3. All vehicles used in service pursuant to this Contract shall be conventional 4-door sedans equipped with two-way radios and shall at all times be maintained in thoroughly safe operating condition and shall be kept in clean and comfortable condition for the transportation of passengers.

   Compliance with vehicle specifications shall be subject to regular monitoring by the CITY or its designated representative.

4. All taxi transportation service provided pursuant to this Contract shall be limited to residents of the City of Lincoln for trips within the corporate limits of the City of Lincoln or for trips originating or terminating in Lincoln and which do not exceed a distance of five miles from said corporate limits.

5. The CONTRACTOR shall permit the CITY or any authorized representative to inspect all work, equipment, materials, and other records with regard to the provision of service under this Contract and to audit the books, records, and accounts of the CONTRACTOR with regard to said service. Such records and documents shall be retained by the CONTRACTOR for a minimum period of three (3) years after final payment hereunder.

6. The CONTRACTOR shall be responsible for providing financial and operating data as may be required by the CITY and/or necessary to comply with the requirements of Section 15 of the Urban Mass Transportation Act of 1964, as amended. (See Appendix A.)

7. The CONTRACTOR agrees to abide by the Civil Rights Act of 1964, prohibiting the withholding of services to any person upon the basis of race, color, religion, sex or national origin.

   In connection with the provision of taxi transportation service pursuant to this Contract, the CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, marital status, receipt of public assistance, or disability which is not likely to interfere with his/her ability to control and safely drive a motor vehicle. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, disability, age, marital status, or receipt of public assistance. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selecting for training, including apprenticeship.

8. The CONTRACTOR shall employ only competent personnel skilled in the provision of taxi transportation service and will assist the CITY or its designated representative in resolving complaints regarding service provided under this Contract.

9. The CITY or its designated representative shall establish and monitor procedures to determine the eligibility of persons requesting participation in the User-Subsidy Program and shall issue appropriate identification cards to all persons eligible for the services provided under this Contract. No person shall be transported under this Contract without such proof of eligibility.

10. The CONTRACTOR agrees to comply with the following procedures regarding payment for services provided under this Contract:

    A. All requests for service shall be recorded in a manner prescribed by the CITY or its designated representative.

    B. A charge slip shall be completed by the CONTRACTOR as prescribed for each one-way passenger (or "group") trip provided under this Contract between a single origin and a single destination. For "shared" rides, a charge slip shall be prepared for each origin-to-destination trip provided under this Contract, regardless of whether the particular trip is made by an individual or a group. (See Appendix B).

    C. For the transportation of persons eligible for service under this Contract, the following conditions and maximum rates of compensation to the CONTRACTOR shall apply:

USER CHARGE	ONE* ESCORT	ADDITIONAL RIDERS	CITY COMPENSATION	TOTAL COMPENSATION
$.60 per trip	Free	$.60 per trip (if same origin/destination as user)	Difference between total paid by user plus additional riders and total metered fare.	Metered Fare for designated trip.

    *If Eligible.

    D. The "TOTAL COMPENSATION" described in Paragraph 10(C) shall constitute and be accepted by the CONTRACTOR as payment in full for the services provided under this Contract. Persons transported under this Contract shall not be charged more than the amounts designated, nor shall the CITY provide to the CONTRACTOR more than an amount which, together with the User Payment, equals taxi rates approved by the Nebraska Public Service Commission.

    The CONTRACTOR shall not seek or receive from any source any additional compensation other than that described in Paragraph 13(C) of these specifications for any transportation provided under this Contract.

    E. Rates charged those persons not eligible for the User-Subsidy Program who are transported with eligible persons, shall be based on taxi transportation rates established by City Ordinance and shall not be subject to any compensation pursuant to this Contract.

    F. The CONTRACTOR shall maintain daily records in such manner and form as may be prescribed by the CITY regarding the number of vehicle trips and passenger trips provided. Such records shall include the program I.D. number(s) of persons using the service, time of pickup, time of drop off, trip mileage, total daily mileage, etc.

G. The CONTRACTOR shall prepare and submit to the CITY or its designated representative within five calendar days of the 15th and 30th day of each month a summary of trips provided under this Contract, copies of all charge slips for which reimbursement is requested, and a request for reimbursement of the amount designated as "CITY COMPENSATION" in 10(C) of these specifications. Following a review and verification of this submission, the CITY shall provide within 21 days to the CONTRACTOR the amount requested, subject to corrections which result from review and verification by the CITY or its designated representative.

11. Drivers providing taxi transportation under this Contract shall assist passengers entering and exiting taxi vehicles and shall provide personal assistance necessary to achieve safe passenger movement between the taxi vehicle and the passenger's home (or other point of departure/arrival.) Passengers in wheelchairs must be able to transfer from the wheelchair to the taxi without driver assistance.

12. This Contract shall remain in effect for a period of six (6) months from the date on which the Service Contract is entered into between the CONTRACTOR and the CITY. The Service Contract may be cancelled by either party upon thirty (30) day written notification to the other party. The provisions of the Contract documents may be amended at any time by mutual written agreement.

13. The CITY will notify the CONTRACTOR when program riders have expended their full entitlement for taxi service. Transportation provided by the CONTRACTOR subsequent to receipt of such notifications shall not be subject to reimbursement by the CITY.

IN WITNESS THEREOF, they have executed this Agreement the day and year first written above.

ATTEST:

Paul A. Malzer, City Clerk

CITY OF LINCOLN

Helen G. Boosalis, Mayor

ATTEST:

Yellow Cab Company

Approved as to Form:

City Attorney

Approved:

Director of Transportation

J

Ongoing Monitoring and Program Refinement

Just as fixed-route services monitor ridership and service productivity in order to adjust fare structures and service levels and design more effective marketing strategies, so must user-side subsidy programs. Selection of performance indicators to be monitored should be based heavily on the **ease of collecting** the necessary information, its potential value for assisting program modification decisions, and public accountability requirements. Keeping accurate and thorough records of program cost and performance is a necessity as all programs may eventually be audited.

Monitoring Program Components

The following components should be considered for a user-side subsidy monitoring program:

Outreach:

- **what proportion of the target population is being served?**

Service Quality:

- **Are users' trip requests being accommodated? Are they satisfied with response time for trips and driver courtesy?**

Program Abuse:

- **Is there evidence of program abuse on the part of users — are tickets/scrip/ID cards being transferred to ineligible persons or sold to providers are program user limits being adhered to?**
- **Is there evidence of program abuse on the part of service providers — do vouchers reflect actual program use — are accurate records being kept?**

Subsidy Cost:

- **how does actual trip demand (total and per-user) compare to predicted demand?**
- **how does the average subsidy per trip compare with predictions?**

Outreach can be measured by keeping track of program registration. (If no registration process is instituted, a rough idea can be obtained by tracking numbers of vouchers subsidized, tickets distributed, or value of scrip sold.)

Service quality can be monitored by establishing a mechanism by which user complaints are either directed to the subsidizing agency or compiled and reported by the service providers. Surveys of users can provide a more systematic evaluation, if desired. For example, **Milwaukee** included a brief survey on the reverse side of their program vouchers. It should be kept in mind however, that good quality survey information may be difficult to obtain from an elderly/handicapped user population.

Program abuse can be monitored by keeping close tabs on ticket/scrip purchases by individual users, closely examining vouchers and requiring back up trip logs for cross-checking purposes. However, these procedures may be time consuming and not worth the costs involved. A periodic "spot check" approach combined with frequent discussions with drivers, dispatchers, ticket/scrip outlets, and staff who register users may be a less costly yet effective alternative. If fraud is discovered, changes in program use restrictions should be considered to correct the matter.

Monitoring Subsidy Costs

Monitoring the **total** subsidy cost of a program as time goes on is a simple matter of keeping a running total of voucher amounts, scrip, or coupons received for reimbursement. However, a total cost figure is not very informative — it doesn't reveal anything about the number of trips taken, the actual per-trip subsidy costs, or the trip frequencies of different users. This kind of information is necessary to devise appropriate program refinement measures when subsidy costs are considerably higher or lower than expected. It is also necessary for ensuring proper enforcement of program use limits discussed in Section D. While many programs compile user-specific information by hand (e.g., **Lincoln, NE**), some have gone to an automated system for keeping user records current. For large programs, manual checking of individual trip records will be very time consuming and should be avoided if possible.

Table J.1 displays the information collection mechanisms required to monitor total number of trips, subsidy cost/trip and per user with voucher, scrip and coupon systems. Table J.2 lists the types of data one might want to compile and include in a management information system. It should be emphasized that the costs of collecting information should be carefully weighed against how useful the information will be to assist ongoing program management decisions. Sampling procedures (i.e., compilation of detailed trip information for only a portion of trips) should be considered as an alternative to continual detailed processing of every trip record.

Table J.1 Mechanisms for Monitoring

	Subsidy Per User	Subsidy Cost/Trip	Number of Trips
Voucher Systems	User IDs recorded on vouchers, cumulative use monitored by providers, subsidizing agency	Recorded on voucher	# vouchers received for reimbursement (optional: trip log completed by provider as back-up)
Scrip Systems	User IDs recorded on scrip at distribution points, cumulative use monitored by subsidizing agency when scrip is returned for reimbursement; or Sales of scrip to users recorded at distribution points (no guarantee that scrip sold will be used)	Recorded on driver trip log	Trip log completed by provider
Coupon	User IDs recorded on coupon at time of sales, or at time of trip, cumulative use monitored by subsidizing agency; or Sale of coupons to users recorded at distribution points (no guarantee that coupons sold will be used)	Designated value of coupon	# coupons received for reimbursement (optional: trip log completed by provider as back-up)

Table J.2 Management Information System Components

1. Record of each individual trip (from voucher or log):	- User ID # - provider name - trip time and date - trip origin & destination - trip purpose - user payment - subsidy amount
2. Use by individual riders:	- all trip records for the user - cumulative # of trips made - cumulative subsidy
3. Aggregate usage:	- # trips (in time series form) - total subsidy to date - average subsidy per trip
4. Scrip/coupon distribution sales records	- value of scrip or # coupons distributed per week for each outlet (separated by user ID #'s if desired)

J.1 Sample Trip Log Form

LOG FORMAT TO ACCOMPANY TICKET RETURNS

COMPANY: _____

DRIVER: _____

DATE: _____

	I.D. No.	ORIGIN ADDRESS	DESTINATION ADDRESS	FARE	TIME
1					
2					
3					
4					
5					
6					
7					
8					
9					
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