



1503 N. IMPERIAL AVE. SUITE 104
EL CENTRO, CA 92243-2875
PHONE: (760) 592-4494
FAX: (760) 592-4410

October 5, 2018

ICTC Management Committee
Imperial County Transportation Commission
1503 N. Imperial Ave. Suite 104
El Centro, CA 92243

SUBJECT: Public Hearing: **IVT MedTrans**; Non-emergency Transportation to Medical Facilities in San Diego Fare Price Increase

Dear Committee Members:

From 1994 through 2016, **Medexpress** had been the public non-emergency transportation to medical facilities in the San Diego County area and had been in existence without any service changes since 1994. The service operated four days a week for disabled and transit dependent persons, focusing on getting children to Rady's Hospital for specialized services. The **IVT MedTrans** service was created in 2016 and replaced the **Medexpress** service model with expansion in the scope of services.

The service expansion has completed its second year of operation in its three-year demonstration phase. Several items were observed during the first two years.

1. The service is continuing to attract new riders and is operating with unsold seats. The unrealized fare revenue contributes to a subsidy shortfall.
2. The first bus to depart typically has more passengers than the second bus. The departure time of the second bus was changed and increased ridership slightly, because passengers will then be able access appointments earlier in the day.
3. There have been a number of trips whereby the bus has been delayed due to passengers who almost miss the return trip pick up due to delayed medical appointments or other reasons. On several occasions, a third vehicle has been dispatched to San Diego to recover these passengers, adding additional hours and mileage expense.
4. Public outreach has continued by ICTC and First Transit staff.
5. First Transit continues to pursue vendor relationships where vouchers are appropriate to facilitate the sale of seats.
6. The fare price has not been increased since inception of the service in 1994.
7. Additionally, the farebox ratio goal may need to be adjusted downward from the current 15%. This would increase the annual not to exceed subsidy for the operator.

**CITIES OF BRAWLEY, CALEXICO, CALIPATRIA, EL CENTRO, HOLTVILLE, IMPERIAL, WESTMORLAND,
IMPERIAL IRRIGATION DISTRICT AND COUNTY OF IMPERIAL**

As a result of not attaining the projected 15% fare revenue goal in FY 2017-18, there was a shortfall of \$31,957.45. In September 2018, the Commission authorized the year end payment to cover the costs of the shortfall. Additionally in September, the Commission took action to direct staff to include the IVT MedTrans in the upcoming competitive bid for services in Fy 2019-20.

As previously discussed, the current fare of \$15.00 round trip has remained unchanged since the service inception in 1994. Staff considers this the most significant contributing factor to the inability to achieve the 15% farebox ratio.

As a result of IVT MedTrans receiving federal funds, a public hearing is required for further input and any decision relative to changes in fare prices. As directed by the Commission on September 26, 2018, staff has scheduled the public hearing for the upcoming Commission meeting on October 24, 2018, with the requisite fourteen day publication notice.

A fare analysis should try to develop alternatives that minimize the loss of passengers, while maintaining the cost effectiveness of a transit service. A pricing should be easy to implement, understand and maintain.

A common transit industry measurement of the effects of fare changes is the “elasticity” principle.

“...In economic terms, the change in the product purchase pattern with respect to the change in price is referred to as “elasticity.” Ridership elasticity with respect to fare (commonly referred to as “fare elasticity”) measures the percentage change in ridership in response to a change in transit fare. In transit, the standard fare elasticity is -0.3 . This means that for every 10 percent increase in fares, ridership will decrease by three percent...” (Nelson Nygaard, 2009. “*Public Transit Fare Analysis for the Imperial Valley Association of Governments*” Pg 8-1)

The attached analysis describes projected revenues and shortfall using the contract for FY 2018-19 as the baseline with the “elasticity” principle. The analysis provides an illustration of the farebox ratio goal set at 15% through 10%, and the potential resulting shortfall of fare revenues.

The analysis also describes fare pricing increases starting at a 10% increase through a 100% increase in pricing.

Federal regulations require that federally funded services must conduct a public hearing in the event of major services or pricing changes. In addition, federal regulations require that services must charge seniors and persons with disabilities 50% of the fare price charged to the general public.

Staff recommends that the farebox ratio goal be reduced to 10% and the pricing be increased by 50% for all three categories of passengers, effective January 19, 2019. This sets the fare price for the primary Category A passenger at \$22.50 roundtrip, which is a \$7.50 increase.

If the fare price increase is not approved for FY 2018-19, any resulting fiscal impact would be brought back to the Commission for review for approval as appropriate for a year end payment to First Transit Inc.

If the fare price increase is not approved for FY 2019-20 and subsequent years, the competitive bid would reflect the existing fare price, and this would raise the new subsidy amount that would be reimbursed to the transit contractor on an annual basis.

It is requested that ICTC Management Committee forward this item to the ICTC Commission for review and approval after the receipt of public comment, if any:

1. Conduct the public hearing on October 24, 2018 6:00PM for the purpose of attaining public comment on the proposed fare price increase for the IVT MedTrans.
2. Revise the annual farebox ratio goal to 10%
3. Approve the fare price increase effective January 1, 2019 at:
 - a. Category A \$ 22.50 (patient - roundtrip)
 - b. Category B \$ 45.00 (public - roundtrip)
 - c. Personal Care Attendants \$10.50 (roundtrip)

Sincerely,

MARK BAZA
Executive Director

BY:



Kathi Williams
Transit Program Manager

MB/ksw/da

Attachment