



The McKinney Urban Transit District

The City of McKinney
Housing and Community Development

LOW INCOME TRANSIT SUBSIDY PILOT PROGRAM PROPOSAL ANALYSIS

1. PURPOSE

This analysis will look at different options for subsidizing transportation for low income individuals and families through a 12 month pilot program. It will also examine different impact factors that will affect McKinney Urban Transit District (MUTD) participating cities such as Lowry Crossing, Princeton, Celina, Melissa and potentially the Town of Prosper. The purpose of the Low Income Transit Subsidy Pilot Program is to gather vital ridership data that will assist the MUTD in the future planning of public transportation.

2. BACKGROUND

On June 7, 2016, the City Council of the City of McKinney approved the designation of the McKinney Urban Transit District in order to seek and apply for grant funding for the purpose of providing public transportation within Collin County. The MUTD in partnership with the Denton County Transportation Authority (DCTA) offers a subsidized taxi voucher and on-demand response program for eligible senior citizens and individuals with disabilities, known as the Collin County Transit Program (CCTP).

On August 30, 2017, in an effort to meet the needs of more residents, the MUTD Board of Directors asked City staff to complete a proposal to analyze different subsidy options for low income individuals and families.

3. PROGRAM DESIGN

The pilot program will examine ridership data of low income individuals that reside in participating MUTD cities (sample size to be determined by the survey). In order to become eligible to participate, individuals must submit proof of residency, an application, and two (2) of the following information for income verification:

- Most recent year's tax return and copies of W2's
- Paystubs for the past 30 days or letter from employer signed and dated with gross income for the last 30 days
- Award letters for Supplemental Security Income, Social Security, or a Benefit Verification letter
- Proof that you are in another benefits program (i.e. Texas Supplemental Nutrition Assistance Program (SNAP))

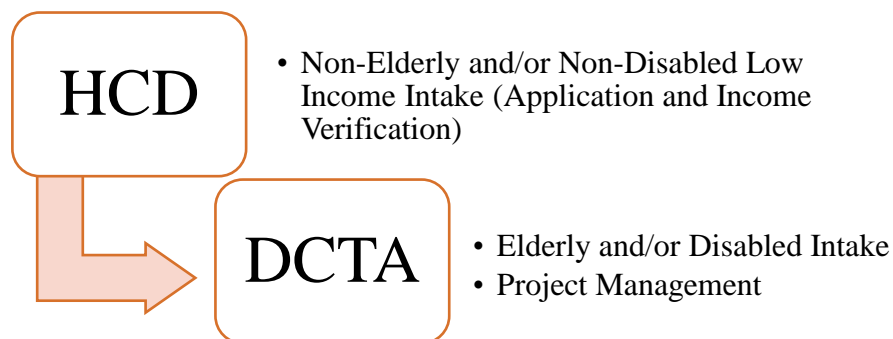
The pilot program will utilize the 2017 U.S. Poverty Guidelines published by the U.S. Department of Health and Human Services as the standard as shown in **Table 1**.

Table 1: 2017 U.S. Poverty Guideline

Household Number	Guideline
1	\$12,060
2	\$16,240
3	\$20,420
4	\$24,600
5	\$28,780
6	\$32,960
7	\$37,140
8	\$41,320

The Housing and Community Development (HCD) will intake non-elderly and/or non-disabled low-income individuals. DCTA will continue to intake elderly and disabled individuals in addition to any elderly and/or disabled individuals with low-income (as shown in **Figure 1**).

Figure 1.



As non-elderly and/or non-disabled low-income individuals are verified by HCD, their files are transferred to DCTA. DCTA will continue to manage the program and all participants. Individuals who do not meet the requirements will receive a letter from the City of McKinney explaining why they are not eligible for the program.

4. ANALYSIS

A. Transit Benefits

Transportation infrastructure forms the backbone of healthy and economically thriving communities and is vital for economic growth and prosperity. By expanding the CCTP to include low-income individuals, the MUTD is providing safe, reliable, and affordable transportation to access employment and educational opportunities located outside their

neighborhoods. On the opposite end of the spectrum, it fills the gap for employers who must depend on workers for the success of their businesses.

According to the American Public Transportation Association: every \$1B invested in public transportation generates:

- 50,000 jobs
- \$2.8M in wages
- \$3.7B in total economic impact
- \$640M in tax revenues

As public transportation expands in Collin County to include light and commuter rail lines, the construction, maintenance, and operations of transportation infrastructure will create employment demand and business opportunities. When affordable transportation is available, it can create pathways to economic security and mobility for unemployed and underemployed workers.

According to the North Central Texas Council of Governments, by 2040, the population in Collin County will have increased by 64% from 951,795 to 1,560,421. Employment will have also increased by 41% from 542,493 to 762,920. As these numbers grow so will the income disparity between the wealthy and those living in poverty. Individuals or households with lower incomes may not have access to a working vehicle and must rely on other modes of transportation especially public transportation.

B. Financial Impact

Currently, the MUTD provides a 75% subsidy for senior citizens and/or disabled individuals. The cost to the user is 25% of the card value with a limit of \$400 per month per user. For example, a user can purchase \$400 of taxi service for \$100, or they can purchase a \$100 of taxi service for \$25.

The analysis below explores the financial impact of additional riders at maximum \$300 per month subsidy for \$400 worth of taxi service. Based on results of the survey, the actual pilot may serve more individuals at a lower maximum subsidy. Staff recommends that the amount allocated by the MUTD to the Low Income Transit Subsidy Pilot Program not exceed \$360,000.

Table 2: Financial Impact

	Max Monthly Cost	Max Monthly Cost for 170 Participants*	Monthly Cost for Additional 25 Participants	Monthly Cost for Additional 50 Participants	Monthly Cost for Additional 100 Participants
75% Subsidy	\$300	\$51,000	\$7,500	\$15,000	\$30,000

*As of September 2017, there are 170 participants enrolled in the CCTP

Budget Projections

	Revenue		Expenditures				
	FY17	FY18	FY17	FY18	LI 75% subsidy		
					25 additional participants for 12 months	50 additional participants for 12 months	100 additional participants for 12 months
TxDOT (Sept. 2017 - May 2018)*	\$433,017.00	\$312,000.00					
FTA	\$470,933.00	\$384,088.00					
Local Match	\$72,088.00	\$72,088.00					
DCTA			\$350,000.00	\$350,000.00	\$90,000.00	\$180,000.00	\$360,000.00
City of McKinney Administrative costs			\$86,612.00	\$86,612.00			
Subtotal	\$976,038.00	\$768,176.00	\$436,612.00	\$436,612.00	\$90,000.00	\$180,000.00	\$360,000.00
Add Yearly Expenditures					\$436,612.00	\$436,612.00	\$436,612.00
Total Annual Projected Cost	\$976,038.00	\$768,176.00			\$526,612.00	\$616,612.00	\$796,612.00

5. SUSTAINABILITY

The Low Income Transit Subsidy Pilot Program is intended to operate for a period up to 12 months. During this period, it is the goal of City staff to obtain pertinent information such as geographical data (of all riders including low-income communities), quality of service, purpose and duration of trips, participants' attitudes towards public transit, appropriate subsidy levels, and financial and economic impacts.

The MUTD anticipates the next level of service to be implemented will be circulator routes to and from employment, medical centers, and popular destinations such as Walmart and senior centers. Using the information collected from the pilot program, the MUTD will be able to forecast transit demands and configure routes based on those demands. The MUTD is currently supported by the cities of McKinney, Lowry Crossing, Melissa, Princeton, and Celina; the North Central Texas Council of Governments – Regional Transportation Council; and the Denton County Transportation Authority. The MUTD has secured state funding from the Texas Department of Transportation for FY18 and is anticipating federal 5307 funds from the Federal Transportation Administration of up to \$2.6 million. These funds will be available to be on a reimbursable basis to the MUTD with a 1/1 match.