



Government Relations & Public Affairs Committee

November 25, 2009

Update and Status Report on the Agricultural Worker Transportation Program

Issue: The SACOG Agricultural Worker Transportation Program (AWTP) has completed an initial feasibility analysis and is evaluating implementation options.

Recommendation: None; this item is for information only.

Discussion: The Agricultural Worker Transportation Program (AWTP) is a State of California initiative to provide safe and affordable transportation for agricultural workers. A series of high profile, fatal accidents brought the plight of agricultural workers and their transportation challenges into public view. Based upon a successful pilot project completed in 2004, the California legislature created the AWTP in 2006 to fund programs around the state. The enabling legislation will sunset on June 30, 2011.

SACOG was granted \$70,000 in 2008 to conduct a planning study. The study area includes Sacramento, Yolo, Sutter, and Yuba counties. Placer and El Dorado counties opted out at the start of the process. In March 2009, PRM Consulting was selected and put under contract to perform surveys, assess demand, and write a business plan. In May 2009, SACOG received \$2 million to deliver transportation services, pending completion of the business plan.

Community Surveys were completed in October, and the draft data are in the process of being analyzed. Preliminary results are promising and confirm the feasibility of implementing a vanpool program for agricultural workers in the SACOG region. The business plan and final study report are due this January. Staff is in the process of analyzing the options for governing and implementing the SACOG AWTP and plan to bring a fuller analysis and recommendations to the Board of Directors by February 2010.

Approved by:

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Attachments

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SUMMARY

AGRICULTURAL WORKER TRANSPORTATION PROGRAM

Background

In 2006, the California State Legislature passed Senate Bill 1135, which established the Agricultural Worker Transportation Program (AWTP). The AWTP was designed to provide funding for public agencies interested in providing transit services for farmworkers in California. The bill apportioned \$20 million (from the Public Transportation Account) for planning and implementation grants. Over the course of three cycles, funding was awarded to thirteen public agencies (including city/county governments, transit agencies, and councils of governments). The Sacramento Area Council of Governments (SACOG) received \$70,000 for planning activities and \$2,033,625 for service implementation. These funds will sunset June 30, 2011.

In 2009, California Senate Bill 716 authorized the allocation of Transportation Development Act (TDA) funds for specified farmworker vanpool purposes upon a finding by the transportation planning agency that there are no unmet transit needs or no unmet transit needs that are reasonable to meet after all of the capital and operating funds necessary to meet are allocated or if there are funding needs for facilities for the exclusive use of pedestrians or bicycles. TDA monies are currently used by transit operators to fund transit capital and operating expenses, but can go towards road projects if there are no other reasonable transit needs identified. The passage of SB 716 is significant because it provides agencies more options for funding agricultural worker vanpool programs.

The Need

The recent legislative initiatives have assisted local transportation agencies searching for resources to provide much needed transit services for agricultural workers. Over 70 percent of agricultural workers surveyed in California report they do not have reliable transportation. As the average farm worker makes around \$11,500 a year, purchasing and maintaining a vehicle is often too expensive. Further, over half of the surveyed workers report not having legal documentation and, consequently, are unable to acquire driver's education, a license, and insurance. Typical alternatives to driving (transit, walking, and biking) are not often feasible due to nonstandard work hours, rural and dynamic job locations, and the distances frequently traveled by farm workers. Therefore, workers often resort to riding with "raiteros," drivers who own their own vehicles and charge other workers for rides. These raiteros are accused of charging exorbitant fees (ranging from \$5-\$8 each way) and providing unsafe riding conditions. Reports have stated that riders report the raiteros are often under the influence of drugs/alcohol, do not practice good driving techniques, and unsafely modify or overcrowd their vehicles.

Agricultural Industries Transportation Services

In 1999, agricultural worker transportation issues were highlighted on both the state and national level. Following several fatal accidents in the Central Valley, two State Assembly Bills were passed to help regulate farmworker vehicle safety. Nationally, the U.S. Legislature appropriated \$4 million for innovative agricultural worker transportation programs across the country. In 2000, using state and federal funds, the Kings County Area Public Transit Agency (KCAPTA) established a pilot agricultural worker vanpool program, called Agricultural Industries

Transportation Services (AITS). AITS began operating in Kings County in 2001, Fresno County in 2002, Tulare County in 2003, Kern County in 2006, and Madera County in 2007.

The AITS vanpool program is considered a success due to several factors:

- The program addressed many agricultural workers’ transportation concerns. Drivers face strict requirements, vans are specially equipped and carry a \$2 million insurance policy, and transportation is provided at an affordable rate. Drivers get to ride free of charge, and workers pay a set amount based on a mileage. These key components have helped make AITS a successful model.
- The program is mostly self-sustaining. Initial start-up costs (including capital, administrative, and marketing) are typically covered by grants. Ongoing operations, including administrative overhead, are financed through fare recovery. Marketing and public outreach continues to be a need that often requires grant funding.
- The AITS program paved the way for other programs. AITS faced numerous obstacles, including legal and institutional barriers; the agency had difficulty navigating legal regulations, gaining the acceptance of both the employers and the employees, and overseeing program requirements. These ‘lessons learned’ are transferable to other agencies interested in starting up a vanpool program.

Recently, AITS has branched out of the Central Valley and started coordinating with transportation agencies across the state, including some recipients of AWTP funds.

Status of AWTP Recipients

Below is a table of information about a few of the AWTP grant recipients, their program status, and their involvement with AITS.

Transportation Agency	Date Program Began	Grant Amount Awarded	Number of Vans on The Road	Agency Operating Program
Association of Monterey Bay Area Governments (AMBAG)	May 2009	\$70,000*	Initially: 5 vans Currently: 20 vans	AITS
Napa County Transportation & Planning Agency (NCTPA)	Just beginning	\$572,250	Currently: 10 vans	AITS (coordinates with local staff)
San Luis Obispo Council of Governments (SLOCOG)	September 2009	\$456,997	Currently: 2 vans	CTSA Transit Operator
Santa Barbara County/ Santa Maria Organization of Transportation Helpers (SMOOTH)	October 2007	\$3,094,265	Initially: 9 vans Currently: 18 vans	CTSA Transit Operator (works with AITS)
Ventura County Transportation Commission (VCTC)	July 2009	\$3,002,744	Currently: 7 vans	AITS

* In addition, the AMBAG planning area was included in a multi-regional grant application in the amount of \$4,500,000 carried by KCAPTA..

AWTP FEASIBILITY ANALYSIS

Introduction

This report is a feasibility analysis for the SACOG Agricultural Worker Transportation Program (AWTP). In early 2009, the State of California awarded SACOG \$2 million to implement transportation service to the region's agricultural workers. SACOG is currently completing a business plan, due in January, 2010, which will guide the implementation of the AWTP. Draft survey results and preliminary analysis from the business plan inform this report.

The feasibility analysis includes program design, draft survey results, a demand analysis, and an operations cost analysis. The analysis concludes with a survey of implementation and governance options. This analysis is based on the four-county SACOG region RTPA area (Sacramento, Yolo, Sutter, and Yuba counties). Placer and El Dorado counties opted out at the start of the study.

Summary Findings

The key finding of this analysis is that implementing a sustainable, cost-effective vanpool program for agricultural workers in the SACOG region is feasible. The AWTP Final Study Report will refine the implementation strategies, and will design a detailed business model. Other findings are:

1. Sufficient Demand – Preliminary survey results have identified an estimated market potential of nearly 7,000 “high propensity” commuters, with early identified routes supporting up to 61 vans.
2. Adequate Capitalization – Draft financial analysis indicates that the \$2 million in grant funds will adequately provide for the purchase of 30-40 vans and the associated operations infrastructure.
3. Sustainable Operations – The mature AITS program supports 100% of the operations costs from fares; the SACOG program should meet the same cost objective within an acceptable time frame.

Demand Analysis

To implement a sustainable and cost-effective vanpool operation for agricultural workers, SACOG must accurately assess the demand for these services. SACOG contracted with PRM Consulting (PRM) to perform a survey of agricultural workers in the study area, and to analyze the results to determine supply and demand. AITS provides a good model and accurate metrics for estimating operational costs and program revenues. The preliminary analysis indicates that sufficient demand exists to support a vanpool operation.

Survey Component

In October 2009, PRM and the California Rural Legal Assistance Foundation (CRLAF) surveyed over 1400 agricultural workers in the SACOG region. The survey objectives were: (1) identify transportation needs; (2) assess awareness of van pools; and (3) assess interest in van pools. The

surveys were administered face-to-face with native speakers in known agricultural areas in Sacramento, Sutter, Yolo, and Yuba Counties. The surveys were developed following focus groups with local community members, who helped refine the survey instrument and identify locations of target populations. These focus groups also helped establish valuable personal contacts in these hard-to-reach communities. Draft data are now available and some preliminary analysis is complete. Key findings are as follows:

- Almost all agricultural workers in the SACOG region are year-round residents who commute to their jobs, and therefore are a stable market for transportation services; these are not transient populations.
- Most of those surveyed have multiple employers during the year; the vast majority are employed in the agricultural industry either as field workers and/or employees in agricultural processing plants.
- Sacramento, Sutter and Yuba County residents commute significantly longer distances to work each day compared to Yolo County residents.
- Over 90% of residents responded that safe and reliable transportation would aid their search for better and more stable employment.
- The percentage of respondents who said they do not have a driver’s license: 40% in Sacramento, 52% in Sutter & Yuba Counties, and 30% in Yolo County; 10% of respondents are a zero vehicle household.
- Workers without their own transportation are forced to travel via a raitero (informal, unlicensed vanpool or carpool) they believe not to be safe or legal.

The draft survey results help affirm and quantify the need for transportation services. The full survey results and additional analysis will be available in the future in the AWTP Final Study Report.

Route Demand Component

Estimating specific route demand will be an important baseline in the business plan. The AWTP survey asked respondents to identify their routes to work and their typical travel distances. PRM developed a methodology utilizing demographic, labor, and survey statistics, and used a cross tabulation of survey data to estimate commute demand per roadway. A more complete analysis will be available in the AWTP Study Final Report.

Some notable demand vectors, based upon a 15 passenger van:

County	Routes	Est. # of Commuters	Est. # of Vans
Yolo	I-5, I-505, and SR 113	2,370	158
Yuba/Sutter	SR 99, North and South	3,370	225
Sacramento	SR 99, North and South	1,180	79

It is understood that, even with the highly favorable survey responses, not all prospective commuters will use a vanpool should one be offered. But demand for these transportation services clearly exists and includes a favorable market for program growth.

Vanpool Operations

The resources available to SACOG will not satisfy all the demand for transportation services among the agricultural community, but the obligated grant funds are sufficient to start a viable vanpool service. After sufficient time has been allowed for program start-up and market penetration, it is expected that the full cost of operations will be sustained through fares.

The vanpool program will start up with a fleet of 30-40 vans, a number that will be refined in the final business plan. The vans (which require special modifications) are expected to cost about \$45,000 each. Cash flow depends primarily on two factors: (1) number of fare-paying commuters per van, and (2) average distance of round-trip commute. The most successful model links fare to distance traveled, and with longer commutes the proportion of the fare that is applied to fixed costs decline. It will be incumbent on the vanpool operator to aggressively promote the service to attract riders and drive revenue service.

Preliminary analysis indicates that a minimum ridership of 8 passengers per van and an average round-trip commute of 50 miles may be necessary to break even for program operations. Fuel and maintenance are the principle costs scaled to distance traveled. Fixed costs include administration, insurance, GPS tracking, and roadside assistance. A much more refined cost and sensitivity analysis will be available in the final business plan, which will also include detailed revenue projections given a range of operational activities.

Implementation Options

In order to successfully implement the AWTP in the four-county region, SACOG must identify how best to start-up and manage the program. As the AWTP grant funds sunset June 30, 2011, the decision should be made in a timely manner. The three most feasible options are:

SACOG Operated

SACOG is eligible to operate AWTP as it is a Regional Transportation Planning Agency (RTPA). The primary advantage to having SACOG operate the program would be the high level of oversight possible, and the ability to closely align the program mission with other transportation planning goals. Identified disadvantages include the need to hire and train staff, build the support infrastructure from scratch, and learn the business of operating vanpools. These activities would constitute a major departure from the agency's core mission and expertise.

A variation of this alternative would be for SACOG to contract the operation of the vanpool program, via a Request for Proposals, to an outside party. A significant obstacle to this approach is that vanpool services for agricultural workers cannot be run by any entity that is "for profit." If a "for profit" entity were to operate the AWTP, it would be legally identified as a "farm labor contractor," which would render the positive assumptions in this analysis invalid and result in fiscal and legal consequences. A contract with a consolidated transportation services agency may be feasible under existing regulations.

Transit Agency Operated

Local public transit providers are eligible recipients of the AWTP grant funds, so they would avoid the “farm labor contractor” designation. Advantages to this arrangement include the opportunity to build upon an already established institutional relationship, and leveraging existing expertise in operating transportation services. Two transit agencies, Yuba-Sutter Transit and YCTD, currently serve on the AWTP Steering Committee.

Local transit agencies would face significant fiscal challenges. Local transit staffs are lean and budgets are under great strain. Therefore local agencies are understandably reticent to take on this role. Even with core expertise, these agencies would face many of the same challenges as SACOG in starting up operations.

AITS Operated

The Agricultural Industry Transportation Services (AITS) is the largest and longest running provider of vanpool services to agricultural workers in California. This successful pilot project is ongoing and continuously expanding, and is the model for the AWTP grant program. SACOG Staff are confident an AWTP program run by AITS would be successful.

AITS is currently exploring severing its formal relationship with KCAPTA and replacing that governance structure with a Joint Powers Agency (JPA) comprised of interested RTPAs. The new structure may provide a more rational basis for service expansion and long term viability. SACOG has the opportunity to join the proposed statewide JPA and have AITS implement this region’s program. The advantages of this potential arrangement are significant. The AITS model has demonstrated success in penetrating new markets, sustaining operations, and meeting the objective of financial self-sufficiency. AITS has expressed interest in exploring a long-term relationship with SACOG.

Should the Board of Directors approve this route, SACOG would require several qualifications prior to joining a statewide JPA. In order to protect SACOG, Staff recommends a mechanism to ensure effective, transparent, and representative governance, moderate financial obligations (to prevent sudden or arbitrary increases), and the ability to withdraw from the JPA without penalty. Additionally, SACOG is on a tight timeline to spend the grant funding, and staff anticipates needing to join the JPA in early 2010. This time-frame could be problematic should the JPA take a lengthy time to form, or if staff concerns are not fully addressed at that time. A formal relationship with AITS through a contract for service may be possible, although the AITS Director has stated a preference not to enter into any additional ad hoc relationships with other public agencies.