



MAYOR & COUNCIL MEMORANDUM

November 6, 2013

**Subject: Potential Reimbursement Opportunities for Sun Van Trips
(City Wide)**

Page: 1 of 2

Issue – At today’s Council meeting, staff will be presenting the results of research on potential reimbursement opportunities for Sun Van trips.

City Manager's Office Recommendation – It is recommended that Mayor and Council direct staff to initiate the application to become a Home and Community Based Service (HCBS) Qualified Vendor and report back to Mayor and Council with additional information on the viability of reimbursement from the Arizona Department of Economic Security (DES)/Division of Developmental Disabilities (DDD) eligible members, who are also eligible for Sun Van services. Current research on this potential reimbursement opportunity is provided in Attachment A.

Background – At the conclusion of the public hearing on the proposed phasing out of the Sun Van Low Income Fare during the September 10, 2013 Mayor and Council meeting, Mayor and Council directed staff to research and report back to Mayor and Council on potential reimbursement opportunities with the Arizona DES/DDD for Sun Van trips.

Present Considerations – Based on Mayor and Council direction, staff initiated research on the viability (return on investment, compliance related issues, etc.) of providing transportation to Arizona DES/DDD eligible members who are also eligible for Sun Van services. Staff’s initial analysis indicates that Sun Van could provide this type of transportation, with the financial benefits exceeding the expenditures to implement and maintain the program (Attachment A), and would remain compliant with federal transit requirements. Staff recommends initiating the application process to become a HCB Qualified Vendor, in an effort to garner a clearer understanding of the entire process, address any potential financial and/or operational hurdles, and provide updated information to Mayor and Council.

Financial Considerations – Sun Van employs 135 full-time and 66 part-time operators. Due to the labor contract, trips provided under Sun Van can be assigned to any Sun Van operator. As a result, all Sun Van operators will need to meet the HCB training and background requirements for Sun Van to become qualified. An initial analysis of the training, fingerprinting, and administration costs for Sun Van employees to become a qualified HCBS vendor is estimated at approximately \$195,000. It is estimated that qualification process will take six months.

After Sun Van is qualified, Sun Van would be eligible for a \$9.32 per trip reimbursement for eligible work trips, and \$9.17 per trip reimbursement for eligible medical trips. Based on an estimated 225 DES/DDD eligible clients, the net potential reimbursement (after the initial up-front cost of \$195,000) over 12 months is estimated at approximately \$250,000. It is anticipated that reimbursements would start at the 4th quarter of FY13-14.

MAYOR AND COUNCIL MEMORANDUM
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(City Wide)

Page: 2 of 2

The estimated revenue from the proposed phase-out of the Sun Van Low Income fare was \$382,000 for FY13-14. Staff is recommending that this revenue and the estimated cost of \$195,000 for qualified vendor status be offset by additional administration cost savings for FY13-14, which were reported to Mayor and Council in July 2013, but were not accounted for in the approved FY13-14 Mass Transit Budget.

Respectfully submitted,



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Transportation

Attachment: A. DES/DDD Transportation Reimbursement