



Board Report

File #: 2019-0423, File Type: Budget

Agenda Number: 17.

FINANCE, BUDGET AND AUDIT COMMITTEE JUNE 19, 2019

SUBJECT: ACCESS SERVICES PROPOSED FISCAL YEAR 2020 BUDGET

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING local and federal funding request for Access Services (Access) in an amount not to exceed \$103,425,544 for FY20. This amount includes:
- Local funds for operating and capital expenses in the amount of \$97,870,848;
 - Local funds paid directly to Metrolink for its participation in Access' Free Fare Program in the amount of \$2,266,696;
 - Programming of Federal Surface Transportation Block Grant (STBG) Program funds for operating expenses in the amount of \$3,288,000; and
- B. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements to implement the above funding programs.

ISSUE

Access provides mandated Americans with Disabilities Act (ADA) paratransit service on behalf of Metro and Los Angeles County fixed route operators. In coordination with Metro staff, Access has determined that a total of \$193.1 million is required for its FY20 operating and capital needs, and in addition, \$2.3 million is required for Metrolink's participation in Access' Free Fare Program for a total of \$195.4 million. Of this total, \$95.3 million will be funded from federal grants, including STBG Program funds, passenger fares, carryover funds and other income generated by Access. The remaining amount of \$100.1 million will be funded with Measure M ADA Paratransit Service (MM 2%) funds, and Proposition C 40% Discretionary funds (PC 40%). See Attachment A for funding details.

BACKGROUND

Metro, in its role as the Regional Transportation Planning Authority, provides funding to Access to administer the delivery of regional ADA paratransit service for Metro and the 44 other public fixed route operators in Los Angeles County consistent with the adopted Countywide Paratransit Plan. The provision of compliant ADA-mandated service is considered a civil right under federal law and must be appropriately funded.

Access provides more than 4.7 million passenger trips to more than 151,000 qualified ADA paratransit riders in a service area covering over 1,950 square miles of Los Angeles County by utilizing over 1,768 accessible vehicles and taxicabs. Access' service area is divided into six regions (Eastern, Southern, West Central, Northern, Santa Clarita and Antelope Valley) operated by six contractors to ensure efficient and effective service.

DISCUSSION

Ridership

Access' budget is based on paratransit ridership projections provided by an independent third-party consulting firm, HDR Engineering, Inc. (HDR). HDR projects a 1.1% increase in total ridership for FY20 over projected FY19 levels. The paratransit demand analysis uses economic factors, historical data, and other variables to form the basis for the ridership projections. Passengers are then converted to passenger trips. The number of trips and the cost per trip are the major cost drivers in the Access budget. The FY20 Budget will fund Access' Budget request, reflecting HDR's FY20 projected ridership. However, as done in past years, Metro will set aside a reserve amount of \$3.5 million.

Cost Per Trip

The cost for paratransit trips is increasing primarily due to legislated changes in the minimum wage in Los Angeles City and Los Angeles County. Since the new minimum wage schedule took effect in 2016, the minimum wage has risen by 42.5% while Access has seen its cost per trip increase by 32.2% over the same time frame. In FY20, projected average cost per trip is \$43.17, an 8.6% increase from FY19. In past years, Access' operating contracts have either been resolicited or renegotiated with the minimum wage impacting all operating contracts. In addition, costs have increased with the inclusion of new key performance measures and liquidated damages into its contracts, which have improved customer service, operational performance and safety systemwide.

As illustrated in the chart below, the FY20 Budget for Direct Operations will increase by 5.6% compared to FY19. This increase is primarily related to the contractual increases as explained above. The largest percentage increase in the FY20 budget is for Access' Contracted Support, which is increasing by 25.9% over last year, is mainly attributable to the eligibility process. Due to a

decline in the number of new applicants in FY18, Access reduced its eligibility budget in FY19. However, year-to-date, new applicants have increased over budgeted levels, which led to an increase in the proposed FY20 budget. For Management and Administration, costs are expected to increase by approximately 4.5% compared to FY19, associated with inflation, wage increases and technology improvements, such as Access’ customer relations management application (Rider 360). The total FY20 Operating Budget increased by 6.9%, or \$11.8 million over the previous year, while the total budget, including capital expenses, will increase by 4.9%.

Access Services - Budget

	FY19 Budget	FY20 Proposed Budget	\$ Change	% Change
Expenses				
Direct Operations	\$ 150,148,685	\$ 158,590,841	\$ 8,442,156	5.6%
Contracted Support	\$ 11,109,444	\$ 13,985,333	\$ 2,875,889	25.9%
Management/Administration	\$ 10,837,513	\$ 11,328,349	\$ 490,836	4.5%
Total Operating Costs	\$ 172,095,642	\$ 183,904,523	\$ 11,808,881	6.9%
Total Capital Costs	\$ 12,000,000	\$ 9,255,055	\$ (2,744,945)	-22.9%
Total Expenses	\$ 184,095,642	\$ 193,159,578	\$ 9,063,936	4.9%
Carryover	\$ 4,393,379	\$ 4,027,181	\$ (366,198)	-8.3%

FY18 Carryover Funds of \$4.0 million

Each year, Metro includes Access in the consolidated audit process to ensure that it is effectively managing and administering federal and local funds in compliance with applicable guidelines. The FY18 audit determined that Access had approximately \$4.0 million dollars in unspent or unencumbered funds. Per Access’, FY19 Memorandum of Understanding (MOU), Access has the option to either return the funds to Metro or request that such funds be carried over to the next fiscal year for use in FY20 for operating expenses. Access has requested to carry over a total amount of \$4.0 million from FY18 into the FY20 proposed budget.

Performance

In FY18, the Access Board of Directors adopted additional key performance indicators (KPIs) and liquidated damages to ensure that optimal levels of service are provided throughout the region. Overall system statistics are published monthly in a Board Box report. A yearly comparison summary of the main KPI’s is provided below. Overall, all main KPIs are being met year-to-date, except for preventable collisions. Access has set an aggressive goal compared to its peers to emphasize the importance of safety.

As discussed earlier in the item, the addition of KPIs and accompanying liquidated damages has improved operational performance by giving Access better tools to monitor the service and enforce operating contract standards. This has helped Access achieve its goal of delivering safe and reliable

paratransit service in Los Angeles County. The table below compares the KPIs from FY17 and FY19.

Key Performance Indicator	Target	FY 2017	*FY 2019
On Time Performance	≥ 91%	91.5%	92.1%
Average Hold Time (Reservations)	≤ 120 sec	83	82
Calls On Hold > 5 Minutes (Reservations)	≤ 5%	4.5%	4.3%
Service Complaints Per 1,000 Trips	≤ 4.0	3.8	3.4
Preventable Collisions Per 100,000 Miles	≤ 0.50	0.64	0.69
Average Hold Time (Customer Service)	≤ 180 sec	131	82
Average Hold Time (Operations Monitoring Center)	≤ 180 sec	126	62

*FY19 as of 4/30/19

Agency Update

In FY19, Access in consultation with advocacy groups such as the Aging and Disability Transportation Network, implemented several service initiatives designed to enhance service efficiency and the customer service experience. The initiatives outlined below were funded, in whole or in part, by MM 2% ADA Paratransit.

- Renegotiated contracts to include new KPIs and liquidated damages
- Deployment of *Where’s My Ride* Application (5,300 users)
- Enhanced service to Rancho Los Amigos National Rehabilitation Center
- On-line reservations

In FY20, Access plans to implement the following:

- Additional transfer service between North County and the Los Angeles Basin
- Online eligibility applications
- Brokerage system for eligibility and other premium services (Parents with Disabilities)
- Website redesign
- Access Customer Satisfaction Survey
- *Where’s My Ride* automated phone system
- Upgrade of Customer Relations Management application, Rider360

Metro Oversight Function

Metro will continue oversight of Access to ensure system effectiveness, cost efficiency and accountability. Metro staff has been and will continue to be an active participant on Access’ Board of Directors, the Budget Subcommittee, Audit Subcommittee and the Transportation Professionals Advisory Committee. As previously mentioned, Access will continue to be included in Metro’s yearly consolidated audit. Additionally, at the request of the Metro Finance, Budget and Audit Committee, Access provides quarterly updates that include an overview of Access’ performance outcomes and service initiatives.

FINANCIAL IMPACT

Access' funding will come from STBG program funds in the amount of \$3.3 million, MM 2% in an amount of \$12.9 million, and PC 40% in the amount of \$87.2 million for a total amount of \$103.4 million. There will be no financial impact on Metro's bus and rail operations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Goal 2: Deliver outstanding trip experiences for all users of the transportation system

Goal 3: Enhance communities and lives through mobility and access to opportunity

ALTERNATIVES CONSIDERED

Not fully funding Access to provide mandated paratransit service for FY20 would place Metro and the other 44 Los Angeles County fixed route operators in violation of the ADA, which mandates that fixed route operators provide complementary paratransit service within $\frac{3}{4}$ of a mile of local rail and bus lines. This would impact Metro's ability to receive federal grants.

NEXT STEPS

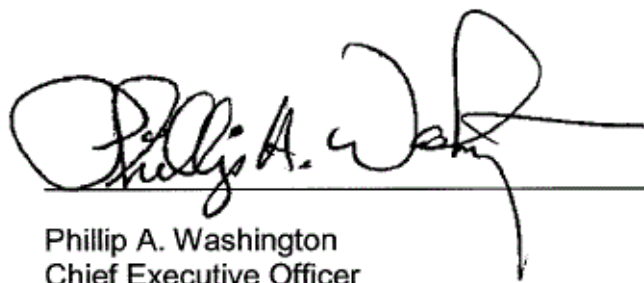
Upon approval, staff will execute all MOUs and agreements to ensure proper disbursement of funds from the STBG Program, MM 2% and PC 40%.

ATTACHMENTS

Attachment A - FY20 Access Services ADA Program

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Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

FY20 ACCESS SERVICES ADA PROGRAM		
Expenses		(\$ in millions)
FY20 Access Proposed Budget	\$	193.1
Metrolink Free Fare Program (Paid by Metro)		2.3
Total Access Program	\$	195.4
Federal/Fares/Carryover		
Federal STBG Program	\$	71.0
Passenger Fares, 5317 Grants & Misc. Income		11.5
Capital		8.8
PC 40% Carryover		4.0
Subtotal	\$	95.3
New Funding Request - Operating and Capital		
<u>Measure M 2%</u>		
FY20		
Total MM2% Subtotal	\$	12.9
<u>Proposition C 40%</u>		
FY20		81.5
Reserve		3.5
Metrolink Free Fare Program (Paid by Metro)		2.3
Total PC 40% Subtotal	\$	87.2
Total FY20 Local Funding Request	\$	100.1

Access Services FY20 Budget Request

**Finance, Budget & Audit Committee
June 19, 2019**



Metro

Access Services - FY20 Budget

ATTACHMENT A

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Federal/Fares/Carryover	
Federal STBG Program	\$ 71.0
Passenger Fares, 5317 Grants & Misc. Income	11.5
Capital	8.8
PC 40% Carryover	4.0
Subtotal	\$ 95.3
New Funding Request - Operating and Capital	
<u>Measure M 2%</u>	
FY20	
Total MM2% Subtotal	\$ 12.9
<u>Proposition C 40%</u>	
FY20	81.5
Reserve	3.5
Metrolink Free Fare Program (Paid by Metro)	2.3
Total PC 40% Subtotal	\$ 87.2
Total FY20 Local Funding Request	\$ 100.1



Access Services - Expenses

Access Services - Budget

(\$ in millions)	FY19 Budget	FY20 Proposed Budget	\$ Change	% Change	Notes
Expenses					
Direct Operations	\$ 150,148,685	\$ 158,590,841	\$ 8,442,156	5.6%	Increase in service contracts cost due to additional performance metrics and continued legislated minimum wage increase in LA City/County
Contracted Support	\$ 11,109,444	\$ 13,985,333	\$ 2,875,889	25.9%	Increase in new applicants and appeals requests
Management/Administration	\$ 10,837,513	\$ 11,328,349	\$ 490,836	4.5%	Cost inflation/wage increases and new technology
Total Operating Costs	\$ 172,095,642	\$ 183,904,523	\$ 11,808,881	6.9%	
Total Capital Costs	\$ 12,000,000	\$ 9,255,055	\$ (2,744,945)	-22.9%	Capital Carryover from FY19
Total Expenses	\$ 184,095,642	\$ 193,159,578	\$ 9,063,936	4.9%	
Carryover	\$ 4,393,379	\$ 4,027,181	\$ (366,198)	-8.3%	Trips below budget in FY18

Access Services - Key Performance Indicators (KPIs)

Key Performance Indicator	Target	FY 2017	*FY 2019
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*FY19 as of 4/30/19			

- Access utilizes performance standards to ensure quality ADA paratransit service is delivered to its customers.
- Performance has been steady or improved in several categories.



Metro Oversight and FY20 Initiatives

Oversight

- Quarterly updates to Finance, Budget & Audit Committee
- Annual consolidated financial audit conducted by Metro
- Participation in advisory committees and working groups
- Regular monitoring of service and financial statistics
- Strengthen MOU to include additional monitoring and reporting requirements

FY20 Initiatives

- Brokerage system (TNC's and/or Taxis) for eligibility and other premium services (Parents with Disabilities)
- Additional transfer service between North County and LA Basin
- Continue upgrades to technology (on-line reservations and eligibility, Rider 360, website redesign)

Recommendations

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