



Board Report

File #: 2021-0324, File Type: Budget

Agenda Number: 9.

**FINANCE, BUDGET, AND AUDIT COMMITTEE
JUNE 16, 2021**

SUBJECT: ACCESS SERVICES PROPOSED FISCAL YEAR 2022 BUDGET

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$122,582,419 for FY22. This amount includes:
 - Local funds for operating and capital expenses in the amount of \$120,217,213;
 - Local funds paid directly to Metrolink for its participation in Access' Free Fare Program in the amount of \$2,365,206; and
- B. AUTHORIZING the Chief Executive Officer (CEO) 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 and in consultation with the Access Board of Directors, Access has determined that a total of \$219,662,843 million is required for its FY22 operating and capital needs, and an additional \$2,365,206 million is required for Metrolink's participation in Access' Free Fare Program for a total of \$222,028,049 million. Of this total, \$96,283,734 million will be funded from federal grants, including Federal Surface Transportation Block Grant (STBG) Program funds, passenger fares, and other income generated by Access. The remaining amount of \$125,744,315 million will be funded with Measure M ADA Paratransit Service (MM 2%) funds, Proposition C 40% Discretionary (PC 40%) funds, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) equivalent funds, and FY20 carryover funds. 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 shall be appropriately funded.

This year, Metro is continuing to support Access given the reduction in sales tax revenue as a result of the COVID-19 pandemic. Funds have been appropriated under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) so Access can continue to provide ADA paratransit services. A total of \$30.59 million of CRRSAA equivalent funding has been allocated to Access.

In FY22, Access is projected to provide more than 2,536,173 passenger trips to more than 130,000 qualified ADA paratransit riders in a service area covering over 1,950 square miles of Los Angeles County by utilizing 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.

As it did at the beginning of the pandemic, Metro continued to support Access' initiatives to respond to the COVID-19 emergency. Access proactively redesigned its system to enhance physical distancing and cleaning protocols to help protect the health of customers and frontline employees, particularly vehicle operators. These initiatives included the elimination of shared rides and funding for enhanced cleaning protocols where vehicles were disinfected twice a day and high contact surfaces were wiped down after each passenger trip and a face-covering mandate. Access' eligibility process is still being done remotely over the phone rather than in-person.

Implementation of Recovery Plans: Access has continuously monitored the COVID-19 pandemic and has been developing plans to normalize its operations as the pandemic subsides. Given the successful rollout of vaccines and the related reopening of Los Angeles County, service demand has continued to rise, which combined with a significant increase in traffic congestion, led to a rapid decline in service quality in late March/early April. In response, Access staff reduced vehicle disinfection mandates (vehicles are still disinfected at the end of the day) and scaled back meal/grocery delivery programs significantly. In addition, same day service was restricted and limited shared rides were reintroduced on April 12th. On May 1st, Access ended its temporary same day ride program and allowed shared rides on all vehicles. Access anticipates, barring any unanticipated developments with COVID-19, that it will operate its pre-pandemic, shared-ride service model for FY22. Access also expects to restart its in-person eligibility process in the coming fiscal year.

Other initiatives also include:

Transportation to vaccine sites: As of mid-April, Access has provided 2,170 trips to drop off vaccination sites and 267 trips to drive through vaccination sites. All vaccination trips will continue to

be provided without shared rides.

Meal and grocery delivery: During the pandemic, Access worked with a number of public and private entities, including a veteran's charity, to deliver over 430,000 meals and grocery boxes to the most vulnerable populations in the County.

DISCUSSION

Ridership

Access' budget is based on paratransit ridership projections provided by an independent third-party consulting firm, HDR Engineering, Inc. (HDR). 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 contractual cost per trip are the major cost drivers in the Access budget.

Access recently asked HDR to prepare a revised ridership projection for FY22 based on ridership data through January 2021. HDR's projection assumes a 56.9 percent increase in ridership (3,240,253 passengers vs. projected 2,064,785 FY21 passengers) for next fiscal year. It should be noted, given the unprecedented nature of the COVID-19 pandemic, that ridership projections remain speculative and uncertain for the upcoming fiscal year. The FY22 Budget will fund Access' request, reflecting HDR's FY22 projected ridership. However, as done in past years, Metro will set aside a reserve amount of \$20 million.

Cost Per Trip

Access' 94 percent of costs come from the delivery of paratransit and eligibility services which are paid for on a contractual per-trip basis. Prior to the pandemic, the cost of paratransit trips was 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 from \$10 to \$15 on July 1, 2020. In addition, costs have increased with the inclusion of new key performance measures and liquidated damages into contracts, which have improved customer service, operational performance, and safety system-wide.

In FY22, the pandemic continues to impact the Agency's projected budget request. The average cost per trip in FY21 was estimated at \$104 due to no-share ride service, implementation of special services and decline in trip demand. When the trip volume decreases, the average cost per trip increases because of the fixed transportation costs and the change in trip demand. In contrast, when the trip volume increases, the average cost per trip declines. As a result, in FY22 the average cost per trip will be estimated at \$67 because ridership demand is returning to the new normal that is close to pre-pandemic level. The cost decrease is due to the phasing out of special services that were provided in response to the pandemic. In particular, the restarting of shared rides significantly improves contractor productivity and lowers per trip costs.

FY22 Proposed Budget

Given the significant projected increases in ridership due to the waning of the pandemic, Access is projecting a 23 percent increase in its operating budget for FY22 as outlined in the table below. In addition to the projected increase in Direct Operations, the increase in Contracted Support is due to the forecasted increase in in-person eligibility applicants. Management/Administration’s increase is due to additional costs as demand returns and the Agency returns to full staffing. Capital costs are increasing due mostly to the timing of various grants, the availability of vehicles and increases to the cost of vehicles.

Access Services - Budget				
Expenses	FY21 Budget	FY22 Budget Proposed	\$ Change	% Change
Direct Operations	\$144,257,406	\$176,329,428	\$32,072,021	22.2%
Contracted Support	\$9,712,433	\$13,774,416	\$4,061,983	41.8%
Management/Administration	\$11,613,966	\$12,951,999	\$1,338,033	11.5%
Total Operating Cost	\$165,583,805	\$203,055,843	\$37,472,038	22.6%
Total Capital Costs	\$13,200,000	\$16,607,000	\$3,407,000	25.8%
Total Expenses	\$178,783,805	\$219,662,843	\$40,879,038	22.9%
Carryover	\$3,711,539	3,161,896	(\$549,643)	-14.8%

FY20 Carryover Funds

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 FY20 audit determined that Access had approximately \$3,161,896 million dollars of unspent or unencumbered funds. Per Access’ FY21 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 FY22 for operating expenses. Access has requested to carryover a total amount of \$3,161,896 from FY20 into the FY22 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 KPIs is provided below:

Key Performance Indicators (KPIs)	FY 2020	FY 2021
On Time Performance - ≥ 91%	92.20%	93.70%
Excessively Late Trips - ≤ 0.10%	0.10%	0.04%
Excessively Long Trips - ≤ 5%	2.90%	0.00%
Missed Trips - ≤ 0.75%	0.46%	0.29%

Denials - 0	18	2
Access to Work On Time Performance - $\geq 94\%$	95.90%	98.30%
Average Hold Time (Reservations) - ≤ 120 seconds	71	44
Calls On Hold > 5 Min (Reservations) - $\leq 5\%$	3.30%	1.70%
Calls On Hold > 5 Min (ETA) - $\leq 10\%$	4.10%	1.20%
Complaints Per 1,000 Trips - ≤ 4.0	2.5	2.1
Preventable Incidents - ≤ 0.25	0.19	0.10
Preventable Collisions (Weighted) - ≤ 0.50	0.67	0.48
Miles Between Road Calls - $\geq 25,000$	60,999	64,104

Overall service performance (reported here through mid-April) has been excellent in FY21.

Agency Update

In FY21, Access implemented the following major initiatives:

- Pandemic services as discussed above including successfully working with partners to rapidly enable drive through vaccination services at major sites around the County;
- Awarded a paratransit operations contract for the Southern Region, Access' largest service area;
- Website redesign.

In FY22, Access plans to implement the following:

- A restart of its in-person eligibility process;
- An analysis of the impact of Metro's NextGen plan on the Access service area;
- A modified Parents with Disabilities program throughout Los Angeles County;
- Enhancements to the *Where's My Ride* (WMR) app using \$330,000 Mobility for All grant funds;
- Beta testing online reservations in the Northern region (San Fernando Valley);
- Award a paratransit operations contract for the Antelope Valley operational region. (The RFP was released in March 2021.)

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 and the Transportation Professionals Advisory Committee. 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 will provide quarterly updates that include an overview of Access' performance outcomes and service initiatives.

FINANCIAL IMPACT

The Proposed Budget for FY22 was requested in Cost Center 2413, Project 410011 and Account 54001 in the FY22 Metro Annual Budget for adoption at the May 2021 Board meeting.

Impact to Budget

Access' funding will come from Measure M 2% funds in the amount of \$12.75 million, \$30.59 million in CRRSAA-equivalent funds, and Proposition C 40% funds in the amount of \$79.24 million, for a total amount of \$122.58 million. The CRRSAA-equivalent and Proposition C 40% funds are eligible for bus and rail operations. Given the region is fully funding its projected ADA paratransit obligation, 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 the mandated ADA paratransit services for FY22 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

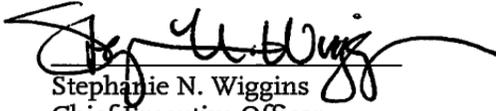
Upon approval, staff will execute all MOUs and agreements to ensure proper disbursement of funds.

ATTACHMENTS

Attachment A - FY22 Access Services ADA Program

Prepared by: Fayma Ishaq, Accessibility Program Manager, (213) 922-492

Reviewed by: Jonaura Wisdom, Chief Civil Rights Programs Officer, (213) 418-3168



Stephanie N. Wiggins
Chief Executive Officer

FY22 ACCESS SERVICES ADA PROGRAM	
<u>Expenses</u>	(\$ in millions)
FY22 Access Proposed Budget	\$219.6
Metrolink Free Fare Program (Paid by Metro)	\$2.3
Total Access Services ADA Program	\$222.0
Federal/Fares	
Federal STBG Program	\$71.3
Passenger Fares, 5317 Grants & Misc. Income	\$8.3
Capital	\$16.6
Subtotal	\$96.2
New Funding Request - Operating and Capital	
<u>Measure M 2%</u>	
FY22	Total Measure M 2% Subtotal \$12.7
<u>Proposition C 40%</u>	
Carryover from FY20 into FY22	\$3.1
FY22	\$56.8
CRRSAA Equivalent Funds	\$30.5
Operating Reserve	\$20.0
Metrolink Free Fare Program (Paid by Metro)	\$2.3
Total Proposition C 40% Subtotal	\$112.9
TOTAL FY22 LOCAL FUNDING REQUEST	\$125.7

Access Services - FY22 Budget Request

Finance, Budget & Audit Committee

Access Services – FY22 Budget

FY22 ACCESS SERVICES ADA PROGRAM	
<u>Expenses</u>	(\$ in millions)
FY22 Access Proposed Budget	\$219.6
Metrolink Free Fare Program (Paid by Metro)	\$2.3
Total Access Services ADA Program	\$222.0
Federal/Fares	
Federal STBG Program	\$71.3
Passenger Fares, 5317 Grants & Misc. Income	\$8.3
Capital	\$16.6
Subtotal	\$96.2
New Funding Request - Operating and Capital	
<u>Measure M 2%</u>	
FY22	Total Measure M 2% Subtotal \$12.7
<u>Proposition C 40%</u>	
Carryover from FY20 into FY22	\$3.1
FY22	\$56.8
CRRSAA Equivalent Funds	\$30.5
Operating Reserve	\$20.0
Metrolink Free Fare Program (Paid by Metro)	\$2.3
Total Proposition C 40% Subtotal	\$112.9
TOTAL FY22 LOCAL FUNDING REQUEST	\$125.7

Access Services – Expenses

Access Services - Budget					
Expenses	FY2021 Budget	FY2022 Budget Proposed	\$ Change	% Change	Notes
Direct Operations	\$144,257,406	\$176,329,428	\$32,072,021	22.2%	Projected increase in ridership due to waning of the pandemic.
Contracted Support	\$9,712,433	\$13,774,416	\$4,061,983	41.8%	Projected increase in in-person eligibility evaluations.
Management/ Administration	\$11,613,966	\$12,951,999	\$1,338,033	11.5%	Additional staffing and CPI increases for contracts.
Total Operating Cost	\$165,583,805	\$203,055,843	\$37,472,038	22.6%	
Total Capital Costs	\$13,200,000	\$16,607,000	\$3,407,000	25.8%	Increase due to grant timing, vehicle availability and costs.
Total Expenses	\$178,783,805	\$219,662,843	\$40,879,038	22.9%	
Carryover	\$3,711,539	3,161,896	(\$549,643)	-14.8%	

Access Services – Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs)	FY 2020	FY 2021
On Time Performance - $\geq 91\%$	92.20%	93.70%
Excessively Late Trips - $\leq 0.10\%$	0.10%	0.04%
Excessively Long Trips - $\leq 5\%$	2.90%	0.00%
Missed Trips - $\leq 0.75\%$	0.46%	0.29%
Denials - 0	18	2
Access to Work On Time Performance - $\geq 94\%$	95.90%	98.30%
Average Hold Time (Reservations) - ≤ 120 seconds	71	44
Calls On Hold > 5 Min (Reservations) - $\leq 5\%$	3.30%	1.70%
Calls On Hold > 5 Min (ETA) - $\leq 10\%$	4.10%	1.20%
Complaints Per 1,000 Trips - ≤ 4.0	2.5	2.1
Preventable Incidents - ≤ 0.25	0.19	0.10
Preventable Collisions (Weighted) - ≤ 0.50	0.67	0.48
Miles Between Road Calls - $\geq 25,000$	60,999	64,104

- Service performance based on pandemic service model (no share rides).
- Overall service performance (reported here through mid-April) has been excellent in FY21.

FY21 Accomplishments/FY22 Initiatives

FY21 Accomplishments

- Pandemic services including successfully working with partners to rapidly enable drive through vaccination services at major sites around the County;
- Awarded a paratransit operations contract for the Southern Region, Access' largest service area;
- Website redesign.

FY22 Initiatives

- A restart of its in-person eligibility process;
- An analysis of the impact of Metro's NextGen plan on the Access service area;
- A modified Parents with Disabilities program throughout Los Angeles County;
- Enhancements to the *Where's My Ride* (WMR) app using \$330,000 Mobility for All grant funds;
- Beta testing online reservations in the Northern region (San Fernando Valley);
- Award a paratransit operations contract for the Antelope Valley operational region. (The RFP was released in March 2021.)

Recommendations

- A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$122,582,419 for FY22. This amount includes:**
- **Local funds for operating and capital expenses in the amount of \$120,217,213;**
 - **Local funds paid directly to Metrolink for its participation in Access' Free Fare Program in the amount of \$2,365,206; and**
- B. AUTHORIZING the Chief Executive Officer (CEO) to negotiate and execute all necessary agreements to implement the above funding programs.**