



## Board Report

File #: 2022-0341, File Type: Budget

Agenda Number: 17.

### FINANCE, BUDGET, AND AUDIT COMMITTEE JUNE 15, 2022

**SUBJECT: ACCESS SERVICES PROPOSED FISCAL YEAR 2023 BUDGET**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$156,094,281 for FY23. This amount includes:
  - 1. Local funds for operating and capital expenses in the amount of \$153,651,022;
  - 2. Local funds paid directly to Metrolink for its participation in Access' Free Fare Program in the amount of \$2,443,259; 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. Working in collaboration, Metro and Access staff have determined that a total of \$251,874,890 is required for its FY23 operating and capital needs. An additional \$2,443,259 is required to support Metrolink's participation in Access' Free Fare Program for a total of \$254,318,149. Of this total, \$95,836,065 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 \$158,482,084 will be funded with Measure M ADA Paratransit Service (MM 2%) funds, Proposition C 40% Discretionary (PC 40%) funds, American Rescue Plan Act (ARPA) equivalent funds, and FY21 carryover funds. See Attachment A for funding details.

#### **BACKGROUND**

Metro, as the Regional Transportation Planning Authority, provides funding to Access to administer

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the delivery of regional ADA paratransit service on behalf of Metro and the 45 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.

In FY23, Access is projected to provide more than 2.7 million passenger trips to approximately 115,000 qualified ADA paratransit riders. Access' service area covers over 1,950 square miles of Los Angeles County by utilizing taxicabs and accessible vehicles operated by six contractors to ensure efficient and effective service. The service area is divided into six regions (Eastern, Southern, West Central, Northern, Santa Clarita and Antelope Valley).

During the first year of the pandemic, Access provided non-shared ride and same day services. As of May 2021, Access reinstated its next-day, shared-ride service model and will continue this for the next fiscal year. In-person eligibility assessments at Access' Eligibility Center in Commerce restarted on April 4, 2022, for new applicants. Customer renewal eligibility applications will continue to be conducted via mail and, if necessary, phone interviews for the first part of FY23.

### COVID-19 Impacts

As the region emerges from the COVID-19 pandemic, there continue to be impacts on Access, including:

- **Shortages of qualified drivers and key personnel:** Like other transit systems in Los Angeles County and nationwide, Access' contractors are having difficulty hiring and retaining qualified drivers and other key personnel which has affected some Key Performance Indicators. Access has proactively implemented several initiatives to assist its contractors in hiring, including messages on its website, reservations line, and a social media advertising campaign. Additionally, the proposed FY23 budget addresses contractor driver wages in order to remain competitive in recruiting and retaining employees.
- **Shortages of taxi subcontractor capacity:** Prior to the pandemic, approximately 50% of Access trips were serviced by taxicabs, which enhanced both system performance and overall cost efficiency. The pandemic has led to a reduction in available taxicabs in the region and, as a result, 32% of Access trips are currently serviced by taxicabs. To rebuild this capacity, Access' contractors have been seeking partnerships with taxi companies who previously have not done work for Access, in addition to various Transportation Network Companies (TNCs). The proposed FY23 budget also includes funding to compensate taxi drivers for significantly increased costs to encourage them to continue serving Access clients. The proposed increase in taxi compensation mirrors the rate increase approved on April 21, 2022, by the City

of Los Angeles Taxicab Commission.

- **Shortages of replacement vehicles:** An industry shortage of vehicle computer chips and other components has significantly delayed the delivery of replacement vehicles to Access. The FY23 budget contains funding for up to 363 replacement vehicles. In addition, Access has proposed an electric accessible paratransit vehicle pilot project in FY23 - the first project of its kind in the United States.

In March, Access was one of 35 recipients in 18 states that were selected to receive grant funding from the American Rescue Plan (ARPA) Additional Assistance program. Access will receive \$5 million to fund a program for preventive maintenance, major component repairs and rehabilitation of ADA accessible vehicles that have exceeded their useful life. With this award, Access will have the ability to extend the lifespan of its existing fleet while waiting for replacement vehicles to be delivered. However, many vehicles will be approaching and surpassing their useful life in FY23 so the need to purchase replacement vehicles still exists.

## **DISCUSSION**

### Ridership

Each fiscal year, paratransit ridership projections are calculated to determine Access' budgetary needs. HDR Engineering, Inc. (HDR), an independent third-party consulting firm, provides this statistical information. The paratransit demand analysis uses economic factors, historical data, and other variables to form the basis for the ridership projections. Total projected 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 requested that HDR prepare a revised ridership projection for FY23 based on ridership data through December 2021. HDR's projection assumes a 19.4% increase in ridership (3,440,189 passengers vs. 2,882,358 passengers in FY22) for FY23. As Access continues to face COVID-19 pandemic uncertainties, the ridership projections remain speculative for the coming fiscal year. Per the requested amount from Access, the proposed FY23 budget includes sufficient funding to address this projected demand.

### Cost Per Trip

The average cost per trip in FY22 was \$65.30, and in FY23 the estimated average cost per trip is \$69.06, a 5.4% increase. The cost increase is due to the issuance of two new contracts that include scheduled Consumer Price Index (CPI) contractual increases and the increasing costs of the overall labor market.

Approximately 94% of Access' costs come from Direct Transportation (delivery of paratransit operations) and Contracted Support (eligibility and customer services). The cost of paratransit trips has steadily increased primarily due to legislated changes in the minimum wage in Los Angeles County. Thus, annually, the increase to the Access budget includes not only minimum wage cost and CPI increases but also any increases in paratransit trip demand. Except for the pandemic years, demand for paratransit services had increased by at least 5% annually over the last decade and HDR's forecast still projects that ridership will continue to increase by at least that much over the coming decade.

### FY23 Proposed Budget

Overall, in FY23, Access' total operating, and capital budget is increasing by 14.7% as outlined in the table below. The Direct Transportation cost is projected to increase by 7.5% as costs increase and demand rises towards pre-pandemic operating service levels. Similarly, Contracted Support costs are estimated to increase by 4.5% due to the re-establishment of in-person applicant eligibility reviews, as virtual eligibility interviews are gradually phased out. Management & Administration costs will increase by 9.1% as Access restores full staffing levels in response to the forecasted increase in ridership demand.

Access' total capital program request is \$33.7 million. Of this amount, \$11.9 million will be carried over from FY22. This year's increase in the capital budget of \$21.8 million is due to the need to replace vehicles that have exceeded their useful life and the rising cost of new vehicles, as noted above.

### Capital Program - Reserve

The pandemic has led to a significant delay in vehicle deliveries to transit agencies nationwide. Due to the unpredictable delivery timeline for FY23, Metro will hold in reserve an amount not to exceed \$14,300,000 in local funds providing Access the budgetary authority to place vehicle orders to lock in an accelerated delivery timeline and lower unit prices. If Access and Metro are able to identify and obligate additional federal funding for these vehicles, then local funds can be reprogrammed to other eligible uses.

**Access Services - Budget**

<b>Expenses (\$ in millions)</b>	<b>FY22 Adopted</b>	<b>FY23 Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
Direct Transportation	\$ 176.3	\$ 189.5	\$ 13.2	7.5%
Contracted Support	13.7	14.3	0.6	4.5%
Management/Administration	12.9	14.1	1.1	9.1%
<b>Total Operating Costs</b>	<b>\$ 203.0</b>	<b>\$ 218.0</b>	<b>\$ 15.0</b>	<b>7.4%</b>
Capital Program Carryover		11.9	11.9	
Capital Program New		21.8	21.8	
<b>Total Capital Program</b>	<b>\$ 16.6</b>	<b>\$ 33.7</b>	<b>\$ 17.1</b>	<b>103.4%</b>
Carryover	3.1	2.3	(0.7)	-24.5%
<b>Total Expenses</b>	<b>\$ 219.6</b>	<b>\$ 251.9</b>	<b>\$ 32.2</b>	<b>14.7%</b>

FY21 Carryover Operating 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 FY21 audit determined that Access had approximately \$2,387,803 of unspent or unencumbered funds. Per Access' FY22 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 to be applied toward operating expenses. Access has requested the full carryover of these funds from FY21 into the FY23 proposed budget.

Pending Grant Awards

Access applied for Federal Transit Administration Section 5310: Enhanced Mobility for Seniors and Individuals with Disabilities Program funding as authorized under ARPA and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Currently, Metro as the designated recipient of Los Angeles County 5310 funds is finalizing the award notifications and Access has been approved for a funding award of \$546,849. This grant will support the expanded transfer trip program in the Santa Clarita and Lancaster-Palmdale areas. Given that this grant award is still pending, it is not included in Access' proposed FY23 budget at this time.

FY22 Performance

The following Key Performance Indicators (KPIs) are in place to ensure that optimal and equitable levels of service are provided countywide. These service statistics are tracked and published monthly, and a comparison summary of the annual KPIs is provided below:

Key Performance Indicators	Standard	FY21	FY22 YTD*
On-Time Performance	≥ 91%	92.6%	90.7%
Excessively Late Trips	≤ 0.10%	0.07%	0.09%
Excessively Long Trips	≤ 5.0%	0.5%	3.3%
Missed Trips	≤ 0.75%	0.36%	0.44%
Denials	0	4	6
Access to Work - On-Time Performance	≥ 94%	97.8%	96.3%
Average Hold Time (Reservations)	≤ 120	52	59
Calls On Hold > 5 Min (Reservations)	≤ 5%	2.2%	2.5%
Calls On Hold > 5 Min (ETA)	≤ 10%	1.5%	2.2%
Complaints Per 1,000 Trips	≤ 4.0	2.5	3.0
Preventable Incidents per 100,000 miles	≤ 0.25	0.15	0.21
Preventable Collisions per 100,000 miles	≤ 0.50	0.50	0.73
Miles Between Road Calls	≥ 25,000	64,040	64,378

\*YTD through March 2022

While overall service remains strong and most KPIs are being met, on-time performance year-to-date continues to remain slightly below standard, due to the challenges with the shortages of qualified drivers and key personnel. The increase in preventable incidents and collisions reflects an increase in passengers and traffic. Contractors who do not meet certain KPIs must provide a service improvement plan and are also assessed liquidated damages.

### Access Update

In FY22, Access implemented the following major initiatives:

- Expanded the Parents with Disabilities (PWD) program systemwide
- Enhanced the *Where's My Ride* (WMR) app using Mobility for All federal grant funds
- Implemented online reservations in the Northern (San Fernando Valley) and Antelope Valley regions
- Conducted a 2022 Biennial Customer Satisfaction Study. Results available at <http://accessla.org/sites/default/files/Agendas/2022%20Customer%20Satisfaction%20Survey.pdf>  
<[https://gcc02.safelinks.protection.outlook.com/?url=http%3A%2F%2Faccessla.org%2Fsites%](https://gcc02.safelinks.protection.outlook.com/?url=http%3A%2F%2Faccessla.org%2Fsites%2F)
- Awarded two new service contracts in the Southern & Antelope Valley regions
- Implemented a contractor hiring assistance plan

In FY23, Access plans to implement the following:

- Implementation of Access' fleet preventative maintenance and rehabilitation program using ARPA funds
- Initiation of a pilot program for accessible electric paratransit vehicles
- Modification of KPIs and service standards
- Implementation of a Bluetooth Beacon Project at Rancho Los Amigos National Rehabilitation Center
- Update Access' Title VI Program
- Enhancements to contractor driver wages and taxi subcontractor rates

### Metro Oversight Function

Metro provides oversight of Access to ensure system equity, inclusion, cost efficiency and accountability in their provision of ADA paratransit service. Metro is represented on and actively participates in Access' Board of Directors and the Transportation Professionals Advisory Committee meetings. Access will continue to be included in Metro's yearly consolidated audit. Additionally, at the request of the Metro Finance, Budget & Audit Committee, Access provides quarterly updates to the committee that include an overview of Access' performance outcomes and service initiatives.

## **FINANCIAL IMPACT**

The Proposed Budget for FY23 is included in Cost Center 0443, Project 410011, and Account 54001 in the FY23 Metro Annual Budget as adopted at the May 2022 Board meeting.

### Impact to Budget

Access' funding will come from Measure M 2% funds in the amount of \$15.5 million, \$49.1 million in ARPA-equivalent funds, and Proposition C 40% funds in the amount of \$91.4 million, for a total amount of \$156.0 million. The Metro Board approved ARPA equivalent one-time federal relief funds 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. Any funding Access secures through the FTA Section 5310 competitive grant process planned for FY23 will be used to replace local funding programmed for capital expenses and local funding will be reprogrammed.

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**EQUITY PLATFORM**

As mandated by the federal government, Access paratransit exclusively serves people with disabilities and seniors, thus providing a significant equity impact and benefit. Access' service area is divided into six regions, and all have similar KPIs that are measured and monitored by Access staff. The FY23 budget will ensure equitable levels of service are delivered to people with disabilities in all areas of Los Angeles County. Metro will ensure that Access' FY23 budget emphasizes the importance of serving its riders, stakeholders, and employees on providing equitable, sustainable, economically efficient, safe, and reliable services throughout the region. Two prime examples of these efforts are the expansion of the WMR app allowing customers to see the location and the expected arrival time of vehicles. Similarly, the PWD program has been expanded to serve the entire service region. This program allows parents to take their children to and from school and other activities.

**Public Outreach**

In January 2022, to ensure its services align with the need of its riders, Access engaged its riders through a customer satisfaction study to gain feedback on service improvements and trip experience. This countywide survey was conducted in English and Spanish, online and via telephone. Survey results are available online. Access also holds community meetings twice a year to discuss topics like technology, customer service, paratransit operations, its eligibility process and much more. These community meetings allow input to be received from a diverse population including minority and low-income communities with mobility needs. In addition, community input is taken into consideration in the development of the annual budget.

Access ensures individuals with disabilities have an equal opportunity to participate in events and programs by providing alternative formats, sign language and other language interpreters for communications in compliance with its Title VI programs and guidelines. Community input is vital to the improvement of services to Access riders. For example, feedback from the community was critical in implementing changes to the font, color and background of the Access website in order to make it as easy as possible to navigate the website. Additional input led to the modification currently under progress that will allow the customers to directly communicate with the driver to improve service delivery. Access staff will continue to work with various advocate and community groups in FY23 to ensure the needs of their constituents are met.

**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



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## **ALTERNATIVES CONSIDERED**

Not fully funding Access to provide the mandated ADA paratransit services for FY23 would place Metro and the other 45 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. Staff does not recommend this approach. This would impact Metro's and the region's ability to compete for federal grants, would increase the overall costs of the program if individual operators were required to provide these services, and significantly limit the mobility options of the senior and disabled communities throughout the county.

## **NEXT STEPS**

Upon approval, staff will execute a MOU for FY23 to ensure proper disbursement of funds.

## **ATTACHMENTS**

Attachment A - FY23 Access Services ADA Program

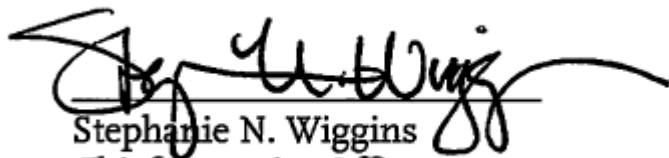
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Stephanie N. Wiggins  
Chief Executive Officer

<b>FY23 ACCESS SERVICES ADA PROGRAM</b>			
<u>Expenses (\$ in millions)</u>			
FY23 Access Proposed Budget	\$		251.8
Metrolink Free Fare Program (Paid by Metro)			2.4
<b>Total Access Services ADA Program</b>	<b>\$</b>		<b>254.3</b>
<b>Federal/Fares</b>			
Federal STBG Program & ARPA Funds			73.8
Passenger Fares, 5317 Grants & Misc. Income			10.0
Capital Carryover			11.9
<b>Subtotal</b>	<b>\$</b>		<b>95.8</b>
<b>New Funding Request - Operating and Capital</b>			
<u>Measure M 2%</u>			
FY23	<b>Total MM 2%</b>	<b>Subtotal</b>	<b>\$ 15.5</b>
<u>Proposition C 40%</u>			
Carryover from FY21 into FY23 (previously authorized)			2.3
FY23 Request			74.6
ARPA Equivalent Funds			49.1
Reserve			14.3
Metrolink Free Fare Program (Paid by Metro)			2.4
<b>Total PC 40%</b>	<b>\$</b>	<b>Subtotal</b>	<b>142.9</b>
<b>TOTAL FY23 LOCAL FUNDING REQUEST</b>	<b>\$</b>		<b>158.4</b>



# Access Services Fiscal Year 2023 Proposed Budget

Finance, Budget & Audit Committee  
June 15, 2022



Metro

## Access Services - FY23 Proposed Budget

	Expenses (\$ in millions)	FY22 Adopted	FY23 Proposed	\$ Change	% Change	Notes
1	Direct Transportation	\$ 176.3	\$ 189.5	\$ 13.2	7.5%	19.4% increase in ridership
2	Contracted Support	13.7	14.3	0.6	4.5%	Return to in-person assessments
3	Management/Administration	12.9	14.1	1.1	9.1%	Contractual CPIs and COLA
4	Total Operating Costs	203.0	218.0	15.0	7.4%	
5	Capital Program Carryover		11.9	11.9		Delays in vehicle delivery
6	Capital Program New		21.8	21.8		Required vehicle replacement
7	Total Capital Program	16.6	33.7	17.1	103.4%	
8	Carryover	3.1	2.3	(0.7)	-24.5%	
9	Total Expenses	\$ 219.6	\$ 251.9	\$ 32.2	14.7%	

# FY23 Local Funding Request



**Metro**

## FY23 ACCESS SERVICES ADA PROGRAM

### Expenses (\$ in millions)

FY23 Access Proposed Budget	\$	251.8
MetroLink Free Fare Program (Paid by Metro)		2.4
<b>Total Access Services ADA Program</b>	<b>\$</b>	<b>254.3</b>

## Federal/Fares

Federal STBG Program & ARPA Funds	73.8
Passenger Fares, 5317 Grants & Misc. Income	10.0
Capital Carryover	11.9
<b>Subtotal</b>	<b>\$ 95.8</b>

## New Funding Request - Operating and Capital

### Measure M 2%

FY23	<b>Total MM 2% Subtotal</b>	<b>\$ 15.5</b>
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### Proposition C 40%

Carryover from FY21 into FY23 (previously authorized)	2.3
FY23 Request	74.6
ARPA Equivalent Funds	49.1
Reserve	14.3
MetroLink Free Fare Program (Paid by Metro)	2.4
<b>Total PC 40% Subtotal</b>	<b>\$ 142.9</b>

**TOTAL FY23 LOCAL FUNDING REQUEST \$ 158.4**



# Access Services – Key Performance Indicators (KPIs)

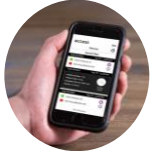
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Denials	0	4	6
Access to Work - On-Time Performance	≥ 94%	97.80%	96.30%
Average Hold Time (Reservations)	≤ 120	52	59
Calls On Hold > 5 Min (Reservations)	≤ 5%	2.20%	2.50%
Calls On Hold > 5 Min (ETA)	≤ 10%	1.50%	2.20%
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Preventable Incidents per 100,000 miles	≤ 0.25	0.15	0.21
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Miles Between Road Calls	≥ 25,000	64,040	64,378



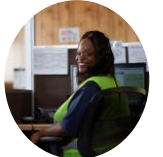
## FY22 Accomplishments



Systemwide expansion of *Parents with Disabilities* Program



*Where's My Ride* (WMR) app Systemwide



Online reservations - Northern (San Fernando Valley) & Antelope Valley



Comprehensive Customer Satisfaction Survey

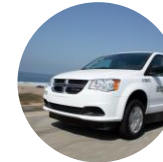


Two new service contracts - Southern & Antelope Valley regions



Contractor Driver Hiring Assistance Plan

## FY23 Initiatives



Access' fleet preventative maintenance & rehabilitation program using ARPA funds



Electric Accessible Vehicle Pilot Program



Bluetooth Beacon Project - Rancho Los Amigos National Rehabilitation Center



Evaluate contractor driver wages & taxi subcontractor rates



Key Performance Indicators & service standards

## Access Services – Recommendations

- A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$156,094,281 for FY23. This amount includes:
- Local funds for operating and capital expenses in the amount of \$153,651,022;
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