



## Board Report

File #: 2023-0349, File Type: Budget

Agenda Number: 18.

### FINANCE, BUDGET, AND AUDIT COMMITTEE JUNE 14, 2023

**SUBJECT: ACCESS SERVICES PROPOSED FISCAL YEAR 2024 BUDGET**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$151,016,402 for FY24. This amount includes:
- Local funds for operating and capital expenses in the amount of \$148,482,499;
  - Local funds paid directly to Metrolink for its participation in Access' Free Fare Program in the amount of \$2,533,903; 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. Access is proposing \$280,190,067 for the FY24 budget, which includes \$277,656,164 for their operating and capital needs, and \$2,533,903 to support Metrolink's participation in Access' Free Fare Program.

The Access budget is funded by various federal and local funds sources. Of this total, \$116,405,925 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 \$163,784,142 is proposed to be funded with Measure M ADA Paratransit Service (MM2%) funds, Proposition C 40% Discretionary (PC40%) funds, FY22 carryover funds, and general funds generated from reimbursements received from the Federal Emergency Management Agency (FEMA) and other sources. See Attachment A for funding details.

## **BACKGROUND**

Metro, as the Regional Transportation Planning Authority, provides funding to Access to administer the delivery of regional ADA paratransit service on behalf of Metro and the forty-five 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 FY24, Access is forecasted to provide more than 3.1 million passenger trips to approximately 103,000 qualified ADA paratransit riders. Access' service area covers over 1,950 square miles of Los Angeles County by utilizing accessible vehicles and taxicabs 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).

Access returned to its pre-pandemic, next-day, shared-ride service model in FY23. Masks were required for both drivers and riders until March 31<sup>st</sup> which marked the formal end of Los Angeles County's COVID-19 emergency.

## **DISCUSSION**

### **Ridership**

Access' budget is based on a paratransit ridership forecast 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 forecast. Total forecasted 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.

Based on ridership data through December 2022, HDR projects ridership to increase by 11.2 percent in FY24 to more than 3,827,146 passengers, or about 80 percent of pre-covid annual ridership. While it is expected that customer demand will normalize after the pandemic, the ridership forecast remains speculative for the coming fiscal year. The FY24 budget will fund Access' request, reflecting HDR's ridership forecast, and sets aside a reserve amount of \$5 million.

### **Cost Per Trip**

In FY24, Access projects the estimated average cost per trip will be \$62.71. This is a 6.3 percent decrease from the FY23 average cost per trip of \$66.94. The cost per trip is decreasing because the number of trips is increasing while the fixed-fee components (i.e., lease costs, insurance, utilities, and administration costs/staff) of the contracts remain static.

### **Fares**

Section 37.131(c) of the Code of Federal Regulations limits paratransit fares to no more than twice the full, non-discounted fixed-route base fare. A subsequent amendment in the 2015 Fixing America's Surface Transportation (FAST) Act tied Access' fares to the Metro base fare of \$1.75 for purposes of

calculating a maximum paratransit fare amount.

Access charges a fare of \$2.75 each way for trips up to 19.9 miles and a fare of \$3.50 for trips of 20 miles or more in the Los Angeles basin. For trips in the Santa Clarita and Antelope Valleys, Access charges \$2 each way due to the lower base fares of the fixed-route systems in those areas. Access projects \$8.8 million in fare revenues for FY24, an increase of 2.8 percent or \$239,000 from FY23.

**FY24 Proposed Budget**

Access' FY24 total operating and capital budget is expected to increase by 10.2 percent as outlined in the table below.

Expenses (\$ in millions)	FY23	FY24	\$ Change	% Change
	Adopted	Proposed		
Direct Transportation	\$ 189.5	\$ 203.8	\$ 14.3	7.5%
Ridership Reserve		5.0		
Contracted Support	14.3	16.8	2.5	17.5%
Management/Administration	14.1	15.4	1.3	9.2%
<b>Total Operating Costs</b>	<b>218.0</b>	<b>241.0</b>	<b>23.0</b>	<b>10.6%</b>
Capital Program Carryover	33.7	32.4	(1.3)	-3.9%
Capital Program New		1.3	1.3	
Capital Construction/Non Metro Funds		3.0	3.0	
<b>Total Capital Program</b>	<b>33.7</b>	<b>36.7</b>	<b>3.0</b>	<b>8.9%</b>
<b>Total Expenses</b>	<b>\$ 251.9</b>	<b>\$ 277.7</b>	<b>\$ 26.0</b>	<b>10.2%</b>

Note: Totals may not add up because of rounding

The Direct Transportation cost is projected to increase by 7.5 percent due to an 11.2 percent increase in paratransit demand and contractual Consumer Price Index (CPI) increases for the service delivery contractors. Another cost driver is the lack of taxi availability, which has helped to maintain a lower cost structure for Access. Prior to the pandemic, taxis provided up to 51 percent of the trips, while in FY23 taxi trips made up 35 percent. With limited taxi availability, more Access vehicles and drivers are needed to meet ridership and trip demand. Similarly, Contracted Support costs are estimated to increase by 17.5 percent due to the resumption of in-person eligibility reviews. Management & Administration costs will increase by 9.2 percent as Access restores services to pre-pandemic levels in response to the forecasted increase in ridership demand.

Access' total capital program is \$36.7 million. Due to production delays, up to \$32.4 million will be carried over from FY23 into the next fiscal year for the purchase of a total of 232 revenue vehicles. These vehicles are scheduled to be delivered in FY24. Over half of Access' revenue vehicles have

surpassed their useful life of 250,000 miles.

The vehicle capital budget is increasing by \$1.3 million for the replacement of ten (10) vehicles used by Access' Road Safety Inspectors, which have all exceeded their useful life. In addition, Access is requesting funding for one (1) accessible electric paratransit vehicle for the new pilot program.

### **Operating and Maintenance Facilities**

Access' adopted Strategic Plan calls for the development of operating facilities in each of its six service regions to enhance both long-term fiscal and operational effectiveness. For the first time, Access' FY24 proposed capital budget includes the development of a paratransit operations and maintenance facility in Lancaster, CA that is being partially funded through reimbursements received by the Federal Emergency Management Agency (FEMA) and other funds.

Access has also submitted federal earmark requests and will continue to seek other revenue sources to eliminate the need for local fund sources such as PC 40% funds. These limited funds are reserved for transit service operations and are treated as funds of last resort for capital expense purposes. Programming of local funds for a maintenance facility would require Metro approval.

### **FY22 Carryover Operating**

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 FY22 audit determined that Access had approximately \$2,477,940 of unspent or unencumbered funds. Per Access' FY23 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 FY22 into the FY24 proposed budget.

### **FY24 Operating Reserve**

The unprecedented nature of the pandemic has made forecasting ridership challenging. In anticipation of potential increases in demand above the forecast, Metro staff and Access have mutually agreed upon the establishment of an operating reserve fund in the amount of \$5 million for unanticipated ridership demand in FY24, if needed.

### **FY23 Performance**

Through April 2023, Access has provided 2.3 million paratransit trips, which is about 80 percent of the trips provided during the same pre-pandemic period in 2019.

Overall, most operational statistics show improvement in FY23 when compared to FY22. This reflects Access' successful campaign to improve driver hiring and retention. Contractors who do not meet certain KPIs must provide a service improvement plan and are assessed liquidated damages, when contractually applicable.

Access has set aggressive performance goals for contractors. Two performance indicators fell short of the goals, preventable collisions and denials. The preventable collision goal of <.75 fell short at .86

due to reduced overall vehicle miles because of the pandemic. There were four (4) individual denials in FY23 due to reservations offering trip times outside of the allowable one-hour window; in each of these instances, immediate retraining was provided for staff.

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	FY22	FY23*
On-Time Performance	≥ 91%	89.8%	91%
Excessively Late Trips	≤ 0.10%	0.14%	0.05%
Excessively Long Trips	≤ 5.0%	3.6%	3.8%
Missed Trips	≤ 0.75%	0.59%	0.46%
Denials	0	6	4
Access to Work - On-Time Performance	≥ 94%	95.8%	95%
Average Hold Time (Reservations)	≤ 120	66	61
Calls On Hold > 5 Min (Reservations)	≤ 5%	3.2%	2.4%
Calls On Hold > 5 Min (ETA)	≤ 10%	2.8%	2.0%
Complaints Per 1,000 Trips	≤ 4.0	3.2	2.7
Preventable Incidents per 100,000 miles	≤ 0.25	0.20	0.18
Preventable Collisions per 100,000 miles	≤ 0.75	0.74	0.86
Miles Between Road Calls	≥ 25,000	58,746	39,903

\*YTD through April 2023

### Access Update

In FY23, Access:

- Implemented a fleet preventative maintenance and rehabilitation program using federal ARPA funds
- Updated its Title VI Program
- Increased contractor driver wages and taxi subcontractor rates
- Established a Capital Construction fund for paratransit operations and maintenance facilities
- Applied for federal grants for both the facilities and an electric vehicle pilot program
- Conducted a customer travel mode choice survey. The full report of the survey can be found here:

<https://accessla.org/sites/default/files/Publications/Travel%20Mode%20Study%202023.pdf>

In FY24, Access plans to:

- Award contract for architectural and engineering services for the Antelope- Valley region paratransit operating facility
- Award new contract for paratransit eligibility services

- Award new contract for the Eastern (San Gabriel Valley) region
- Initiate a pilot program for accessible electric paratransit vehicles
- Conduct a customer satisfaction survey via text and phone calls
- Implement the new Transportation Network Company (TNC) pilot program

### **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 actively participates and is represented on Access' Board of Directors and the Transportation Professionals Advisory Committee. Access will continue to be included in Metro's Consolidated Audit process. Additionally, at the request of the Metro Finance, Budget & Audit Committee, Access provides updates to the committee that includes an overview of Access' performance outcomes and service initiatives on a semiannual basis.

### **FINANCIAL IMPACT**

Access' proposed budget for FY24 is included in Cost Center 0443, Project 410011, and Account 54001 in the FY24 Metro Annual Budget as adopted at the May 2023 Board meeting.

### **Impact to Budget**

Access' funding will come from Measure M 2% funds in the amount of \$17.7 million, and Proposition C 40% funds in the amount of \$133.3 million for a total of \$151.0 million. Given the region is fully funding its forecasted ADA paratransit obligation, there will be no budgetary impact on Metro's bus and rail operations.

### **EQUITY PLATFORM**

By federal mandate, Access exclusively serves people with disabilities and seniors, thus providing a significant equity impact and benefit. Access' service region is divided into six regions, and all have similar KPIs, which are measured and monitored by Access staff. Most recently, Access analyzed its service area map to determine the percentage of riders served in Equity Focus Communities (EFCs). From July 1, 2022, through April 30, 2023, about 46.7 percent of all trips taken by 45,013 Access riders were picked up in EFCs.

On a semiannual basis, Access conducts countywide community meetings to allow all customers and stakeholders to receive information about Access and directly communicate with staff about their service experiences. Closed captioning, language translation services, Braille, and large print materials are available upon request to ensure that all customers throughout Los Angeles County can participate. The next community meeting is planned for summer 2023.

### **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 FY24 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 three-fourths of a mile of local rail and bus lines. Not fully funding ADA service would impact Metro's as well as the region's ability to compete for federal grants and to receive federal funding. If individual transit operators were required to provide these services, the overall cost of the program would increase and the mobility options of people with disabilities throughout Los Angeles County would be significantly limited.

### **NEXT STEPS**


Upon approval, staff will execute an MOU for FY24 to ensure proper disbursement of funds.

### **ATTACHMENTS**

Attachment A - FY24 Access Services ADA Program

Prepared by: Fayma Ishaq, Accessibility Program Manager, (213) 922-4925  
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Reviewed by: Nalini Ahuja, Chief Financial Officer, 213-922-3088



Stephanie N. Wiggins  
Chief Executive Officer

Attachment A

FY24 ACCESS SERVICES ADA PROGRAM		
(\$ in millions)		
EXPENSES		
1	FY24 Access Proposed Budget	\$ 272.7
2	Reserve Fund <sup>1</sup>	5.0
3	Metrolink Free Fare Program (paid by Metro)	2.5
4	<b>Total Expenses</b>	<b>\$ 280.2</b>
5		
REVENUES		
6		
7	<b>Federal Funds- Operating &amp; Capital</b>	
8	STBG Program & ARPA	\$ 82.0
9	Capital Carryover	25.1
10	Passenger Fares, 5317, ARPA & Misc. Income	9.3
11	<b>Subtotal Federal Funds</b>	<b>\$ 116.4</b>
12		
13	<b>Local Funds - Operating &amp; Capital</b>	
14	<b><u>Measure M 2%</u></b>	
15	FY24	<b>Subtotal \$ 17.7</b>
16		
17	<b><u>Proposition C 40%</u></b>	
18	Operating <sup>2 &amp; 3</sup>	\$ 124.3
19	Reserve Fund <sup>1,2 &amp; 3</sup>	5.0
20	Metrolink Free Fare Program (paid by Metro) <sup>2 &amp; 3</sup>	2.5
21	Capital <sup>2 &amp; 3</sup>	1.3
22	<b>Subtotal</b>	<b>\$ 133.1</b>
23		
24	<b>Subtotal Local Funds<sup>3</sup></b>	<b>\$ 150.8</b>
25	<b><u>Carryover Funds</u></b>	
26	FY22 Audited carryover (previously authorized)	\$ 2.5
27	Prior year Capital	7.3
28	Capital Construction/Non Metro funds	3.0
29	<b>Subtotal</b>	<b>\$ 12.8</b>
30		
31	<b>Total FY24 Local Funds</b>	<b>\$ 163.6</b>
32		
33	<b>Total Revenues</b>	<b>\$ 280.2</b>

Note: Totals may not add up because of rounding

<sup>1</sup>Reserve funds for greater than forecasted demand

<sup>2</sup>Operating & Capital - portions of these funds may be replaced with federal STBG Program and/or CRRSSA/HIP funds

<sup>3</sup>New local funds request for FY24





# Access Services Fiscal Year 2024 Proposed Budget

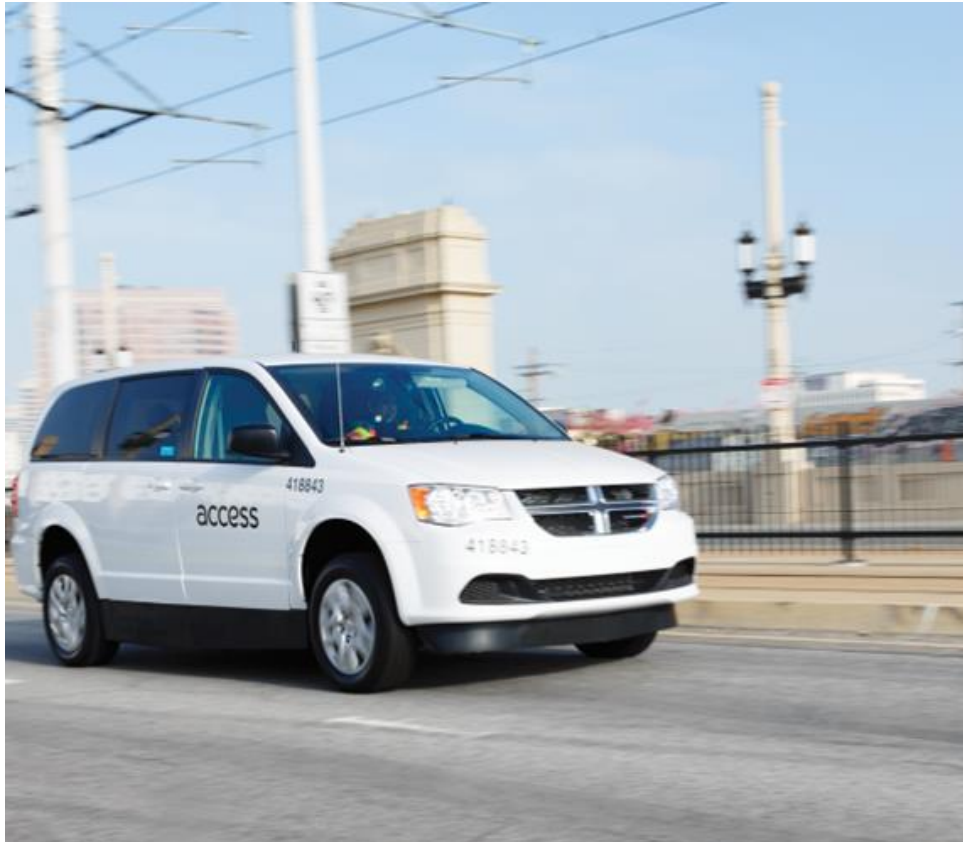
Finance, Budget & Audit Committee  
June 2023

# Access Services - FY24 Proposed Budget

	FY23 Adopted	FY24 Proposed	\$ Change	% Change	Notes
<b>Expenses (\$ in millions)</b>					
1 Direct Transportation	\$ 189.5	\$ 203.8	\$ 14.3	7.5%	Forecasted trip demand is over 11.2%
2 Ridership Reserve		5.0			Reserve for greater than forecasted demand
3 Contracted Support	14.3	16.8	2.5	17.5%	Resume in-person eligibility evaluations New contracts - Evaluation Services & Call Center Customer service call volume expected to increase & mirror ridership increase
4 Management/Administration	14.1	15.4	1.3	9.2%	Professional Services and fringe benefits
5 <b>Total Operating Costs</b>	<b>\$ 218.0</b>	<b>\$ 241.0</b>	<b>\$ 23.0</b>	<b>10.6%</b>	
7 Capital Program Carryover	33.7	32.4	(1.3)	-3.9%	Vehicle production & delivery delays in FY23
8 Capital Program New		1.3	1.3		Non-Revenue Fleet - Road Safety Inspector Vehicles
9 Capital Construction/Non Metro Funds		3.0	3.0		Antelope Valley Operating Facility Development
10 <b>Total Capital Program</b>	<b>\$ 33.7</b>	<b>\$ 36.7</b>	<b>\$ 3.0</b>	<b>8.9%</b>	
11 <b>Total Expenses</b>	<b>\$ 251.9</b>	<b>\$ 277.7</b>	<b>\$ 26.0</b>	<b>10.2%</b>	

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# FY24 Local Funding Request



FY24 ACCESS SERVICES ADA PROGRAM		
(\$ in millions)		
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<sup>3</sup>New local funds request for FY24

# Access Services – Key Performance Indicators (KPIs)

Key Performance Indicators	Standard	FY22	FY23*
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\*YTD through April 2023

## FY23 Accomplishments



Fleet Preventative Maintenance & Rehabilitation Program



Title VI Program



Increase to Contractor Driver Wages and Taxi Subcontractor Rates



Established Capital Construction Fund



Grants for Facilities & Electric Vehicle Pilot Program



Customer Travel Mode Choice Survey

## FY24 Initiatives



Award Design Services Contract for Paratransit Facility



Award new Paratransit Eligibility Services Contract



Award new Eastern Region Operations Services Contract



Initiate Electric Paratransit Vehicle Pilot Program



Conduct Customer Satisfaction Survey



Implement new Transportation Network Company (TNC) Pilot Program

## Access Services – Recommendations

- A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$151,016,402 for FY24. This amount includes:
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