



Board Report

File #: 2016-0449, File Type: Program

Agenda Number: 19.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JUNE 15, 2016**
SUBJECT: ACCESS SERVICES PROPOSED FISCAL YEAR 2017 BUDGET**ACTION: APPROVE FUNDING FOR ACCESS SERVICES FOR FISCAL YEAR 2017 (FY17)****RECOMMENDATION**

APPROVE local funding request for **Access Services** (Access) in an amount not to exceed \$84,124,902 for FY17. This amount includes:

- A. \$74M in Operating and Capital funds from Proposition C 40% Discretionary (PC 40%);
- B. \$8M in Operating and Capital unspent carry-over PC 40% funds from FY16; and
- C. \$2.1M in funds paid directly to Metrolink for its participation in Access' Free Fare Program from Proposition C 10% Commuter Rail (PC 10%)

ISSUE

Access provides paratransit services on behalf of Metro and 43 other Los Angeles County fixed route operators, as mandated by the Americans with Disabilities Act (ADA). Access' annual operating and capital requirements are funded by Metro's regional funds. In coordination with Metro staff, Access has determined that a total of \$163.2M is needed to fund its FY17 operating and capital requirements. Of this amount, a total of \$81.2M will be funded from fares and federal grants. The remaining \$84.1M will be funded as follows: \$82M from Metro's PC 40% funds and \$2.1M from PC 10% programmed to Metrolink for its participation in Access' Free Fare Program. See Attachment A.

DISCUSSION

With the demographic shifts of an aging population of baby boomers and reductions in human services transportation funding, Access ridership projections are expected to increase. Access' passenger trips are projected to increase by 3.6% in FY17 and will accordingly increase operating costs. In FY17, total operating costs are increasing by \$8.6M or 5.9%, higher than the growth in

passenger trips. This is a result of increased insurance costs for Beyond the Curb (BTC) service, a federally mandated Origin to Destination service implemented last year, as well as prepaying for FY18 auto liability insurance. In FY17, this increase in operating costs of \$8.6M is offset by a reduction in vehicle acquisitions of \$4.8M, resulting in a net increase of \$3.9M or 2.4% in Access' budget. See table below.

Access Services Budget		(in thousands)			
	FY16 Budget	FY17 Proposed	\$ Change	% Change	
Expenses					
Direct Operations	\$ 106,230.00	\$ 113,230.00	\$ 7,000.00	6.6%	
Contracted Support	21,656.00	22,705.00	1,049.00	4.8%	
Management/Administration	17,237.00	17,837.00	600.00	3.5%	
Total Operating Costs	145,123.00	153,772.00	8,649.00	5.9%	
Total Vehicle Purchases/Cap	14,228.00	9,430.00	(4,798.00)	(0.34)	
Total Expenses	\$ 159,351.0	\$ 163,202.0	\$ 3,851.0	2.4%	
Carry Over/(Shortfall)	\$ 8,000.0		\$ (8,000.0)	-100.0%	

FY16 Carry Over Funds of \$8M

In FY16, Access requested approximately \$8M in additional funds in order to implement a new “dynamic fare” structure and for the BTC service. The “dynamic fare” issue was resolved favorably and did not require implementation of the new fare structure. For BTC, Access projected a utilization level in the 5-10% range; however, utilization through April 2016 was less than 1%. Rather than returning the FY16 unspent funds to Metro, Access has requested to carry over the \$8M into FY17 proposed budget.

BACKGROUND

Access administers and manages the delivery of regional ADA paratransit services on behalf of Metro and 43 other public fixed route operators in Los Angeles County consistent with the adopted Countywide Paratransit Plan. The provision of compliant ADA-mandated paratransit service is considered a civil right under federal law and must be appropriately funded.

Access' system provides more than 4.6M passenger trips per year to more than 170,000 qualified ADA paratransit riders in a service area covering over 1,950 square miles of Los Angeles County utilizing over 600 vehicles. Access' service area is divided into six regions to ensure efficiency and

effectiveness of the service.

Access' budget details, organizational structure, business plan and other relevant information can be found in Access Proposed Annual Budget Fiscal Year 2016-2017. ~~Book Attachment A~~

PERFORMANCE, COMPLIANCE AND OVERSIGHT

Access has adopted Key Performance Indicators (KPI) to ensure that the agency provides quality ADA paratransit service. For FY15 Access met their performance goals. For FY16 (data through May 2016), Access has not met performance goals in the areas of On-Time Performance and Late 4 trips at this time. Metro will work with Access to ensure they meet the KPIs going forward. See table of Access' KPIs below.

Access Key Performance Indicators

	Goals	FY15	Goals Met	FY16-YTD	Goals Met?
On-Time Performance	≥91.0%	91.9%	Yes	90.5%	No*
"Late 4" trips (+45 mins late)	≤0.10%	0.09%	Yes	0.14%	No*
Denials	≤1%	0.2%	Yes	0.2%	Yes
Average Initial Hold Times	≤120 secs	83 secs	Yes	91 secs	Yes

Metro, in coordination with Access, will continue to develop and monitor standards to ensure system effectiveness, cost efficiency and accountability. In FY17, Metro will work with Access staff to:

- Evaluate the benefits of a centralized reservations and routing model and eligibility criteria to improve system efficiency
- Review all key performance standards to ensure compliance as mandated by the ADA, follow up on On-Time Performance and Late 4 trips and continue to monitor financial aspects of the service, including cost per trip
- Continue to audit for Access as part of the ongoing annual consolidated financial audit
- Continue Metro's oversight through participation on Access' Board of Directors, Budget and

Audit subcommittees

DETERMINATION OF SAFETY IMPACT

Approval of this recommendation does not have a negative impact on the safety of Metro's customers, its employees or the general public.

FINANCIAL IMPACT

Access' local funding will come from PC 40% for \$82M and PC 10% for \$2.1M. There will be no financial impact on Metro's bus and rail operations.

Impact to Budget

Metro's FY17 budget will include \$74M from PC 40% under project number 410011 and \$2.1M from PC 10% under project number 410011. The \$8M carry-over has already been budgeted in FY2015-2016.

ALTERNATIVES CONSIDERED

Not fully funding Access to provide the mandated paratransit services for FY17 would place Metro and the other 43 Los Angeles County fixed route operators, to be in violation of the ADA, which mandates that fixed route operators provide complementary paratransit service within $\frac{3}{4}$ of a mile of a local rail or bus line or consequently lose federal funding.

NEXT STEPS

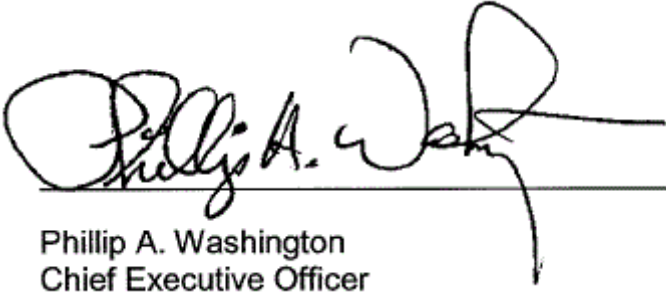
After the Board of Directors approves the recommended funding, we will work with Access to ensure proper disbursement of funds.

Staff will also continue to work collaboratively with Access to identify funding sources, including other grants, Medi-Cal reimbursements for eligible customers and inclusion in the potential 2016 sales tax ballot measure to ensure future enhancements and continuation of Access-provided service.

Attachment A - Access Funding Sources for Fiscal Year 2016-2017

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ATTACHMENT A

Access Funding Sources - Fiscal Year 2016-2017

(\$ in millions)	FY17 Funding Sources
Federal grants, fares, and other income	
Federal grants	\$ 71.2
Passenger fares and other income	10.0
Federal grants, fares, and other income Subtotal	81.2
Prop C 40%	
Operating and Capital Funds	74.0
Operating and Capital (FY16 Carryover)	8.0
PC40 Subtotal	82.0
Federal, fares, and PC40 Subtotal	\$ 163.2
Prop C 10%	
Funds paid directly to Metrolink for participation in Access' Free Fare Program	2.1
Total Funding	\$ 165.3
Total Requested Funding	\$ 84.1