Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2020-0547, **File Type:** Budget **Agenda Number:** 12.

FINANCE, BUDGET AND AUDIT COMMITTEE
SEPTEMBER 16, 2020

SUBJECT: ACCESS SERVICES PROPOSED FISCAL YEAR 2021 BUDGET

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

A. APPROVING local funding request for Access Services (Access) in an amount not to exceed $97,564,167 for FY21. This amount includes:

- Local funds for operating and capital expenses in the amount of $95,245,337;
- Local funds paid directly to Metrolink for its participation in Access' Free Fare Program in the amount of $2,318,830; 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 $178.9 million is required for its FY21 operating and capital needs, and an additional $2.3 million is required for Metrolink's participation in Access' Free Fare Program for a total of $181.2 million. Of this total, $83.7 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 $97.5 million will be funded with Measure M ADA Paratransit Service (MM 2%) funds and Proposition C 40% Discretionary (PC 40%) funds that includes operating reserve, the FY20 Continuing Resolution, CARES Act equivalent allocation of local funds, carryover from FY19 funds, as well as funding to Metrolink for Access' Free Fare Program. See Attachment A for funding details.

BACKGROUND

The development of Metro's annual budget was negatively impacted by the COVID-19 pandemic as resources and revenues needed to continue programs in FY 2020-2021 were not fully formalized.

This affected the distribution of funds to the entire County's mobility network, including Municipal Transit operators, dozens of small local community providers, regional support facilities and operators such as Metrolink and Access.

On May 28, 2020, the Metro Board adopted the Continuing Resolution to extend FY 2019-2020 budget spending levels through the first quarter of FY 2020-2021 (July 1, 2020 through September 30, 2020), and authorized the CEO to amend and extend the existing funding agreement in the absence of an adopted FY 2020-2021 budget. As a result, Access received a total of $23,592,711.99 in local funds.

As the transportation industry faced challenging roles to continue service, Metro took action to support Access considering the reduction in sales tax revenue as a result of the COVID-19 pandemic. Funds were appropriated under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) so Access can continue to provide ADA paratransit services. A total of $33.5 million of CARES Act equivalent funding was allocated to Access.

Metro has supported Access on some great initiatives for the new fiscal year. First, the Parents with Disabilities (PWD) program has now been expanded to the entire county with local funds. The modified PWD program will resume when schools are back in session. Second, Metro is working closely with Access on Assembly Bill 5 to gain an exemption and support policy in favor of independent taxicab drivers to keep operational costs down. Transportation Network Companies (TNCs), like taxis, operate independently as subcontractors to the main providers and help respond to the surges in trip demand to ensure disabled customers can travel freely in the region.

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.

In FY20, Access provided more than 3,707,599 passenger trips to more than 140,000 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). Access recently asked HDR to prepare a revised ridership projection for FY21 based on ridership data through June 2020. HDR's projection assumes a 61 percent decline in ridership (1,462,982 passengers vs. 3,707,599 FY20 passengers) for the duration of the fiscal year. 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. It should be noted, given the unprecedented nature of the COVID-19 pandemic, ridership projections are much more speculative and uncertain for the upcoming fiscal year. It is this uncertainty that requires Access to request a 10 percent reserve in the event ridership surpasses HDR's projections. The FY21 Budget will fund Access' Budget request, reflecting HDR's FY21 projected ridership. However, as done in past years, Metro will set aside a reserve amount for the additional trips exceeding the projections, which totals $15 million for FY21.

Cost Per Trip

The majority of Access' costs come from the delivery of paratransit service which is paid for on a per-trip basis. Prior to the pandemic, the cost of paratransit trips was increasing primarily due to legislative 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 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 contracts, which have improved customer service, operational performance and safety systemwide.

While ridership is projected to be significantly lower in FY21, the Agency's variable cost per trip is $45.50, a 39 percent increase from FY20. The cost increase is due to the special services being provided in response to the pandemic. In particular, the elimination of shared rides and the implementation of a "mid shift" vehicle cleaning have impacted contractor productivity and led to the higher costs. The costs for these services are included in Access' budget request for FY21.

FY21 Proposed Budget

Due to the significant reduction in projected ridership as well as a projected reduction in the need for ADA paratransit certification services, Access is projecting an 18 percent decline in its operating budget for FY21 as outlined in the table below. The increase in capital costs is due to an increase in per unit vehicle costs driven by changes in the paratransit vehicle market.

Access Services - Budget				
Expenses	**FY20 Budget**	**FY21 Proposed Budget**	**$ Change**	**% Change**
Direct Operations	$158,590,841	$126,643,085	($31,947,756)	-20.1%
Contracted Support	$13,985,333	$12,357,357	($1,627,976)	-11.6%
Management/Administration	$11,328,349	$11,744,896	$416,546	3.7%
Total Operating Cost	$183,904,523	$150,745,337	($33,159,186)	-18.0%
Total Capital Costs	$9,255,055	$13,200,000	$3,944,945	42.6%
Total Expenses	$193,159,578	$163,945,337	($29,214,241)	-15.1%
Carryover	$4,027,181	$3,711,539	($315,642)	-7.8%

FY19 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 FY19 audit determined that Access had approximately $3.7 million dollars of unspent or unencumbered funds. Per Access' FY20 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 FY21 for operating expenses. Access has requested to carryover a total amount of $3,711,539 from FY19 into the FY21 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 2019**	**FY 2020**
On Time Performance - ≥ 91%	92.00%	92.20%
Excessively Late Trips - ≤ 0.10%	0.08%	0.10%
Excessively Long Trips - ≤ 5%	3.80%	2.90%
Missed Trips - ≤ 0.75%	0.52%	0.46%
Access to Work On Time Performance - ≥ 94%	95.90%	95.90%
Average Hold Time (Reservations) - ≤ 120	80	71
Calls On Hold > 5 Min (Reservations) - ≤ 5%	4.50%	3.30%
Calls On Hold > 5 Min (ETA) - ≤ 10%	5.50%	4.10%
Complaints Per 1,000 Trips - ≤ 4.0	3.3	2.5
Preventable Incidents - ≤ 0.25	0.21	0.19
Preventable Collisions (Weighted) - ≤ 0.50	0.64	0.67
Miles Between Road Calls - ≥ 25,000	54,878	60,999

Overall, all main KPIs are being met except for preventable collisions. Access has set an aggressive goal compared to its peers to emphasize the importance of safety.

Agency Update

In FY20, Access implemented the following major initiatives:

- Additional transfer service between North County and the Los Angeles Basin
- Online eligibility applications
- Website redesign
- Continued deployment of the Where's My Ride (WMR) application (11,055 users)
- Continued deployment of on-line reservations (10 percent of trips are now booked online)

In FY21, Access plans to implement the following:

- A modified Parents with Disabilities program throughout Los Angeles County
- Enhance the WMR app using a recently received $330,000 Mobility for All grant from the Federal Transit Administration
- Deploy online reservations to the Northern region (San Fernando Valley)
- Continue to work with Metro government affairs staff and other stakeholders on issues relating to the implementation of Assembly Bill 5
- Release a Request for Proposals for the Southern operational region

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, Budget Subcommittee, Audit Subcommittee 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 required budget for fiscal year 2021 is requested in the FY21 Annual Budget for adoption in September 2020 Board meeting.

Impact to Budget
Access' funding will come from MM 2% funds in the amount of $11.5 million and PC 40% funds in the amount of $86 million for a total amount of $97.5 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 the mandated ADA paratransit services for FY21 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 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 - FY21 Access Services ADA Program

Prepared by: Fayma Ishaq, Accessibility Program Manager, (213) 922-4925
Reviewed by: Jonaura Wisdom, Chief Civil Rights Programs Officer, (213) 418-3168

Phillip A. Washington
Chief Executive Officer

	ATTACHMENT A	
FY21 ACCESS SERVICES ADA PROGRAM		
Expenses	($ in millions)	
FY21 Access Proposed Budget	$	163.9
Operating Reserve	$	15.0
Subtotal	$	178.9
Metrolink Free Fare Program (Paid by Metro)	$	2.3
Total Access Program	**$**	**181.2**
Federal/Fares		
Federal STBG Program	$	69.5
Passenger Fares, 5317 Grants & Misc. Income	$	5.2
Capital	$	9.0
Subtotal	**$**	**83.7**
New Funding Request - Operating and Capital		
Measure M 2%		
FY21 **Total MM 2% Subtotal**	**$**	**11.5**
PC 40%		
Carryover from FY19 into FY21	$	3.7
FY21	$	11.7
FY20 Continuing Resolution	$	23.5
CARES Act Equivalent	$	33.5
Operating Reserve	$	15.0
Metrolink Free Fare Program (Paid by Metro)	$	2.3
Total PC 40% Subtotal	**$**	**86.0**
TOTAL FY21 LOCAL FUNDING REQUEST	**$**	**97.5**

Los Angeles County
Metropolitan Transportation Authority

Access Services- FY21 Budget Request

Finance, Budget & Audit Committee

Item 12

Metro

Access Services – FY21 Budget

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TOTAL FY21 LOCAL FUNDING REQUEST	**$**	**97.5**

Metro

Access Services – Expenses

Expenses	FY20 Budget	FY21 Proposed Budget	$ Change	% Change	Notes
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Contracted Support	$13,985,333	$12,357,357	($1,627,976)	-11.6%	Decline in new customer applications
Management/Administration	$11,328,349	$11,744,896	$416,546	3.7%	CPI increases for contracts
Total Operating Costs	**$183,904,523**	**$150,745,337**	($33,159,186)	-18.0%	
Total Capital Costs	**$9,255,055**	**$13,200,000**	$3,944,945	42.6%	Higher per unit replacement vehicle costs
Total Expenses	**193,159,578**	**163,945,337**	($29,214,241)	-15.1%	
Carry Over	**$4,027,181**	**$3,711,539**	($315,642)	-7.8%	

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Access Services – Key Performance Indicators (KPIs)

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- Access utilizes performance standards to ensure quality ADA paratransit service is delivered to its customers.
- Performance has been steady or improved in several categories.
- Complaints per 1,000 trips dropped to an all-time low.

FY20 Accomplishments/FY21 Initiatives

FY20 Accomplishments

- Additional transfer service between North County and the Los Angeles Basin
- Online eligibility applications
- Website redesign
- Continued deployment of the *Where's My Ride* (WMR) application (11,055 users)
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FY21 Initiatives

- A modified Parents with Disabilities program throughout Los Angeles County
- Enhance the WMR app using a recently received $330,000 Mobility for All grant from the Federal Transit Administration
- Deploy online reservations to the Northern region (San Fernando Valley)
- Release a Request for Proposals for the Southern operational region
- Continue to work with Metro Government Relations on AB 5's impact* on Access' use of taxicabs

*Estimated to be a 30% increase in cost for Access (or $42 million dollars, including additional capital) based on a "normal" year of operational service

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Recommendations

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