



Board Report

File #: 2024-0325, File Type: Budget

Agenda Number: 12.

FINANCE, BUDGET, AND AUDIT COMMITTEE
JUNE 20, 2024

SUBJECT: ACCESS SERVICES PROPOSED FISCAL YEAR 2025 BUDGET

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$189,763,812 for FY25. This amount includes:

- Local funds for operating and capital expenses in the amount of \$187,153,892
- Local funds paid directly to Metrolink for its participation in Access' Free Fare Program in the amount of \$2,609,920

B. AUTHORIZING the Chief Executive Officer (CEO) to negotiate and execute all necessary agreements to implement the above funding programs.

ISSUE

The total FY25 budget proposed for Americans with Disabilities Act (ADA) paratransit service for Los Angeles County is \$340,403,566. This includes a not to exceed amount of \$337,793,646 in funds for Access, the Agency that provides ADA paratransit service on behalf of Metro and the fixed route operators, to support their operating and capital needs, and \$2,609,920 for Metrolink's participation in Access' Free Fare Program.

The Access budget is proposed to be funded with various federal and local funding sources. Of this total, \$118,605,981 will be funded by federal grants, including federal Surface Transportation Block Grant (STBG) Program funds, Section 5310 and 5317 funds. The remaining amount of \$221,797,585 will be funded with Measure M ADA Paratransit Service (MM2%) funds, Proposition C 40% Discretionary (PC40%) funds, passenger fares and other funding sources generated by Access. See Attachment A for complete 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. The provision of compliant ADA mandated service is considered a civil right under federal law and must be appropriately funded.

Access' service area covers more than 1,950 square miles of Los Angeles County. In FY25, Access is forecasted to provide more than 3.9 million passenger trips to approximately 113,000 qualified ADA paratransit riders. The paratransit service area is divided into six regions - Eastern, Southern, West Central, Northern, Santa Clarita, and Antelope Valley and operated by six contractors utilizing a mixed fleet of taxicabs, accessible vehicles, and transportation network companies like SilverRide and Uber to ensure efficient and effective service.

DISCUSSION

Ridership

Access' budget is based on a paratransit ridership forecast provided by an independent third-party consulting firm, Hollingsworth Consulting (Hollingsworth). The paratransit demand analysis uses historical data and other variables to form the basis for the ridership forecast. Total forecasted passengers including Access customers, personal care assistants and guests are then converted to trips.

Based on ridership data through December 2023, Hollingsworth projects ridership to increase by 26.1% in FY25 (compared to the FY24 budget) to more than 4.8 million passengers, exceeding pre-pandemic annual ridership. The FY25 budget will fund Access' request, reflecting Hollingsworth's ridership forecast. The number of trips and the contractual cost per trip are the major cost drivers in Access' budget.

Cost Per Trip

In FY25, Access projects the estimated average fully loaded cost per trip will be \$62.53, a decrease from the FY24 average cost per trip of \$62.79.

With the 26.1% increase in the number of trips in FY25, the average cost per trip is expected to decline because the fixed-fee components (i.e., lease costs, insurance, utilities, and administrative costs/staff) of Access' paratransit service contracts generally only increase by the Consumer Price Index (CPI).

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 for Los Angeles County.

Access charges a fare of \$2.75 each way for a trip of up to 19.9 miles and a fare of \$3.50 for a trip of 20 miles or more in the Los Angeles basin. For fares in the Santa Clarita and Antelope Valleys, Access charges \$2.00 each way due to the lower base fares of the fixed-route systems in those areas. However, Access riders on fixed route service and Metrolink ride for free.

In FY25, Access projects fare revenues of \$11.1 million, an increase of \$2.3 million or 25.7% over FY24.

FY25 Proposed Budget

Access' FY25 total operating and capital budget is expected to increase by 21.6% as outlined in the table below.

Access Services - FY25 Proposed Budget

Expenses (\$ in millions)	FY24	FY25	\$ Change	% Change
	Adopted	Proposed		
1 Direct Transportation ¹	\$ 208.8	\$ 259.9	\$ 51.1	24.5%
2 Contracted Support	16.8	15.0	(1.8)	-10.7%
3 Management/Administration	15.4	16.3	0.9	5.9%
4 Total Operating Costs	241.0	291.2	50.2	20.8%
5 Capital Rolling Stock - Prior Year	32.4	16.3	(16.1)	-49.6%
6 Capital Rolling Stock - New	1.3	22.3	21.0	1615.4%
7 Capital Construction	-	5.0	5.0	100.0%
8 Facilities Development & Construction Fund (Non-Metro)	3.0	3.0	-	0.0%
9 Total Capital Program	36.7	46.6	9.9	27.1%
10 Total Expenses	\$ 277.7	\$ 337.8	\$ 60.1	21.6%

Note: Totals may not add up because of rounding

¹ FY24 Adopted Budget includes \$5 million in ridership reserve and FY25 Proposed Budget includes \$15 million in ridership reserve

Operating Costs

Direct Transportation costs are projected to increase by 24.5% due to a 26.1% increase in paratransit demand and contractual CPI increases for the service delivery contractors. Contracted Support costs are estimated to decrease by 10.7% due to the new eligibility contract providing significant cost savings with fewer annual evaluations due to a change in Access policy granting customers five years of eligibility instead of three. Management & Administration costs will increase by 5.9% due to legal expenses; contractual CPI increases as well as staff cost of living adjustments (COLA).

Capital Program - Rolling Stock and Facilities Development & Construction

Access' total capital program is \$46.6 million, an increase of 27.1% over FY24. This includes \$22.3 million for new rolling stock to replace 167 vehicles which is about 23% of their fleet. Delays in vehicle production and availability in the past few years have lengthened the delivery schedule and up to \$16.3 million will be carried over from FY24 for the purchase of revenue vehicles, which are scheduled to be delivered in FY25. Most of Access' revenue vehicles in the fleet have surpassed their useful life of 250,000 miles. The Federal Transit Administration (FTA) vehicle replacement limit is 100,000 miles per vehicle. Starting in FY25, Metro is moving from an advanced payment method for capital expenses to a reimbursement process, including for capital rolling stock. This reimbursement approach aligns with how Metro currently funds capital purchases for LA County Municipal Operators.

In addition, the capital program includes funds for facilities construction and development. Access' Strategic Plan calls for the development of Access-owned operating facilities in each of its six service regions to enhance long-term fiscal and operational effectiveness.

A Facilities Development & Construction Fund was established to advance the development of a paratransit operations and maintenance facility in Lancaster, California in the Antelope Valley. This facility is being partially funded with the Federal Emergency Management Agency (FEMA) and Medical trips reimbursements, \$3 million from Non-Metro funds for the Facilities Development & Construction Fund, \$5 million in PC40% funds and other COVID relief funding. Access will issue a Request for Proposals for construction services this calendar year with groundbreaking expected next year. Completion of the project is anticipated toward the end of 2026.

Access will continue to submit federal earmark requests and grant applications to reduce the need for Metro 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 requires Metro approval.

FY25 Operating Reserve

Access' forecasting firm is projecting ridership increases to exceed pre-pandemic levels. Metro will place in reserve \$15 million of the budgeted amount and will make it available to Access should FY25 demand appear likely to meet the projected ridership forecast.

FY24 Performance

Through April 2024, Access has provided 2.8 million paratransit trips, which is about 99% of the trips provided during the same pre-pandemic period in 2019.

Overall, most operational statistics show improvement in FY24 when compared to FY23. This reflects Access' improvements with 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.

The following Key Performance Indicators (KPIs) are in place to ensure that optimal and efficient

levels of service are provided countywide. These are reported monthly, and a year-over-year comparison is shown below:

Key Performance Indicators	Standard	FY23	FY24*
On-Time Performance	≥ 91%	91.3%	92.1%
Excessively Late Trips	≤ 0.10%	0.05%	0.03%
Excessively Long Trips	≤ 5.0%	3.6%	3.6%
Missed Trips	≤ 0.75%	0.44%	0.34%
Denials	0	4	4
Access to Work - On-Time Performance	≥ 94%	95.5%	95.8%
Average Hold Time (Reservations)	≤ 120	60	54
Calls On Hold > 5 Min (Reservations)	≤ 5%	2.3%	2.5%
Calls On Hold > 5 Min (ETA)	≤ 10%	2.0%	2.6%
Complaints Per 1,000 Trips	≤ 4.0	2.7	2.1
Preventable Incidents per 100,000 miles	≤ 0.25	0.19	0.19
Preventable Collisions per 100,000 miles	≤ 0.75	0.82	0.83
Miles Between Road Calls	≥ 25,000	41,561	46,464

*Statistical data through April 2024

Access has set aggressive performance goals for contractors. Two performance indicators fell slightly short of the goals, preventable collisions, and denials. The preventable collision goal fell short at .81, close to standard, mainly because of minor incidents like curb collisions and backing into objects. There have been four (4) individual denials in FY24 out of 2.8 million trips due to reservationists offering trip times outside of the allowable one-hour window; in each of these instances, immediate retraining was provided for staff.

Access Update in FY24:

- Received \$3 million in federal funding for the Antelope Valley region paratransit operations facility
- Awarded contracts to the Eastern (San Gabriel Valley) region and eligibility service contractors
- Completed Customer satisfaction survey via text and phone - results will be shared in summer of 2024
- Implemented the Access Flex pilot program in the Southern Region

In FY25, Access plans to:

- Continue development of the Antelope Valley region paratransit operations facility
- Continue collaboration with Metro staff and LA28 on preparation of the 2028 Olympic and

Paralympic games and seek federal funding for a facility legacy project in the Southern region

- Initiate a pilot program for accessible electric and hydrogen paratransit vehicles
- Provide results of customer satisfaction survey in quarter 1 of FY25
- Continue Access Flex pilot program in the Southern Region

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 FY25 is included in Cost Center 0443, Project 410011, and Account 54001 in the FY25 Metro Annual Budget as adopted at the May 2024 Board meeting.

Impact to Budget

Access' funding will come from Measure M 2% funds in the amount of \$18,287,939 million, and Proposition C 40% funds in the amount of \$171,475,873 million for a total of \$189,763,812 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. Access' service region is divided into six regions, and all have similar KPIs, which are measured and monitored by Access' staff. Access has analyzed its service area map to determine the percentage of riders served in Equity Focus Communities (EFCs). From July 1, 2023, through April 30, 2024, about 45.8% of all trips taken by 50,257 Access riders were picked up in EFCs. There was a slight reduction from last year of 0.9% of all trips taken and 5,244 less trips taken by Access riders in EFCs.

On a semi-annual basis, Access conducts two virtual countywide community meetings to allow all customers and stakeholders to receive information about Access and directly communicate with staff about their service experiences. The meeting notice is posted in advance on Access' website and social media outlets, and flyers are distributed. 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 2024. Additionally, a customer satisfaction survey was conducted in English and Spanish via text and phone; the survey also utilized a language line service that can translate the survey into any language needed. The results of the survey will be available in the summer of 2024.

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 FY25 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

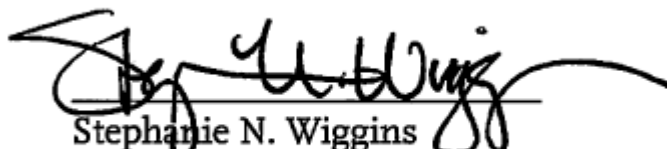
Upon approval, staff will execute an MOU for FY25 to ensure proper disbursement of funds.

ATTACHMENTS

Attachment A - FY25 Access Services ADA Program

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Reviewed by: Nalini Ahuja, Chief Financial Officer, 213-922-3088



Stephanie N. Wiggins
Chief Executive Officer

FY25 ACCESS SERVICES ADA PROGRAM			
<i>(\$ in millions)</i>			
EXPENSES			
1	FY25 Access Services Proposed Budget	\$	337.8
2	Metrolink Free Fare Program (paid by Metro)		2.6
3		Total Expenses	\$ 340.4
4			
REVENUES			
5			
6	<u>Federal Funds - Operating & Capital</u>		
7	STBG Program, ARPA & 5317	\$	110.2
8	Prior Year Capital Rolling Stock - 5310		8.4
9		Subtotal Federal Funds	\$ 118.6
10			
11	<u>Local Funds</u>		
12	Measure M 2%		
13		Subtotal Measure M	\$ 18.3
14			
15	Proposition C 40%		
16	Operating ¹	\$	131.6
17	Ridership Reserve		15.0
18	Capital Rolling Stock - New		22.3
19	Metrolink Free Fare Program (paid by Metro)		2.6
20		Subtotal Proposition C	\$ 171.5
21			
22		Total Local Funds	\$ 189.8
23	<u>Local Carryover or Non-Metro Funds</u>		
24	Passenger Fares & Misc. Income/Other Agency Funds	\$	16.0
25	Prior Year Capital - Rolling Stock		8.0
26	Capital Construction		5.0
27	Facilities Development & Construction Fund (Non-Metro)		3.0
28		Subtotal Local Carryover/Non-Metro Funds	\$ 32.0
29			
30		Total FY25 Local Funds	\$ 221.8
31			
32		Total Revenues	\$ 340.4

Note: Totals may not add up because of rounding

¹ Operating & Capital - portions of these funds maybe replaced with federal STBG Program funds



Access Services Fiscal Year 2025 Proposed Budget

Finance, Budget & Audit Committee

June 2024



Access Services – FY25 Proposed Budget

Access Services - FY25 Proposed Budget

	FY24 Adopted	FY25 Proposed	\$ Change	% Change	Notes
Expenses (\$ in millions)					
1 Direct Transportation ¹	\$ 208.8	\$ 259.9	\$ 51.1	24.5%	Forecasted trip demand is 26.1%
2 Contracted Support	16.8	15.0	(1.8)	-10.7%	New Eligibility contract changes with fewer in-person evaluations
3 Management/Administration	15.4	16.3	0.9	5.9%	Normal annual adjustments influenced by CPI, COLA and legal expenses
4 Total Operating Costs	241.0	291.2	50.2	20.8%	
5 Capital Rolling Stock - Prior Year	32.4	16.3	(16.1)	-49.6%	Vehicle production backlog
6 Capital Rolling Stock - New	1.3	22.3	21.0	1615.4%	Rolling stock replacement of vehicles that have surpassed their useful life (250K miles)
7 Capital Construction	-	5.0	5.0	100.0%	Antelope Valley Operating Facility Development
8 Facilities Development & Construction Fund (Non-Metro)	3.0	3.0	-	0.0%	Antelope Valley Operating Facility Development
9 Total Capital Program	36.7	46.6	9.9	27.1%	
10 Total Expenses	\$ 277.7	\$ 337.8	\$ 60.1	21.6%	

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¹ FY24 Adopted Budget includes \$5 million in ridership reserve and FY25 Proposed Budget includes \$15 million in ridership reserve



FY25 Local Funding Request



FY25 ACCESS SERVICES ADA PROGRAM			
(\$ in millions)			
EXPENSES			
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Miles Between Road Calls	≥ 25,000	41,561	46,464

*Statistical data through April 2024

¹ Reservationists offering trip times outside the allowable one-hour window

² Minor incidents like curb collisions and backing into objects





FY24 Accomplishments



Received \$3 million of federal funding for Antelope Valley Paratransit Operations Facility



Contract Awards - Eastern Region & Eligibility Service Contractors



Completed Customer Satisfaction Survey



Transportation Network Company (TNC) – Access Flex Pilot Program (Southern Region)

FY25 Initiatives



Continue Development of Antelope Valley Paratransit Operations Facility



Work with Metro & LA28 for 2028 Olympic & Paralympic Games/Facility Legacy Project



Pilot Program for Accessible Electric & Hydrogen Paratransit Vehicles



Result of customer satisfaction survey in Quarter 1 of FY25



Continue Southern Region - Access Flex Pilot Program



Access Services - Recommendations

- A. APPROVING local funding request for Access Services (Access) in an amount not to exceed \$189,763,812 for FY25. This amount includes:
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