

access

PLANNING AND DEVELOPMENT COMMITTEE

Monday, May 16, 2022

12:30 p.m.

Webinar

Committee Members: T. DeVera, Chair
M. Gombert
D. Nason

	<u>DISPOSITION</u>
1. CALL TO ORDER	ACTION
2. GENERAL PUBLIC COMMENT	INFORMATION
3. CONSIDERATION TO APPROVE SUPPLEMENTAL COMPENSATION FOR SUBCONTRACTED TRIPS (page 4)	ACTION
4. CONSIDERATION TO APPROVE PROPOSED FY2022/23 BUDGET (page 6)	ACTION
5. ADJOURNMENT	ACTION

Access Services does not discriminate on the basis of disability. Accordingly, Access Services seeks to ensure that individuals with disabilities will have an equal opportunity to participate in the range of Access Services events and programs by providing appropriate auxiliary aids and services for communications. Primary consideration is given to the request of individuals with disabilities. However, the final decision belongs to Access Services. To help ensure the availability of any auxiliary aids and services you require, please make every effort to notify Access Services of your request at least three (3) business days (72 hours) prior to the meeting in which you wish to utilize those aids or services. You may do so by contacting (213) 270-6000.

Note: Access Services Board committee meetings are held pursuant to the Ralph M. Brown Act [Cal. Gov. Code §54950] and are open to the public. The public may view and obtain all written information supporting this agenda provided to the Board committee both initially and supplementally prior to the meeting at the agency's offices located at 3449 Santa Anita Avenue, El Monte, California and on its website at <http://accessla.org>. Documents, including Power Point handouts distributed to the Board committee members by staff or Board committee members at the meeting, will simultaneously be made available to the public. Three opportunities are available for the public to address the Board committee during a Board committee meeting: (1) before closed session regarding matters to be discussed in closed session, (2) before a specific agenda item is

debated and voted upon and (3) during the time allotted for general public comment. The exercise of the right to address the Board committee is subject to restriction as to time and appropriate decorum. All persons wishing to make public comment must fill out a goldenrod Public Comment Form and submit it to the Secretary of the Board. Public comment is generally limited to three (3) minutes per speaker and the total time available for public comment may be further limited at the discretion of the Chairperson. Persons whose speech is impaired such that they are unable to address the Board at a normal rate of speed may request an accommodation of a limited amount of additional time from the Chair but only by checking the appropriate box on the Public Comment Form. Granting such an accommodation is at the discretion of the Chair. The Board committee cannot and will not respond during the meeting to matters raised under general public comment. Pursuant to provisions of the Brown Act governing these proceedings, no discussion or action may be taken on these matters unless they are listed on the agenda, or unless certain emergency or special circumstances exist. However, the Board committee may direct staff to investigate and/or schedule certain matters for consideration at a future Board committee meeting and staff may respond to all public comments in writing prior to the next Board committee meeting.

Commitment to Civility

To assure civility in its public meetings, staff and the public are also encouraged to engage in respectful dialog that supports freedom of speech and values diversity of opinion. To achieve compliance with these Rules, Directors, staff, and the public are encouraged to:

- Create an atmosphere of respect and civility where Directors, staff, and the public are free to express their ideas;
- Establish and maintain a cordial and respectful atmosphere during discussions;
- Foster meaningful dialogue free of personal attacks;
- Listen with an open mind to all information, including dissenting points of view, regarding issues presented to the Board;
- Recognize that it is sometimes difficult to speak at Board meetings, and out of respect for each person's feelings, allow others to have their say without comment, including booing, whistling or clapping; and
- Adhere to speaking time limit.

Alternative accessible formats are available upon request.

***NOTE**

NOTICE OF ALTERNATIVE PUBLIC COMMENT PROCEDURES

Pursuant to temporary revised Brown Act requirements, Board committee members will be participating via webinar. The public may submit written comments on any item on the agenda - 1) through email by addressing it to - board@accessla.org or 2) via US Postal mail by addressing it to - Access Services Board Comments, PO Box 5728, El Monte CA 91734. Please include your name, item number and comments in the correspondence. Comments must be submitted/received no later than 9:00 am on Monday, May 16, 2022 so they can be read into the record as appropriate.

The public may also participate via the Zoom webinar link, or by teleconference. Please review the procedures to do so as follows -

How to Provide Public Comment in a Board Meeting via Zoom

Online

1. Click the Zoom link for the meeting you wish to join. Meeting information can be found at: https://accessla.org/news_and_events/agendas.html. Make sure to use a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, or Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. You may also use this direct link - <https://us06web.zoom.us/j/86511511851>
2. Enter an email address and your name. Your name will be visible online while you are speaking.
3. When the Committee Chair calls for the item on which you wish to speak, click on "raise hand." Speakers will be notified shortly before they are called to speak. Mute all other audio before speaking. Using multiple devices can cause audio feedback.
4. Please note that the "Chat" feature is an accessibility tool for comments on items by committee members and the general public attendees who need to use this tool. If you cannot use the "raise hand" feature, then please submit a written comment as outlined above.
5. When called, please limit your remarks to three minutes. An audio signal will sound at the three-minute mark and the Chair will have the discretion to mute you at any point after that. After the comment has been given, the microphone for the speaker's Zoom profile will be muted.

Note: Members of the public will not be shown on video.

By phone

1. Call the Zoom phone number and enter the webinar ID for the meeting you wish to join. Meeting information can be found at: https://accessla.org/news_and_events/agendas.html
2. You can also call in using the following information -
Dial (for higher quality, dial a number based on your current location):
US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099 or 833 548 0282 (Toll Free) or 877 853 5247 (Toll Free) or 888 788 0099 (Toll Free) or 833 548 0276 (Toll Free)
Webinar ID: 865 1151 1851
3. When the Committee Chair calls for the item on which you wish to speak, press *9 to raise a hand. Speakers will be notified shortly before they are called to speak. Speakers will be called by the last four digits of their phone number. Please note that phone numbers in their entirety will be visible online while speakers are speaking.
4. If you cannot use the "raise hand" feature, the please submit a written comment as outlined above.
5. When called, please state your name and limit your remarks to three minutes. An audio signal will sound at the three-minute mark and the Chair will have the discretion to mute you at any point after that. After the comment has been given, the microphone for the speaker's Zoom profile will be muted.

MAY 9, 2022

TO: BOARD OF DIRECTORS

FROM: HECTOR RODRIGUEZ, DEPUTY EXECUTIVE DIRECTOR

RE: CONSIDERATION TO APPROVE SUPPLEMENTAL COMPENSATION FOR SUBCONTRACTED TRIPS

ISSUE:

On April 21, 2022, the Los Angeles Board of Taxicab Commissioners increased taxicab meter rates by 10 percent (see attached). In order to continue to attract taxi resources, Access' service providers need to adjust their compensation rates to their subcontractors.

RECOMMENDATION:

Approve the supplemental compensation for subcontracted trips by \$3.15 per trip retroactive to April 21, 2022 and authorize the Executive Director to execute contract amendments as required.

IMPACT ON BUDGET:

The proposed action will have a budget impact in FY 22. The expected cost of the additional compensation is as follows and is based on an assumption that 35 percent of Access trips will be performed by subcontractors:

	Passengers	Trips	35%	Additional Cost at \$3.15 per Trip
April 2022 (Partial)	253,166	197,786	23,075	\$ 72,686
May 2022	260,867	203,802	71,331	\$ 224,692
June 2022	243,870	190,524	66,683	\$ 210,052
Totals:	504,737	394,326	138,014	\$ 507,430

This proposal can be funded with Proposition C 40% Discretionary funds. Given the lower-than-expected service demand due to the Omicron variant over the fall and winter months, there are sufficient funds to cover this additional expense in FY22. Staff will budget for this additional expense in future fiscal years as part of the normal budget process.

ALTERNATIVES CONSIDERED:

The Board may opt not to approve this supplemental compensation. However, given the importance of taxis to Access' ADA service, Access could experience significant service disruption due to the lack of taxi resources.

EFFECT OF APPROVAL OF STAFF RECOMMENDATION:

If this staff recommendation is approved by the Board, staff will be authorized, but not required, to negotiate and enter into an amendment of existing service provider contracts, under terms that are no less favorable to Access Services than those proposed herein. Access Services would not be legally bound to this contract unless it is incorporated into a formal written agreement executed by all parties thereto and approved as to form by this entity's legal counsel.

BACKGROUND:

Access service providers over the past 10 years have subcontracted a large portion of their trip demand to the taxi industry. The utilization of the taxi industry to supplement the Access dedicated fleet has allowed the agency to maintain a relatively low-cost structure when compared to other systems throughout the nation.

In recent years, the percent of subcontracted trips has been as high as 51%. However, the emergence of TNCs and the subsequent COVID-19 pandemic have had a detrimental effect on the taxi industry. There are fewer available taxi cabs and the taxis that remain are currently more likely to choose cash trips over paratransit trips.

Further exacerbating the struggles of the taxi industry is the fact that the compensation structure in Los Angeles has remained unchanged since March 17, 2011. On April 21, 2022, the City of Los Angeles Taxicab Commission approved new interim rates ([PD Item 3 Attachment A](#)) that are ten (10%) percent higher with a 17% increase to the Flag Drop rate from \$2.65 to \$3.10. The new rates will remain in effect until Los Angeles Department of Transportation (LADOT) staff completes a rate study to determine if the new rates should be increased beyond 10 percent. It is expected that the full rate analysis will lead to much higher fares given the change in economic conditions over the last 11 years since the rate was adjusted. Any rate increase over 10 percent must be approved by the Los Angeles City Council.

Given the many economic factors that have changed over the last 11 years, staff believes it is imperative that Access increase the compensation for subcontracted trips to be consistent with the Commission's action until all basin contracts are re-bid and the added cost of subcontracting can be incorporated into the bids for new contracts.

System-wide, service providers subcontract approximately 35% of the daily trip demand and, given the lack of available taxi subcontractors, staff expects that the trend will continue through FY23.

The average Access trip is around 10 miles. Using the average trip length of 10 miles, the cost differential between the 2011 taxi rates and the new rates approved in April 2022 equates to \$3.15 per trip. Staff believes it is prudent to make the rates retroactive to April 21, 2022. The additional compensation will allow our service providers to be competitive given the current employment outlook and the higher compensation rates already in effect for the taxi industry.

MAY 9, 2022

TO: BOARD OF DIRECTORS

FROM: HECTOR RODRIGUEZ, DEPUTY EXECUTIVE DIRECTOR

RE: CONSIDERATION TO APPROVE PROPOSED FY2022/23 BUDGET

ISSUE:

It is necessary for the Board to adopt an operating budget for Access' fiscal year beginning July 1, 2022 through June 30, 2023.

RECOMMENDATION:

Approve the FY2022/2023 budget as presented and authorize the Executive Director to execute contract amendments as required.

BACKGROUND:

The proposed FY2022/2023 budget is based on demand projections conducted by Access' service demand consultant HDR Engineering, Inc., available funding, existing programs and capital needs. Overall, the budget is based on a funding level of \$251.9 million of which Contract Operations represents over 87% of the total operating budget. The budget will provide for delivery of 3.4 million passenger trips and 25.6 million contract revenue miles.

In response to the pandemic, the agency has previously made contractual adjustments to most of the service provider contracts. In FY 23, the impacts of the pandemic, specifically rising wages and inflation, are expected to continue. Accordingly, staff has included funding for Covid-related impacts such as higher wages, higher than expected CPI increases, wage compression for positions other than the driver classification, as well as the impact of higher taxi rates. Staff, if authorized, will negotiate with the service providers to execute contract amendments to address the above issues to ensure system stability and the quality paratransit services Access customers have come to expect.

The following provides a high-level narrative of funding and program expenses by cost center. Full budget detail is available for download as [PD Item 4 Attachment A](#).

Funding

Funding sources include \$73.0 million from the Federal Transit Administration (FTA) Surface Transportation Block Grant (STBG) program; \$49.1 million of American Rescue Plan Act (ARPA) equivalent funds; carryover of Section 5310 capital grant funds of \$11.7 million; \$8.6 million from passenger fare revenues; \$15.5 million from Measure M funds; \$0.9 million of ARPA direct funds; \$0.7 million from Federal Section 5317 funds; \$0.6 million from the sale of depreciated vehicles and

earned interest on cash deposits. Approximately \$91.6 million (inclusive of carryover of prior year operating and capital funds) comes from the Proposition C 40% Local Sales Tax discretionary fund account allocated to Access under an annual Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (Metro). The subsidy proposed by Metro for FY2022/2023 meets the mean expected results for the level of transportation service projected by HDR's trip demand analysis as well as the other Access Services' programs and administrative costs.

Paratransit Operations

The total cost of \$190.5 million for this program (87.3% of total operating funds) is a 6.7% increase (\$12.0 million) from the FY2021/2022 budget.

The primary cost impacts within this program are:

- Purchased Transportation - \$172.3 million (\$161.1 million FY 2021/2022)
- Insurance - \$7.5 million (\$6.7 million FY 2021/2022)
- Free Fare Program - \$2.5 million (\$3.5 million FY 2021/2022)

The main cost drivers within the purchased transportation program are: increased ridership, escalating minimum wage costs, inflation, higher fuel costs and higher cost of contracted services as the contracts are procured through an open and competitive process.

The pandemic has had multiple effects on service delivery and related cost structures. Demand for services has been erratic; millions of people have left the workforce creating a shortage of potential contractor employees, particularly drivers; the minimum wage has increased and, because it is now indexed annually against the Consumer Price Index (CPI), it has risen significantly this year and will continue to increase moving forward; fuel, which until recently was around \$3 per gallon jumped to over \$6 per gallon and has remained near that level; and lastly, the taxi industry has shrunk due to lack of demand as well as competition from TNCs and the taxi drivers who remain are favoring cash fares over Access trips.

Given the above factors, staff has budgeted the following adjustments to the service provider contracts:

- Additional compensation in order to achieve a recommended minimum of \$19 per hour starting wage for drivers. The service provider contracts currently have starting wages ranging from about \$16.50 to \$17.25.
- CPI increases - Most contracts have a built in CPI escalator which does not exceed 3%. However, over the last twelve months, inflation has risen over eight percent (8%) per the U.S. Bureau of Labor Statistics. In order to maintain the viability of the system, staff proposes to make adjustments to contractor compensation rates based on the market CPI rather than the contractual CPI.
- Taxi Rate Adjustment - Access' historically low-cost structure has been achieved in part due to the high utilization of taxi subcontractors, currently around 35 percent of Agency trips. The taxi industry has allowed our contractors to manage daily demand during the peaks and valleys; deliver excellent service by allowing the contractors to better manage on-time performance; maintain a low level of capital assets, reducing facility space requirements for our contractors; and eliminate the need for a spare fleet.

The service providers have relied on the formal taxi compensation structure established by the City of Los Angeles Taxicab Commission to prepare their proposals and pricing to this agency.

On April 21, 2022, the City of Los Angeles Taxicab Commission approved new interim rates that are ten (10%) percent higher with a 17% increase to the Flag Drop rate from \$2.65 to \$3.10. The new rates will remain in effect until Los Angeles Department of Transportation (LADOT) staff completes a rate study to determine if the new rates should be increased beyond 10 percent. It is expected that the full rate analysis will lead to much higher fares given the change in economic conditions over the last 11 years since the rate was adjusted. Any rate increase over 10 percent must be approved by the Los Angeles City Council.

Given the many economic factors that have changed over the last 11 years, staff believes it is imperative that Access increase the compensation for subcontracted trips to be consistent with the Commission's action until all basin contracts are re-bid and the added cost of subcontracting can be incorporated into the bids for new contracts.

Contract Management

The total cost of \$4.6 million for this program (2.1% of total operating funds) is a 16.0% increase (\$0.6 million) from the FY2021/2022 budget.

The primary cost impacts within this program are:

- Salaries and Related Expense - \$2.5 million (\$2.1 million FY 2021/2022)
- Driver Incentive Program - \$0.25 million (\$0.1 million FY 2021/2022)

The main cost drivers within the purchased transportation program are: increased staffing (2 FTEs, CPI adjustments, and projected higher driver incentive program awards.

Eligibility Determination

The total cost of \$11.8 million for this program (5.4% of total operating funds) is a 5.9% increase (\$0.6 million) from the FY2021/2022 budget.

Eligibility costs are expected to be impacted by a variety of factors. HDR has projected a higher number of new applicants. The higher projection for new applicants has a ripple effect across this function: More applicants translate into a higher number of appeals and higher transportation costs. Additionally, there are a large number of applicants who received temporary approval during the pandemic but will need to have an in-person assessment once pandemic restrictions are lifted.

Consolidated Transportation Services Agency

The total cost of \$0.57 million for this program (0.30% of total funding) is a 4.2% increase (\$23,000) from the FY2021/2022 budget.

Administration

The total cost of \$10.7 million for this program (4.9% of total operating funds) reflects a 19.3% increase from the FY2021/2022 budget, and a net increase in total dollars of \$1.73 million.

The primary cost impacts within this program are:

- Professional Services - \$1.7 million (\$1.5 million FY2021/2022) - Due to increases in software support (Oracle, Rider360 2.0.), audit services, legal services, and scheduled contractual increases.
- Network & Telecom - \$1.59 million (\$687,000 FY2021/2022) - Due to increases in licensing fees, investments in our IT Operations Center, enhancements in cyber-security programs, and higher software development costs.
- Salaries & Related Expenses - \$6.0 million (\$5.6 million FY2021/2022) - Increased expense from a planned 8% CPI salary increase, 2% discretionary increase and an additional two (2) FTEs (bringing the Agency's authorized FTE total to 79), and other payroll cost adjustments due to wage compression from increases in minimum wage. Similar to Metro, regular staff salary increases were deferred during FY21.
- All other categories such as Insurance and Office Rent either remained flat or had a slight decrease when compared to the FY2021/22 budget.

Capital Projects

The total cost of \$33.8 million (13.4% of total budget) is a 103.4% increase when compared to the FY2021/2022 budget amount of \$16.6 million. Of note, \$11.7 million is scheduled to be carried over from the FY22 budget due to a delay in vehicle deliveries that are now currently on order.

Capital projects include -

Vehicle Acquisition	\$33,252,327
Electric Vehicle Demonstration Project	\$ 530,000

Vehicle acquisitions will include Ram ProMaster vans, and cutaway vehicles in addition to several electric vehicles which will be part of a pilot program. One of the challenges facing the industry is the lack of inventory due to pandemic related impacts, particularly shortages of electronic components and other parts.

Next Steps

The overall Metro budget (which includes funding for Access) is scheduled for Metro's regular May Board meeting cycle. The Metro Board of Directors will consider Metro's budget at the Finance, Budget and Audit Subcommittee on May 18, 2022, and at its regular Board meeting on May 26, 2022. During Metro's June Board meeting cycle, the Metro Board will consider the approval of the specific local subsidies allocated to Access. Upon approval, staff will execute a funding MOU with Metro.