



Finance & Administration Committee

Information Item IV-A

March 10, 2011

MetroAccess Cost Management Plan

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input type="radio"/> Action <input checked="" type="radio"/> Information	MEAD Number:	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

MetroAccess Short & Long-Term Cost Management Plan

PURPOSE:

To (1) provide the Board with an update on ridership and cost projections for MetroAccess paratransit service; (2) outline for the Board, preparations for the successful closure of the legal settlement and the planned exercise of the final option period for the current paratransit contract on July 1, 2011; and (3) inform the Board of future paratransit planning considerations, to include strategies for cost and demand management and research of potential management and contracting approaches for the development of a new paratransit RFP.

DESCRIPTION:

The detailed briefing will include data on the current status of ridership growth trends as well as budget projections for the remainder of FY 2011. Information will be provided on the success of recent Board policy, eligibility and travel training initiatives, and their collective impact on demand management and operating costs. Contract and service policy variations will be presented as potential business model alternatives to be considered in the planning and development of the new paratransit RFP. The topics of this briefing are consistent with Metro's goals of delivering quality service, using every resource wisely and maintaining and enhancing Metro's image.

FUNDING IMPACT:

No Funding Impact - Board Information Item	
Project Manager:	Christian T. Kent
Project Department/Office:	Department of Access Services

RECOMMENDATION:

N/A



Washington Metropolitan Area Transit Authority

MetroAccess
Short and Long-Term
Cost Management Plan

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Background: MACS Fare Increase

- Fare increase implemented on February 27, 2011
- Not a new action -- from FY 2011 budget, adopted June 2010
 - Paratransit cost increases had become unsustainable
 - Public hearings: fare increases favored over reductions in service
 - Service area and fare structure realigned to conform to ADA and to avoid any reductions in paratransit service
- Technological complexity of the change to the MetroAccess scheduling software was known, delay of implementation part of budget resolution; 50-cent increase on 7/1/2010
- Paratransit elasticity speculative; amount of cost recovery unknown, although reduced growth rate observed in FY 2011



History and Growth of MetroAccess

- Paratransit service has grown in volume by over 600% since 1998
- Manual processing of dispatch and trip reservations became unsustainable in 2004, and complaints about service increased substantially
- Class-action lawsuit was filed concerning on-time performance
- New contract started in 2006 adding technology and resources
- Board of Directors adopted recommendations from COG independent review to improve service and add resources
- Quality greatly improved; customer satisfaction at 5-yr high
- Ridership doubled between 2006 and 2010



Status of MetroAccess Class-Action Legal Settlement

- Three-year agreement began in FY 2008; plaintiff oversight through 7/2/2011
- Historic \$14M settlement directed majority of funds to service improvements
- Metro augmented contract staff, technology, and oversight to achieve stability
- Annual third-party reviews of compliance satisfactory; final review underway





Cost as a Function of Ridership

- 80% of MetroAccess expense based on ridership (\$92M)
- Doubling of ridership between 2006 and 2011 (1.2M to 2.4M) has also doubled the ACCS budget (\$51M to \$102M)
- 20% of MetroAccess expense is based on fixed costs (\$12M)
 - Includes staffing and technology infrastructure

Peer Comparison

	Cost/Pax
NYCTA	\$ 74.45
King Co (Seattle)	\$ 44.75
WMATA	\$ 41.09
MARTA (Atlanta)	\$ 36.08
PACE (Chicago)	\$ 33.24
MBTA (Boston)	\$ 33.22
RTD (Denver)	\$ 32.12
MTA (Los Angeles)	\$ 31.14
SEPTA (Philadelphia)	\$ 27.51
OCTA (Orange Co, CA)	\$ 25.53
METRO (Houston)	\$ 23.84
NJ Transit	\$ 17.35



Cost Containment Efforts

- Demand management – travel training and promotion of fixed-route system dramatically reduced growth curve from FY 2009
 - FY 2011 forecast meets budget
 - First half of FY 2011 is only **3%** over FY 2010 – a reduction in **growth rate**, but not a reduction in ridership
- MetroAccess staff working with contractor to reduce costs while adhering to qualitative requirements, legal settlement
 - Some adjustments made to contract due to increases in scope of services required by Metro that were not in the original RFP
 - Periodic adjustments made to contract **as a result of** substantial increases in demand, not based on forecasts
 - Analysis underway of FY 2011 ridership, potential for reductions



Next Steps

- **Reduce FY 2012 proposed budget by \$4M**
 - Based on reduced growth rate observed in FY 2011 YTD
 - Exercise unilateral option through June 2013 to lock in favorable rates and avoid potential escalation of costs from limited number of qualified vendors
 - Bilateral negotiations to follow from updated ridership data
- Maintain stability and service quality and prepare for successful closure of legal settlement
- Manage existing costs to ensure budget adherence
- Construct new business model in FY 2012



FY 2012 Planned Actions

- Continue FY 2011 cost saving initiatives, identify and add others
- Explore service model alternatives
 - Conduct operations and budget assessment
 - Confer with industry colleagues and prospective bidders
 - Obtain input from regional stakeholders
- Draft new RFP and prepare for next procurement in CY 2012
 - Revise and redesign pricing
 - Simplify and streamline contract pricing structure
 - Organize pricing by function/work segment