

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2015 – 2016

Notes and Assumptions

The FY16 Five-Year Financial Forecast has been developed to provide a snapshot of SAFE's current financial situation and project the impact of the proposed FY16 budget to the overall financial condition of SAFE. The forecast is based upon the assumptions and notes listed herein.

The use of SAFE funds is strictly limited per California Streets and Highways Code Section 2550 et.seq. which requires SAFE to first use its dedicated funds to support the call box system and then enables the use of funds to support other motorist aid services.

The forecast demonstrates that SAFE currently has sufficient financial capacity to fully fund the call box system as well as other motorist aid services as proposed in the FY16 budget. SAFE has the current financial capability to absorb the impact of the FY16 budget for the next five years. However, the forecast also shows a decrease in available SAFE funds for each successive fiscal year. Staff will closely monitor the financial status of SAFE and identify and implement solutions to alleviate any potential negative financial situation in a timely manner.

This forecast includes the projected costs of operating the call box system, operating and enhancing Southern California 511, funding for Metro Freeway Service Patrol operations and funding improvements to motorist services programs. All financial figures will be refined as better information is obtained and more accurate projections can be made.

SAFE FUNDS

This section provides a summary of the projected funds available to SAFE.

- Projected Registration Surcharge

This refers to the projected annual revenue generated by the \$1.00 vehicle registration surcharge. The forecast is based upon historical figures. The forecast is a conservative forecast based upon long-term historical actuals. Overall, the registration surcharge is projected to remain relatively constant for the next five years.

- Projected SAFE Fund Balance

The SAFE fund balance shows the available funds from the end of the previous fiscal year.

- Projected Interest

This references the projected interest income for SAFE, based upon a conservative 1.0% rate of return on the investment base. The investment base is defined as the total funds available less 50% of the projected fiscal year expenditures. The total funds available are defined as the “Projected Registration Surcharge” + “Projected SAFE Fund Balance”.

EXPENSES/OBLIGATIONS

- Administration

These are funds programmed for general administrative support services and equipment costs. Items such as travel, training, office supplies, computer equipment, insurance, legal, and other general services required for the administration of SAFE are included in this category. The cost for administration is projected to remain relatively constant at an allocation of \$150,000 for the purposes of this forecast. The forecast presumes the current general operating parameters for SAFE will remain constant with the potential variable being equipment replacement and insurance costs. However, as SAFE recently replaced one of its vehicles during FY15 and as insurance costs have remained relatively stable for SAFE the cost for these items are not projected to increase during the period of the forecast. As this is an annual forecast the impact of the variable cost items will be updated each year as new information is received.

The FY16 budget for administrative services is proposed to decrease by \$69,100 compared to the adopted FY15 budget. This decrease is due to the elimination of the cost of procuring a replacement non-revenue service vehicle as well as reductions to the computer equipment and travel budgets. There are no anticipated negative impacts as a result of this budget decrease.

- Direct Labor

These funds are programmed to cover the projected costs associated with SAFE’s staffing resource needs. This includes overhead, salary, fringe benefits and as-needed labor costs. During FY16, SAFE will continue to fund the program management staffing needs for both SAFE and Motorist Services Unit (includes FSP, RIITS and other related motorist services projects). The FY16 budget for this category is \$251,804 less than FY15 primarily due to changes in the overhead and related labor costs allocated to SAFE by PTSC. All of the staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU.

The FY16 FTE allocation is comprised of the following positions:

Position	FY16 Request	FY15 Authorized	Existing - New
DEO – Hwy Ops	1	1	Existing
Sr. Hwy Ops PM	1	1	Existing
Motorist Services PM	1	1	Existing
Hwy Ops PM	1	1	Existing
Trans. Planning Mgr. III	2	2	Existing
Motorist Services Tech Administrator	1	1	Existing
Sr. Hwy Ops Program Administrator	1	1	Existing
Administrative Aide	1	1	Existing
Trans. Planning Mgr. V	1	0	New
Total	10	9	

For FY16, SAFE is requesting one new FTE, a Transportation Project Manager V, to support the on-going improvement, development and operation of the Regional Integration of Intelligent Transportation Systems program (RIITS). RIITS currently has one FTE allocated to manage the program and this additional FTE is needed to ensure that RIITS is able to manage its existing operations as well as updating its aging system. RIITS is a regional transportation program that obtains, manages and distributes a variety of transportation data to and from multiple regional partners. RIITS is a primary source of transportation data for Southern California 511 and the upgrade and continued improvement of RIITS operations and data is critical to the future success of 511. This position will ensure that RIITS has additional resources to make the needed improvements to its aging system and provide an expanded level of services and data to 511 and other regional partners.

Costs for outlying years are projected to slightly increase over the forecast period. The forecast predicts a 1% annual increase in Direct Labor costs for the duration of the forecast period.

- **Programs & Services**

Funds programmed in direct support of the programs, projects and services operated by or to be funded by SAFE. The programs and services SAFE proposes to support during FY16 include the Kenneth Hahn Call Box System, Southern California 511 traveler information system, Metro FSP operations and Motorist Services Improvements.

The FY16 budget for this category has decreased by \$4,015,000 compared to the adopted FY15 budget. This decrease is attributable to reductions in the budget allocation for Call Box Operations, Traveler Information System and the annual allocation to the Metro Freeway Service Patrol. Funding for Programs & Services is projected to decrease slightly over the next five year forecasted period. It is anticipated that the major cost associated with the operation of the traveler information system will initially increase due to the development and transition to the

next generation 511 system and then decrease in FY18 as the development activity is concluded. As funds become available and/or as new motorist aid projects are identified, SAFE will evaluate the ability to fund and/or operate new projects and incorporate the projects into the forecast as the Board authorizes them. The following is a breakdown of each program and service to be funded and/or operated by SAFE during FY16:

Call Box Program

Funds programmed to cover the costs to operate, maintain and improve the Kenneth Hahn Call Box System. The FY16 funding for the Call Box Program is proposed to decrease by \$555,000 compared to the adopted FY15 budget. This decrease is attributable to the anticipated impact of the planned system restructuring. The restructuring is anticipated to result in the removal of 412 call boxes which will result in an overall decrease in the operational cost for the system.

Operational cost to fund the call box system include all day-to-day requirements to operate and maintain the call box system and is based on contractual and supplier costs to supply the services and parts to operate and maintain the system. Items include call answering services, cellular service and maintenance operations. Funding for call box operations is projected to remain stable during the course of this forecast. Should additional system restructuring occur during this period the operational cost of the system will be adjusted accordingly.

Traveler Information System – Southern California 511

Funds programmed to support the operation of the current Southern California 511 and the development of the next generation 511 system. Southern California 511 is a regional traveler information system operated in partnership with MTA, the Orange County Transportation Authority, the Ventura County Transportation Commission, CHP and Caltrans. The system provides individuals with the ability to obtain traffic, transit, commuter services and other general traveler information via their phone or the Internet. The system was deployed in June 2010 and since the launch, Southern California 511 has been used by over 11 million users. This system represents the first iteration and steps are being taken to evaluate and determine the best path forward for the next generation of Southern California 511. Items currently under consideration include:

- improve the quality of the 511 phone system;
- improve the performance of the website;
- expand the capability of the real-time transit information (Nextrip);
- improve the quality and amount of data and information available;
- develop a general emergency platform for 511 to support in emergency situations;
- improve the alert and announcement information;
- identify how to better integrate with MTA and their enhanced customer focused initiatives;
- and a variety of other items

The FY16 allocation for this system is proposed to decrease by \$460,000 compared to the FY15 allocation; however, this decrease will not negatively impact the ability of the program to operate or improve. The FY16 request includes funds for the continued development, deployment and operation of the system. The decrease is primarily due to a reduction in the funds allocated to support the marketing and advertising of Southern California 511 as well as a slight reduction in the budget for development efforts in support of the current 511 system. Allocations for FY17 shows an increase to account for the development cost of the next generation 511 system and while in FY18 the allocation is forecasted to decrease due to the completion of the initial next generation development and transition. While the operating costs are projected to remain stable from FY18 and beyond it is anticipated that there will be efficiencies realized that will lead to lower operating costs. Staff will closely monitor 511 operations to ensure that the highest quality service is provided to the public and to ensure that the system adapts to meet the needs of the region.

Metro Freeway Service Patrol Operations

Funds programmed to assist MTA with the operation of the Metro Freeway Service Patrol (FSP). Funding of the FSP program from SAFE funds is authorized as FSP is a motorist aid service. Based on discussions with MTA, staff is recommending a decrease in the allocation compared to FY15. The funding allocation is considered on an annual basis and is determined by a combination of MTA's request and available funding. For FY16, MTA requested an increase to the allocation as compared against the historical average of \$1.0 million and after discussion it was agreed that staff would proceed with a recommendation to provide \$2 million. The allocation for FY17 and beyond have been reduced to the \$1.0 million but may be modified as MTA and SAFE meet annually to review the needs of FSP and the ability of SAFE to provide funds.

Motorist Services Improvements

Funds programmed to enable SAFE to support improvements to existing motorist services programs and/or develop new services. In the past these funds have been used to develop the Southern California 511 mobile app as well as support MTA's Veteran's Transportation grant. For FY16, these funds may be used to develop and deploy new non-planned improvements to Southern California 511; support the development of new ITS related projects which will reduce congestion and improve mobility; and develop a strategic roadmap to support current and future SAFE activities. The funding for service improvements will be allocated on an annual basis depending upon available funds, identified needs or the ability to secure new third party/grant funds.