

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
FISCAL YEAR 2023-2024**

	PROJECTED YEAR-END 2022/23	PROPOSED BUDGET 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
SAFE FUNDS							
Projected Registration Surcharge	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750
Projected Beginning Year SAFE Fund Balance	\$35,310	\$38,026	\$37,387	\$36,647	\$35,565	\$34,356	\$33,515
Projected Interest	\$387	\$388	\$380	\$370	\$359	\$350	\$340
FUNDS AVAILABLE	\$43,447	\$46,164	\$45,517	\$44,767	\$43,673	\$42,456	\$41,605
EXPENSES/OBLIGATIONS							
Administration	\$276	\$338	\$372	\$383	\$424	\$472	\$527
Direct Labor	\$1,426	\$2,309	\$2,378	\$2,450	\$2,523	\$2,599	\$2,677
Programs & Services	\$3,719	\$6,130	\$6,120	\$6,370	\$6,370	\$5,870	\$5,870
Call Box Program	\$1,210	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120
Traveler Information	\$1,509	\$2,810	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750
Motorist Services Improvements	\$1,000	\$2,200	\$2,250	\$2,500	\$2,500	\$2,000	\$2,000
TOTAL EXPENSE/OBLIGATIONS	\$5,421	\$8,777	\$8,870	\$9,203	\$9,317	\$8,941	\$9,074
PROJECTED YEAR END BALANCE	\$38,026	\$37,387	\$36,647	\$35,565	\$34,356	\$33,515	\$32,531

**Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2023 – 2024**

Notes and Assumptions

The FY24 Five-Year Financial Forecast has been developed to provide a snapshot of LA SAFE's current financial situation and project the impact of the proposed FY24 budget to the overall financial condition of LA 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 LA SAFE to first use its dedicated funds to support motorist aid services such as the Kenneth Hahn Call Box System, SoCal 511 and other motorist aid services.

The forecast demonstrates that LA SAFE has sufficient financial capacity to fund the services and activities as proposed in the FY24 budget and to absorb the impact of the FY24 budget for the next five years.

This forecast includes the projected costs of operating the Kenneth Hahn Call Box System and Southern California 511 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. This forecast is updated annually as part of the LA SAFE budget approval process.

SAFE FUNDS

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

- **Projected Registration Surcharge**

This category provides the projected annual revenue generated by the \$1.00 vehicle registration surcharge. 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. However, this will be an item that will require annual review as recent increases to the cost of owning a vehicle in California, behavioral changes regarding vehicle ownership, impact of ride/car sharing services, technological changes and other related items may impact the overall number of registered vehicles.

- **Projected LA SAFE Fund Balance**

The LA SAFE fund balance provides the projected balance from the end of the previous fiscal year.

- **Projected Interest**

This category forecasts the projected interest income derived from LA SAFE funds invested as pool with Metro funds, based upon a conservative 1.0% rate of return on the investment base. The investment base is defined as the total funds available less 80% of the projected fiscal year expenditures. The total funds available are defined as the “Projected Registration Surcharge” + “Projected LA SAFE Fund Balance”.

EXPENSES/OBLIGATIONS

- Administration

This category summarizes the funds programmed for general administrative support services and equipment costs. Items such as travel, training, office supplies, computer equipment, insurance, legal, and other general administrative support required for the administration of LA SAFE are included in this category.

The requested allocation for administration has increased in FY24 to accommodate an anticipated increase in insurance costs. The FY24 budget for administrative services is proposed to increase by \$31,000 or 10% and is wholly attributed to an increase in the insurance budget. The forecasted increase after FY24 is driven by an annual 15% increase to account for future insurance premiums. Other administrative costs are forecasted to remain constant with a slight decline in the use of contracted administrative support in FY26 and beyond. Staff is currently coordinating with Metro Risk Management to review all aspects of LA SAFE’s insurance coverage, including cost drivers, with the goal of re-baselining LA SAFE’s insurance costs.

- Direct Labor

This category summarizes the funds programmed to cover the costs associated with LA SAFE’s staffing resource needs. This includes overhead, salary, fringe benefits and as-needed labor costs. The FY24 budget allocation is proposed to decrease by (\$307,876) or 12% compared to the adopted FY23 budget. The primary cause of this decrease is due to a reduction for as-needed support. As-needed funding is proposed to decrease by (\$218,000), however existing as-needed staff will continue to support a variety of needs during the fiscal year. This includes management of display screen content development, marketing and outreach, data management and analytics, finance and administrative support, call box field inspections, testing and other program or service-related support. The FY24 FTE allocation is proposed to increase by 0.35 FTEs. The new allocation will support coordination, collaboration and management oversight of programs and services operated by LA SAFE. All of the staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU and the budget request is consistent with what is contained within Metro’s FY24 proposed budget.

The forecast presents a 3% annual increase in direct labor cost over the five (5) year period. The forecast does not assume any additional as-needed support or new FTEs. The forecast does show a reduction in FY24 due to a projected decrease in as-needed budget as discussed above. New FTEs or additional as-needed funds

will be added as required and authorized, with the impact to be incorporated into future forecasts.

- **Programs & Services**

This category summarizes the funds budgeted in direct support of the programs, projects and services operated by or to be funded by LA SAFE. The FY24 budget for this category has increased by \$650,000 or 12% compared to the adopted FY23 budget. This increase is primarily caused by an increase in the funds allocated to the SoCal 511 Program for market research and outreach, customer experience improvements, RIITS data and services improvements, and possible development/support of new motorist aid services.

The following is a breakdown of program and service categories for FY24:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. FY24 funding for the Call Box Program is proposed to be \$1,120,000. The proposed budgeted funds will support the on-going operation and maintenance of the Kenneth Hahn Call Box System. There is no change proposed to the system for either FY24 or during the forecasted period. As a result costs are forecasted to remain constant over the five-year period.

Traveler Information System – Southern California 511

Funds programmed to support the operation, maintenance and improvement of the Southern California 511 (SoCal 511) system. SoCal 511 is a regional traveler information system operated in partnership with LACMTA, the Orange County Transportation Commission, the Ventura County Transportation Commission, the Riverside County Transportation Commission, the San Bernardino County Transportation Authority, 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 FY24 allocation for SoCal 511 is proposed to increase by \$150,000 compared to the FY23 allocation. In addition to covering daily operations, the funding allocation will support the development of system improvements. Prior system/service improvements include the development of Spanish language services on the SoCal 511 phone service, integration of the Inland Empire 511 into SoCal 511, and implementation of a traveler information center. For FY24, LA SAFE is proposing to evaluate the ability to implement additional language support and launch updates to the SoCal 511 mobile app. As things change quickly with any technology-based service, staff will be closely monitoring the service to make any changes as a result of market conditions. Any changes will be reflected in future forecasts.

Motorist Services/Strategic Initiatives

Funds programmed to enable LA SAFE to support improvements to existing motorist services programs, develop new motorist services, and pursue strategic initiatives. The FY24 allocation for Motorist Services is proposed to increase by \$500,000 compared to the FY23 allocation. This increase is due to additional marketing and outreach funding and development of improved data services to support SoCal 511.

For FY24, these funds will be used to conduct a strategic review or reimagination of SoCal 511 services, advertise and promote SoCal 511 and other programs in EFCs, support academic research and development services from Metrans, and implement QA/QC services and improvements. Additionally, the funds will enable LA SAFE to support new opportunities, provide strategic and communication services, research new technologies, develop applications, and continue work to standardize real-time transit data through general transit feed specifications-real time (GTFS-RT), which will improve traveler information for SoCal 511 customers. Funding is forecasted to increase in FY25 and FY26 to support the development and integration of improvements to support the 2028 Olympics. 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. Any future funds will be used in support of improvements to current services and development/exploration of new technologies and opportunities to improve mobility.