

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
FISCAL YEAR 2017-2018**

	PROJECTED YEAR-END 2016/2017	PROPOSED BUDGET 2017/18	2018/19	2019/20	2021/22	2022/23	2023/24
SAFE FUNDS							
Projected Registration Surcharge	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750
Projected SAFE Fund Balance	\$22,454	\$20,426	\$19,297	\$18,540	\$17,780	\$16,966	\$15,843
Projected Interest	\$222	\$209	\$201	\$193	\$185	\$175	\$163
FUNDS AVAILABLE	\$30,426	\$28,385	\$27,248	\$26,483	\$25,715	\$24,890	\$23,756
EXPENSES/OBLIGATIONS							
Administration	\$175	\$205	\$150	\$150	\$150	\$150	\$150
Direct Labor	\$1,500	\$1,464	\$1,508	\$1,553	\$1,600	\$1,648	\$1,697
Programs & Services	\$8,325	\$7,419	\$7,050	\$7,000	\$7,000	\$7,250	\$7,250
Call Box Program	\$2,000	\$890	\$800	\$750	\$750	\$750	\$750
Traveler Information	\$5,200	\$4,779	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Metro Freeway Service Patrol	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Motorist Services Improvements	\$125	\$750	\$750	\$750	\$750	\$1,000	\$1,000
TOTAL EXPENSE/OBLIGATIONS	\$10,000	\$9,088	\$8,708	\$8,703	\$8,750	\$9,048	\$9,097
PROJECTED YEAR END BALANCE	\$20,426	\$19,297	\$18,540	\$17,780	\$16,966	\$15,843	\$14,659

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2017 – 2018

Notes and Assumptions

The FY17 Five-Year Financial Forecast has been developed to provide a snapshot of SAFE's current financial situation and project the impact of the proposed FY18 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 FY18 budget. SAFE has the current financial capability to absorb the impact of the FY18 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 and Southern California 511, funding for the Metro Freeway Service Patrol, implementing upgrades to the call box system, implementing the next generation Southern California 511 system 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. However, this will be an item that will require annual review as recent increases to the cost of owning a vehicle in California, attitudinal 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 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 80% 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. As this is an annual forecast the impact of the variable cost items will be updated each year as new information is received.

The FY18 budget for administrative services is proposed to increase by \$60,000 compared to the adopted FY17 budget. This increase is primarily due to a \$40,000 increase in the budget for computer equipment. The increase in computer equipment is required to update existing SAFE equipment and to provide the capability to obtain equipment that will enable staff to properly interact with out-of-state developers and monitor services being provided to the public. Additionally, there are increases in the amount of \$15,000 each for the insurance and training/workshop budgets. The training/workshop increase is to provide staff with the ability to attend technical and project management related training that will improve their overall ability to manage their projects.

- 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 FY18, SAFE has reallocated 1.2 FTEs from SAFE to the Regional Integration of Intelligent Transportation Systems (RIITS) to more accurately reflect project based resource allocations. While RIITS is a key component providing data and other services to SAFE for its Southern California 511 program, the FTE reallocation is more consistent with ensuring that the full cost of operating RIITS is properly captured. The FY18 budget for this category is \$589,675 less than FY17

due to the reduction in the total full-time equivalent (FTE) allocation as well as to the overhead, fringe and other associated costs. All of the SAFE staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU.

The FY18 FTE allocation is comprised of the following positions:

Position	FY18 Request	FY17 Authorized	Comment
EO – Congestion Reduction	0.4	0.4	Position provides overall Executive leadership. This position also oversees the Metro Freeway Service Patrol and Metro ExpressLanes programs.
DEO – Hwy Ops	0.8	1	Existing position providing daily leadership over the unit.
Sr. Mgr Hwy Ops Program	1	2	Program manager positions over Southern California 511 and RIITS.
Mgr. Hwy Ops	1	1	Position provides senior level project management support over the daily operation of 511.
Principal Transportation Planner	1	1	Project manager positions supporting RIITS and next generation 511 development; and oversight of the call box system.
Sr. Hwy Ops Program Administrator	1	1	Position supports the TMC integration implementation and coordination with partner agencies. Position also coordinates the transition of the Veterans initiative web services management and integration.
Sr. Admin Analyst	0.4	0.4	Position provides general administrative support for SAFE.
Production Mgr.	0.02	0.02	Position supports the review and development of public facing media in support of 511.
Sr. Marketing & Communications Officer	0.1	0.1	Position coordinates all related marketing and communications needs for 511.
Total	5.72	6.92	

For FY18, SAFE is requesting a total of 5.72 FTEs. This is a decrease of 1.2 from FY17. The decrease will not negatively impact SAFE's ability to meet the FY18 work plan and will not result in any current employee losing their job (the 1.2 FTEs have been included as part of the RIITS project budget). Of the 5.72 FTEs requested, all are carry-over of existing positions.

Costs for outlying years are projected to slightly increase over the forecast period. The forecast predicts a 3% 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 FY18 include the Kenneth Hahn Call Box System, Southern California 511 traveler information system, Metro FSP operations and Motorist Services Improvements.

The FY18 budget for this category has decreased by \$4,456,000 compared to the adopted FY17 budget. This decrease is attributable to the completion of the call box upgrades and the development of the next generation Southern California 511 system. Additionally, the budget associated with the on-going operations of both the call box and 511 systems are also proposed to decrease. The operational budget reductions are in recognition of the anticipated restructuring of the call box system and implementation of the new streamlined Southern California 511 system. SAFE's allocation to support the Metro Freeway Service Patrol is proposed to remain at \$1 million.

Funding for Programs & Services is projected to decrease in future years due to the anticipated continued decrease in the cost to operate the call box and 511 systems. The following is a breakdown of each program and service to be funded and/or operated by SAFE during FY17:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. The FY18 funding for the Call Box Program is comprised of \$840,000 to operate the system and \$50,000 to perform a quick analysis of the system for possible future restructuring.

During FY17, SAFE completed the required 2G to 3G wireless upgrade and Phase 2 restructuring that resulting in the removal of over 500 call boxes. Operational costs to fund the call box system include all day-to-day requirements to operate and maintain the call box system and are based on contractual and supplier costs. Items include call answering services, cellular service and maintenance operations. Funding for the call box system is projected to decrease as less motorist use the call box. At this point, the impact of additional restructuring efforts has not been integrated into this forecast. Should additional system restructuring be authorized the forecast will be adjusted accordingly.

Traveler Information System – Southern California 511

Funds programmed to support the operation, maintenance and improvement of the Southern California 511 system. Southern California 511 is a regional traveler information system operated in partnership with Metro, the Orange County Transportation Commission, 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. In FY17, contracts were awarded and development completed to transition to a new system that will be in place starting this fiscal year.

The FY18 allocation for Southern California 511 is proposed to decrease by \$3,426,000 compared to the FY17 allocation. This decrease is a result of the completion of the initial development and implementation of the next generation Southern California 511 system. Additionally, there are decreases associated with the operation and maintenance of the new 511 system due to technological and programmatic changes implemented with the new system.

Allocations for FY19 and beyond are projected to remain stable with some slight initial decrease. 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.

Metro Freeway Service Patrol Operations

Funds programmed to assist Metro 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 Metro, staff is recommending a decrease in the allocation compared to FY17. The funding allocation is considered on an annual basis and is determined by a combination of Metro's request and available funding. For FY18, SAFE is allocating a total of \$1 million which is more in line with past allocations. The forecast includes an on-going allocation of \$1 million but may be modified in the future as Metro 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 Metro's Veteran's Transportation grant. For FY18, these funds may be used to develop and deploy new non-planned improvements to Southern California; develop a strategic roadmap for SAFE; support the integration of motorist services operations into the Los Angeles Regional Transportation Management Center; and support the procurement of third party data for RIITS and 511. 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.