

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
FISCAL YEAR 2018-2019**

	PROJECTED YEAR-END 2017/2018	PROPOSED BUDGET 2018/19	2019/20	2020/21	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	\$18,874	\$21,405	\$21,515	\$21,723	\$21,930	\$22,086	\$22,441
Projected Interest	\$223	\$229	\$230	\$233	\$234	\$237	\$240
FUNDS AVAILABLE	\$26,847	\$29,383	\$29,496	\$29,705	\$29,914	\$30,074	\$30,431
EXPENSES/OBLIGATIONS							
Administration	\$148	\$165	\$150	\$150	\$150	\$150	\$150
Direct Labor	\$1,884	\$1,673	\$1,723	\$1,775	\$1,828	\$1,883	\$1,939
Programs & Services	\$3,410	\$6,030	\$5,900	\$5,850	\$5,850	\$5,600	\$5,600
Call Box Program	\$364	\$750	\$750	\$700	\$700	\$700	\$700
Traveler Information	\$1,987	\$3,780	\$3,300	\$3,300	\$3,300	\$3,050	\$3,050
Metro Freeway Service Patrol	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0
Motorist Services Improvements	\$59	\$1,500	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850
TOTAL EXPENSE/OBLIGATIONS	\$5,442	\$7,868	\$7,773	\$7,775	\$7,828	\$7,633	\$7,689
PROJECTED YEAR END BALANCE	\$21,405	\$21,515	\$21,723	\$21,930	\$22,086	\$22,441	\$22,742

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2018 – 2019

Notes and Assumptions

The FY19 Five-Year Financial Forecast has been developed to provide a snapshot of SAFE's current financial situation and project the impact of the proposed FY19 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 has sufficient financial capacity to fund the motorist aid services activities as proposed in the FY19 budget and to absorb the impact of the FY19 budget for the next five years. As a result of new funding from the State, SAFE is no longer providing direct funding to the Metro Freeway Service Patrol. However, SAFE will continue to provide in-kind and other support as needed in support of Metro Freeway Service Patrol operations.

This forecast includes the projected costs of operating the 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.

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 stable with slight increases in FY21 and FY24 to account for potential cost increase in supplies, insurance and other related administrative items. As this is an annual forecast the impact will be updated each year as new information is received.

The FY19 budget for administrative services is proposed to decrease by \$40,000 compared to the adopted FY18 budget. This decrease is primarily due to a \$35,000 decrease in the budget for computer equipment which was a one-time upgrade in FY18. Additionally, there is a \$5,000 decrease for the Business/Travel/Seminars budget.

- 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. Between FY18 and FY19 there is no change to the allocation of FTEs for LA SAFE. The FY19 budget for this category is \$209,170 more than FY18 due to an increase in the allocated overhead and fringe cost as well as an increase in the as-needed budget to support LA SAFE projects and resource requirements. All of the staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU.

The FY19 FTE allocation is comprised of the following positions:

Position	FY19 Request	FY18 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	0.8	Position providing overall leadership over SAFE, RIITS, Freeway Beautification and the development of other motorist services.
Sr. Mgr Hwy Ops Program	1	1	Program manager provides daily management over Southern California 511.
Mgr. Highway Ops	1	1	Position provides senior level support over the daily operation of 511 and quality assurance services.
Principal Transportation Planner	1	1	Position supporting 511 strategic evaluation, customer service and freeway beautification program.
Sr. Hwy Ops Program Administrator	1	1	Position supports the TMC integration implementation and coordination with partner agencies.
Sr. Admin Analyst	0.4	0.4	Position provides general administrative support for the Congestion Reduction department.
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	5.72	

For FY19, SAFE is requesting a total of 5.72 FTEs, which is stable from FY18.

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 FY19 include the Kenneth Hahn Call Box System, Southern California 511 traveler information system, and Motorist Services Improvements.

The FY19 budget for this category has decreased by \$1,389,000 compared to the adopted FY18 budget. This decrease is attributable to the completion of the development of the next generation Southern California 511 system and the sun-setting of LA SAFE funding for Metro Freeway Service Patrol. The budget associated with the on-going operations of the call box system is proposed to remain stable however, it may decrease due implementation of further Board approved restructuring. Funds for Motorist Services Improvements and strategic services are proposed to remain stable throughout the forecasted period.

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 FY19:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. The FY19 funding for the Call Box Program is comprised of \$750,000 to operate the system.

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 fewer motorists 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 MTA, 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 FY18, the NextGen 511 system was deployed and entered into its operations and maintenance phase.

The FY19 allocation for Southern California 511 is proposed to decrease by \$249,000 compared to the FY18 allocation. This decrease is due to the completion of the initial development and transition cost associated with the deployment of the NextGen 511 system.

Allocations for FY20 and beyond are projected to remain stable with some slight initial increase to accommodate anticipated costs of integrating IE511 and well as deployment of an updated mobile app in FY19. 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 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, FSP has secured new funding for the State and does not need funding from LA SAFE for FY19. As this is an annual forecast the funding allocation will be addressed annually with MTA; however, the forecast reflects no direct future funding for FSP at this time.

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 FY19, these funds may be used to support marketing and outreach opportunities; 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.