

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
Fiscal Year 2019-2020**

	PROPOSED BUDGET					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
SAFE FUNDS						
Projected Registration Surcharge	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750
Projected SAFE Fund Balance	\$26,445	\$26,173	\$26,243	\$26,224	\$26,234	\$26,187
Projected Interest	\$100	\$100	\$100	\$100	\$100	\$100
FUNDS AVAILABLE	\$34,295	\$34,023	\$34,093	\$34,074	\$34,084	\$34,037
EXPENSES/OBLIGATIONS						
Administration	\$165	\$170	\$205	\$170	\$170	\$170
Direct Labor	\$1,757	\$1,810	\$1,864	\$1,920	\$1,978	\$2,037
Programs & Services	\$6,200	\$5,800	\$5,800	\$5,750	\$5,750	\$5,750
Call Box Program	\$800	\$750	\$750	\$750	\$750	\$750
Traveler Information	\$3,650	\$3,550	\$3,550	\$3,500	\$3,500	\$3,500
Motorist Services Improvements	\$1,750	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
TOTAL EXPENSE/OBLIGATIONS	\$8,122	\$7,780	\$7,869	\$7,840	\$7,898	\$7,957
PROJECTED YEAR END BALANCE	\$26,173	\$26,243	\$26,224	\$26,234	\$26,187	\$26,080

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2019-2020

Notes and Assumptions

The Fiscal Year 2019-2020 (FY20) Five-Year Financial Forecast has been developed to provide a snapshot of Los Angeles Service Authority Freeway Emergencies (LA SAFE) current financial situation and project the impact of the proposed FY20 budget to the overall financial condition of LA SAFE. The forecast is based upon the assumptions and notes listed herein.

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

The forecast demonstrates that LA SAFE has sufficient financial capacity to fund the motorist aid services activities as proposed in the FY20 budget and to absorb the impact of the FY20 budget for the next five years.

This forecast includes the projected costs of operating the call box system, 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.

LA SAFE FUNDS

This section provides a summary of the projected funds available to LA 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 LA SAFE Fund Balance

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

- Projected Interest

This references the projected interest income for LA SAFE, based upon a conservative rate of return on the investment base.

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 LA SAFE are included in this category. The cost for administration is projected to remain relatively stable with slight increases in FY22 to account for potential cost increase in supplies to account for computer equipment and associated replacements and upgrades. As this is an annual forecast the impact will be updated each year as new information is received.

The FY20 budget for administrative services remains unchanged at \$165,000.

- Direct Labor

These funds are programmed to cover the projected costs associated with LA SAFE's staffing resource needs. This includes overhead, salary, fringe benefits, and as-needed labor costs. There is no change to the allocation of FTEs for LA SAFE from FY19 to FY20. The FY20 budget for this category is \$241,189 less than FY19 due to budget reductions in as-needed and overhead. All of the staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU.

The FY20 FTE allocation is comprised of the following positions:

Position	FY20 Request	FY19 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 LA 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 and the Kenneth Hanh Call Box System.

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 FY20, LA SAFE is requesting a total of 5.72 FTEs, which is stable from FY19.

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 LA SAFE. The programs and services LA SAFE propose to support during FY20 include the Kenneth Hahn Call Box System, Southern California 511 traveler information system, and Motorist Services Improvements.

The FY20 budget for this category has increased by \$170,000 compared to the adopted FY19 budget. This increase is attributed to the need and development of strategic support for LA SAFE programs. The budget associated with the on-going operations of the call box system is proposed to remain stable however, it may slightly fluctuate due to 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 slightly in future years due to 511 and Motorist Services improvement allocations. The following is a breakdown of each program and service to be funded and/or operated by LA SAFE during FY20:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. FY20 funding for the Call Box Program is \$800,000 for the continued operation of the system. The FY20 budget is \$50K higher than FY19 to account for the increased cost associated with any approved Call Box restructuring. This is expected to remain stable with slight decreases in the future.

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.

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 Los Angeles Metropolitan Transportation Authority (Metro), the Orange County Transportation Authority, the Ventura County Transportation Commission, California Highway Patrol and California Department of Transportation. The system provides individuals with the ability to obtain traffic, transit, commuter services and other general traveler information via their phone, Internet and Mobile Application. 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 FY20 budget allocation for Southern California 511 is proposed to decrease by \$130,000 compared to the FY19 allocation. This decrease is due to lower contracted service enhancement costs.

Allocations for FY20 and beyond are projected to remain relatively stable and accommodate anticipated costs of potential 511 expansions/merger and deployment of an updated mobile app in FY20. Slight decrease allocation in follow on years. 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 Improvements

Funds programmed to enable LA SAFE to support improvements to existing motorist services programs and/or develop new services. FY20 funding has increased by \$250K, these funds may be used to support marketing and outreach opportunities; develop a strategic roadmap for LA SAFE; support the integration of motorist services operations into the Los Angeles Regional Traffic Management Center (LARTMC); 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. This funding is expected to remain stable for duration of forecasted period.