

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
FISCAL YEAR 2021-2022**

	PROJECTED YEAR-END 2020/21	PROPOSED BUDGET 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
SAFE FUNDS							
Projected Registration Surcharge	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750
Projected SAFE Fund Balance	\$29,445	\$31,780	\$31,440	\$31,580	\$31,397	\$31,367	\$31,010
Projected Interest	\$300	\$300	\$300	\$300	\$300	\$300	\$300
FUNDS AVAILABLE	\$36,566	\$39,830	\$39,490	\$39,630	\$39,447	\$39,417	\$39,060
EXPENSES/OBLIGATIONS							
Administration	\$141	\$139	\$150	\$150	\$175	\$175	\$175
Direct Labor	\$1,356	\$2,316	\$2,385	\$2,457	\$2,531	\$2,607	\$2,685
Programs & Services	\$3,289	\$5,935	\$5,375	\$5,625	\$5,375	\$5,625	\$5,375
Call Box Program	\$686	\$1,710	\$875	\$875	\$875	\$875	\$875
Traveler Information	\$2,022	\$2,760	\$2,500	\$2,750	\$2,500	\$2,750	\$2,500
Motorist Services/Strategic Initiatives	\$581	\$1,465	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
TOTAL EXPENSE/OBLIGATIONS	\$4,786	\$8,390	\$7,910	\$8,232	\$8,081	\$8,407	\$8,235
PROJECTED YEAR END BALANCE	\$31,780	\$31,440	\$31,580	\$31,397	\$31,367	\$31,010	\$30,825

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2021-2022

Notes and Assumptions

The FY22 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 FY22 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 enables LA SAFE to use its dedicated funds to support motorist aid services such as the call box system, SoCal 511 and other motorist aid services.

The forecast demonstrates that LA SAFE has sufficient financial capacity to fund the motorist aid service activities as proposed in the FY22 budget and to absorb the impact of the FY22 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 LA SAFE.

- Projected Registration Surcharge

Presents the projected annual revenue generated by the \$1.00 vehicle registration surcharge. The forecast is a conservative estimate based upon historical actuals. For FY21, staff projected a decrease in surcharge revenues to \$7.5 million as a result of the COVID-19 pandemic; however, revenue receipts showed little to no monthly decrease and the FY21 revenue projection has been increase to \$7.75 million. The projection for FY22 and the remainder of the forecast estimate is projected to remain steady at \$7.75 million.

- Projected SAFE Fund Balance

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

- Projected Interest

This presents the projected interest received from LA SAFE funds invested as a pool with Metro funds.

EXPENSES/OBLIGATIONS

- Administration

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

The allocation for administration is projected to increase in both FY23 and FY25. These increases are primarily associated with projected insurance cost increases.

The FY22 budget for administrative services reflects an increase of \$1,500 compared to the adopted FY21 budget to accommodate anticipated insurance cost increases. The amount reflects the continued elimination of travel and training budgets as well as a reduction in the general supplies budget.

- Direct Labor

These funds are programmed to cover the projected costs associated with LA SAFE's staffing needs. This includes overhead, salary, fringe benefits and as-needed labor costs. The FY22 budget for this category is \$1,012,183 more than FY21. This increase is due to a number of factors, of which the majority of the increase is associated with the existing Direct Labor allocation. In general, the increases are attributed to: 1) Addition of two (2) FTEs resulting in an increase of approximately \$455K (inclusive of salary, allocated overhead and fringe costs); 2) Release of a frozen FY21 approved position resulting in approximately a \$145K increase; 3) PTSC proposed merit increases; 4) PTSC formula based overhead allocation and fringe increases; 5) PTSC calculated impact of COVID related cost/claims; 6) Increase in As-Needed cost by \$98K.

All FTEs are obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU.

The FY22 FTE allocation is comprised of the following positions:

Position	FY22 Request	FY21 Authorized	Comment
EO – Congestion Reduction	0.4	0.4	Position provides Executive leadership over the Congestion Reduction unit. This position oversees the Metro Freeway Service Patrol, Metro ExpressLanes, Motorist Services and LA SAFE programs.
DEO – Hwy Ops	0.7	0.8	Position provides direct leadership over LA SAFE, RIITS, and Motorist Services.
Sr. Dir -Cntywide Plng & Dev	2	-	New FY22 FTEs. One position will oversee the development and implementation of motorist services and LA SAFE strategic initiatives and RIITS administration; the other position will oversee the technical research, development and operations associated with RIITS and 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 for strategic initiatives, RIITS administration and quality assurance services.
Principal Transportation Planner	1	1	Position supports SoCal 511 operations, traveler information center and customer service.
Sr. Hwy Ops Program Administrator	1	1	Position supports RIITS, 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	7.62	5.72	

For FY22, SAFE is requesting a total of 7.62 FTEs, which is a 1.9 FTE increase from FY21. In addition to the FTE allocation, the FY22 budget includes \$150,000 in as-needed support, an increase of \$98,000 from FY21. 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. New FTEs or as-needed funds will be added as required and authorized, with the impact to be incorporated into future forecasts.

- 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 that LA SAFE proposes to support during FY22 include the Kenneth Hahn Call Box System, Southern California 511 traveler information system, Motorist Services/Strategic Initiatives.

The FY22 budget for this category has decreased by \$60,000 compared to the adopted FY21 budget. This decrease is attributable to cost cutting measures taken in response to the COVID-19 pandemic.

The following is a breakdown of program and service categories for FY22:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. The FY22 funding for the Call Box Program is \$1,710,000 to operate and maintain the system. This is a \$960,000 increase from the FY21 budget and is primarily associated with the cost to upgrade the call boxes as a result of the wireless services transitioning to operate on a 5G platform. AT&T is the current wireless service provider and they have informed LA SAFE that their wireless technology platform will be updated to support only 4G and 5G operations. As such their support/use of the 3rd generation platform is being phased out and LA SAFE is required to upgrade the call boxes to operate on the appropriate platform – 4G or 5G. LASAFE has initiated action with the call box manufacturer to ensure the timely upgrade of the call boxes and continued operation of the call box system.

The FY22 budget allocation is sufficient to continue operation of the Kenneth Hahn Call Box System. The FY22 budget covers the cost of call handling, 4G/5G call box upgrade, wireless service, maintenance and review. During FY22, staff proposes to conduct a review of the call box system to ensure that the system is properly deployed to provide a life-line service to the public. For FY23, the forecast presents a decrease in overall funding as a result of the completion of the upgrade and review. The allocation is projected to remain constant for the 5-year forecasted period and will be dependent upon the results and approval of the system review.

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, 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, SoCal 511 has been used by over 11 million users. In FY18, the 2nd generation of SoCal 511 was deployed and entered into its operations and maintenance phase. The FY22 allocation for SoCal 511 is proposed to decrease by \$760,000 compared to the FY21 allocation. This decrease is due to the completion of the Spanish IVR development and a reduction in the operating cost to support SoCal 511 digital services. Additionally, during FY22, staff will begin the transition of the SoCal 511 Interactive Voice Response (IVR) phone service. It is anticipated that this transition will result in lower on-going operational costs.

Staff is currently in final discussions with representatives from RCTC and SBCTA to integrate the Inland Empire 511 (IE 511) service into SoCal 511. Discussions include the services SoCal 511 will provide as well as funding/cost sharing for these services. An agreement is anticipated in early FY22. Finally, as things change quickly with any technology-based service, staff will monitor the service to make any changes as a result of market conditions as well as to better understand and react to new traveler requirements as a result of the COVID-19 pandemic impacts. Forecasted allocations for FY23 to FY27 is projected to remain stable between \$2.5 and \$2.75 million, with the increases due to the projected updates and/or upgrades.

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 FY22 allocation for Motorists Services is proposed to decrease by \$260,000 compared to the FY21 allocation. This decrease is due to a combination of COVID cost deferrals and completion of projects. For FY22, these funds will be used to support the completion and implementation of the LA SAFE five (5) year strategic roadmap, implementation of QA/QC services and improvements, review of SoCal 511 services, and academic research and development services from Metrans. Additionally, the funds will enable LA SAFE to support new opportunities, provide strategic and communication services, research new technologies, develop applications, continue the integration of motorist services operations into the Los Angeles Regional Transportation Management Center, secure new data and data services, and support for RIITS operations and development. 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. The forecast allocates \$2 million annually to support this category. These future funds will be

used in support of improvements to current services and development/exploration of new technologies and opportunities to improve mobility.