

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
FISCAL YEAR 2020-2021**

	PROJECTED YEAR-END 2019/20	PROPOSED BUDGET 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
SAFE FUNDS							
Projected Registration Surcharge	\$8,000	\$7,500	\$7,500	\$7,750	\$7,750	\$7,750	\$7,750
Projected SAFE Fund Balance	\$27,265	\$28,766	\$29,129	\$29,699	\$30,492	\$31,238	\$31,957
Projected Interest	\$300	\$300	\$300	\$300	\$300	\$300	\$300
FUNDS AVAILABLE	\$35,565	\$36,566	\$36,929	\$37,749	\$38,542	\$39,288	\$40,007
EXPENSES/OBLIGATIONS							
Administration	\$115	\$138	\$150	\$150	\$170	\$170	\$170
Direct Labor	\$2,170	\$1,304	\$1,330	\$1,357	\$1,384	\$1,411	\$1,440
Programs & Services	\$4,514	\$5,995	\$5,750	\$5,750	\$5,750	\$5,750	\$5,750
Call Box Program	\$674	\$750	\$750	\$750	\$750	\$750	\$750
Traveler Information	\$2,678	\$3,520	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Motorist Services Improvements	\$1,162	\$1,725	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
TOTAL EXPENSE/OBLIGATIONS	\$6,799	\$7,437	\$7,230	\$7,257	\$7,304	\$7,331	\$7,360
PROJECTED YEAR END BALANCE	\$28,766	\$29,129	\$29,699	\$30,492	\$31,238	\$31,957	\$32,647

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2020-2021

Notes and Assumptions

The FY21 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 FY21 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 FY21 budget and to absorb the impact of the FY21 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 long-term historical actuals. While the ten-year average surcharge revenue is \$7.9 million, with a gradual annual increase, FY20 represented an approximate \$300,000 decrease from audited FY19 revenues. Staff is projecting a continued decrease in FY21 surcharge revenues to \$7.5 million due to the COVID-19 pandemic and its impact on the economy. The forecast estimates the surcharge remaining at \$7.5 million in FY22 and then increasing to \$7.75 million for FY23 to FY26.

- 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. The projected interest is based on average returns over the last five years less approximately a 10% decrease due to uncertain economic factors.

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 FY22 and FY24 to account for potential cost increase in supplies, insurance and other related administrative items.

The FY21 budget for administrative services reflects a decrease of \$27,500 compared to the adopted FY20 budget. The decrease is a result in the elimination of travel and training budgets as well as a reduction in the general supplies budget. The budget for insurance remains consistent with the FY20 budget allocation.

- 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 FY21 budget for this category is \$453,598 less than FY20 due to a reduction in the as-needed account, the formula driven allocated costs and a slight (0.1) reduction in the FTE allocation. All FTEs are obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU.

The FY21 FTE allocation is comprised of the following positions:

Position	FY21 Request	FY20 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	0.7	0.8	Position providing overall leadership over SAFE, RIITS, 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 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	5.62	5.72	

For FY21, SAFE is requesting a total of 5.62 FTEs, which is a 0.1 FTE decrease from FY20. In addition to the FTE allocation, the FY21 budget includes \$52,000 in as-needed support, a decrease of \$148,000 from FY20. The forecast presents a 2% annual increase in direct labor cost over the five (5) year period. The forecast does not incorporate 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 FY21 include the Kenneth Hahn Call Box System, Southern California 511 traveler information system, and Motorist Services Improvements.

The FY21 budget for this category has decreased by \$205,000 compared to the adopted FY20 budget. This decrease is attributable to cost cutting measures taken in response to the COVID-19 pandemic.

The following is a breakdown of each program and service to be funded and/or operated by SAFE during FY21:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. The FY21 funding for the Call Box Program is \$750,000 to operate and maintain the system. This is a \$50,000 decrease from the FY20 budget, as these funds were included in the FY20 budget to support the potential restructuring which was not authorized.

The FY21 budget allocation is sufficient to continue operation of the Kenneth Hahn Call Box System. The FY21 budget covers the cost of call handling, wireless service and maintenance. During FY21, 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. Funds for this review will be drawn from the Motorist Services Improvements allocation.

Staff is currently monitoring one item of concern regarding the wireless service used by the call box system. Currently the call boxes operate using the 3rd generation wireless platform. The wireless carriers are all moving to support 5G operations and as such their support/use of the 3rd generation platform may be phased out. If and when this occurs, LA SAFE will have to upgrade the call boxes to operate on the appropriate platform – either 4G or 5G. Staff will continue to monitor and take appropriate action when needed to ensure the continued operation of the call box system. This forecast does not include the potential cost of any upgrade.

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 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, 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 FY21 allocation for Southern California 511 is proposed to decrease by \$130,000 compared to the FY20 allocation. This decrease is due to the completion of the Spanish IVR development. Development of the Spanish IVR is essentially complete and is undergoing final testing for deployment in FY21. Budget allocation for this category includes the continued operation of the SoCal 511 system, deployment of the Spanish IVR, deployment of the updated mobile app, implementation of quality improvements at the Traveler Information Center and development of other service improvements.

Staff is currently in 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 possible funding/cost sharing for these services. Finally, as things change quickly with any technology based service, staff will review current operations and start the development of the new contracts to replace the currently expiring SoCal 511 contracts. 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.

Motorist Services Improvements

Funds programmed to enable SAFE to support improvements to existing motorist services programs and/or develop new motorist aid services. For FY21, these funds will be used to support the completion of and move forward with the implementation of the LA SAFE five (5) year strategic roadmap and conduct the review of the Kenneth Hahn Call Box System. Additionally, these funds may be used to support new opportunities, provide strategic and communication services, research new technologies, develop applications, support the integration of motorist services operations into the Los Angeles Regional Transportation Management Center, and support 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.