

ATTACHMENT B

LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

FINANCIAL FORECAST (\$000)

FISCAL YEAR 2022-2023

	PROJECTED YEAR-END 2021/2022	PROPOSED BUDGET 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
SAFE FUNDS							
Projected Registration Surcharge	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750
Projected SAFE Fund Balance	\$32,765	\$34,645	\$34,349	\$34,205	\$33,982	\$33,676	\$33,282
Projected Interest	\$240	\$357	\$355	\$353	\$350	\$346	\$342
FUNDS AVAILABLE	\$40,755	\$42,752	\$42,454	\$42,308	\$42,082	\$41,772	\$41,374
EXPENSES/OBLIGATIONS							
Administration	\$200	\$207	\$217	\$228	\$240	\$252	\$264
Direct Labor	\$1,200	\$2,616	\$2,481	\$2,548	\$2,617	\$2,688	\$2,761
Programs & Services	\$4,710	\$5,580	\$5,550	\$5,550	\$5,550	\$5,550	\$5,550
Call Box Program	\$1,260	\$1,120	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Traveler Information	\$1,750	\$2,660	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750
Motorist Services Improvements	\$700	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
TOTAL EXPENSE/OBLIGATIONS	\$6,110	\$8,403	\$8,248	\$8,326	\$8,407	\$8,490	\$8,575
PROJECTED YEAR END BALANCE	\$34,645	\$34,349	\$34,205	\$33,982	\$33,676	\$33,282	\$32,799

**Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2022 – 2023**

Notes and Assumptions

The FY23 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 FY23 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 requires LA SAFE to first use its dedicated funds to support motorist aid services such as the Kenneth Hahn Call Box System, SoCal 511 and other motorist aid services.

The forecast demonstrates that LA SAFE has sufficient financial capacity to fund the services and activities as proposed in the FY23 budget and to absorb the impact of the FY23 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 SAFE.

- **Projected Registration Surcharge**

This category provides the projected annual revenue generated by the \$1.00 vehicle registration surcharge. 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 provides the projected balance from the end of the previous fiscal year.

- Projected Interest

This category forecasts the projected interest income derived from LA SAFE funds invested as pool with Metro funds, 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 LA SAFE Fund Balance”.

EXPENSES/OBLIGATIONS

- Administration

This category summarizes the 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 allocation for administration is projected to increase in FY23 as a result of an increase in insurance costs. The FY23 budget for administrative services is proposed to increase by \$68,000 compared to the adopted FY22 budget. This increase is primarily due to a \$55,000 increase in the budget for insurance. The FY23 budget allocation includes the impact of the higher than anticipated insurance cost realized in FY22. Additionally, the budget for training and business travel/conferences was restored after being suspended during the COVID-19 pandemic. The forecasted allocations beyond FY23 includes an annual 5% increase to account for insurance premium increases. Staff is currently coordinating with Metro Risk Management to conduct a review of LA SAFE’s current insurance needs, coverage and cost with the goal of reducing and/or containing future costs.

- Direct Labor

This category summarizes the funds programmed to cover the costs associated with LA SAFE’s staffing resource needs. This includes overhead, salary, fringe benefits and as-needed labor costs. The FY23 budget allocation is proposed to increase by \$302,680. The primary cause of this increase is a larger allocation to obtain as-needed support. As-needed funding is proposed to increase by \$300,000 to support a variety of needs during the fiscal year. This includes management of display screen content development, marketing and outreach, data management and analytics, finance and administrative support, call box field inspections, testing and other program or service related support. The FY23 FTE allocation is proposed to increase by 0.5 FTE. The new 0.5 FTE is a shared position which is being requested due to the re-organization of Metro that resulted in the creation of the new Shared Mobility unit and the management of the new functions assigned to the unit. The new allocation will support coordination, collaboration and management oversight of programs and services operated by LA SAFE. All of the staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU and the budget request is consistent with what is contained within Metro’s FY23 proposed budget.

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. The forecast does show a reduction in FY24 due to a projected decrease in as-needed budget. New FTEs or as-needed funds will be added as required and authorized, with the impact to be incorporated into future forecasts.

- Programs & Services

This category summarizes the funds budgeted in direct support of the programs, projects and services operated by or to be funded by LA SAFE. The FY23 budget for this category has decreased by \$355,000 compared to the adopted FY22 budget. This decrease is primarily caused by a decrease in the funds allocated to the Call Box Program.

The following is a breakdown of program and service categories for FY23:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. FY23 funding for the Call Box Program is proposed to be \$1,120,000. This is a \$590,000 decrease from the FY22 budget and is due to the completion of the upgrade of the call box system from 3G to 4G wireless service. The proposed budgeted funds will support the on-going operation and maintenance of the Kenneth Hahn Call Box System and covers the costs to implement recommendations from the call box evaluation study that will be completed by the end of FY22. The results of this study may impact future budget allocations and the five-year forecast will be updated in the next budget cycle to reflect these impacts.

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, the Riverside County Transportation Commission, the San Bernardino County Transportation Authority, 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 FY23 allocation for SoCal 511 is proposed to decrease by \$100,000 compared to the FY22 allocation. This decrease is due to the completion of the transition of the SoCal 511 interactive voice response phone service to a new contractor. In addition to covering daily operations, the funding allocation will support the development of system improvements. Prior system/service improvements include the development of Spanish language services on the SoCal 511 phone service, integration of the Inland Empire 511 into SoCal 511, implementation of a traveler information center, development of a mobile app. For FY23, LA SAFE is proposing to evaluate and develop additional language support for SoCal 511. 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/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 FY23 allocation for Motorist Services is proposed to increase by \$335,000 compared to the FY22 allocation. This increase is primarily due to a restoration of marketing and advertising budget to promote SoCal 511. Funding for advertising was suspended during the COVID-19 pandemic because of budget cuts.

For FY23, these funds will be used to conduct a strategic review of SoCal 511 services, advertise and promote SoCal 511 and other programs, support academic research and development services from Metrans, and implement QA/QC services and improvements. Additionally, the funds will enable LA SAFE to support new opportunities, provide strategic and communication services, research new technologies, develop applications, and continue the integration of motorist services operations into the Los Angeles Regional Transportation Management Center. 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 keeps the FY23 allocation of \$1.8 million consistent over the five-year period. These future funds will be used in support of improvements to current services and development/exploration of new technologies and opportunities to improve mobility.