



Board Report

File #: 2017-0308, File Type: Budget

Agenda Number: 2.

SAFE BOARD MEETING JUNE 22, 2017

ACTION: ADOPT THE FISCAL YEAR 2017 - 2018 BUDGET

RECOMMENDATION

SUBJECT: FISCAL YEAR 2017 - 2018 BUDGET

ADOPT the Fiscal Year 2017-2018 (FY18) budget in the amount of \$9,088,195 for the operation and administration of the Los Angeles County Service Authority for Freeway Emergencies (SAFE). This budget amount includes the annual funding allocations for:

- A. the agreement with the Public Transportation Services Corporation (PTSC) for direct labor and administrative support services in the amount of \$1,464,195; and
- B. the agreement with the Los Angeles County Metropolitan Transportation Authority (Metro) for Freeway Service Patrol (FSP) in the amount of \$1,000,000.

ISSUE

SAFE was created in 1988, pursuant to California Streets and Highway Code Section 2550 et.seq. and is responsible for providing motorist aid services in Los Angeles County. In order to fulfill its mission, SAFE needs an annual budget and requires administrative support services, which is provided via a Memorandum of Understanding (MOU), with the PTSC. A summary of the proposed FY18 budget is provided as Attachment A.

DISCUSSION

During FY17, SAFE continued to fund, develop, implement and operate a variety of motorist aid services, programs and activities. These programs, services and activities included:

- Operation, upgrade and restructuring of the Kenneth Hahn Call Box System.
- On-going operation of the first generation Southern California 511 system.
- Continued funding of the Metro FSP program.
- Continued coordination with Metro, Caltrans and CHP on the operation and development of the Regional Integration of Intelligent Transportation Systems (RIITS).
- Development of the next generation Southern California 511 system.

For FY18, SAFE will focus on the seamless deployment of the next generation Southern California 511 system and continued improvements to the system. The first generation Southern California 511 system is on schedule to be replaced by the new next generation system by July 1, 2017. In addition to implementing the next generation Southern California 511 system, SAFE will be working on the following projects and activities:

- Operating, monitoring and improving the new next generation Southern California 511 system.
- Continued collaboration with Metro and Caltrans on the development and improvements to RIITS, which includes securing new transportation data sources and developing new mobility improving applications.
- Continue funding for the Metro Freeway Service Patrol program;
- Working with METRO, Caltrans, CHP and the City of Los Angeles to move forward with the implementation of a more integrated Los Angeles Regional Transportation Management Center.
- Continue to coordinate and collaborate with our regional partners to identify and implement improvements to existing programs and develop new services that will improve mobility within the region - including Intelligent Transportation Systems (ITS), Connected Vehicle, and corridor management projects;

The FY18 budget of \$9.1 million represents a decrease of approximately \$5 million or 35% compared to the adopted FY17 budget. Specifically, the FY18 budget variances for each major budget category are as follows:

<u>Category</u>	<u>Increase/ (Decrease)</u>
Administration	\$ 60,000
Direct Labor	(\$ 589,675)
Programs & Services	(\$4,456,000)

The Administration budget is proposed to increase by \$60,000. This category covers the general administrative costs for SAFE and includes the budget for general office and computer supplies including interactive video displays to enable more effective management of projects, insurance, business travel, workshops and training. The increase is due to a one-time increase to replace/update computer equipment and slight increases in insurance cost and staff training and workshops.

The Direct Labor budget covers the costs for obtaining staff (full-time and as-needed) from the PTSC. This category includes the costs for direct labor, as-needed, allocated overhead, fringe and other labor related costs. The budget is proposed to decrease by approximately \$590,000. This decrease is due to a number of factors including a reduction in the as-needed budget, a reallocation of 1.2 FTEs from SAFE to Metro in support of the RIITS program to more accurately reflect and track the resources associated with management of RIITS and the commensurate decreases to the overhead, fringe and non-work allocations.

The Programs & Services category provides the funding needed to operate, maintain, improve and develop the variety of motorist aid services supported by SAFE. This category is proposed to

decrease by approximately \$4.5 million. The decrease is attributed to the following factors:

- 1) completion of the initial development of the new Southern California 511 system;
- 2) completion of the required 2G to 3G wireless upgrade of the call box system;
- 3) completion of phase 2 of the call box system restructuring resulting in the removal of 534 call boxes;
- 4) reduction in the operating costs for Southern California 511 as a result of the transition to the new platforms.

A summary as well as a breakdown of the FTE allocation is provided as part of the Five-Year Financial Forecast (Attachment B).

DETERMINATION OF SAFETY IMPACT

The budget is needed to ensure the continued safe and reliable operation of the call box system and Southern California 511. Both systems support motorist by providing a service from which motorist can request assistance and also obtain transportation related information. Without the budget, the services operated and supported by SAFE will be negatively impacted and this can cause a negative safety impact to disabled motorists

FINANCIAL IMPACT

Funding in the amount of \$9,088,195 million has been included in the FY18 proposed budget in project 300209 and allocated to cost centers 2220 (Congestion Reduction), 3351 (SAFE), and 7140 (Marketing). The Five-Year Financial Forecast demonstrates the financial capacity of SAFE to use its existing fund balance and projected revenue to fully fund the proposed FY18 budget.

Impact to Budget

The FY18 SAFE budget is funded from dedicated SAFE resources and has no impact on the budget of the Metro. The FY18 budget request is consistent with the information contained in Metro's FY18 budget.

ALTERNATIVES CONSIDERED

The Board has two alternatives. It can (a) decide to not adopt the proposed budget or (b) make a modification, either a decrease or an increase, to the proposed budget. Neither of these options is recommended.

The adoption of the budget is required to ensure the continued operation of SAFE and its programs. Without the budget, SAFE will be unable to administer its programs and fulfill its statutory motorist aid mission. Modification of the proposed budget is also not recommended. The proposed budget was developed to ensure that SAFE is sufficiently funded for FY18 and has a certain amount of flexibility to adapt to situations and opportunities as they arise. The proposed budget ensures SAFE's ability to properly fulfill its mission and comply with all existing legal and statutory requirements.

NEXT STEPS

Upon approval of the proposed FY18 budget, staff will begin implementing the projects and work for FY18. Staff will monitor the budget and projects to ensure SAFE meets all its requirements in a fiscally responsible manner.

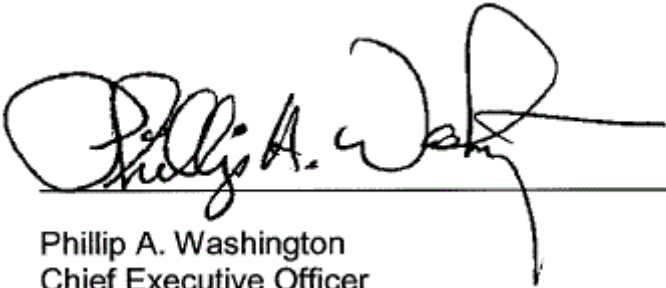
ATTACHMENTS

Attachment A - Proposed Fiscal Year 2017 - 2018 Budget Summary

Attachment B - Five Year Financial Forecast

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