



Board Report

File #: 2020-0346, File Type: Budget

Agenda Number: 2.

**SAFE BOARD MEETING
JUNE 25, 2020**

SUBJECT: CONTINUING RESOLUTION FOR FISCAL YEAR 2021 BUDGET

ACTION: ADOPT A CONTINUING RESOLUTION FOR FISCAL YEAR 2021 BUDGET

RECOMMENDATION

- A. ADOPT a continuing resolution to extend the FY20 budget authorization, including authorization to continue obtaining administrative and staffing services from PTSC, for one quarter into FY21 until September 2020 when Fiscal Year 2021 (FY21) budget is considered for Board adoption.
- B. AUTHORIZE the CEO to execute the adopted continuing resolution through first quarter of FY21 until October 1, 2020.

ISSUE

The current FY20 budget authorization is for the period of July 1, 2019 to June 30, 2020. The development of the FY21 budget was on schedule until March 2020 when Coronavirus Disease-2019 (COVID-19) pandemic altered the trajectory of the economy and negatively impacted the development of the FY21 annual budget. As a matter of practice, LA SAFE develops its budget in coordination and collaboration with Metro. In May, Metro adopted a continuing resolution effectively extending the FY20 budget until September 2020. This action will ensure that LA SAFE remains aligned with Metro and has the ability to appropriately adjust its budget to account for any impact that Metro budgetary actions may have to LA SAFE services and programs.

A continuing resolution to extend the adopted FY20 Budget beyond June 30, 2020 for one quarter is a temporary reprieve to enable LA SAFE to continue operating without interruption until the FY21 budget can be adopted. Meanwhile, LA SAFE will work to revise the FY21 Budget for Board consideration to adopt by September 2020.

BACKGROUND

LA 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. To fulfill its

mission, LA SAFE needs an annual budget and requires administrative support and staffing services, which is provided via a Memorandum of Understanding (MOU) with the PTSC.

DISCUSSION

Until now, the preparation of LA SAFE's annual budget has followed the normal timeline, with budget development beginning in January, progressing through the subsequent months, and culminating in Board adoption in June.

During FY20, LA SAFE continued to fund, develop, implement and operate a variety of motorist aid services, programs, and activities. These services, programs, and activities include:

- Operation and maintenance of the Kenneth Hahn Call Box System
- Operation of Southern California 511 (SoCal 511) services
- Development of a new mobile application and Spanish language services for SoCal 511
- Initiation of a Quality Control/Quality Assurance program to support program improvements
- Coordination with Metro, Caltrans and California Highway Patrol (CHP) on the operation and development of the Regional Integration of Intelligent Transportation Systems (RIITS)
- Coordination with CHP and Caltrans for the ongoing integration of SoCal 511 operations into the Los Angeles Regional Traffic Management Center (LARTMC)
- Initiation of a strategic evaluation and development of a strategic plan for LA SAFE

Financial Indicators to Date

LA SAFE is funded by a \$1.00 vehicle registration surcharge on all vehicles in Los Angeles County. Currently despite the economic crisis, the vehicle registration revenue for LA SAFE is projected to remain relatively stable, albeit with a slight decrease. This is based on experiences from prior economic downturns as well as a review of the latest available data. However, if the economic situation further deteriorates, LA SAFE may experience a greater impact. Staff will continue monitoring the data and make adjustment as necessary.

CEO Call for Action to Control Expenses

In April 2020, the CEO issued a call to take immediate steps to control expenses, enforce strong fiscal discipline and maintain a balanced budget through the crisis. As a result, LA SAFE reduced the fourth quarter FY20 budget by approximately \$2.2 million. Staff is also reviewing existing contracts and planned/required new actions for possible additional cost savings. This practice will continue through the first quarter of FY21 and will inform the development of the overall FY21 budget.

Revised Budget Development Process:

With the approval of the Continuing Resolution, LA SAFE will revise the budget development process accordingly, while functioning within the authorized levels. The additional time will allow for a more up-to-date review of LA SAFE needs and resources. Staff will continue to monitor the financial conditions and reforecast available revenues and resources. Budget expenditures and program needs will be re-assessed as LA SAFE perseveres through the sudden recession caused by COVID-19. The revised budget adoption is anticipated in September 2020. As the situation evolves, a mid-year adjustment may be required.

Date	Action
June 2020	Adoption of Continuing Resolution
September 24, 2020	FY21 Budget Adoption
December 2020	Midyear Budget Amendment (as needed)

DETERMINATION OF SAFETY IMPACT

The budget is used in support of the continued safe and reliable operation of the Call Box System and Southern California 511. These programs support motorists by providing services from which motorists can request assistance and also obtain transportation-related information, which can improve the overall safety and reliability of the transportation network.

FINANCIAL IMPACT

The Resolution will allow LA SAFE to allocate available resources to existing programs, consistent with the adopted FY20 budget beyond June 30, 2020 until the adoption of the FY21 Budget.

ALTERNATIVES CONSIDERED

Not adopting a Continuing Resolution is not recommended as the annual budget legal authorization ends on June 30, 2020. In the absence of the adoption of the FY21 Budget, the Continuing Resolution is necessary to allow LA SAFE to obligate and spend funds without negatively impacting LA SAFE's functions and activities.

Adoption of the currently drafted LA SAFE FY21 budget is also not recommended. This budget was developed prior to the COVID-19 pandemic and may not accurately reflect the needs and capabilities of LA SAFE post pandemic.

NEXT STEPS

LA SAFE staff will continue to coordinate with Metro to develop the FY21 budget and continue to prepare financial resources according to the authorization of the Continuing Resolution through

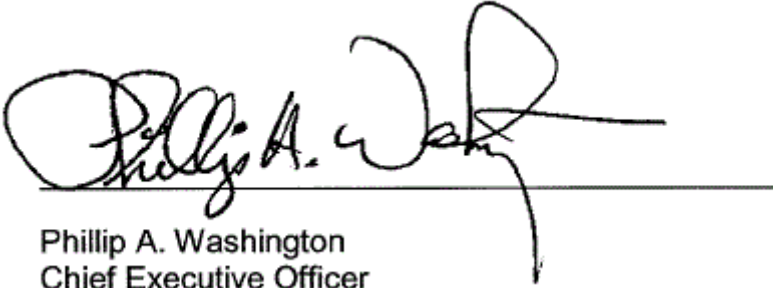
September 30, 2020.

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