



Los Angeles County Service Authority for Freeway Emergencies
Kenneth Hahn Call Box System

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SAFE BOARD
MAY 25, 2006

SUBJECT: FISCAL YEAR 2006 - 2007 BUDGET

ACTION: ADOPT THE FISCAL YEAR 2006 – 2007 BUDGET

RECOMMENDATION

Adopt the Fiscal Year 2006 - 2007 (FY07) budget in the amount of \$20,894,748 for the operation and administration of the Los Angeles County Service Authority for Freeway Emergencies (SAFE); which includes the annual funding allocations to the existing Memorandum of Understanding (MOU) with the Public Transportation Services Corporation (PTSC) for direct labor support in the amount of \$888,086 and the Agreement with Metro for Freeway Service Patrol (FSP) and Big Rig operations in the amount of \$3,000,000.

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 an MOU, from the PTSC. A summary of the proposed FY07 budget is provided as Attachment A.

OPTIONS

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.

To ensure the continued operation of SAFE and its programs an annual budget is required. 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 FY07. The budget ensures SAFE's ability to properly fulfill its mission and comply with all existing legal and statutory requirements.

DISCUSSION

In FY05, SAFE completed a Strategic Plan, which provided guidelines and recommendations regarding existing services and potential new motorist aid services that SAFE should explore implementing and/or funding. In FY06, SAFE proceeded with the implementation of a number of the recommendations, including:

- Initiating an evaluation of the call box system to determine a reasonable size of the system moving forward.
- The implementation of a wireless motorist aid number for mobile phones (#399).
- Funding of the I-710 Big Rig Demonstration Project.
- Funding of an expansion in FSP midday and weekend tow service.

During FY07, SAFE proposes to continue funding and implementing the aforementioned recommendations as well as proceeding with the implementation of additional initiatives. In FY07, SAFE has targeted the following projects/activities:

- Completion of the call box system evaluation and present the findings to the Board for authorization and implementation.
- Continuation of the operation of the wireless motorist aid number for mobile phones (#399).
- Continuation of funding of the I-710 Big Rig Demonstration Project.
- Continuation of funding for expanded FSP service.
- Completion of the transition of the call box system to a digital wireless based system.
- Implementation of a comprehensive traveler information system for Los Angeles County motorists and residents.
- Improvement of planning and coordination with our partners, particularly Caltrans and CHP.
- Continuation of efforts to raise the public's awareness of motorist services programs.
- Exploration of the potential to regionalize motorist services in program areas that would benefit from standardization.

The anticipated ongoing operation, funding and implementation of these initiatives will assist Los Angeles County motorists by expanding the motorist services available to them at a time when congestion continues to increase and remains an issue of concern to all Los Angeles County residents.

The FY07 budget of \$20.9 million represents an increase of approximately \$7.8 million or 60% compared to the adopted FY06 budget. The budget increase is primarily attributable to the transition of the call box system from an analog to a digital wireless based system and the implementation of the traveler information system. Specifically, the FY07 budget increases and decreases for each major budget category are as follows:

<u>Category</u>	<u>Increase/(Decrease)</u>
Administration	(\$ 438,009)
Direct Labor	(\$ 11,251)
Programs & Services	\$8,280,000

The decrease in Administration is a result of decreases in the overhead, services and material accounts. The decrease in Direct Labor is a result of a reallocation of fringe benefits costs by PTSC and the elimination of labor costs associated with the accessibility improvements to the call box system. The increase for Programs & Services is attributable to two main items: 1) the analog to digital wireless call box conversion, and 2) the development, deployment and operation of a traveler information system. All other remaining programs and services, which include call box operations, #399 – Motorist Aid (Mobile Call Box) operations, Metro Freeway Service Patrol funding and I-710 Big Rig FSP Demo funding, are proposed to remain relatively stable with FY06 funding levels. A summary of each project/service is provided as part of the Five-Year Financial Forecast (Attachment B).

FINANCIAL IMPACT

SAFE primarily obtains its revenue from an annual \$1.00 surcharge assessed on each vehicle registered within Los Angeles County. 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 FY07 budget of \$20.9 million.

NEXT STEPS

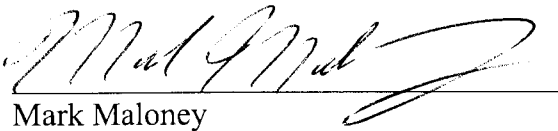
Upon approval of the proposed FY07 budget, staff will begin implementing the major projects for FY07.

Staff will monitor the budget and projects to ensure SAFE meets all its requirements in a fiscally responsible manner.

ATTACHMENTS

- A. Proposed Fiscal Year 2006 - 2007 Budget Summary
- B. Five Year Financial Forecast

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ATTACHMENT A

(A-1)

Proposed Fiscal Year 2006 - 2007 Budget Summary

Total Expenditure Categories
(\$000)

<u>Category</u>	<u>Total</u>	<u>Percentage</u>
Administration	\$ 437	2%
<p>Includes costs associated with the general administration of the SAFE – includes: legal services, procurement support, insurance, equipment, supplies, travel, allocated overhead, etc.</p>		
Direct Labor	\$ 888	4%
<p>Includes costs associated with direct labor support for SAFE obtained from PTSC– includes: salary and fringe benefits.</p>		
Programs & Services	\$19,570	94%
<p>Includes costs to fund/operate various Motorist Aid related projects and services. Does not include the direct labor costs associated with the management or administration of the programs/services.</p> <ul style="list-style-type: none"> • I-710 Big Rig Demonstration \$1,000 • #399 – Motorist Aid \$1,070 • Call Box Operations \$1,900 • Metro Freeway Service Patrol \$2,000 • Call Box System Capital \$8,500 • Traveler Information System \$5,100 		
Total FY 2006 – 2007 Budget	\$20,895	100%

Proposed Fiscal Year 2006 - 2007 Budget Summary

Comparison FY 06 Budget vs. FY 07 Budget
(\$000)

<u>Category</u>	<u>FY 06</u>	<u>FY 07</u>	<u>Increase/(Decrease)</u>
¹ Administration	\$ 875	\$ 437	(\$ 438)
² Direct Labor	\$ 899	\$ 888	(\$ 11)
³ Programs & Services	\$11,290	\$19,570	\$8,280
• <i>Incident Management & Motorist Aid Evaluations</i>	\$ 225	\$ 0	(\$ 225)
• <i>Freeway Exit Sign Numbering</i>	\$ 825	\$ 0	(\$ 825)
• <i>I-710 Big Rig Demonstration</i>	\$ 700	\$1,000	\$ 300
• <i>#399 – Motorist Aid</i>	\$ 970	\$1,070	\$ 100
• <i>Call Box Operations</i>	\$2,095	\$1,900	(\$ 195)
• <i>Metro Freeway Service Patrol</i>	\$2,000	\$2,000	\$ 0
• <i>Call Box System Capital</i>	\$4,475	\$8,500	\$4,025
• <i>Traveler Information</i>	\$ 0	\$5,100	\$5,100
Total	\$13,064	\$20,895	\$7,831

¹ Decrease in this category is due to a decrease in the allocated overhead charges assessed by Metro, as well as a decrease in technical services and materials.

² Decrease in this category is primarily due to a reallocation of fringe benefit costs by PTSC and the elimination of labor costs associated with the call box site accessibility improvements.

³ Increase in this category is primarily due to the transition of the call box system from an analog to a digital wireless based system and the implementation of the new traveler information system.

ATTACHMENT B

LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
 FINANCIAL FORECAST (\$000)
 FISCAL YEAR 2005 - 2006

	PROJECTED YEAR-END 2005/06	PROPOSED BUDGET 2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
SAFE FUNDS							
Projected Registration Surcharge	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Projected SAFE Fund Balance	\$ 28,982	\$ 30,359	\$ 17,162	\$ 14,163	\$ 12,784	\$ 11,263	\$ 9,157
Projected Interest	\$ 690	\$ 673	\$ 473	\$ 419	\$ 383	\$ 338	\$ 276
Other	\$ 5	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
FUNDS AVAILABLE	\$ 36,677	\$ 38,057	\$ 24,660	\$ 21,607	\$ 20,192	\$ 18,627	\$ 16,458
EXPENSES/OBLIGATIONS							
Administration	\$ 347	\$ 437	\$ 497	\$ 495	\$ 558	\$ 574	\$ 616
Direct Labor	\$ 780	\$ 888	\$ 910	\$ 933	\$ 956	\$ 980	\$ 1,004
Programs & Services	\$ 5,191	\$ 19,570	\$ 9,090	\$ 7,395	\$ 7,415	\$ 7,915	\$ 8,637
Incident Mgmt & Motorist Aid Evaluations	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
I-710 Big Rig Demo	\$ 700	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Freeway Exit Sign Numbers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#399 - Motorist Aid (Mobile Call Box)	\$ 970	\$ 1,070	\$ 790	\$ 895	\$ 895	\$ 845	\$ 845
Metro Freeway Service Patrol	\$ 1,200	\$ 2,000	\$ 2,000	\$ 2,200	\$ 2,220	\$ 2,220	\$ 2,442
Call Box Program	\$ 1,871	\$ 10,400	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,850	\$ 1,850
Operations	\$ 1,591	\$ 1,850	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,850	\$ 1,850
Capital Improvements	\$ 280	\$ 8,550	\$ -	\$ -	\$ -	\$ -	\$ -
Traveler Information	\$ 400	\$ 5,100	\$ 3,500	\$ 2,500	\$ 2,500	\$ 3,000	\$ 3,500
TOTAL EXPENSES/OBLIGATIONS	\$ 6,318	\$ 20,895	\$ 10,497	\$ 8,823	\$ 8,929	\$ 9,469	\$ 10,257
PROJECTED YEAR END BALANCE	\$ 30,359	\$ 17,162	\$ 14,163	\$ 12,784	\$ 11,263	\$ 9,157	\$ 6,201

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2006 – 2007

Notes and Assumptions

The FY07 Five-Year Financial Forecast has been developed to provide a snapshot of SAFE's financial situation and project the impact of the proposed FY07 budget to the overall financial condition of 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 SAFE to first use its dedicated funds to support the call box system and then enables the use of funds to support other motorist aid services.

The forecast demonstrates that SAFE currently has sufficient funding to fully fund the proposed FY07 budget and absorb the impact of this budget for the next five years. However, the forecast also shows a steady decrease in available SAFE funds for each successive fiscal year. If this trend continues as shown in this forecast, then SAFE would have insufficient funds to continue its operations by fiscal year 2013 – 2014. Staff will continue to closely monitor the financial status of SAFE and identify recommendations to alleviate any potential deficit in a timely manner.

This forecast includes the projected costs of establishing and operating the new Traveler Information System as well as continuing the operations of the call box system and the #399 – Motorist Aid Number (Mobile Call Box) program, the capital costs to upgrade the existing call boxes from an analog to a digital based system, the agreed upon cost of supporting the operation of the big rig tow demonstration, and funding for Metro Freeway Service Patrol operations. The potential impact of the current evaluation of the call box system has not been factored into this forecast. All costs figures will be refined as better information is obtained and more accurate projections can be made.

SAFE FUNDS

This section provides a summary of the projected funds available to SAFE.

- Projected Registration Surcharge

Projected annual revenue generated by the \$1.00 vehicle registration surcharge. The figure is based upon historical figures. The registration surcharge is projected to remain constant for the next five years.

- Projected SAFE Fund Balance

SAFE fund balance from the end of the previous fiscal year.

- Projected Interest

Projected interest income for SAFE based upon a conservative 2.5% rate of return on the investment base. The investment base is defined as the total funds available less 50% of the projected fiscal year expenditures. The total funds available is defined as the “Projected Registration Surcharge” + “Projected SAFE Fund Balance”.

- Other

This category represents any funds to be obtained from claims against individuals who have damaged call boxes and from the sale of any surplus or salvaged inventory. During FY06, staff will evaluate methods to improve the rate of return on damage claims.

EXPENSES/OBLIGATIONS

- Administration

Funds programmed for allocated overhead costs and general administrative support services and equipment such as printing, travel, training, office supplies, computer equipment, insurance, legal, procurement, other general services required for the administration of SAFE. The costs are projected to increase slightly during the five-year period due to projected increases in insurance, procurement support, budgeted agency reserves and equipment needs.

The FY07 budget for Administrative Services is proposed to decrease by approximately \$438,000 compared to the adopted FY06 budget. This decrease is due to a decrease in the overhead costs allocated by Metro as well as some decrease in the budgets for professional services, computer equipment, office supplies and other miscellaneous costs.

The cost for Administration is projected to increase each successive fiscal year. This increase is mainly attributable to a 3% annual escalation for accounting, procurement and overhead costs and a 15% annual escalation for insurance costs.

- Direct Labor

Funds programmed to cover the projected costs associated with salary and fringe benefits SAFE incurs due to its staffing needs. During FY07 SAFE will continue to fund the full costs of program management for both SAFE and Freeway Service Patrol. The budget for this category has decreased by approximately \$11,000 from FY06 primarily due to a reallocation of fringe benefit costs and the elimination of labor costs associated with the call box system site accessibility project. The FY07 allocation includes a total of 9 FTEs, which is equal the to FY06 FTE allocation.

The FY07 FTE allocation is comprised of the following positions:

- 1 – Director
- 1 – Program Manger SAFE
- 1 – Program Manger Freeway Service Patrol
- 1 – Motorist Aid Technical Administrator
- 1 – Senior Administrative Analyst
- 2 – Program Planners
- 1 – Motorist Service Field Representative
- 1 – Administrative Aide

All of the staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via a Board approved annual amendment to a MOU. Costs for outlying years are projected to increase at a rate of 2.5% per year.

- Programs & Services

Funds programmed in direct support of the programs, projects and services operated by or to be funded by SAFE. The programs and services SAFE proposes to fund during FY07 include the I-710 Big Rig Demonstration; #399 – Motorist Aid (Mobile Call Box) program; Metro Freeway Service Patrol operations; the Kenneth Hahn Call Box System capital improvements and operations; and the development, deployment and operation of the Los Angeles County Traveler Information System.

The FY07 budget for this category has increased by approximately \$8.3 million compared to the adopted FY06 budget. This increase is attributable to the implementation and funding of the Traveler Information System and an increase in funding for call box capital projects. Funding for Programs and Services is projected to fluctuate in future years as certain projects are completed and funds are no longer needed and on-going programs grow or shrink in required funding support. As funds become available and/or as new motorist aid projects are identified, SAFE will evaluate the ability to fund and/or operate these new projects and incorporate the projects into the forecast as the Board authorizes them. The following is a breakdown of each program and service programmed to be funded and/or operated by SAFE:

Incident Management and Motorist Aid Evaluations

Funds programmed in FY06 to evaluate incident management practices in Los Angeles County and to examine the potential need for improved motorist outreach and education. Due to a lack of partner agency commitment and priority, these evaluations have been deferred.

I-710 Big Rig Demonstration

Funds programmed to support the demonstration of operating a FSP type service to specifically assist disabled big rigs on the I-710 freeway. The funding for this demonstration project is based upon a Board approved MOU to reimburse Metro up to \$2.7 million for the

operation and evaluation of this demonstration project. The demonstration is slated to conclude in FY08. The continued operation or expansion of this program will be dependent upon the final evaluation regarding the success of the demonstration, which will be conducted by Metro. The current financial plan does not, as of this time, project SAFE to have a continued funding role after the completion of the demonstration; however, this matter can be readdressed after the evaluation of the demonstration project is completed and if Metro decides to pursue on-going operations on the I-710.

Freeway Exit Sign Numbering

Funds programmed to support efforts to coordinate with Caltrans to install exit sign numbers on various freeway exit signs in Los Angeles County. Due to competing funding concerns and a delayed response from Caltrans, this project has been deferred.

#399 – Motorist Aid (Mobile Call Box)

Funds programmed to support the operation of the #399 – Motorist Aid (Mobile Call Box) program. This program provides motorists with an easy-to-use alternative to the freeway call box by providing a number that they can call from their wireless mobile phone to request non-emergency roadside assistance. This program was jointly developed and implemented with CHP and other counties, including but not limited to San Diego, Orange, San Bernardino, Riverside, Kern and the Bay Area counties. The allocated funds cover the cost to answer the calls and market the program. Call volumes are projected at 10,000 calls/month for FY07. FY08 call volume is projected at 15,000 calls/month, with FY09 and beyond projected at a stable 20,000 calls/month. SAFE will closely monitor call volume and will return to the Board if additional funding is required to cover the cost of higher than anticipated call volume.

Metro Freeway Service Patrol Operations

Funds programmed to assist Metro with the expansion and operation of the Metro Freeway Service Patrol (FSP). During FY06, Metro expanded the current FSP operations to effectively provide coverage on existing service beats from 6:00 a.m. to 7:00 p.m. on weekdays; 10:00 a.m. to 6:30 p.m. on weekends. During FY07, Metro proposed to add new service to cover the 210 freeway from Pasadena to San Fernando and continue the operation of the expanded service hour coverage. The cost to fund this expansion is projected to be \$2 million annually with a 10% increase in FY09. This expansion will help Los Angeles County motorist by providing this highly beneficial and useful motorist aid service to them with consistent service hours on all major freeway segments in Los Angeles County.

Call Box Program

Funds programmed to cover the costs to operate, maintain and improve the Kenneth Hahn Call Box System. Funding is allocated between “operations” and “capital”. The FY07 funding for the Call Box Program is proposed to increase by approximately \$3.8 million

compared to the adopted FY06 budget. This increase is wholly attributable to an increase in the capital budget.

➤ Operations

Funding for operations include all day-to-day requirements to operate and maintain the call box system and is based on contractual and supplier costs to supply the services and parts to operate and maintain the system. Items include call answering services, cellular service and maintenance operations. The FY07 budget for call box operations has decreased by approximately \$195,000 compared to the FY06 budget. This decrease is due to a decrease in call answering costs due to declining call volume, a decrease in wireless costs due to the projected switch from analog to digital service and a decrease in maintenance costs. Funding for call box operations is projected to remain relatively stable with some slight annual increases and decreases due to the impact of the completion of operational contracts.

➤ Capital

Funding for capital include cost associated with the two main capital improvement projects for the call box system: 1) the removal, relocation and installation of call boxes and 2) the transition of the call box system from analog to digital wireless service. The FY07 capital budget has increase by \$4 million compared to the FY06 budget. This increase is attributable to an increase in the allocation for the digital transition and the inclusion of funding for the removal, relocation and installation of call box sites.

During FY07, SAFE will complete a system-wide evaluation of each call box site and shall develop recommendations regarding the need for each site. SAFE anticipates that there will be a recommendation to remove a number of call box sites due to the decreased usage of the call boxes. In addition, there will be some recommendations to relocate existing sites and install new sites due to safety and/or operational issues. Once the evaluation is complete the recommendations will be forwarded to the Board for approval prior to implementation. SAFE projects project to begin in FY07 and be completed by the end of FY07.

The transition of the call box system from analog to digital service was initiated in FY06 and shall continue to the end of FY07. This project is necessary as the wireless providers are phasing out analog service. In December 2005, SAFE entered into a \$8.7 million contract to design, build and manufacture a new digital call box to replace the current aged analog call boxes that have been in service since the early 1990s. SAFE anticipates that this transition will be completed during FY07.

Beyond these two projects, there are no known or anticipated capital improvement projects envisioned for the call box system during the remainder of this five-year forecast.

Traveler Information System

Funds programmed to support the development, deployment and operation of a comprehensive Traveler Information system for Los Angeles County. The Traveler Information system will provide individuals with the ability to obtain traffic, transit, weather and other general traveler information via their phone or the internet. This system is based upon the successful 511 Traveler Information programs currently in operation in the San Francisco Bay Area and 22 states around the nation. The deployment of this system will enable individuals to easily obtain comprehensive traveler information from a single easy-to-use system, will help people make better decisions regarding their travel plans, will enhance safety and reduce congestion by alerting motorists to incidents and congestion, and will ensure a consistent and reliable means of distributing travel information to the public. The deployment of this system also ensures Los Angeles County's compliance with the 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU) provision regarding the deployment of a national 511 system by 2010.

FY07 funding includes costs associated with the initial development, deployment, marketing and operation of the traveler information system. Funding for FY08, covers costs anticipated with follow-on system enhancements, marketing and operation of the system. Funding in FY09 and beyond consists of the on-going operational and marketing costs, with some cost growth to account for anticipated increase use of the system as well as some minor system enhancements.

