



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

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SAFE BOARD
JUNE 25, 2009

SUBJECT: FISCAL YEAR 2009 - 2010 SAFE BUDGET

ACTION: ADOPT THE FISCAL YEAR 2009 – 2010 BUDGET

RECOMMENDATION

Adopt the Fiscal Year 2009 - 2010 (FY10) budget in the amount of \$17,555,267 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 \$1,078,061 and the Agreement with Metro for Freeway Service Patrol (FSP) operations in the amount of \$2,000,000.

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 FY10 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 FY10. The budget ensures SAFE's ability to properly fulfill its mission and comply with all existing legal and statutory requirements.

DISCUSSION

During FY09, SAFE continued to fund, develop, implement and operate a variety of motorist aid services, programs and activities. These programs, services and activities included:

- The operation of the Call Box Programs – Mobile/#399 and the Kenneth Hahn Call Box System.
- The completion of the transition of the Kenneth Hahn Call Box System to a digital wireless based system.
- The development of a regional traveler information system (5-1-1).
- The funding of selected Metro Freeway Service Patrol services.

For FY10, SAFE is recommending the funding, implementation and/or operation of the following projects and activities:

- Continue the operation of the Call Box Programs – the Kenneth Hahn Call Box System and the Mobile/#399 program.
- Ongoing monitoring and restructuring of the Kenneth Hahn Call Box System.
- Implementation and operation of a regional traveler information system for Los Angeles County motorists and residents (5-1-1)
- Work with Metro to support the evaluation and improvements to the Metro Freeway Service Patrol program and the expansion of the Big Rig Service Patrol program.
- Continue funding for the Metro Freeway Service Patrol program
- Work with Metro and Caltrans to support the implementation of the Congestion Pricing demonstration project.
- Work with our regional partners to identify and implement improvements to motorist services programs.

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

The FY10 budget of \$17.5 million represents a decrease of approximately \$349 thousand or 0.02% compared to the adopted FY09 budget. The budget decrease is attributable to reduction in the overall budgets for Administration and Programs & Services. Specifically, the FY10 budget increases and decreases for each major budget category are as follows:

<u>Category</u>	<u>Increase/(Decrease)</u>
Administration	\$ (251,149)
Direct Labor	\$ 52,453
Programs & Services	\$ (150,000)

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Programs & Services	\$ (150,000)

The decrease in Administration is a result of the decrease to the contingent legal fees account. The increase in Direct Labor is a result of the reallocation of fringe benefit and Workers Compensation costs by PTSC. These costs are reallocated quarterly based on the direct labor base, expected liabilities, settlements and the number of claims. The decrease for Programs & Services is attributable to a decrease in funding for the professional and technical services in support of digital call box activities. The digital call box transition was completed during FY09 thereby eliminating the need for on-going professional and technical development support for the digital call box. For FY10, the previously identified budget sub-category of Call Box Capital Improvements has been revised to the new sub-category of Motorist Services Improvements. This modification better reflects the current mission of SAFE and enables SAFE to support improvements to its own programs, such as 5-1-1, and other motorist aid programs that have a positive and meaningful impact to Los Angeles County motorists. All other remaining programs and services, which include Metro Freeway Service Patrol funding, are proposed to remain relatively stable with FY09 funding levels. A summary of each project/service is provided as part of the Five-Year Financial Forecast (Attachment B).

FINANCIAL IMPACT

The funding of \$17.5 million has been included in the FY10 proposed budget in projects 300209 and 300070 and cost centers 3351 and 3352. 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 FY10 budget of \$17.5 million. While there is a concern that rising gas prices and the current state of the economy will negatively impact new vehicle purchases the revenue forecast that is being presented is a conservative one based upon long-term historical averages.

Impacts on Bus and Rail Operating and Capital Budget

The source of funds is the annual \$1.00 surcharge assessed on each vehicle registered within Los Angeles County. These funds are not eligible for Metro bus and rail operating and capital expenditures or to resolve the Metro structural deficit.

NEXT STEPS

Upon approval of the proposed FY10 budget, staff will begin implementing the major projects for FY10. Staff will monitor the budget and projects to ensure SAFE meets all its requirements in a fiscally responsible manner.

ATTACHMENTS

- A. Proposed Fiscal Year 2009 - 2010 Budget Summary
- B. Five Year Financial Forecast

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Michael Greenwood
Deputy Executive Officer, Operations



Arthur T. Leahy
Executive Officer, SAFE

ATTACHMENT A

**Proposed Fiscal Year 2009 - 2010 Budget Summary
Total Expenditure Categories**

Category	FY10 PROPOSED BUDGET	Percentage
Administration	217,451	1.2%
Direct Labor	1,078,061	6.1%
Programs & Services	16,259,755	92.6%
#399 - Motorist Aid	411,205	2.5%
Call Box Operations	1,683,550	10.4%
Traveler Information System	8,650,000	53.2%
Metro Freeway Service Patrol	2,000,000	12.3%
Motorist Services Improvements	3,515,000	21.6%
Total	17,555,267	100%

**Proposed Fiscal Year 2009 - 2010 Budget Summary
Comparison FY09 Budget vs. FY10 Budget**

Category	FY09 BUDGET	FY10 PROPOSED BUDGET	VARIANCE
Administration	468,600	217,451	(251,149)
Direct Labor	1,025,608	1,078,061	52,453
Programs & Services	16,409,755	16,259,755	(150,000)
#399 - Motorist Aid	411,205	411,205	-
Call Box Operations	1,683,550	1,683,550	-
Traveler Information System	8,650,000	8,650,000	-
Metro Freeway Service Patrol	2,000,000	2,000,000	-
Motorist Services Improvements	3,665,000	3,515,000	(150,000)
Total	17,903,963	17,555,267	(348,696)

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
FISCAL YEAR 2009 - 2010**

	PROJECTED YEAR-END 2008/09	PROPOSED BUDGET 2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
SAFE FUNDS							
Projected Registration Surcharge	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Projected SAFE Fund Balance	\$ 36,106	\$ 30,882	\$ 22,085	\$ 17,981	\$ 15,248	\$ 12,617	\$ 10,074
Projected Interest	\$ 913	\$ 733	\$ 581	\$ 496	\$ 430	\$ 366	\$ 305
Other	\$ 25	\$ 1,025	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
FUNDS AVAILABLE	\$ 44,044	\$ 39,640	\$ 29,691	\$ 25,502	\$ 22,703	\$ 20,009	\$ 17,404
EXPENSES/OBLIGATIONS							
Administration	\$ 224	\$ 217	\$ 271	\$ 284	\$ 270	\$ 310	\$ 300
Direct Labor	\$ 1,009	\$ 1,078	\$ 1,110	\$ 1,143	\$ 1,178	\$ 1,213	\$ 1,249
Programs & Services	\$ 11,929	\$ 16,260	\$ 10,329	\$ 8,827	\$ 8,638	\$ 8,412	\$ 8,213
#399 - Motorist Aid (Mobile Call Box)	\$ 62	\$ 411	\$ 275	\$ 275	\$ 296	\$ 296	\$ 296
Call Box Program	\$ 5,992	\$ 1,684	\$ 1,410	\$ 1,410	\$ 1,416	\$ 1,416	\$ 1,416
Traveler Information	\$ 3,875	\$ 8,650	\$ 4,894	\$ 4,142	\$ 3,926	\$ 3,700	\$ 3,501
Metro Freeway Service Patrol	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Motorist Services Improvements	\$ -	\$ 3,515	\$ 1,750	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL EXPENSES/OBLIGATIONS	\$ 13,162	\$ 17,555	\$ 11,710	\$ 10,255	\$ 10,086	\$ 9,935	\$ 9,762
PROJECTED YEAR END BALANCE	\$ 30,882	\$ 22,085	\$ 17,981	\$ 15,248	\$ 12,617	\$ 10,074	\$ 7,641

Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2009 – 2010

Notes and Assumptions

The FY10 Five-Year Financial Forecast has been developed to provide a snapshot of SAFE's financial situation and project the impact of the proposed FY10 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 FY10 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. Despite this trend, SAFE will continue to fund all the activities and expenses as forecasted for the next five years. Staff will continue to closely monitor the financial status of SAFE and identify and implement solutions to alleviate any potential negative financial situation in a timely manner.

This forecast includes the projected costs of operating and enhancing the new Traveler Information System (5-1-1) as well as continuing the operations of the call box system and the #399 – Mobile Call Box program, funding for Metro Freeway Service Patrol operations and funding improvements to motorist services programs. 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

This refers to the projected annual revenue generated by the \$1.00 vehicle registration surcharge. The forecast is based upon historical figures. While the actual revenue obtained from the vehicle registration surcharge has increased over the last couple of years, there is a concern that rising gas prices and current state of the economy will negatively impact new vehicle purchases which may in turn impact the overall number of registered vehicles. Therefore, a conservative forecast is being presented based upon long-term historical averages. Overall, the registration surcharge is projected to remain relatively constant for the next five years.

- Projected SAFE Fund Balance

The SAFE fund balance shows the available funds from the end of the previous fiscal year.

- Projected Interest

The references the 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. This category also includes a one-time South Coast Air Quality Management District Mobile Source Air Pollution Reduction Review Committee grant in the amount of \$1 million to support outreach efforts for the 5-1-1 Traveler Information System.

EXPENSES/OBLIGATIONS

- Administration

These are funds programmed for overhead, general administrative support services and equipment costs. Items such as printing, travel, training, office supplies, computer equipment, insurance, legal, and other general services required for the administration of SAFE are included in this category. The forecasted cost for administration is projected to fluctuate during the five-year period. Increases are mainly attributable to a 3% annual escalation for accounting and other service costs and a 10% escalation for insurance costs in FY12 and FY14. In addition, vehicle and other equipment replacement costs are programmed to occur during FY11, FY12 and FY15, thereby accounting for the additional costs during those fiscal years.

The FY10 budget for administrative services is proposed to decrease by approximately \$251,149 compared to the adopted FY09 budget. This decrease is primarily due to a decrease in the legal services budget line item.

- Direct Labor

These funds are programmed to cover the projected costs associated with salary and fringe benefits SAFE incurs due to its staffing needs. During FY10, SAFE will continue to fund the program management for both SAFE and Metro Freeway Service Patrol. The budget for this category has changed slightly from

FY10, due to the reallocation of fringe benefit and Workers Compensation costs by PTSC. These costs are reallocated quarterly based on the direct labor base, expected liabilities, settlements and the number of claims.

Overall, the FY10 budget is \$53,000 more than FY09 primarily due to higher labor costs associated with Direct Labor e.g. fringe benefits and Workers Compensation.

The FY10 FTE allocation is comprised of the following positions and functions:

- 1.00 – Program Manager SAFE/ Freeway Service Patrol
- 1.00 – Motorist Aid Technical Administrator
- 2.00 – Motorist Aid Program Administrators
- 1.00 – Transportation Planning Manager III
- 1.00 – Transportation Planning Manager IV
- 1.00 – Senior Contract Administrator
- 1.00 – Senior Administrative Analyst
- 0.75 – Administrative Aide
- 0.25 – General Support-Procurement
- 0.9048 – General Support-Transit Operations
- 9.9048

The FY10 allocation represents an increase of 0.1548 in FTEs as compared to the approved FY09 allocation. This is due to additional General Support given by the procurement department. 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 3% 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 FY10 include #399 – Mobile Call Box program; Metro Freeway Service Patrol operations; the Kenneth Hahn Call Box System, the regional 5-1-1 Traveler Information System and Motorist Services Improvements.

The FY10 budget for this category has decreased by \$150,000 compared to the adopted FY09 budget. This decrease is attributable to the decreased allocation for call box digital transition that was approved in the beginning of FY09. Funding for Programs & Services is projected to decrease over the forecast period as projects are completed and funds are no longer needed. As funds become available and/or as new motorist aid projects are identified, SAFE will evaluate the ability to fund and/or operate new projects and incorporate the projects into the forecast as the Board authorizes them. The following is a breakdown of each program and service to be funded and/or operated by SAFE during FY10:

#399 – Mobile Call Box

Funds programmed to support the operation of the #399 – 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. The allocated funds cover the cost to answer the calls and market the program. Call volumes are projected at 5,000 calls/month for FY10, FY11 and FY12. Call volumes for FY13, FY14, and FY15 are projected at 7,500 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. In addition, with the deployment of 5-1-1 this fiscal year, SAFE will evaluate opportunities that may arise to combine efforts between #399 and 5-1-1 which may improve the effectiveness and efficiency of both services.

Call Box Program

Funds programmed to cover the costs to operate, maintain and improve the Kenneth Hahn Call Box System. The FY10 funding for the Call Box Program is proposed to decrease by \$3,665,000 compared to the adopted FY09 budget. This decrease is attributable to the completion of the digital call box transition project.

Operational cost to fund the call box system 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. Funding for call box operations is projected to decrease in FY11, due to the completion of the digital transition, and remain relatively stable for the rest of the forecasted period. Staff will continue to monitor and restructure the call box system as required to ensure the efficient and effective operation of the system.

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 5-1-1 Traveler Information programs currently in operation in the San Francisco Bay Area, San Diego County and more than 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.

The FY10 allocation for this system includes funds for the continued development, deployment and operation of the system. Allocations for FY11 and beyond include system enhancements, support, operational and marketing costs. Cost are projected to remain relatively stable with set increases during this forecast period due to the increased cost of operation.

Metro Freeway Service Patrol Operations

Funds programmed to assist Metro with the operation of the Metro Freeway Service Patrol (FSP). Funding of the Metro FSP program from SAFE funds is authorized as FSP is a motorist aid service. SAFE has allocated up to \$2 million annually for the five year period of this forecast in support of Metro FSP operations.

Motorist Services Improvements

Funds programmed to enable SAFE to support improvements to motorist services programs. For FY10, these funds may be used to support the initial implementation cost to restructure the Metro Freeway Service Patrol; support the expansion of the Metro Big Rig Service Patrol; develop and deploy improvements to the 5-1-1- Traveler Information System to support the deployment of the Metro Fast Lanes – Congestion Pricing program; and a variety of other motorist services programs. As an example, SAFE is currently working with OCTA to improve the services offered via 5-1-1. OCTA has specifically requested that SAFE expand the automated telephone transit trip planner function to include Orange County. SAFE and OCTA have agreed to proceed with this improvement as it will benefit the 5-1-1 program as well as users in Orange and Los Angeles County. The cost of this improvement will be initially paid by SAFE; however, OCTA has agreed to reimburse SAFE for the cost of this improvement. When an opportunity, such as the aforementioned 5-1-1 improvement, arises to improve the motorist aid systems, programs and services, SAFE will use these funds to implement the necessary and approved improvements. The funding for service improvements in FY11 and beyond will be dependent upon available funds and identified needs.