



Board Report

File #: 2023-0204, File Type: Budget

Agenda Number: 2.

LA SAFE BOARD MEETING MAY 25, 2023

SUBJECT: LA SAFE FISCAL YEAR BUDGET

ACTION: ADOPT THE FISCAL YEAR 2023-2024 BUDGET

RECOMMENDATION

ADOPT the Fiscal Year 2023-2024 (FY24) budget in the amount of \$8,776,610 for the operation and administration of the Los Angeles County Service Authority for Freeway Emergencies (LA SAFE). This budget amount includes the annual funding allocation from the agreement with the Public Transportation Services Corporation (PTSC) for direct labor and administrative support services in the amount of \$2,308,610.

ISSUE

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 services, which are provided via a Memorandum of Understanding (MOU) with the PTSC. A summary of the proposed FY24 budget is provided in Attachment A.

BACKGROUND

During Fiscal Year 2022-2023 (FY23), 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
- Review of the Kenneth Hahn Call Box system
- Operation of Southern California 511 Traveler Information System (SoCal 511) within the five-county region (Los Angeles, Orange, Riverside, San Bernadino, and Ventura Counties)
- Update of the Interagency Agreement with Orange County Transportation Authority (OCTA) for the operations and maintenance of SoCal 511, enabling additional cost sharing and collaborative opportunities

- Development of upgrades to the SoCal 511 mobile application, scheduled for release in the first quarter of FY24
- Coordination with Los Angeles County Metropolitan Transportation Authority (Metro), California Department of Transportation (Caltrans) and California Highway Patrol (CHP), and other regional partners on the operation and development of the LA SAFE services
- Collaboration with Metro on the funding, use, and development of the Regional Integration of Intelligent Transportation Systems (RIITS) to support LA SAFE data needs
- Coordination with CHP and Caltrans for the ongoing operation of the SoCal 511 Traveler Information Center (TIC) within the Los Angeles Regional Traffic Management Center (LARTMC)
- Deployment of the SoCal 511 marketing campaign to promote public awareness and the use of SoCal 511 traveler information services

DISCUSSION

For FY23, LA SAFE programs and services continue to show increases in utilization. SoCal 511 usage for FY23 is projected at about 1.4M (or about 113K users per month) for all platforms inclusive of web, phone, and social media as a result of a robust marketing campaign aimed at increasing general awareness of the SoCal 511 program.

For FY24, LA SAFE will be working on the following projects and activities:

- Continuing the operation and maintenance of the Kenneth Hahn Call Box System
- Continuing operation of SoCal 511
- Investigation, development, and deployment of improvements, new features, and services for SoCal 511 and the Kenneth Hahn Call Box System
- Launch of the updated SoCal 511 mobile application
- Continuation of SoCal 511 marketing efforts
- Development of a SoCal 511 Mystery User program in support of a positive customer experience
- Initiation of a strategic review of SoCal 511
- Collaboration with regional call box operators/agencies
- Collaboration and coordination with SoCal 511 partners and stakeholders
- Collaboration with Metro on the development and operation of RIITS to improve the quality and availability of real-time data and services provided to SoCal 511

- Collaboration with regional partners to identify and implement improvements to programs and develop new services that will enhance mobility within the region, including preparation for the Olympics/Paralympics - specifically Intelligent Transportation Systems (ITS), connected and automated vehicles, and integrated corridor management projects

The FY24 budget of \$8,776,610 million represents an increase of approximately \$373,124 or 4.4% compared to the adopted FY23 budget. Specifically, the FY24 budget variances for each major budget category are as follows:

<u>Category</u>	<u>Increase/ (Decrease)</u>
Administration	\$31,000
Direct Labor	(\$307,876)
Programs & Services	\$650,000

The Administration budget covers the general administrative costs for LA SAFE and includes the budget for general office and computer supplies, insurance, training, travel/conference fees and other general administrative support. This category is proposed to increase by \$31,000 or 10% for FY24. The \$31,000 increase is associated with the cost of insurance. In FY24, LA SAFE increased the insurance budget by approximately 17% to better align the budget with past expenditures related to general and excess liability. Staff is working with the Metro Risk Management department to review all aspects of LA SAFE's insurance coverage, including cost drivers, and will ensure coverage is in line with the scope of the programs under LA SAFE.

The Direct Labor budget covers the costs for obtaining staff and associated administrative services from PTSC. This category includes the costs for direct labor, as-needed staff, allocated overhead, fringe, and other labor related costs and is proposed to decrease by \$307,876 or 12% for FY24. The FY24 budget decrease is attributable to a reduction in the as-needed allocation and associated labor allocation costs assigned by PTSC. This decrease will not impact the performance of the program. The FY23 as-needed allocation included funding to support partner programs, administrative support, and technical support that were not realized. The FY24 as-needed allocation will enable LA SAFE to continue funding existing and obtain new as-needed staff to support a variety of tasks, including quality/customer experience usage and testing, data analytics, service improvements, and other special projects as needed. The FY24 FTE allocation of 7.82 FTEs is an increase of 0.35 FTEs compared to the approved FY23 allocation due to the internal realignment of existing staff in support of program efficiencies. The allocation will enable LA SAFE to effectively manage existing services, develop and implement customer focused improvements, address emerging opportunities and technologies, engage in improved market and customer awareness, engage new stakeholders, and identify strategic initiatives to position LA SAFE to better support upcoming major events such the 2026 FIFA World Cup and the 2028 Olympics and Paraympic games. All costs are calculated by PTSC and are consistent with Metro costs and budget. Additionally, all FTEs are consistent with and included in Metro's FY24 budget.

The Programs & Services category provides the funding to administer, operate, maintain, improve, and develop the motorist aid services provided or supported by LA SAFE. This includes funding to

support the continuing operation of existing services - the Kenneth Hahn Call Box System - fixed and mobile services, and SoCal 511. Funds also support the development of improvements to existing services and the research and development in support of new motorist services and projects. Funding for the Kenneth Hahn Call Box System remains stable and consistent as the system itself is projected to remain stable and constant, with some slight variability due to in-field construction impacts. Funding for SoCal 511 operations, which is included in the Traveler Information System subcategory, is increasing by \$150,000 to support the strategic review and system improvements, including the updated mobile app.

The overall budget allocation for this category is proposed to increase by \$650,000 or 12% in FY24. In addition to the \$150,000 increase in the Traveler Information System subcategory, the remaining \$500,000 increase is attributable to the following elements: market research and outreach, customer experience research and improvements, RIITS data and services improvements, and possible development/support of new motorist aid services. For example, staff is working to standardize real-time transit data through general transit feed specifications-real time (GTFS-RT), which will improve traveler information for SoCal 511 customers. Specific to marketing and outreach, the FY24 budget includes funding to continue public awareness and related efforts in support of SoCal 511. In FY23, staff initiated the deployment of a marketing campaign, including media tactics such as billboards, vehicle wraps, radio advertisements, and web banners. To date, SoCal 511 phone, website, and social media usage has increased by approximately 56% since the start of this effort in comparison to the same period last year. The FY24 budget will allow staff to continue and expand the campaign to cover more geographic areas, obtain new customer data, and continue with SoCal 511 improvements and applications. In addition, staff will continue increasing engagement with partner agencies, community-based organizations, and stakeholders to secure in-kind support for SoCal 511 through their channels (e.g., websites, mobile app links, timetables, and other related materials).

DETERMINATION OF SAFETY IMPACT

The budget is used to support the continued safe and reliable operation of the Kenneth Hahn Call Box System and SoCal 511. Both systems support motorists by providing a service from which motorists can request assistance and obtain transportation-related information, improving the overall safety and reliability of the transportation network.

FINANCIAL IMPACT

Funding in the amount of \$8,776,610 has been included in the FY24 proposed budget in project 300209 and allocated to cost centers 2221 (Shared Mobility Executive Office), 3351 (SAFE), 4740 (Intelligent Transportation Systems), and 7140 (Marketing). The Five-Year Financial Forecast demonstrates the financial capacity of LA SAFE to use its existing fund balance and projected revenue to fully fund the proposed FY24 budget.

Impact to Budget

The source of funds for this action is locally generated DMV fees dedicated to LA SAFE. It is not

eligible for bus and rail operating or capital expenditures.

EQUITY PLATFORM

LA SAFE programs assist all people in Los Angeles County, including residents and visitors. Disadvantaged populations benefit from the services provided by LA SAFE. For example, SoCal 511 provides traffic and transit information within a five-county region, enabling users to make efficient local and regional transportation choices, and to support them when they need motorist assistance. Currently, this service is offered in Spanish and English via an Interactive Voice Response (IVR) system, and our web platform is translated into eight languages. The mobile app scheduled to launch in FY24 will be available in English and Spanish. In FY23, one of the criteria for marketing efforts is that billboard advertisements must be located in Equity Focus Communities (EFCs). In FY24, these billboard advertisements will continue and may be expanded in other EFC areas. Additionally, Spanish radio advertisements will continue to be aired in FY24. Call boxes continue to be a resource for motorists who may not have or be able to use a mobile phone, and call box locations are accessible for mobility impaired users. The call boxes themselves support communication through RTT / TTY / TDD for all customers who may be hearing impaired, deaf and/or speech impaired. Further, operators fluent in Spanish are available to support Spanish-speaking callers, and over 200 other languages are supported through contracted translation services. This ensures that the call boxes can continue to be effective and accessible for people with limited English Proficiency in communities within Los Angeles County.

ALTERNATIVES CONSIDERED

The Board may elect not to adopt the proposed budget. This alternative is not recommended as it would result in the discontinuation of LA SAFE operations and its programs. Without the budget, LA SAFE will be unable to administer its programs and fulfill its statutory motorist aid mission.

The Board could choose to make a modification, either a decrease or an increase, to the proposed budget. This alternative is not recommended since the proposed budget was developed to ensure that LA SAFE is sufficiently funded for FY24. The proposed budget ensures LA SAFE's ability to properly fulfill its mission and comply with all existing legal and statutory requirements and is consistent with Metro's proposed FY24 budget.

NEXT STEPS

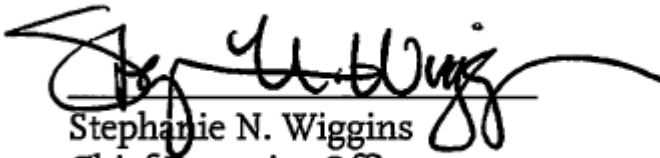
Upon approval of the proposed FY24 budget, staff will begin implementation of FY24 projects and efforts. Staff will monitor the budget and projects to ensure LA SAFE meets all its requirements in a fiscally responsible manner.

ATTACHMENTS

Attachment A - Proposed Fiscal Year 2023-2024 Budget Summary
Attachment B - Five-Year Financial Forecast

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ATTACHMENT A

Proposed Fiscal Year 2024 Budget Summary
Total Expenditure Categories

<i>CATEGORY</i>	<i>FY24</i>	
	<i>PROPOSED</i>	<i>PERCENTAGE</i>
	<i>BUDGET</i>	
Administration	338,000	4%
Direct Labor	2,308,610	26%
Programs & Services	6,130,000	70%
Call Box Operations	1,120,000	18%
Traveler Information System	2,810,000	46%
Motorist Services Improvements	2,200,000	36%
Total	8,776,610	

Proposed Fiscal Year 2023-2024 Budget Summary
Comparison FY23 Budget vs. FY24 Budget

<i>CATEGORY</i>	<i>FY24</i>		
	<i>FY23</i>	<i>PROPOSED</i>	<i>VARIANCE</i>
	<i>BUDGET</i>	<i>BUDGET</i>	
Administration	307,000	338,000	31,000
Direct Labor	2,616,486	2,308,610	(307,876)
Programs & Services	5,480,000	6,130,000	650,000
Call Box Operations	1,120,000	1,120,000	0
Traveler Information System	2,660,000	2,810,000	150,000
Motorist Services Improvements	1,700,000	2,200,000	500,000
Total	8,403,486	8,776,610	373,124

ATTACHMENT B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FINANCIAL FORECAST (\$000)
FISCAL YEAR 2023-2024**

	PROJECTED YEAR-END 2022/23	PROPOSED BUDGET 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
SAFE FUNDS							
Projected Registration Surcharge	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750
Projected Beginning Year SAFE Fund Balance	\$35,310	\$38,026	\$37,387	\$36,647	\$35,565	\$34,356	\$33,515
Projected Interest	\$387	\$388	\$380	\$370	\$359	\$350	\$340
FUNDS AVAILABLE	\$43,447	\$46,164	\$45,517	\$44,767	\$43,673	\$42,456	\$41,605
EXPENSES/OBLIGATIONS							
Administration	\$276	\$338	\$372	\$383	\$424	\$472	\$527
Direct Labor	\$1,426	\$2,309	\$2,378	\$2,450	\$2,523	\$2,599	\$2,677
Programs & Services	\$3,719	\$6,130	\$6,120	\$6,370	\$6,370	\$5,870	\$5,870
Call Box Program	\$1,210	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120
Traveler Information	\$1,509	\$2,810	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750
Motorist Services Improvements	\$1,000	\$2,200	\$2,250	\$2,500	\$2,500	\$2,000	\$2,000
TOTAL EXPENSE/OBLIGATIONS	\$5,421	\$8,777	\$8,870	\$9,203	\$9,317	\$8,941	\$9,074
PROJECTED YEAR END BALANCE	\$38,026	\$37,387	\$36,647	\$35,565	\$34,356	\$33,515	\$32,531

**Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2023 – 2024**

Notes and Assumptions

The FY24 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 FY24 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 FY24 budget and to absorb the impact of the FY24 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, behavioral 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 administrative support required for the administration of LA SAFE are included in this category.

The requested allocation for administration has increased in FY24 to accommodate an anticipated increase in insurance costs. The FY24 budget for administrative services is proposed to increase by \$31,000 or 10% and is wholly attributed to an increase in the insurance budget. The forecasted increase after FY24 is driven by an annual 15% increase to account for future insurance premiums. Other administrative costs are forecasted to remain constant with a slight decline in the use of contracted administrative support in FY26 and beyond. Staff is currently coordinating with Metro Risk Management to review all aspects of LA SAFE’s insurance coverage, including cost drivers, with the goal of re-baselining LA SAFE’s insurance 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 FY24 budget allocation is proposed to decrease by (\$307,876) or 12% compared to the adopted FY23 budget. The primary cause of this decrease is due to a reduction for as-needed support. As-needed funding is proposed to decrease by (\$218,000), however existing as-needed staff will continue 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 FY24 FTE allocation is proposed to increase by 0.35 FTEs. 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 FY24 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 as discussed above. New FTEs or additional 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 FY24 budget for this category has increased by \$650,000 or 12% compared to the adopted FY23 budget. This increase is primarily caused by an increase in the funds allocated to the SoCal 511 Program for market research and outreach, customer experience improvements, RIITS data and services improvements, and possible development/support of new motorist aid services.

The following is a breakdown of program and service categories for FY24:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. FY24 funding for the Call Box Program is proposed to be \$1,120,000. The proposed budgeted funds will support the on-going operation and maintenance of the Kenneth Hahn Call Box System. There is no change proposed to the system for either FY24 or during the forecasted period. As a result costs are forecasted to remain constant over the five-year period.

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 FY24 allocation for SoCal 511 is proposed to increase by \$150,000 compared to the FY23 allocation. 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, and implementation of a traveler information center. For FY24, LA SAFE is proposing to evaluate the ability to implement additional language support and launch updates to the SoCal 511 mobile app. 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 FY24 allocation for Motorist Services is proposed to increase by \$500,000 compared to the FY23 allocation. This increase is due to additional marketing and outreach funding and development of improved data services to support SoCal 511.

For FY24, these funds will be used to conduct a strategic review or reimagination of SoCal 511 services, advertise and promote SoCal 511 and other programs in EFCs, 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 work to standardize real-time transit data through general transit feed specifications-real time (GTFS-RT), which will improve traveler information for SoCal 511 customers. Funding is forecasted to increase in FY25 and FY26 to support the development and integration of improvements to support the 2028 Olympics. 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. Any future funds will be used in support of improvements to current services and development/exploration of new technologies and opportunities to improve mobility.



LA SAFE

LA SAFE Fiscal Year 24 Budget & Program Highlights

**LA SAFE BOARD MEETING
MAY 25, 2023**

FY24 LA SAFE Budget Overview

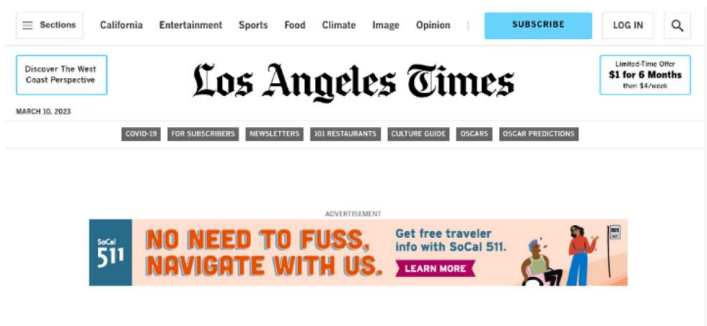
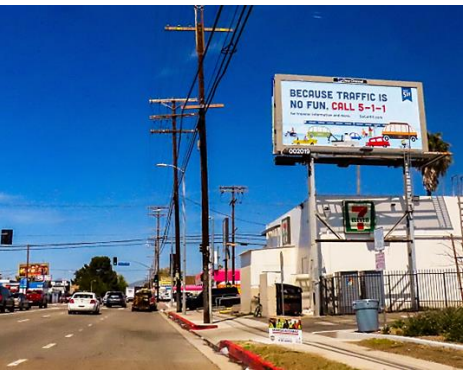


CATEGORY	FY23 BUDGET	FY24 PROPOSED BUDGET	VARIANCE
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Direct Labor	2,616,486	2,308,610	(307,876)
Programs & Services	5,480,000	6,130,000	650,000
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Motorist Services Improvements	1,700,000	2,200,000	500,000
Total	8,403,486	8,776,610	373,124

- Adoption of the FY24 LA SAFE budget in the amount of \$8.7M supports the operation, maintenance and administration of LA SAFE programs
- CA Streets & Hwy Code Section 2550, et.seq., requires locally generated DMV fees to be dedicated to LA SAFE for the Kenneth Hahn Call Box system, SoCal 511 and other motorist aid services



SoCal 511 Marketing Campaign Update



Goals and Objectives	Tactics	Targets
<ul style="list-style-type: none">• Inform Southern California residents about SoCal 511 services• Increase general awareness and usership of SoCal 511• Generate increased call volumes, website visits and app downloads	<ul style="list-style-type: none">• Programmatic display – website banner ads, Google paid search• Out of Home – traditional/digital billboards and vehicle wraps• Radio – Ad jingles in English in Spanish	<ul style="list-style-type: none">• Billboards – Targeted EFCs• Vehicle Wraps – Active areas throughout Los Angeles County and at major events (i.e. Dodgers Opening Day)• Radio Ads – FM radio and Spanish-speaking stations

FY24 LA SAFE Programs

- Continue operation and maintenance of the Kenneth Hahn Call Box System and SoCal 511 Traveler Information System
- Launch the updated SoCal 511 mobile application
- Expand SoCal 511 marketing efforts to include Spanish radio ads and billboards covering EFCs for both general public awareness and to promote improved services
 - SoCal 511 has experienced a 56% increase in usage in comparison to last year and is projected to reach 1.4M total usage by the end of FY23
- Improve the quality and availability of real-time information and services provided by SoCal 511
- Initiate a strategic reimagining of SoCal 511 in preparation for the 2028 Summer Olympics
- The FY24 budget supports the operation and maintenance of existing LA SAFE services and additional efforts to reach users in more geographic areas, while obtaining new user information to make program improvements that meet customer needs

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