



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

One Gateway Plaza Los Angeles, California 90012-2952
TEL (213) 922-5652 FAX (213) 922-2955

AGENDA

**LOS ANGELES COUNTY
SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
(SAFE)
REGULAR BOARD MEETING
BOARD OF DIRECTORS
MTA Headquarters
3rd Floor - Board Room
One Gateway Plaza
Los Angeles**

Thursday, June 26, 2003 - 9:30 AM

Call to order:

Directors:

Hal Bernson, Chair
Zev Yaroslavsky, 1st Vice Chair
Frank Roberts, 2nd Vice Chair
Michael Antonovich
Yvonne Brathwaite Burke
John Fasana
James Hahn
Paul Hudson
Don Knabe
Gloria Molina
Pam O'Connor
Beatrice Proo
Allison Yoh
Doug Failing, Ex Officio

Chief Executive Officer – Roger Snoble
Board Secretary - Michele Jackson
Ethics Officer - Karen Gorman
Inspector General – William Waters
General Counsel - County Counsel

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES BOARD RULES

PUBLIC INPUT

The meetings of the Service Authority for Freeway Emergencies Board are open to the public. A member of the public may address the Board on the subject of one or more agenda items and/or other items of interest which are within the subject matter jurisdiction of the Service Authority for Freeway Emergencies. The total presentation for any combination of agenda items and non-agenda items addressed shall not exceed two minutes in length. A request to address the Board must be submitted in person to the Board Secretary prior to the start of the meeting.

All Public Comment will be heard at the end of each meeting. Each individual will have the opportunity to speak only once at the time Public Comment is heard and should include all comments for all items. The Public Comment period will last thirty minutes maximum in length. Speakers will be called according to the order in which the speaker request forms are received until the thirty-minute period has expired. The Chair may limit the public input on any item or the total amount of time allocated for public testimony based on the number of people requesting to speak and the business of the Board. If you are a party to a specific item, you will be called upon to speak at the time that issue is being considered.

At the discretion of the Chair, the Board may limit public input on any item, based on the number of people requesting to speak and the business of the Board.

In the interest of hearing from as many members of the public as possible, if at the time your name is called, your issue has been addressed or your opinion expressed by a previous speaker, please simply state that fact and your name for the record.

In accordance with State Law (Brown Act), all matters to be acted on by the SAFE Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

CONDUCT IN THE BOARD ROOM The following rule pertains to conduct at Service Authority for Freeway Emergencies Board meetings:

REMOVAL FROM THE BOARD ROOM The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the SAFE Board:

Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.

A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.

Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and

Any other unlawful interference with the due and orderly course of said meeting.

INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD

Agendas for the Regular SAFE Board meetings are prepared by the Board Secretary and are available prior to the meeting in the MTA Records Management Department and on the Internet.

Every meeting of the SAFE Board of Directors is recorded on cassette tapes, and duplicate tapes are available for a nominal charge. A Spanish language translator is available at all Board Meetings. Translators for other languages must be requested 72 hours in advance.

After each Board meeting, a record is prepared which indicates the actions taken by the Board. This record is available on the second business day following the meeting.

DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the SAFE Board Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

ADA REQUIREMENTS

A cordless microphone is available for those persons with mobility impairments who cannot access the public speaking area. Sign language interpreter services are available by giving notice at least three business days in advance of the meeting. Please telephone (213) 922-4600 between 8 a.m. and 5 p.m., Monday through Friday. Our TDD line is (800)252-9040.

HELPFUL PHONE NUMBERS

Copies of Agendas/Record of Board Action/Cassette Tapes of Meetings - (213) 922-2335 (Records Management Department)

General Information/Rules of the Board - (213) 922-4600

Internet Access to Agendas - www.mta.net

TDD line (800) 252-9040

NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA.

1. Public Comment

2. **ADOPT the Fiscal Year 2003-2004 (FY04) budget** in the amount of \$11.1 million for the operation and administration of the Los Angeles County Service Authority for Freeway Emergencies (SAFE); and authorize the annual funding amendment to the Memorandum of Understanding with the Public Transportation Services Corporation (PTSC) for direct labor support in the amount of \$1.1 million.

3. **CLOSED SESSION: Conference with Legal Counsel-Existing Litigation - G.C. 54956.9 (a):**

LA SAFE v. Comarco BC 284897

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Board subsequent to the posting of the agenda.

**COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST
WITHIN BOARD'S SUBJECT MATTER JURISDICTION**

ADJOURNMENT



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

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TEL (213) 922-5652 FAX (213) 922-2955

**SAFE BOARD
JUNE 26, 2003**

SUBJECT: FISCAL YEAR 2003 - 2004 BUDGET

ACTION: ADOPT THE FISCAL YEAR 2003 – 2004 BUDGET

RECOMMENDATION

Adopt the Fiscal Year 2003 - 2004 (FY04) budget in the amount of \$11.1 million for the operation and administration of the Los Angeles County Service Authority for Freeway Emergencies (SAFE); and authorize the annual funding amendment to the Memorandum of Understanding (MOU) with the Public Transportation Services Corporation (PTSC) for direct labor support in the amount of \$1.1 million.

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, by the PTSC. A summary of the proposed budget is provided as Attachment A.

As shown in the attached five (5) year financial forecast, provided as Attachment B, SAFE revenues are not anticipated to keep pace with future expenditures and as a result the forecasted carryover of SAFE funds is projected to decrease each successive fiscal year. Staff will continue to investigate and implement operational efficiencies in an effort to reduce on-going costs. Additionally, staff will continue to identify and investigate new and/or alternative sources of revenue.

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 needs to be adopted. Without the budget, SAFE will be unable to administer its programs, which includes the operation of the Kenneth Hahn Call Box System, and fulfill its statutory mission.

Modification of the proposed budget is also not recommended. The proposed budget was developed to ensure that SAFE is sufficiently funded for FY04. The budget ensures SAFE's ability to properly fulfill its mission and comply with all existing legal and statutory requirements.

FINANCIAL IMPACT

SAFE primarily obtains its revenue from an annual \$1.00 surcharge assessed on each vehicle registered within Los Angeles County. Attachment B demonstrates the financial capacity of SAFE to use its existing fund balance and projected revenue to cover the proposed FY04 budget.

DISCUSSION

The proposed FY04 budget of \$11.1 million represents a decrease of approximately \$2.3 million or 17% compared to the adopted FY03 budget. This reduction is primarily attributable to a \$2 million decrease in outsourcing Contracted Services resulting from efficiencies instituted in on-going operational costs, particularly in the areas of call box maintenance and the answering call box calls. The budget for Administrative Services and Direct Labor categories are proposed to decrease, while the Equipment budget is proposed to increase due to the need to replace field vehicles and procure computer hardware.

The proposed FY04 budget will enable SAFE to focus on the following major objectives and challenges for the coming fiscal year: 1) continued construction of accessibility improvements being made to call box sites; 2) complete the transfer of call answering operations from CHP to a contracted vendor; 3) evaluation and implementation of additional/new motorists aid services, including the development of a new call box and 4) the continued evaluation and implementation of administrative and operational enhancements.

NEXT STEPS

Upon approval of the proposed FY04 budget, staff will amend the MOU with the PTSC and begin implementing the major projects for FY04.

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

ATTACHMENTS

- A. Proposed Fiscal Year 2003 - 2004 Budget Summary
- B. Five Year Financial Forecast

ATTACHMENTS

- A. Proposed Fiscal Year 2003 - 2004 Budget Summary
- B. Five Year Financial Forecast

Prepared by: Kenneth Coleman, Program Manager



Cynthia Gibson
Staff Director



Roger Snoble
Executive Officer

Attachment A

(A-1)

Proposed Fiscal Year 2003 - 2004 Budget Summary

Total Expenditure Categories (\$000)

<u>Category</u>	<u>Total</u>	<u>Percentage</u>
Contracted Services	\$ 9,199	83%
• On-Going Operations (Call Answering, Cellular Service, System Maintenance, etc.)	\$4,063	
• Call Box Site Improvements (Construction and Construction Management)	\$3,864	
• Professional & Technical Support (Legal & Audit Services, Engineering Analysis, Accounting, Procurement, etc.)	\$1,272	
Direct Labor	\$ 1,061	10%
Administrative Services	\$ 680	6%
Equipment	\$ 160	1%
Total FY 2003 – 2004 Budget	\$11,100	100.0%

(A-2)

Proposed Fiscal Year 2003 - 2004 Budget Summary

**Comparison FY 03 Budget vs. FY 04 Budget
(\$000)**

<u>Category</u>	<u>FY 03</u>	<u>FY 04</u>	<u>Increase/(Decrease)</u>
¹ Contracted Services	\$11,200	\$ 9,199	\$(2,001)
² Direct Labor	\$ 1,400	\$ 1,061	\$(339)
³ Administrative Services	\$ 800	\$ 680	\$(120)
⁴ Equipment	\$ <u>25</u>	\$ <u>160</u>	\$ <u>135</u>
Total	\$13,425	\$11,100	\$(2,325)

¹ Decrease primarily due to cost containment and implementation of operational efficiencies.

² Decrease due to a decrease in overhead allocation.

³ Decrease due to a decrease in the agency reserve allocation.

⁴ Increase due to the allocation of funds for scheduled replacement of field vehicles and to procure new computer equipment.

Attachment B

**LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
FIVE YEAR FINANCIAL FORECAST (\$000)
FISCAL YEAR 2003 - 2004**

	ADOPTED BUDGET 2002/2003	PROPOSED BUDGET 2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
SAFE FUNDS							
Projected Registration Surcharge	\$ 6,100	\$ 6,100	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Projected SAFE Fund Balance*	\$ 27,445	\$ 27,400	\$ 23,403	\$ 19,585	\$ 18,463	\$ 16,514	\$ 15,984
Projected Interest	\$ 1,000	\$ 978	\$ 859	\$ 774	\$ 722	\$ 679	\$ 647
Intergovernmental	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Recovery	\$ 45	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
SAFE FUNDS AVAILABLE	\$ 37,090	\$ 34,503	\$ 31,288	\$ 27,384	\$ 26,209	\$ 24,218	\$ 23,656
EXPENSES/OBLIGATIONS							
Contract Services							
On-Going Operations	\$ 6,000	\$ 4,063	\$ 5,171	\$ 6,203	\$ 7,149	\$ 5,696	\$ 6,568
Call Box Improvements	\$ 3,800	\$ 3,864	\$ 3,800	\$ -	\$ -	\$ -	\$ -
Professional & Technical	\$ 1,400	\$ 1,272	\$ 870	\$ 870	\$ 675	\$ 600	\$ 575
Total Contract Services	\$ 11,200	\$ 9,199	\$ 9,841	\$ 7,073	\$ 7,824	\$ 6,296	\$ 7,143
Direct Labor	\$ 1,400	\$ 1,061	\$ 1,107	\$ 1,119	\$ 1,141	\$ 1,158	\$ 1,181
Administrative Services	\$ 800	\$ 680	\$ 655	\$ 680	\$ 680	\$ 630	\$ 630
Equipment	\$ 25	\$ 160	\$ 100	\$ 50	\$ 50	\$ 150	\$ 50
TOTAL EXPENSES/OBLIGATIONS	\$ 13,425	\$ 11,100	\$ 11,703	\$ 8,921	\$ 9,695	\$ 8,234	\$ 9,004
PROJECTED YEAR END BALANCE	\$ 23,665	\$ 23,403	\$ 19,585	\$ 18,463	\$ 16,514	\$ 15,984	\$ 14,651

* FY04 beginning of year fund balance primarily include projected FY03 favorable revenue and expenditure variances.

**Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2003 – 2004**

Notes and Assumptions

The FY04 Five-Year Financial Forecast was developed to provide a snapshot of SAFE's financial situation and project the impact of the proposed FY04 budget. 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. Another factor limiting and directing the use of SAFE funds is the Board approved Thalheimer Settlement Agreement.

While SAFE has sufficient funding to fully fund the proposed FY04 budget, the forecast shows a slight but steady decrease in SAFE funds for each successive fiscal year. Staff will continue to closely monitor the financial status of SAFE and identify recommendations to alleviate any future deficit in a timely manner.

The forecast includes cost savings that SAFE projects to realize through the outsourcing of call box call answering. The forecast also includes the projected costs of establishing and operating the cellular 311 motorist aid number and an initial estimate for the capital costs that may be required to upgrade the existing call boxes from an analog to a digital based cellular system. These 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. FY04 beginning of year fund balance does not match the FY03 projected year end balance due to projected FY03 favorable revenue and expenditure variances.

- **Projected Interest**

Projected interest income for SAFE based upon a 3.5% 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".

- **Intergovernmental**

Funds programmed in by MTA in FY03 for the call box improvement project. Funds have since been reprogrammed by the MTA to other projects.

- **Insurance Recovery**

This category represents any funds to be obtained from claims against individuals who have damaged call boxes. During FY04, staff will evaluate methods to improve the rate of return on damage claims.

EXPENSES/OBLIGATIONS

- **Contract Services**

Funds allocated to cover SAFE contractual requirements. These requirements include the following three (3) major sub-categories:

On-Going Operations

Funds allocated to cover the contractual costs primarily related to the on-going day-to-day operation and maintenance of the Kenneth Hahn Call Box System. The majority of the work performed to ensure the operation and maintenance of the call box system is completed under contract with a number of different firms. The components included in this category are:

- Call Box Cellular Service
- Call Box System Maintenance
- Call Answering and Handling
- Other Items including Caltrans Support

Also included in the cost projections are estimates for the impact of implementing and operating the cellular 311 motorist aid number, the impact of maintenance activities due to the accessibility improvements made to the call box sites and the impact of transitioning the call box system from an analog cellular based system to a digital or alternative based system. The proposed FY04 budget for on-going operations was developed based upon a review of historical data, contractual requirements and project cost estimates. Funding of on-going operations is projected to increase each fiscal year until FY07. In FY07, the cost of on-going operations is projected to decrease due to the completion of the project to transition the call

box system from an analog cellular based system to a more readily available and reliable wireless system. The programming of funds beyond FY04 include the following projections:

- Maintenance costs are projected to increase over the five-year period due to material and labor cost increases as well as increased maintenance responsibility resulting from the accessibility improvements made to the call box system. The costs are projected to increase by approximately 20% over the five-year period.
- Cellular service costs are projected to remain constant for the call box system during the five-year period; however, funds are programmed within this five-year period to anticipate the impact of the cellular 311 motorist aid number. The plan estimates a slight initial impact of approximately 60,000 cellular motorist aid calls for FY05. The volume of calls is then projected to increase by another 60,000 calls in FY06 and then 120,000 calls annually thereafter. The cost per call is estimated to be no more than \$1.00 per call.
- Call answering costs are projected to decrease significantly in FY05 due to the completion of the outsourcing of the call box calls from CHP. The cost of answering call box calls is projected to remain constant through the five-year period; however as with the cellular service cost, funds are programmed to anticipate the impact of the cellular 311 motorist aid calls. The volume of motorist aid calls is the same as outlined for the cellular service costs; however the cost of answering/handling these calls are projected to be no more than \$3.00 per call. As more information is obtained the impact of the implementation of the cellular motorist aid calls will be re-examined.
- Funds have been allocated in FY05, FY06 and FY07 for the replacement/transition of the current analog cellular call boxes with a new call box system designed to operate on a more reliable and readily available frequency. SAFE has programmed funds in FY04 for the design/development of a new call box to replace/upgrade the current call boxes. Based upon the new design, SAFE projects to begin transitioning to the new call boxes in FY05 and be completed prior to the Federal Communications Commission's ruling that allows cellular carriers to eliminate analog cellular service in 2007.

Call Box Site Improvements

In November 2001, the Board approved a three-year \$7.5 million contract to improve the accessibility of the call box system for mobility impaired individuals. In addition to the construction contract, the Board approved the execution of a three-year MOU with the MTA in the amount of \$1.2 million for construction management services in support of the call box accessibility improvements. The construction began in March 2002 and is scheduled for completion in FY05.

The proposed FY04 budget estimates \$3.5 million in expenditures on construction, and an additional \$364,000 for construction management, activities associated with the call box project. The budget for this sub-category has increased by \$64,000 compared to FY03. This increase is attributed to a slightly higher allocation of construction management staff to oversee the project. The budget for this sub-category is based upon contractual costs.

Professional & Technical

Funds allocated to cover the cost of professional and technical support needed for SAFE. Services include the feasibility of implementing "311" or "511" type operations, call center technical support, audit and accounting support, legal support, procurement support, development/design of a new call box, cellular motorist aid number implementation support, and other technical support. The services proposed for FY04 will assist SAFE to improve the operation and reliability of the call box system, which may potentially lower on-going operational costs in the future and will assist SAFE in the evaluation and/or implementation of new services and/or enhancements to existing operations.

The allocation for this category is projected to decrease over the next four fiscal years due to the completion of projects.

- **Direct Labor Support**

Projected costs associated with labor, workers' compensation, and fringe and overhead support for SAFE. Staffing needs include program management, Freeway Service Patrol management and other PTSC administrative services. The budget for this category has decreased for FY03 primarily due to the decrease in the overhead allocation charged by PTSC to SAFE and the elimination of direct ITS support. The FY04 allocation includes a total of 9.1 FTEs. All of the services provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via a Board approved annual amendment to a MOU. Costs are projected to increase at a rate of 2% per year.

The FY04 budget for Labor/Fringe/Overhead is proposed to decrease by approximately \$340,000 compared to the adopted FY03 budget. The decline is attributed to a decrease in the overhead allocation for FY04 and a decrease in administrative support provided by PTSC for non-Program Management activities. This category includes the following major sub-categories:

- **Program Management**

Includes funding of 9.1 FTE's for FY04 to directly work on SAFE and FSP activities. This FTE allocation is consistent with the FY03 allocation of 9.0 FTE's. The budget for this sub-category has decreased by approximately \$250,000 compared to FY03 primarily due to a decrease in overhead allocation.

- **Other PTSC Labor Support**

This sub-category includes all other support to be provided to SAFE by PTSC during FY04 and will cover only the expenses incurred by the Diversity Economic and Opportunity Department (DEOD). The budget for this sub-category has decreased by

\$93,000 compared to FY03, due to the elimination of ITS support and a significant decrease in DEOD support costs.

- **Administrative Services**

Allocation associated with general administrative support services such as printing, travel, training, office supplies, advertising, insurance, utilities and other general services required for the administration of SAFE. The costs are projected to remain relatively stable during the five-year period.

The FY04 budget for Administrative Services is proposed to decrease by \$120,000 compared to the adopted FY03 budget. Included in the FY04 proposed budget is an increase in the liability and property insurance premiums and funds set aside to cover any unanticipated costs and/or Board directives.

- **Equipment**

The Equipment budget represents the allocation of funds for the procurement of dedicated SAFE equipment needed to properly monitor and administer the SAFE, such as vehicles, tools, communications test equipment, computer hardware and software. The FY04 budget is proposed to increase by \$135,000 compared to the adopted FY03 budget due to the need to replace SAFE field vehicles used by operations and maintenance staff and the need to obtain/replace computer hardware.