

**Metropolitan Transportation Commission  
Operations Committee**

September 9, 2022

Agenda Item 4d

**Fiscal Year (FY) 2021-22 MTC Service Authority for Freeways and Expressways (SAFE)  
Fourth Quarter Financial Statements (Unaudited)**

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**Subject:**

FY 2021-22 SAFE fourth quarter financial statements (unaudited).

**Background:**

The SAFE provides callbox services through the Freeway Assist Program (FAP) and vehicle towing services from the Freeway Service Patrol (FSP). SAFE also manages a capital program. The SAFE unaudited financial statements as of June 30, 2022, had total revenues of \$19.8 million and expenses of \$19.7 million. The operating surplus before transfers was \$67 thousand. The transfer from reserve to the project's capital fund was \$1.5 million. The net operating shortfall was approximately \$1.5 million. FY 2021-22 approved balanced budget included an anticipated transfer from the operating reserve of \$2.0 million to cover operating shortfalls. The actual transfer from the operating reserve has not been recorded. This financial information is preliminary and subject to adjustment as the year-end closes and audit processes are finalized.

**Freeway Assist Program (FAP)**

The FAP generated \$6.5 million of Department of Motor Vehicles (DMV) registration fees as revenue which was 98% of the budget. \$2.0 million of operating expenses used 64% of the budget. Consultants and call box operating expenses were below budget projections because some actual contract costs were lower than estimates, such as for the Transportation Asset-Emergency Operations Center (EOC) Platform and the Case Systems for callbox maintenance. Additionally, projects for the Connected Bay Area Strategic Plan and Incident Management Program are not entirely spent. Among these projects include Trailblazer Maintenance, Incident Analytics, and marketing.

FAP had an operating surplus of \$4.5 million before the transfers of \$1.5 million to the SAFE capital program and \$50 thousand for the MTC SAFE-funded projects. The operating surplus was transferred to the reserve for ongoing operating, maintenance, and capital costs. FAP supports FSP operating expenses that incurred an operating shortfall of \$4.5 million. As a result, the net operating shortfall for FAP was \$1.5 million.

**Freeway Service Patrol (FSP)**

Total revenues for FSP were \$13.3 million or 90% of the budget, and total expenses were \$17.8 million or 95% of the budget. State grant funding was received from the Local Assistance Program and Senate Bill 1 (SB 1), which reimbursed 80% of towing expenses. The tow beat contract expenses were \$16.6 million, or 95% of the budget. Towing experience in the year's first half was slow due to a shortage of tow truck drivers impacted by the COVID-19 pandemic. New towing contracts were entered into in December 2021 to mitigate the impact. As anticipated, towing services and expenses increased during the second half of the fiscal year as we recovered from the pandemic. Towing expenses also increased due to raised fuel prices.

The FSP operating shortfall before transfers was approximately \$4.5 million, which was covered by a transfer from the FAP operating surplus.

**Capital Programs**

The total life-to-date budget for the SAFE Capital Program is \$9.1 million, with life-to-date actual expenses for active projects of \$4.2 million. As plans are still underway, no actual expenses were incurred for the Incident Management Capital and Connected Bay Area Capital projects. Spending will happen towards the end of the new fiscal year.

**Actions under Executive Director Contract approval authority:**

Per Executive Director's Management Memorandum (EDMM) 352, the Executive Director is authorized to approve and execute contracts or amendments up to \$200,000 cumulatively (or as amended by Agency resolution). There were no relevant actions taken for the quarter.

**Issues:**

None identified.

**Recommendations:**

Information only.

**Attachments:**

- Attachment A: FY 2021-22 Fourth Quarter SAFE Financial Statements (unaudited)



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