

**Metropolitan Transportation Commission
Operations Committee**

June 10, 2022

Agenda Item 5a

**MTC Service Authority for Freeways and Expressways (SAFE) Resolution No. 69 - Fiscal
Year (FY) 2022-23 Operating and Capital Budget**

Subject:

Staff requests that SAFE Resolution No.69 authorizing the FY 2022-23 Service Authority for Freeways and Expressways (SAFE) Operating and Capital Budgets be referred to the SAFE Authority for approval. The SAFE Operating Budget for FY 2022-23 includes operating budget revenue of \$21.3 million and operating budget expense of \$21.8 million. The operating budget is balanced with a projected slight operating deficit of \$507 thousand which will be covered by a transfer from available reserves. The SAFE Capital Budget for FY 2022-23 does not propose any new projects.

Background:

SAFE operates the Freeway Assist Program (FAP) providing callbox services and the Freeway Service Patrol (FSP) for vehicle towing services. SAFE also manages a capital program.

Staff requests approval of SAFE Resolution 69 to continue the operations of SAFE with an operating and capital budget for FY 2022-23 and provide administration of such SAFE Budget. The resolution also designates restricted reserves.

Operating Revenue

SAFE’s FAP revenue are California Department of Motor Vehicles (DMV) Registration Fees while the FSP are funded by grants from the State Local Assistance and Senate Bill 1 (SB1).

Major funding sources are listed below (in millions):

	<u>FY 2021-22</u>	<u>FY 2022-23</u>
FAP - DMV Registration Fees	\$6.60	\$6.85
FSP - State Local Assistance (LAP)	7.63	7.97
FSP - SB 1	7.20	6.52
Total	21.43	21.34

Projected FY 2022-23 SAFE combined funding sources of \$21.3 million are relatively stable, down by only \$97 thousand or -0.5% compared to FY 2021-22. The slight reduction is due to lower grant reimbursements based on slightly lower operating expenses for the FSP in FY 2022-23 compared to FY 2021-22. The lower FSP revenue is mitigated by higher DMV registration fees in the FAP.

Operating Expense

Proposed operating expenses for FY 2022-23 are \$21.85 million, up by only 0.2% from FY 2021-22. There is one new position partially funded by SAFE and one position shifted out from SAFE to a program in another fund. Highlights of operating expenses include:

- Salaries & Benefits - \$242,000
One project staff moved to another fund.
- General Operations +\$125,000
Increase insurance for cybersecurity and data security improvement
- Freeway Assist Program Contracts -\$171,000
Decrease maintenance, marketing and communications services
- Freeway Service Patrol Contracts +\$305,000
Increase towing contracts due to increased traffic

The SAFE Budget as proposed will continue the important program of assisting motorists and reducing congestion in the region.

Capital Projects

There are no new projects for the FY 2022-23.

SAFE Reserves

The goal of all MTC operating funds is to maintain fully funded reserves as necessary to meet contractual and liquidity needs as well as economic uncertainties. At SAFE, the restricted reserves are set equal to six months of operating revenue.

The total SAFE designated reserve was \$21.8 million at the close of FY 2020-21. The projection for FY 2022-23 is \$20.9 million after application of reserve balances to cover a portion of the FY2022-23 operating budget. This action would leave SAFE with approximately \$11.4 million designated and restricted reserves to cover any future operational requirements , contractual and project budgets, and including \$10.7 million (50% of budgeted operating revenue) designated as an operating reserve. The reserve balance of \$9.5 million is undesignated and available to support operations or other general purposes. SAFE approval is required for any future changes to the reserve designations.

Table 1 (in thousands)

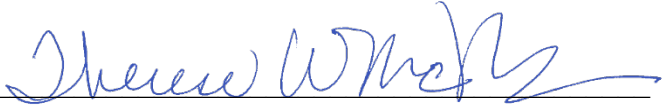
Description	<u>FY 2020-21</u>	<u>FY2021-22</u>	<u>FY 2022-23</u>
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Total Reserve for:			
Encumbrances	500	500	500
Fixed Assets	334	250	250
Transfer to MTC/Other	3,118	50	0
Transfer to Capital Projects	0	1,500	
Net Pension Liability	0	0	0
Operating Reserve	0	8,322	10,673
Total Restricted	3,952	10,622	11,423
Unrestricted Balance	17,888	10,836	9,527
Total Reserves	\$21,840	\$21,458	\$20,951

Recommendations:

Staff recommends that the Committee refer SAFE Resolution No. 69 authorizing the FY 2022-23 SAFE Operating and Capital Budgets for submission to the SAFE Authority for approval.

Attachments:

- Attachment A: MTC SAFE Resolution No. 69: FY 2022-23 Operating and Capital Budgets
- Attachment B: PowerPoint



Therese W. McMillan

Date: June 22, 2022
W.I.: 6031, 6032
Referred by: Operations

ABSTRACT

SAFE Resolution No. 69

This resolution approves the SAFE Operating and Capital Budgets for FY 2022-23 Budget for the Metropolitan Transportation Commission Service Authority for Freeways and Expressways (SAFE).

Further discussion of the SAFE Budget is contained in the Operations Committee Summary Sheet dated June 10, 2022.

Date: June 22, 2022
W.I.: 6031, 6032
Referred by: Operations

RE: Metropolitan Transportation Commission Service Authority for Freeways and Expressways' Operating and Capital Budgets for FY 2022-23

METROPOLITAN TRANSPORTATION COMMISSION
SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS

SAFE RESOLUTION NO. 69

WHEREAS, SAFE Resolution No. 1 established a Metropolitan Transportation Commission Service Authority for Freeways and Expressways (MTC SAFE or SAFE) pursuant to Streets and Highways Code §§ 2550-2556, which provides for the design, installation, operation and maintenance of a motorist aid call box system in any of the Bay Area counties that elect to join SAFE; and

WHEREAS, SAFE staff has prepared a budget setting forth the anticipated revenues and expenditures of the SAFE for FY 2022-23; and

WHEREAS, the final draft SAFE budget for FY 2022-23 was reviewed and recommended by the Metropolitan Transportation Commission Operations Committee (the "Operations Committee") for approval; now, therefore, be it

RESOLVED, the SAFE operating and capital budgets for FY 2022-23, prepared in accordance with generally accepted accounting principles, attached hereto as Attachment A and incorporated herein as though set forth in full, is approved, and be it further

RESOLVED, that the Executive Director or designee may approve adjustments among line items in the SAFE operating budget for FY 2022-23, provided that there shall be no increase in the overall SAFE operating budget without prior approval of SAFE; and be it further

RESOLVED, that SAFE delegates to its Operations Committee the authority to approve all contracts and expenditures in SAFE's Budget for FY 2022-23, providing that there shall be no increase in the overall budget without prior approval of SAFE; and be it further

RESOLVED, that SAFE's Executive Director, or the responsible staff person designated by the Executive Director, shall submit written requests to the Operations Committee for approval of consultants, professional services, and expenditures authorized in the SAFE Budget for 2022-23; and be it further

RESOLVED, that SAFE's Executive Director and Chief Financial Officer are authorized to carry over and re-budget all grants, contracts and funds properly budgeted in the prior fiscal year for which expenditures were budgeted and encumbered and which will take place in FY 2022-23; and be it further

RESOLVED, that SAFE'S Executive Director and Chief Financial Officer are directed to restrict and reserve funds for year-end encumbrances, fixed assets, operating and capital transfers included in the adopted budget, pension liabilities as well as an operating reserve equivalent to six months operating revenue and except for items included in the adopted budget, no use of the reserve is authorized without approval of SAFE; and be it further

RESOLVED, SAFE authorizes the use of SAFE funds for cash flow purposes as an advance on authorized expenditures until the expenditure has been reimbursed; and be it further

RESOLVED, that SAFE's Executive Director, or the responsible staff person designated by the Executive Director, shall furnish the Operations Committee with a quarterly financial report to reflect budgeted and actual income, expenditures, obligations for professional and consultant services and such other information and data as may be requested by the Operations Committee.

METROPOLITAN TRANSPORTATION
COMMISSION SERVICE AUTHORITY FOR
FREEWAYS AND EXPRESSWAYS

Alfredo Pedroza, Chair

The above resolution was entered into by
the Metropolitan Transportation Commission
Service Authority for Freeways and Expressways

at a regular meeting of the Authority held in San Francisco, California and at other remote locations, on June 24, 2022.

Date: June 24, 2022
W.I.: 6031, 6032
Referred by: Operations
Attachment A
SAFE Resolution No. 69

FY 2022-23 SAFE Budget

**SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS
FY 2022-23 OPERATING AND CAPITAL BUDGET**

SAFE RESOLUTION NO. 69

ATTACHMENT A

Date: June 10, 2022
SAFE: WI 6031, 6032

REVENUE AND EXPENSE SUMMARY

OPERATING REVENUE/EXPENSE	Actual as of 2/28/2022	FY 2021-22 Budget	FY 2022-23 Draft	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)
Freeway Assist Program	\$4,275,525	\$6,613,940	\$6,854,000	3.6%	\$240,060
Freeway Service Patrol	\$7,183,784	\$14,829,237	\$14,492,000	-2.3%	(\$337,237)
Subtotal Operating Revenue	\$11,459,309	\$21,443,177	\$21,346,000	-0.5%	(\$97,177)
Freeway Assist Program	\$1,236,987	\$3,055,766	\$2,983,137	-2.4%	(\$72,629)
Freeway Service Patrol	\$9,732,855	\$18,756,762	\$18,869,986	0.6%	\$113,224
Subtotal Operating Expense	\$10,969,842	\$21,812,528	\$21,853,124	0.2%	\$40,596
Operating Surplus (Shortfall) before Transfer	\$489,467	(\$369,351)	(\$507,124)	37.3%	(\$137,773)
Transfers Out	\$1,830,448	\$1,550,000	\$0	-100.0%	(\$1,550,000)
Total Operating Surplus (Shortfall)	(\$1,340,981)	(\$1,919,351)	(\$507,124)	-73.6%	\$1,412,227
Transfer In from Reserve	\$0	\$1,919,351	\$507,124	-73.6%	(\$1,412,227)

REVENUE DETAIL

OPERATING REVENUE	Actual as of 2/28/2022	FY 2021-22 Budget	FY 2022-23 Draft	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)
FREEWAY ASSIST PROGRAM REVENUE					
DMV (Annual Vehicle Registration Fees)	\$4,272,760	\$6,609,940	\$6,850,000	3.6%	\$240,060
DMV Planned Additional (from Reserve)	\$0	\$0	\$0	0.0%	\$0
Interest	\$2,765	\$4,000	\$4,000	0.0%	\$0
Other Revenue	\$0	\$0	\$0	0.0%	\$0
Subtotal: Freeway Assist Program Revenue	\$4,275,525	\$6,613,940	\$6,854,000	3.6%	\$240,060
Freeway Service Patrol REVENUE					
State Local Assistance Program (LAP)	\$4,217,445	\$7,629,237	\$7,970,600	4.5%	\$341,363
Road Repair & Accountability Act (SB 1)	\$2,966,339	\$7,200,000	\$6,521,400	-9.4%	(\$678,600)
Subtotal: Freeway Service Patrol Revenue	\$7,183,784	\$14,829,237	\$14,492,000	-2.3%	(\$337,237)
Total Operating Revenue	\$11,459,309	\$21,443,177	\$21,346,000	-0.5%	(\$97,177)

EXPENSE DETAIL

OPERATING EXPENSE	Actual as of 2/28/2022	FY 2021-22 Budget	FY 2022-23 Draft	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)
I. SALARIES AND BENEFITS EXPENSE					
FREEWAY ASSIST PROGRAM					
Salaries and Benefits	\$312,274	\$611,456	\$571,825	-6.5%	(\$39,631)
Temporary Assistance	\$0	\$22,672	\$0	-100.0%	(\$22,672)
Freeway Assist overhead	\$148,955	\$306,096	\$285,912	-6.6%	(\$20,184)
Freeway Assist Program Subtotal	\$461,229	\$940,224	\$857,737	-8.8%	-\$62,303
FREEWAY SERVICE PATROL					
Salaries and Benefits	\$342,716	\$579,259	\$399,099	-31.1%	(\$180,160)
Freeway Service Patrol Overhead	\$163,475	\$289,978	\$199,550	-31.2%	(\$90,428)
Freeway Service Patrol Subtotal	\$506,191	\$869,237	\$598,649	-31.1%	-\$180,160
Total Salaries and Benefits	\$967,420	\$1,809,461	\$1,456,386	-19.5%	-\$242,463

II. GENERAL OPERATIONS EXPENSE

	Actual as of 2/28/2022	FY 2021-22 Budget	FY 2022-23 Draft	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)	
FREEWAY ASSIST PROGRAM						
Office Operations (meals, postage, printing)	\$0	\$14,000	\$11,000	-21.4%	(\$3,000)	L1
Travel/Training	\$1,285	\$11,000	\$22,000	100.0%	\$11,000	L2
Data Security Improvements/HW Transition	\$0	\$50,000	\$65,000	30.0%	\$15,000	L4
Legislative advocacy	\$0	\$50,000	\$50,000	100.0%	\$0	L5
Professional Memberships	\$6,452	\$9,800	\$9,800	0.0%	\$0	L6
Insurance	\$62,832	\$51,525	\$104,459	102.7%	\$52,934	L7
Audit/Accounting	\$46,935	\$69,000	\$65,500	-5.1%	(\$3,500)	L8
Prior Year Enc	\$0	\$0	\$0	0.0%	\$0	
Freeway Assist Program Subtotal w/o Depreciation	\$117,504	\$255,325	\$327,759	28.4%	\$72,434	
FREEWAY SERVICE PATROL						
Travel/Training	\$182	\$11,000	\$11,000	0.0%	\$0	L9
Insurance	\$62,832	\$51,525	\$104,459	102.7%	\$52,934	L11
Freeway Service Patrol Subtotal w/o Depreciation	\$63,013	\$62,525	\$115,459	84.7%	\$52,934	
Total General Operations w/o Depreciation	\$180,517	\$317,850	\$443,217	39.4%	\$125,367	
FREEWAY ASSIST PROGRAM						
Office depreciation	\$70,264	\$155,217	\$140,528	-9.5%	(\$14,689)	L12
FREEWAY SERVICE PATROL						
Office depreciation	\$2,939	\$0	\$5,878	0.0%	\$5,878	L13
Freeway Assist Program Subtotal with Depreciation	\$187,768	\$410,542	\$468,287	14.1%	\$57,745	
Freeway Service Patrol Subtotal with Depreciation	\$65,952	\$62,525	\$121,337	94.1%	\$58,812	
Total General Operations with Depreciation	\$253,720	\$473,067	\$589,624	24.6%	\$116,557	

II. PROJECT CONSULTANT SERVICES EXPENSE

	Actual as of 2/28/2022	FY 2021-22 Budget	FY 2022-23 Draft	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)	
FREEWAY ASSIST PROGRAM						
Transportation Asset-EOC Platform (STIR project)	\$50,000	\$100,000	\$125,000	25.0%	\$25,000	L14
Emergency Management	\$83,570	\$400,000	\$400,000	0.0%	\$0	L15
Connected Bay Area Strategic Plan	\$0	\$150,000	\$150,000	100.0%	\$0	L16
Consultant (Other)	\$0	\$5,000	\$103,614	1972.3%	\$98,614	L17
Freeway Assist Program Subtotal	\$133,570	\$655,000	\$778,614	18.9%	\$123,614	
FREEWAY SERVICE PATROL						
Information/Data Management	\$69,365	\$100,000	\$100,000	0.0%	\$0	L18
Consultant (Other)	\$0	\$5,000	\$25,000	400.0%	\$20,000	L19
Freeway Service Patrol Subtotal	\$69,365	\$105,000	\$125,000	19.0%	\$20,000	
Total Consultant Expense	\$202,935	\$760,000	\$903,614	18.9%	\$143,614	

II. PROJECT OPERATING CONTRACTS EXPENSE

	Actual as of 2/28/2022	FY 2021-22 Budget	FY 2022-23 Draft	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)	
FREEWAY ASSIST PROGRAM						
CHP Administrative Services	\$0	\$0	\$0	0.0%	\$0	L20
Freeway Assist Telecommunication Services	\$100,626	\$150,000	\$143,500	-4.3%	(\$6,500)	L21
Call Box Repairs/Maintenance/Vandalism	\$251,636	\$300,000	\$270,000	-10.0%	(\$30,000)	L22
Private Call Center	\$21,744	\$65,000	\$70,000	7.7%	\$5,000	L23
Incident Management Program	\$63,750	\$225,000	\$235,000	4.4%	\$10,000	L24
Marketing/Incentives	\$0	\$60,000	\$0	-100.0%	(\$60,000)	L25
SAFETY Corridor Programs (SAFE on 17)	\$16,665	\$100,000	\$100,000	0.0%	\$0	L26
Emergency Operations Telecommunications	\$0	\$150,000	\$60,000	-60.0%	(\$90,000)	L27
Freeway Assist Operations	\$0	\$0	\$0	0.0%	\$0	
Freeway Assist Program Subtotal	\$454,420	\$1,050,000	\$878,500	-16.3%	-\$171,500	

	Actual as of 2/28/2022	FY 2021-22 Budget	FY 2022-23 Draft	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)	
FREEWAY SERVICE PATROL						
Freeway Service Patrol Tow Service	\$8,979,730	\$17,200,000	\$17,700,000	2.9%	\$500,000	L28
CHP Funding Agreement	\$0	\$215,000	\$10,000	-95.3%	(\$205,000)	L29
In-vehicle Maintenance	\$23,804	\$85,000	\$70,000	-17.6%	(\$15,000)	L30
Freeway Service Patrol Telecommunication Services	\$58,296	\$135,000	\$130,000	-3.7%	(\$5,000)	L31
Equipment Replacement (hardware & warranties)	\$2,076	\$20,000	\$20,000	0.0%	\$0	L32
System Improvement (software & website)	\$14,871	\$15,000	\$35,000	133.3%	\$20,000	L33
Freeway Service Patrol General Operations	\$12,569	\$50,000	\$60,000	20.0%	\$10,000	L34
Freeway Service Patrol Subtotal	\$9,091,347	\$17,720,000	\$18,025,000	1.7%	\$305,000	
Total Operating Contracts Expense	\$9,545,767	\$18,770,000	\$18,903,500	0.7%	\$133,500	
Freeway Assist Program Operating Expense	\$1,236,987	\$3,055,766	\$2,983,137	-2.4%	-\$52,445	
Freeway Service Patrol Operating Expense	\$9,732,855	\$18,756,762	\$18,869,986	0.6%	\$203,652	
Total Operating Expense	\$10,969,842	\$21,812,528	\$21,853,124	0.2%	\$151,207	
TRANSFERS OUT						
Transfers Out to MTC						
MTC (1161, Bay Area Regional Architecture)		\$0	\$0	0.0%	\$0	
MTC (1223, Transportation Management Systems)		\$0	\$0	0.0%	\$0	
MTC (1224, Regional Travel Info Systems)		\$50,000	\$0	-100.0%	(\$50,000)	
MTC (1235, Incident Management)		\$0	\$0	0.0%	\$0	
MTC (1239 Regional Mobility Technology Program)		\$0	\$0	100.0%	\$0	L35
MTC (1237, I-880 Corridor Operations)		\$0	\$0	100.0%	\$0	L35
Total Transfers Out to MTC Op. Budget	\$330,448	\$50,000	\$0	-100.0%	(\$50,000)	L35
Transfer Out to SAFE Capital	\$1,500,000	\$1,500,000	\$0	100%	(\$1,500,000)	L36
Total Transfers Out	\$1,830,448	\$1,550,000	\$0	-100.0%	-\$1,550,000	
Total Expense and Transfers	\$12,800,290	\$23,362,528	\$21,853,124	-6.5%	-\$1,509,404	

SAFE CAPITAL PROGRAM
Fiscal Year 2022-23

		Life to Date thru FY 2021-22	FY 2022-23 SAFE RESOLUTION 69	Life to Date thru FY 2022-23
Program	Funding Source	Budget	Budget	Budget
6306 FSP Data-AVL				
	SAFE	2,270,000	0	2,270,000
	STBG	1,556,260	0	1,556,260
		3,826,260	0	3,826,260
6314 CBX Site Improvement				
	SAFE	2,744,331	0	2,744,331
		2,744,331	0	2,744,331
6320 Emergency/Major Incidents Program				
	SAFE	1,000,000	0	1,000,000
		1,000,000	0	1,000,000
6321 Incident Management Capital Program				
	SAFE	1,000,000	0	1,000,000
		1,000,000	0	1,000,000
6322 NEW Connected Bay Area Capital Program				
	SAFE	500,000	0	500,000
		500,000	0	500,000
Total		\$9,070,591	\$0	\$9,070,591