



**METROPOLITAN
TRANSPORTATION
COMMISSION
SERVICE AUTHORITY
FOR FREEWAYS
AND EXPRESSWAYS**

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Memorandum

TO: Operations Committee

DATE: May 3, 2017

FR: Executive Director

W.I.: 6031, 6032

RE: MTC SAFE Draft FY 2017-18 Operating and Capital Budget

The MTC SAFE draft budget for FY 2017-18 is currently balanced and includes an operating surplus of \$909 thousand mainly due to the reduction in staff cost (Attachment A). The budget also includes a transfer of \$300,000 from uncommitted reserves to fund capital projects.

Revenue

The overall revenue of \$14.2 million is approximately 4.7% below the budgeted MTC SAFE revenue for FY 2016-17 as shown in Table 1. The decrease of Surface Transportation Program (STP) revenue is partially offset by the increase in State Local Assistance Program (LAP).

Table 1

<u>Operating Revenue</u>	<u>FY 2014-15 Actual</u>	<u>FY 2015-16 Actual</u>	<u>FY 2016-17 Budget</u>	<u>FY 2017-18 Budget</u>
STP	\$3,591,700	\$1,787,795	\$4,500,000	\$3,000,000
DMV Revenue	6,414,208	6,582,736	6,200,000	6,400,000
Interest Income	982	6,188	7,500	9,000
LAP	4,257,828	4,863,908	3,800,000	4,500,000
State of California	96,776	36,554	100,000	100,000
Transfer in from BATA	0	300,000	300,000	200,000
Other	<u>5,938</u>	<u>7,647</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	<u>\$14,367,432</u>	<u>\$13,584,828</u>	<u>\$14,907,500</u>	<u>\$14,209,000</u>

Operating Expense

The draft operating budget shows an increase of \$815,000 in total operating expenses for FY 2017-18 (Table 2). The increase in expenditure is mainly the result of higher costs in FSP tow service.

Table 2

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Budget	FY 2017-18 Budget
Salaries/ Benefits/ Temps	\$796,413	\$894,821	\$996,758	\$762,701
Professional Fees	779,289	446,138	609,354	545,000
General Administration	341,657	447,151	1,078,900	1,014,891
Repairs and Maintenance	507,055	396,633	520,000	505,000
FSP Tow Expense	8,269,889	7,240,168	8,780,000	9,475,000
Transfer to MTC	964,890	1,204,196	435,700	550,000
Transfer to SAFE Capital	0	6,600,000	0	0
Other	412,152	521,857	364,000	447,000
Total Expense	<u>\$12,071,345</u>	<u>\$17,750,964</u>	<u>\$12,784,712</u>	<u>\$13,299,592</u>

Capital Program

There is additional funding for an existing project proposed in the MTC SAFE Capital Program for FY 2017-18 which will be funded by transferring \$300,000 from the MTC SAFE reserve.

Additional Funding for Existing Capital Programs:

FSP DATA-AVL (6306). The purpose of the \$300,000 transfer is to purchase and install data units that are capable of using 4G networking technology. Over the next few years as the 4G network is replacing the 3G network, our current units will become less reliable. Staff estimates that this project will cost \$250,000. The remaining \$50,000 will be spent on a pilot project to install devices that will utilize the data units to provide safety data to the FSP Partners (CHP, Caltrans and MTC) in hopes of improving driver performance and ultimately lowering insurance expenses.

Changing Program's Name for Existing Capital Programs:

Commuter Parking Initiative (6318) previously known as Connected Vehicles & Telematics. Connected Vehicles & Telematics was an addition to the existing capital programs in FY 2015-16 with the objective to complete the Phase One Connected Vehicle Pilot Deployment work. This program has not incurred any expense since introduction and will be replaced by the Commuter Parking Initiative Program. The replacement program will implement ridesharing measures including ride-matching, vanpool services, and commute trip planning services. The Program also includes implementation of parking management technologies to encourage carpool and express bus ridership. The Commuter Parking Initiative Program will inherit the \$2.5 million budget originally assigned to the Connected Vehicles & Telematics Program.

Operating Reserve

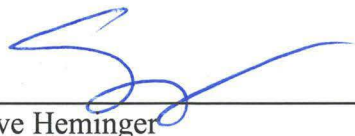
The current and projected operating reserve position is shown in the table below.

Description	FY 2015-16 <u>Actual</u>	FY 2016-17 <u>Budget</u>	FY 2017-18 <u>Budget</u>
Total Reserve for			
Encumbrances	\$500,000	\$500,000	\$500,000
Fixed Assets	990,045	1,000,000	1,000,000
Transfers to MTC	4,015,495	435,700	550,000
Operating Reserve	0	2,600,000	2,700,000
Transfer to SAFE Capital Projects	0	0	300,000
Net Pension Liability	<u>467,999</u>	<u>450,000</u>	<u>450,000</u>
Total Restricted	5,973,539	4,985,700	5,500,000
Unrestricted Balance	<u>2,975,848</u>	<u>6,086,475</u>	<u>6,481,583</u>
Total Reserves	\$8,949,387	\$11,072,175	\$11,981,583

The unrestricted balance is also used as operating cash flow to pay for expenses as the grants are on a reimbursement basis.

Note that the draft does not include any revenue increase for FSP from Senate Bill 1 (Beall). The budget will be revised once actual revenue change is known.

This FY 2017-18 draft budget is presented this month for information only. Staff will present the final proposed budget to the Operations Committee for referral to the Authority for approval in June.



Steve Heminger

SH:JM
Attachment

**SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS
FY 2017-18 OPERATING AND CAPITAL BUDGET**

Date: May 3, 2017
SAFE: WE 6031, 6032

SAFE RESOLUTION NO. 63

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**SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS
FY 2017-18 OPERATING AND CAPITAL BUDGET**

Revenue and Expense Summary

OPERATING REVENUE/EXPENSE	FY 2016-17 Budget	FY 2017-18 Budget	Percent Change
SAFE	\$6,507,500	\$6,609,000	1.6%
FSP	\$8,400,000	\$7,600,000	-9.5%
Subtotal Operating Revenue	\$14,907,500	\$14,209,000	-4.7%
SAFE	\$2,212,492	\$2,348,017	6.1%
FSP	\$10,136,520	\$10,401,575	2.6%
Subtotal Operating Expense	\$12,349,012	\$12,749,592	3.2%
Transfers Out	\$435,700	\$550,000	26.2%
Operating Surplus (Shortfall)	\$2,122,788	\$909,408	-57.2%

**SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS
FY 2017-18 OPERATING AND CAPITAL BUDGET**

REVENUE DETAIL			
OPERATING EXPENSE			
SAFE REVENUES	FY 2016-17 Budget	FY 2017-18 Budget	Percent Change
SAFE (Vehicle Registration Fees)	\$6,200,000	\$6,400,000	3.2%
BATA (Bridge CBX Operations)	\$300,000	\$200,000	-33.3%
Interest	\$7,500	\$9,000	20.0%
Subtotal: SAFE Revenues	\$6,507,500	\$6,609,000	1.6%
FSP REVENUES			
State Local Assistance Program (LAP)	\$3,800,000	\$4,500,000	18.4%
Grant (STP)	\$4,500,000	\$3,000,000	-33.3%
Traffic Mitigation Program (Caltrans)	\$100,000	\$100,000	0.0%
Subtotal: FSP Revenues	\$8,400,000	\$7,600,000	-9.5%
Total Revenue	\$14,907,500	\$14,209,000	-4.7%

**SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS
FY 2017-18 OPERATING AND CAPITAL BUDGET**

EXPENSE DETAIL			
SAFE OPERATING EXPENSE			
I. Salaries and Benefits	FY 2016-17 Budget	FY 2017-18 Budget	Percent Change
Freeway Assist/SAFE Project	\$381,238	\$460,489	20.8%
FSP Project	\$615,520	\$302,212	-50.9%
II. General Operations			
Freeway Assist Project	\$861,254	\$887,528	3.1%
FSP Project	\$332,000	\$202,363	-39.0%
III. Consultant Services			
Freeway Assist Project	\$320,000	\$300,000	-6.3%
FSP Project	\$175,000	\$170,000	-2.9%
IV. Operating Contracts			
Freeway Assist Project	\$650,000	\$700,000	7.7%
FSP Project	\$9,014,000	\$9,727,000	7.9%
SAFE Operating Expense	\$2,212,492	\$2,348,017	6.1%
FSP Operating Expense	\$10,136,520	\$10,401,575	2.6%
TOTAL OPERATING EXPENSE	\$12,349,012	\$12,749,592	3.2%
TRANSFERS OUT			
MTC (1229, Regional Operations Center)	\$150,000	\$0	-100.0%
MTC (1223, TMS; 1235)	\$200,000	\$0	-100.0%
MTC (1161 Information Technology)	\$35,700	\$0	-100.0%
MTC (1237, Freeway Operations)	\$50,000	\$550,000	1000.0%
TOTAL OTHER PROJECTS/TRANSFERS OUT	\$435,700	\$550,000	26.2%
TOTAL EXPENSE	\$12,784,712	\$13,299,592	4.0%

**SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS
FY 2017-18 OPERATING AND CAPITAL BUDGET**

I. SALARIES AND BENEFITS EXPENSE

	FY 2016-17 Budget	FY 2017-18 Budget	Percent Change
SAFE Program			
Freeway Assist/SAFE Salaries and Benefits	\$381,238	\$460,489	20.8%
Freeway Assist Subtotal	\$381,238	\$460,489	20.8%
FREEWAY SERVICE PATROL			
FSP Salaries and Benefits	\$615,520	\$302,212	-50.9%
FSP Subtotal	\$615,520	\$302,212	-50.9%
Total Salaries and Benefits	\$996,758	\$762,701	-23.5%

II. GENERAL OPERATIONS EXPENSE

	FY 2016-17 Budget	FY 2017-18 Budget	Percent Change
FREEWAY ASSIST			
Office Operations (meals, postage, printing)	\$14,000	\$14,000	0.0%
Office depreciation	\$480,000	\$480,000	0.0%
Travel/Training	\$8,500	\$8,500	0.0%
SAFE overhead	\$166,000	\$210,828	27.0%
Data Security Improvements/HW Transition	\$0	\$19,000	100%
Legislative advocacy	\$17,900	\$19,200	7.3%
Professional Memberships	\$8,000	\$8,500	6.3%
Insurance	\$52,500	\$52,500	0.0%
Audit	\$114,354	\$75,000	-34.4%
Freeway Assist Subtotal	\$861,254	\$887,528	3.1%
FREEWAY SERVICE PATROL			
Office depreciation	\$3,000	\$3,000	0.0%
Travel/Training	\$8,500	\$8,500	0.0%
FSP Overhead	\$268,000	\$138,363	-48.4%
Insurance	\$52,500	\$52,500	0.0%
FSP Subtotal	\$332,000	\$202,363	-39.0%
Total General Operations	\$1,193,254	\$1,089,891	-8.7%

**SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS
FY 2017-18 OPERATING AND CAPITAL BUDGET**

III. PROJECT CONSULTANT SERVICES EXPENSE

	FY 2016-17 Budget	FY 2017-18 Budget	Percent Change
FREEWAY ASSIST			
Construction Services	\$20,000	\$20,000	0.0%
Call Box Inspections	\$20,000	\$20,000	0.0%
Private Dispatch consulting fees and back-up	\$20,000	\$10,000	-50.0%
Freeway Assist Marketing	\$175,000	\$200,000	14.3%
Consultant other	\$85,000	\$50,000	-41.2%
Freeway Assist Subtotal	\$320,000	\$300,000	-6.3%
FREEWAY SERVICE PATROL			
Information/Data Management	\$100,000	\$100,000	0.0%
PEMS FSP Module Upgrade	\$0	\$20,000	100%
Consultant other	\$75,000	\$50,000	-33.3%
FSP Subtotal	\$175,000	\$170,000	-2.9%
Total Consultant Expense	\$495,000	\$470,000	-5.1%

IV. PROJECT OPERATING CONTRACTS EXPENSE

	FY 2016-17 Budget	FY 2017-18 Budget	Percent Change
FREEWAY ASSIST			
CHP Administrative Services	\$20,000	\$20,000	0.0%
Telcommunication Services	\$65,000	\$45,000	-30.8%
Call Box Repairs/Maintenance/Vandalism	\$400,000	\$400,000	0.0%
Private Call Center	\$100,000	\$100,000	0.0%
SAFE on 17 Program	\$50,000	\$50,000	0.0%
Emergency Operations Training & Telecom	\$0	\$75,000	100.0%
Freeway Assist Operations	\$15,000	\$10,000	-33.3%
Freeway Assist Subtotal	\$650,000	\$700,000	7.7%
FREEWAY SERVICE PATROL			
FSP Tow Service	\$8,700,000	\$9,400,000	8.0%
CHP Funding Agreement	\$30,000	\$25,000	-16.7%
In-vehicle Maintenance	\$110,000	\$85,000	-22.7%
Telecommunication Services	\$89,000	\$107,000	20.2%
Equipment Replacement (hardware & warranties)	\$15,000	\$20,000	33.3%
System Improvement (software & website)	\$10,000	\$20,000	100.0%
FSP General Operations	\$60,000	\$70,000	16.7%
FSP Subtotal	\$9,014,000	\$9,727,000	7.9%
Total Operating Contracts Expense	\$9,664,000	\$10,427,000	7.9%

SAFE CAPITAL PROGRAM

Fiscal Year 2017-18 - SAFE RES 63

Life to Date through FY 2016-17			FY 2017-18 SAFE RES 63		Life to Date through FY 2017-18	
Program	Fund	Budget	Fund	Budget	Fund	Budget
6301 Bridge Call Boxes						
	BATA	\$3,711,000			BATA	\$3,711,000
	SAFE	60,000			SAFE	60,000
		3,771,000				3,771,000
6303 Bay Area Camera Upgrade						
	CMAQ	6,724,650			CMAQ	6,724,650
	SAFE	2,669,933			SAFE	2,669,933
	STP	70,000			STP	70,000
		9,464,583				9,464,583
6306 FSP Data-AVL						
	SAFE	400,000			SAFE	400,000
	SAFE	1,370,000	SAFE	\$300,000	SAFE	1,670,000
	STP	1,572,000			STP	1,572,000
		3,342,000				3,642,000
6314 CBX Site Improvement						
	SAFE	1,650,000			SAFE	1,650,000
		1,650,000				1,650,000
6318 Connected Vehicles & Telematics						
6318 Commuter Parking Initiative						
	SAFE	2,500,000			SAFE	2,500,000
		2,500,000				2,500,000
6319 Active Operations Management Program						
	SAFE	3,200,000			SAFE	3,200,000
		3,200,000				3,200,000
Total		\$23,927,583		\$300,000		\$24,227,583
SAFE Capital Funds (+/-)				\$300,000		
SAFE Funds from Operating Reserve				(\$300,000)		