

Metropolitan Transportation Commission
Service Authority for Freeways and Expressways

May 27, 2026

Agenda Item 4a - 26-0637

Metropolitan Transportation Commission (MTC) – Service Authority for Freeways and Expressways (SAFE) Draft Fiscal Year (FY) 2026-27 Operating and Capital Budget

Subject:

This is an informational presentation of the Metropolitan Transportation Commission (MTC) - Service Authority for Freeways and Expressways (SAFE) Fiscal Year (FY) Draft 2026-27 Operating and Capital Budget.

Background:

MTC SAFE is one of 21 similar programs throughout California. It supports the MTC's core mission of providing motorist assistance, incident management, and emergency response across the region. The program's purpose is to reduce congestion, enhance public safety, and improve air quality through faster freeway incident clearance. SAFE continues to fund operations for approximately 200 Freeway Assist Program call boxes and 24 Freeway Service Patrol beats. SAFE also manages a capital program with five active projects.

The total operating budget revenue for FY 2026-27 is projected to be \$20.5 million, with operating expenses totaling \$20.9 million. This results in a total operating budget deficit of \$405k which is lower than the projected \$1.4 million deficit in the FY 2025-26 budget, largely due to the absence of one-time capital funding transfers of \$800k included in the FY 2025-26 budget. The shortfall is proposed to be addressed through a draw from operating reserves. No new capital funding is requested for FY 2026-27.

Current SAFE reserves remain sufficient to sustain operations for several years, and the proposed budget maintains prudent use of these resources.

Operating Revenue

Department of Motor Vehicle (DMV) registration fees continue to provide a stable funding source for SAFE Freeway Assist Program operations. SAFE Freeway Service Patrol is funded by grants from the State Local Assistance Program and Senate Bill 1 (SB1) which reimburses 80% of eligible towing costs, requiring ongoing reserve transfers to maintain program balance.

FY 2026-27 total projected revenue compared to FY 2025-26 is detailed below (in millions):

| | FY 2025-26 | FY 2026-27 |
|---|---------------|---------------|
| Freeway Assist Program - DMV Registration Fees | \$6.7 | \$6.8 |
| Freeway Service Patrol – State Local Assistance Program | \$7.2 | \$7.0 |
| Freeway Service Patrol - SB 1 | \$5.9 | \$6.2 |
| Interest | \$0.6 | \$0.5 |
| Total | \$20.4 | \$20.5 |

Total revenues for FY 2026–27 of \$20.5 million reflect a nominal increase of 0.2% over the FY 2025-26 budget. It includes \$6.8 million in DMV fees projected at a modest 3% growth over the recent trend but only slightly above the FY 2025-26 budget. Freeway Service Patrol state grant revenues of \$13.2 million increase by 0.8%, with funding split between State Local Assistance Program (53%) and SB1 (47%).

Operating Expense

FY 2026-27 proposed operating expenses total \$20.9 million, representing a 0.7% decline from the FY 2025-26 budget driven by lower Freeway Assist Program costs. Freeway Assist Program expenditures are projected to fall 8.3% to \$3.0 million, benefiting from continued cost reductions. These savings are partially offset by marginal increases to Freeway Service Patrol expenditures, which for FY 2026-27 are projected to reach \$17.9 million.

Total staffing costs are projected to remain stable year over year and are budgeted at \$2.1 million. A 3.2% cost of living adjustment (COLA) was applied to salaries based on current consumer price index projections (CPI). The actual cost of living adjustment (3.8%), based on figures released by the Bureau of Labor Statistics on May 12, 2026, will be reflected in the final proposed budgets presented on June 24, 2026. Indirect costs are projected to decline due to the updated cost methodology, which removes paid time-off (PTO) from the allocation base and lowers the indirect cost burden. Core staffing levels remain unchanged to ensure continuity of program operations.

Highlights of operating expenses changes include:

| | |
|--|-------------|
| <ul style="list-style-type: none"> • General Operations - Increase in legislative advocacy costs | + \$ 33,000 |
| <ul style="list-style-type: none"> • Freeway Assist Program Contracts & Consultants- Savings by using agency tools for the Emergency Operations Center platform and lower incident management costs | - \$288,000 |
| <ul style="list-style-type: none"> • Freeway Service Patrol Contracts & Consultants - Increased towing expenses reflecting annual escalation costs offset by decreases in system costs | + \$121,000 |

Overall operating expenses remain aligned with program needs and continue to support SAFE’s mission of assisting motorists and reducing congestion across the region.

Capital Projects

No new funding is requested for SAFE capital in FY 2026-27. Capital program remains \$9.9 million life-to-date with \$4.9 million available as of March 2026.

Reserves

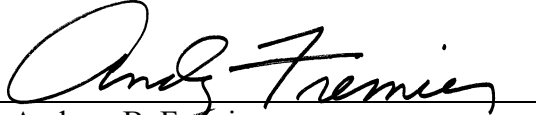
SAFE has projected a FY 2025-26 year-end reserve balance of \$19.1 million after covering operating and capital obligations. The FY 2026-27 operating budget anticipates a year-end reserve balance of \$18.8 million. This includes \$10.3 million (six months of operating revenue) restricted as operating reserve, \$500k reserved for encumbrances, and \$5.0 million designated for capital projects. The unrestricted reserve balance that can be used to cover future operational requirements is \$3.0 million. This level of SAFE reserve provides meaningful financial flexibility to manage emerging risks, most notably diesel fuel price volatility. Rising fuel costs present the most significant fiscal risk for FY 2026–27, as sustained increases could drive higher towing rates and may necessitate a mid-year budget amendment if cost pressures persist.

Recommendations:

None. Information only.

Attachments:

- Attachment A: SAFE Draft FY 2026-27 Operating Budget
- Attachment B: SAFE Draft FY 2026-27 Capital Budget
- Attachment C: Presentation



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