

**Metropolitan Transportation Commission
Regional Network Management Committee**

February 14, 2025

Agenda Item 2e

**Fiscal Year (FY) 2024-25 Service Authority for Freeways and Expressways (SAFE)
Statement of Revenues and Expenses for the Period Ended December 31, 2024 (Unaudited)**

Subject:

Statement of Revenues and Expenses for the Period Ended December 31, 2024 (unaudited).

Background:

SAFE receives fees collected by the Department of Motor Vehicles (DMV) pursuant to Streets and Highways code Section 2555 et seq., which permits the collection of up to \$1 per registered vehicle in participating counties. The fees represent charges for services rendered to external users. SAFE has two separate activities: the Freeway Assist Program (FAP), which provides callbox services on the Bay Area freeways, and the Freeway Service Patrol (FSP), pursuant to a jointly adopted Memorandum of Understanding between MTC SAFE, Caltrans, and the California Highway Patrol (CHP), which provides vehicle towing services.

Operating Revenues:

SAFE's DMV registration fees reached \$3.2 million by the end of the second quarter in FY 2025, which was at the same level as the prior year-to-date actual.

Operating Expenses:

As of December 31, 2024, total operating expenses were \$8.1 million, about \$382 thousand lower than the prior year-to-date actual. The lower operating expenses in FY 2025 were primarily driven by the timing in vendor invoice received and the overhead and indirect cost recorded.

Non-operating Revenues:

SAFE's non-operating revenues primarily consist of grants from the State Local Assistance Program (LAP) and Senate Bill 1 (SB 1), which reimburse eighty percent of towing and direct program operating expenses. As of December 31, 2024, total LAP and SB 1 revenues were \$5.3 million, a decrease of \$196 thousand compared to the prior year-to-date actual.

Contributions and Transfers:

As of December 31, 2024, there was no transfer to MTC compared to \$105 thousand in the second quarter of FY 2024. The transfers to MTC in the statement represent SAFE's consulting expenses charged by MTC.

Budget Status Update:

As of the second quarter of FY 2025, the SAFE programs generated revenues that were largely on track. Revenues from DMV registration fees under the FAP program were nearly in line with budget expectations at 48% of the budget. FSP program revenues reached 36% of the budget, with 32% of the LAP grant budget and 41% from the SB1 grant budget, reflecting a one-month delay in invoicing reimbursable amounts. The FSP program receives 80% reimbursement for towing expenses incurred, consistent with state grant funding guidelines. Additionally, investment income significantly exceeded expectations, totaling \$373 thousand, or 78% of the budget, due to higher-than-anticipated yields.

On the expense side, total SAFE operating expenses were 36% of the budget by the end of the second quarter. Towing expenses, which represent the largest SAFE expenses from its FSP program, totaled \$6.7 million, or 37% of the budget. This aligns with the processing time for invoices, which typically lags by a month. Other operating expenses, including professional and consultant fees, communication charges, and other expenses, remained below budget at an average of 26%. Specific operating expenses paid included consultant fees for emergency management and motorist aid support, while other freeway assistance services incurred minimal spending. Repair and maintenance expenses were 45% of the budget due to the full payment of the callbox maintenance contract. Communication expenses were at 33% of the budget because of delays in processing vendor invoices. Staff costs were on budget, but no indirect costs were allocated to the SAFE programs by mid-year as the Indirect Cost Allocation Plan (ICAP) rates are still under review.

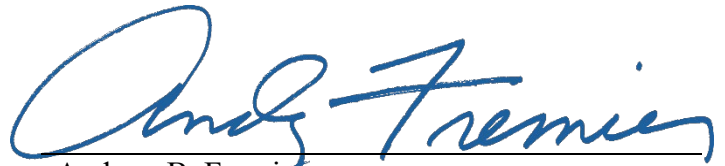
While several operating expenses currently show a lag due to invoice timing, these are expected to align closer to the budget as the fiscal year progresses. Overall, the SAFE programs are performing within expectations, with revenues and expenditures managed effectively.

Recommendations:

Information

Attachments:

- Attachment A: SAFE Statement of Revenues and Expenses for the Period Ended December 31, 2024 (unaudited)



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