

AB 1572: Service Authorities for Freeway Emergencies, San Diego County

Board Action:

SUPPORT

Rationale:

Current practice and spending of the SD SAFE is outside the scope of the original legislation, which allowed collecting fees for a call box system to promote motorist safety. SD SAFE collects substantially more funding each year than is required to sustain call box operations. AB 1572 proposes to dissolve SD SAFE and name SANDAG as successor authority, limit the amount of reserves that can be held for maintaining the call box system, and promote adherence to the original legislation. SD SAFE has not utilized its revenues and continues to increase both its reserves and spending on consultants despite the reduction in overall call box usage. Moving the program under SANDAG and limiting the amount held in reserves will allow for a more efficient management system and potential suspension of the fee.

Background:

What is SAFE?

The San Diego Service Authority for Freeway Emergencies (SD SAFE) program in San Diego County was first established in January 1986 after the California State Legislature passed a law allowing the collection of a separate fee for the implementation of an emergency call box system. The SD SAFE program is funded by revenues collected from an annual \$1 fee added to vehicle registrations, collected by the DMV, and goes to the installation and maintenance of call boxes throughout San Diego County. The call boxes are used by motorists to request roadside assistance and report mechanical failures, road hazards, and traffic accidents.

There are approximately 1,400 call boxes located on San Diego's freeways and State highways, located in half to one mile increments. The call boxes are solar-powered cellular phones that connect directly to a CHP dispatcher, who then obtains the correct roadside assistance service or agency for the motorist. Call box calls are coded with their location, so motorists in unfamiliar areas will not need to know their exact location.

SD SAFE has also launched the 511 Mobile Call Box program, which allows stranded motorists to dial 511 from their cellular phones and connect to the same dispatch, keeping stranded motorists safer by allowing them to obtain services from their car. The 511 service also offers information on traffic conditions, drive times, border crossing, and rideshare programs.

To promote awareness of the 511 program, SD SAFE spent \$214,000 funding a public relations campaign that featured online giveaways through radio, television, and internet promotion. The PR strategy included giveaways of cookbooks, Tupperware, Igloo ice chests, gas cards, and Padres tickets. The campaign spurred negative attention from the media, and the contract with public relations firm Berkman PR has since been terminated.

SD SAFE currently collects \$2.6 million per year in vehicle registration fees, and holds a projected \$13.6 million in unallocated reserves for fiscal year (FY) 2013. SD SAFE reinvests a portion of their annual revenues back into San Diego communities by issuing grants and funding agencies that promote endeavors in public safety.

In 2002 and 2003, SD SAFE collaborated with the City and County of San Diego to lease two fire and safety helicopters to launch the first-ever Fire and Rescue Helicopter Program pilot, contributing \$630,000 to the \$1.2 million leasing cost. Since 2002, SD SAFE has provided more than \$3 million in funding to this program. As a result of this funding, the Fire and Rescue Helicopter Program allocate 15% of their resources to motorist rescues.

In addition to allocating funds to the Fire and Rescue Helicopter Program, SD SAFE established the Motorist Aid Grant Program, which distributes grants to safety agencies for equipment, training, and services related to motorist aid. Through 2010, SAFE has funded more than \$2 million in Motorist Aid Grants. Grants often go to smaller public safety and fire rescue agencies throughout the county which are continually underfunded and lack the means to purchase and refurbish expensive equipment needed for emergency rescues.

The SD SAFE program is overseen by a seven member Board of Directors, each appointed by the County Board of Supervisors and the 18 cities within the county. Current Board members include: County Supervisor Ron Roberts (Chair), Santee Council Member John Minto (Vice-Chair), Carlsbad Mayor Pro Tem Ann Kulchin, County Supervisor Bill Horn, Coronado Council Member Barbara Denny, San Diego Council Member Lorie Zapf, San Diego Council Member David Alvarez.

Proposal:

In light of recent media attention and questions as to the legitimacy of the agency's spending, Assemblymembers Nathan Fletcher and Marty Block, in conjunction with Assemblymember Joel Anderson, have introduced Assembly Bill (AB) 1572, which proposes to dissolve SD SAFE and name the San Diego Association of Governments (SANDAG) as the successor authority, limit the amount that the Authority may maintain in reserves, and distribute excess reserves to local jurisdictions. Since AB 1572's introduction, it has been amended twice in committee. In its current form, as amended April 23, 2012, AB 1572 proposes:

- 1) To dissolve SD SAFE and name SANDAG as successor authority.
- 2) SANDAG to assume all operational, administrative, and maintenance tasks for the call box system. SANDAG will be required to post detailed annual budgets and expenses on their website.
- 3) SANDAG to distribute reserve funds in excess of four million dollars to the county and local cities in proportion to fees paid. Distribution is to occur no later than January 1, 2013.
- 4) SD SAFE to reimburse any state agencies as required by law.
- 5) To go into effect as an urgency statute.

As of May 2, 2012, AB 1572 passed the Transportation and Appropriations committees and has been referred to the legislative calendar. The bill requires a two-thirds vote of the legislature.

Fiscal Impact:

The SD SAFE program will be required to reduce its projected \$13.6 million in reserves by \$9.6 million, which will be re-distributed to cities within the County of San Diego for use in motorist aid services, resulting in an increase in funding for local cities. However, AB 1572's current wording limits the cities on how they can spend the one-time distribution; expenditures are restricted to those outlined in the original 1986 legislation, such as: call box lighting, changeable message signs, support for traffic operations centers, and contracting for removal of disabled vehicles.

Current administrative and operational costs for the SD SAFE program total \$1.2 million per year, while annual revenues from vehicle registrations are \$2.6 million. When SANDAG assumes as successor authority, they will come up with their own budget which might change these figures.

The current wording of AB 1572 as amended on April 23, 2012 does not allow for direct public safety grants, and may potentially affect smaller public safety and fire agencies.

Policy Discussion:

Precedent: AB 1572 proposes to dissolve SD SAFE and name SANDAG as the successor agency. SANDAG will assume all operational and administrative responsibilities for the call box program, which is consistent with precedent in the rest of the state. SD SAFE, the first implemented in California, is also the only independently managed service authority. All other service authorities are managed by regional transportation planning agencies.

Controversy, Reserves, and Expenditures: Supporters of AB 1572 state SD SAFE is misusing taxpayer dollars to fund projects never intended by the original legislation, including the extra expenditures in grants to local public safety agencies and the helicopter fund. The proposed legislation limits the amount the service authority can retain in reserves, calling for a reserve cap of \$4 million dollars. Supporters of AB 1572 propose to transfer SD SAFE's reserves in excess of the proposed \$4 million cap to local cities based on percentage of fees paid by population. Recipient cities will be confined to the scope of the original 1986 legislation, which narrowly specifies appropriate expenditures. Funds are to be distributed no later than January 1, 2013.

AB 1572 as introduced would have suspended collection of the vehicle registration fee altogether for a set time period of four years; however, due to concerns about the legality of reinstating the fee, as well as the current climate of budget deficits, the bill was amended to drop the wording for the fee suspension.



List of Proponents:

California Assemblyman Nathan Fletcher (author)
California Assemblyman Marty Block (author)
California State Senator Joel Anderson (co-author)
The Honorable Lorie Zapf, Councilmember, City of San Diego (Board Member)
The Honorable David Alvarez, Councilmember, City of San Diego (Board Member)

Registered Support:

City of El Cajon
The Honorable Sherri Lightner, Councilmember, City of San Diego
City Council of the City of National City
San Diego Regional Chamber of Commerce

Proponent Arguments:

The San Diego SAFE program currently collects approximately \$2.6 million in revenues from vehicle registrations annually, while administrative and operation costs were \$440,565 and \$760,848 for FY 2012, respectively. SAFE has increased its fund reserves steadily and holds a projected \$13.6 million in unallocated reserves for FY 2013, which, besides issuing grants to underfunded safety and fire agencies, it uses to fund costly PR campaigns and giveaways. Costs of maintaining the call box system have increased, while usage has dwindled.

Proponents have stated SD SAFE is using funds for purposes other than call box maintenance and operation, launching a \$214,000 advertising campaign for a website giveaway for gas cards, and potentially paying \$4 million to participate in an experimental test program run by the U.S. Department of Transportation (who eventually chose another partner). Under the current wording of the amended AB 1572, SD SAFE's funding will be curtailed to include call box system operation and maintenance, call box lighting, freeway service patrols, and changeable message signs.

Proponents also criticize the management and service contract with TeleTran Tek (T-Cubed). The management and service of the call box system has consistently increased in cost while both the amount of the physical call boxes was reduced to around 1400, and the amount of incoming calls has decreased from its peak of 170,511 calls in 1990 to 18,878 in 2011. The contract with T-Cubed has been renewed six times without opening up a competitive bidding process.

List of Opponents:

County Supervisor Ron Roberts, San Diego County
County Supervisor Bill Horn, San Diego County
Santee City Councilmember John Minto (Board Member)

* There are no registered opponents.



* The opinions of the opponents have not been assessed since the bill's amendment. The amendments seem to mitigate any argument opposing reform.

Opponent Arguments:

Opponents argue that proponents of the bill are only interested in supplementing their budget deficits. San Diego County and local cities stand to gain a projected \$9.6 million collectively from re-distributed SD SAFE funds, of which the City of San Diego will receive the largest portion.

Opponents also emphasize use of funds to supplement the budgets of other agencies and programs, which help underfunded safety and fire protection agencies to maintain services, training and equipment. SD SAFE also funds a portion of the helicopter fire and rescue program. Under AB 1572, these expenditures will not be authorized.