

Response to Grand Jury Report Form

Report Title: Ventura County Use of Vehicle-Registration Fees

Report Date: April 19, 2018

Response by: Darren Kettle Title: Executive Director

FINDINGS / CONCLUSIONS

- I (we) agree with the findings / conclusions numbered: _____
- I (we) disagree wholly or partially with the Findings / Conclusions numbered:
C-01, C-02, C-04, C-06
(Attach a statement specifying any portions of the Findings / Conclusions that are disputed; include an explanation of the reasons.)

RECOMMENDATIONS

- Recommendations numbered _____ have been implemented.
(Attach a summary describing the implemented actions and date completed.)
- Recommendations number R-02 have not yet been implemented, but will be implemented in the future.
(Attach a time frame for the implementation.)
- Recommendations numbered _____ require further analysis.
- Recommendations numbered R-01 will not be implemented because they are not warranted or are not reasonable.

Date: 07/25/2018

Signed: 

Number of pages attached: 3

Grand Jury Conclusions

C-01. The Grand Jury concluded that despite a nearly 25% decrease in the number of callboxes, the SAFE program continues to collect twice the amount in vehicle registration fees than it needs to cover the annual program costs.

VCTC. Partially disagree.

The Ventura County Grand Jury is correct in that in Fiscal Year 2017/2018 SAFE revenue was \$827,000 and that the operational costs for Fiscal Year 2018/2019 are \$442,000, or approximately 53% of revenue, but simple operational costs are not the only costs that must be considered. In any technology based program, the migration over time of that technology to current platforms and protocols must be considered. In the past three years SAFE has been required to upgrade all callboxes from 2G to 3G communications at a cost of \$750/box, approximately \$315,000, and SAFE is still in the process of ensuring all existing callbox sites are Americans with Disability Act (ADA) compliant at a cost of approximately \$400,000. SAFE was able to fund both of these upgrades because it sets aside reserve funds for these activities. Similar upgrades and costs must be considered as the program continues into the future.

As an example, SAFE's current roadway monitoring system has been in place since 2007 and the equipment while still operational, is aging and in need of upgrades or replacement so that it can continue to deliver usable data to Caltrans District 7 TMC. This data is critical in incident detection and the provision of traveler information to Ventura County motorists. SAFE is currently investigating the cost to upgrade or replace the roadway monitoring system and funding for that work will have to come from the reserves currently set aside.

C-02. The Grand Jury concluded the SAFE program has built up an excess reserve fund of \$4.4 million, equal to roughly 10 years' worth of current annual expenditures.

VCTC. Partially Disagree

Again, similar to VCTC's answer to C-01 there are costs associated with any technology based program outside of simple operational costs. Migration costs are very difficult to predict and can

be mandated by entities outside of SAFE's control. Using the callboxes as an example, SAFE was required to migrate from 2G cellular communication to 3G; this migration was necessitated by cellular communication carriers' machine to machine protocols which were announced with only eighteen months lead time. When announced, there was no technical solution to the problem and one had to be developed prior to the termination of the 2G network. Without an existing solution, the cost to migrate upward was unknown and could not have been anticipated in a normal budget cycle. Without a substantial reserve the callbox network would have been inoperable until such funds became available.

- C-04. The Grand Jury concluded there is no consistent policy on how operating expenses or reserve funding is held by SAFE, the Vehicle Theft Program, or the APCD.

VCTC. Partially Disagree

The Grand Jury may be correct that there are no consistency policies in the three programs/agencies identified. SAFE can only speak to the program and funds it manages because it is unrelated to the other programs and/or agencies. While funding for the fees in question may all come from vehicle registration, the enabling legislation that created these fees are quite different, as are the purposes of the agencies which administer them. A common set of policies guiding all of these funds would most likely not serve all purposes.

SAFE believes that the policies governing SAFE funds are consistent with the direction provided by the enabling legislation and that they serve the public interest in terms of motorist safety.

- C-06. The Grand Jury concluded it is good policy that Carl Moyer does not allow unspent money to accumulate, avoiding the creation of excessive reserves.

VCTC. Disagree

The Grand Jury may be correct about Carl Moyer funds but SAFE does not receive Carl Moyer funds therefore this conclusion does not apply to the SAFE Program.

Grand Jury Recommendations

- R-01. The Grand Jury recommends that the SAFE Board suspend its receipt of DMV funds until the excess reserve is significantly reduced.

VCTC. Disagree – Will not be implemented

The SAFE program was established to provide the motoring public an additional level of safety on the State's highways. Like the other SAFEs throughout the State, Ventura County SAFE, operated and maintained a callbox network and expanded its safety related services by adding a roadway monitoring systems when funding for such a system allowed. Now as callbox usage declines and funds have grown, Ventura County SAFE has the opportunity to further serve its motoring public with expanded or improved services to increase safety on the County's highways.

To that end SAFE staff is currently engaged in a study to look at the costs associated with a variety of eligible safety related services offered in other Counties such as Freeway Service Patrol (FSP), 511, and other services so that the SAFE Board can decide what would best serve Ventura County motorists and be sustainable over time. It is anticipated that this study will be presented to the SAFE Board in the fall of 2018.

R-02. The Grand Jury recommends the SAFE Board develop formal, written policies regarding the size and management of reserve funds.

VCTC. Agree – Will be implemented in the future

VCTC agrees with this recommendation but it must be done in the context of a sustainable SAFE program. As the SAFE Board determines the services it wishes to provide to Ventura County motorists and the parameters and costs associated with those services, appropriate reserves can be set so that the SAFE programs is sustainable and responsible to Ventura County taxpayers.

Beginning in the fall of 2018 and throughout Fiscal Year 2018/2019 the SAFE Board will determine the type and level of motorist aid services offered to Ventura County motorists and will adopt formal written policies concerning reserve funds to support the motorist aid programs developed.