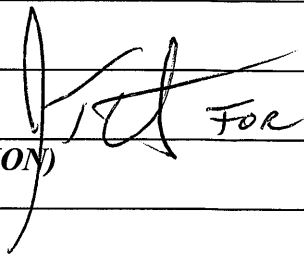


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## Alameda Corridor Transportation Authority

April 12, 2018

<b>To:</b>	Governing Board	
<b>From:</b>	James P. Preusch, Chief Financial Officer	
<b>Subject:</b>	<i>Preliminary FY 2019 Draft Budget (INFORMATION)</i>	

### Discussion:

The FY2019 Draft Budget affords an opportunity for staff to present a preliminary budget proposal and for Board members to ask questions and provide comments. Highlights of the proposal are detailed in Transmittal 1 attached and in the narrative below regarding the Operating Budget Summary. Based upon the outcome of today's discussion, along with some final reviews of budgetary amounts, a formal and final draft budget will be presented to the Board for adoption in June.

### Revenue

The draft budget schedules provide a revenue projection of \$117.7M which includes \$5.5M in railroad Maintenance-of-Way Charges and \$112.2M of Use Fees & Container Charges. Use Fees & Container Charges are based on a projection of 17,536,000 total San Pedro Bay TEUs, some degradation in the mix of local and discretionary cargo, and a CPI increase of 2.5%. Other Income of \$8.3M is from interest earnings and reimbursement by Caltrans for costs incurred for the SR-47 Project.

### Expenses

At this time, FY18 estimated actual administrative expenses are projected to be 12.7% under the FY18 budget (\$5.5M vs. \$6.3M), primarily due to lower than expected salaries, employee benefit costs, office expenses, and lower than expected legal and professional services costs.

The FY19 administrative expenses (\$6.2M) are anticipated to be 1.6% below the FY18 budget (\$6.3M) and 12.7% above FY18 estimated actuals (\$5.5M). The budget-to-budget decrease is primarily driven by lower professional services costs.

The draft budget includes a combined cost of living adjustment and merit increase of 3.0% for ACTA employees which would be approved by the Board as part of adoption of the final budget. ACTA staffing levels have not changed. Benefit costs reflect the latest rates as



quoted by the benefit providers such as CalPERS (health and retirement), The Standard (life insurance) and other benefit providers (workers compensation, dental insurance, vision insurance, etc.), as well as an increase in the number of employees utilizing the benefits.

Expenses for Public Benefit vary yearly based upon Caltrans' SR-47 construction schedule and timing of Caltrans reimbursement payments. The difference between the FY18 estimated actuals (\$1.3M) and FY18 budget (\$6.1M) is due to a delay in utility relocation work being completed.

### **Cash Flow**

Cash flow during FY19 is anticipated to be positive by about \$0.6M. The cash balance at the beginning of FY19 (July 1, 2018) is estimated to be about \$55.2M, including \$36.9M in the Revenue Fund, \$1.8M in the M&O Fund, \$13.2M in the Reserve Account and \$3.3M in the Administrative Fund. Receipts include Use Fees & Container Charges of \$112.2M and \$7.4M mostly from M&O payments made by the railroads. After debt service payments of \$103.3M, Operating Expenses of \$6.2M and M&O Expenses of \$9.5M, ACTA expects to generate about \$0.6M in cash flow. The ending cash balance on June 30, 2019 is estimated to \$55.8M.

### **Capital Spending and Financing**

There are no plans for capital expenditures during FY19. Larger maintenance expenditures will be funded through the Reserve Account. There are no financing or debt refunding measures planned during FY19. ACTA's Master Trust Indenture pledges available Revenue to debt currently outstanding, maintenance and operations, and port obligations. Terms of the 2012 Bonds (RRIF Loan) are favorable; the 2013A Bonds, and 2016A and B Bonds are not callable until 2023 and 2026 respectively.

Transmittal 1: Draft FY2019 Budget