### **The Alameda Corridor**

A Project of National Significance

Presentation by Jim Preusch Chief Financial Officer



**ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY** 

### Why ACTA? - Ports of LA & LB

Largest port complex in the U.S.
Ninth largest in the world
Highest throughput per acre in U.S.
\$310B in trade annually
40% of all waterborne U.S. trade
60% of all Asian imports
Over 60% distributed to rest of Nation



### Top 10 North America Container Ports in 2013



Twenty-Foot Equivalent Units (TEU) (millions)

Source: AAPA

### **Top 10 World Container Ports in 2013**



### **Overview of the Alameda Corridor**

- Began operations in April 2002
- 20-mile rail corridor that connects the nation's two busiest port facilities to the transcontinental railroad system
- The Corridor consolidated four branch lines into a 40 MPH multi-track corridor and includes a 10-mile, below-grade trench
- ACTA revenues consist primarily of user fees and container charges paid by the railroads
- ACTA collects revenue on approximately 35% of port container volume<sup>1</sup>
- Outstanding debt includes approximately \$880 million of senior lien bonds and approximately \$565 million of subordinate lien bonds, plus accrued interest on CAB's and unamortized discount of approximately \$651 million – Total approximately \$2,069 million
- The Port of Long Beach and the Port of Los Angeles are obligated, severally and not jointly, to pay an aggregate of up to 40% of annual debt service if ACTA revenues are insufficient



<sup>1</sup>30% attributable to use of Corridor (Use Fee) and 5% trucked around Corridor (Container Charge)

### Value of Containerized Trade & Jobs Related to Trade Flowing Through the Ports of Los Angeles & Long Beach in 2011



### **Cargo Movement**

### Cargo Enters the San Pedro Bay through the Ports of Los Angeles and Long Beach

- ACTA's cargo related revenues represent intermodal cargo to and from points beyond Southern California (35% of total Port TEUs)
- POLA & POLB comprise approximately 15,000 acres of land and water
- POLA was the busiest container port complex in North America by volume in 2012
- POLB was the 2<sup>nd</sup> busiest container port complex in North America by volume in 2012
- Combined complex formed the 8<sup>th</sup> busiest container port complex in the world in 2012



## ACTA Revenue is Highly Correlated to TEUs



### **Cargo Distribution**



ACTA's cargo-related revenues derive from intermodal cargo destined beyond the Southern California basin (≈ 35% of Total TEUs)

Source: Alameda Corridor Transportation Authority

# 2013 Port Container Distribution



### Summary of Outstanding Debt Outstanding Debt by Series and Type

#### **Current Debt Service Profile**

#### (\$ in Millions)



**Bond Year** 

#### **Details by Series**

#### **Callability of Outstanding Debt\***



Series	Lien	Tax Status	Outstanding CIBs Par Amount	Outstanding CABs Par Amount*	Callable Par Amount	Call Provision	Original DSRF Requirement	DSRF Funded by	Credit Enhancer
1999A	Sr.	Tax-Exempt	\$ -	\$50,453,617	\$ -	Non-Callable	\$40,340,000	MBIA Surety	MBIA
1999C	Sr.	Taxable	427,025,000	\$67,298,396		Non-Callable	49,745,339	MBIA Surety	MBIA
2004B	Sub.	Taxable		131,132,410		Non-Callable	21,073,170	Cash	AMBAC
RRIF	Sr.	Taxable	83,710,000		83,710,000	Anytime @ 100.0%	7,200,000	Ports' Surety	
2013A	Sr.	Tax-Exempt	\$248,325,000	-	\$248,325,000	10/1/2023 @ 100.0%	23,832,500	Assured Surety	Assured Guaranty***
Total			\$1,187,450,000	\$417,632,738	\$760,425,000				

\* Initial value.

\*\* Includes convertible CABs only.

\*\*\* Applies to selected maturities only.

### Select Funds & Accounts in Flow of Funds



(1) At each lien, funds first are allocated to debt service then to satisfy any debt service reserve shortfall, and finally to meet ongoing bond related expense.

<sup>(2)</sup> Lien not currently utilized.

### **ACTA's Use & Operating Agreement**

#### **Key Provisions**

- Parties include ACTA, POLA, POLB, BNSF and UP
- ACTA charges fees for all of the ports' intact cargo entering or leaving Southern California by rail
- Adjustment provisions allow ACTA to increase rates each January 1, based on October 31 CPI between a 1.5-4.5% range
- Separate charge for certain maintenance expenses not pledged for payment of bonds
- Surcharges following the first Shortfall Advance (currently in place) escalate with CPI and continue until all shortfall advances have been repaid with interest

#### **Current Composition of Use Fees and Container Charges**

#### Railroads Pay Use Fees for Using Rail Corridor<sup>(1)</sup>

Waterborne containers (i.e. entering or leaving ports)	\$22.92/TEU (loaded) \$5.49/TEU (empty)
Non-waterborne containers	\$5.49/TEU (loaded or empty)
Other railcars (autos, coal, white bulk, iron & steel, liquid bulk, etc.)	\$10.98/railcar (loaded) No charge (empty)

#### **ACTA Revenue**

- Railroads must pay (i) Use Fees to use the Corridor or, (ii) Container Charges for waterborne containers that originate or terminate at the ports and are trucked around the Corridor and enter or leave Southern California by rail Railroads pay monthly based on self-
- Railroads pay monthly based on selfassessment
- ACTA reconciles payments using Railroad and independent data sources
- If there are Corridor outages, the Railroads may use other lines, but still must pay fees for up to five days of blockage
- Business interruption insurance in place to cover outages because of certain property and casualty insurance

Railroads Pay Container Charges on Waterborne Containers Not Using Rail Corridor <sup>(1)</sup>

Waterborne containers

\$22.92/TEU (loaded) \$5.49/TEU (empty)

<sup>(1)</sup>As of January 1, 2015. Includes surcharge imposed on Railroads to repay Shortfall Advances made in FY 2012 and FY 2013.

# Fee and Charge Structure & Throughput

**ACTA Fee History and Forecast** 

#### **ACTA Fee Revenue Components**

- ACTA expects that it will collect revenue on approximately 35% of the containerized cargo that passes through the Ports
- \$1.00/TEU surcharge fee triggered following the payment of the first Shortfall Advance<sup>2</sup>
- Rates adjusted based on CPI (minimum increase of 1.5%)
- Total TEU volume has risen by approximately 17.8% from 2010 low

2007

8,260,812

2.880.667

4.783.434

15,924,913

2006

7,657,441

2.543.522

4.693.592

14,894,554

enue	Calendar Year	Loade Waterbo Per TE	d Emp rne Wa U F	oty or Non- aterborne Per TEU	Other Railcar	CPI Increase	
ugn	2006	\$16.7	5	\$4.47	\$8.93	3.00%	
	2007	18.04	(1)	4.57	9.13	2.20	
	2008	18.6	7	4.73	9.45	3.50	
ortfoll	2009	19.3 <sup>-</sup>	1	4.89	9.77	3.43	
	2010	19.60	) С	4.96	9.92	1.50	
	2011	19.89	9	5.03	10.07	1.50	
	2012	21.60	(2)	5.17	10.35	2.80	
IGITI	2013	22.25	(2)	5.33	10.66	3.00	
	2014	22.58	(2)	5.41	10.82	1.50	
	2015	22.92	(2)	5.49	10.98	1.50	
N	% Increase Since 2006	+36.8	%	+22.8%	+22.9%		
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015<sup>(4)</sup></u>	
6,558,029	6,493,254	7,255,285	7,124,243	7,209,687	7,694,431	7,574,366	

3.650.084

3.324.446

14,098,773

3.526.385

3.471.564

14,207,636

3.692.128

3.634.542

15,021,100

3.452.250

3.818.838

14,845,454

#### **TEU Throughput**

FY Ending 6/30

Inbound<sup>(5)</sup>

Outbound<sup>(5)</sup>

**Total TEUs** 

Ports<sup>(3)</sup>

Source: ACTA

Empties

(1) Includes one-time permanent fee increase of \$0.90/TEU effective December 1, 2006 pursuant to the Transload settlement with the Railroads.

3.069.817

3.240.159

12,868,004

3.263.779

2.998.737

12,755,771

3.526.142

3.590.487

14,371,913

(2) 1.00 surcharge escalates annually from the Fee Increase Date in accordance with the annual CPI adjustments.

2008

7,751,082

3,519,124

3.816.556

15.086.762

(3) Includes domestic TEU volume.

(4) Estimated based on extrapolation of fiscal year to date TEU counts.

(5) Loaded.

### **Shortfall Advances**

#### **Overview of the Shortfall Advances**

- The Ports are obligated, severally and not jointly, to make Shortfall Advances in any year in which Use Fees and Container Charges are insufficient to pay debt service
- The Authority expects that Potential Shortfall Advances will be available to cover no less than 40% of Senior and Subordinate Bond Debt Service (20% for each Port)

#### **Strength of the Shortfall Advances**

- Port of Los Angeles had Net Operating Revenues of approximately \$397 million for FY 6/30/2013
- Port of Long Beach had Total Operating Revenues of approximately \$334 million for FY 9/30/2012

#### **Process for Receiving Shortfall Advances from the Ports**

- The Authority submits to each Port at least 90 days prior to the beginning of the Authority's fiscal year an estimate of the amount of Shortfall Advances that will be required during such fiscal year)
- The Authority notifies each Port of the actual amount of a Shortfall Advance at least 45 days prior to the date on which the Shortfall Advance is needed and each Port is required to pay its share on or before such date
- The Shortfall Advances required to date were a total of \$5.9 million for debt service due on 10/1/2011 and \$5.9 million for debt service on 10/1/2012. The Shortfall Advances were made on time in accordance with the Agreement

### **Annual Performance Comparison**

**Number of Trains** 

**ACTA** Revenue \*

**Containers** \*

(Containers = TEUs/1.75)



Note: Numbers in () = Daily Average for Year

\* Railroad Self Assessed

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