Alameda Corridor Transportation Authority

Program & Operating Budget Fiscal Year 2016/2017

Adopted

June 9, 2016

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ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
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June 9, 2016

Governing Board
Alameda Corridor Transportation Authority

I am pleased to transmit the Fiscal Year 2016/2017 (FY17) Budget for the Alameda Corridor Transportation Authority incorporating both operating and capital expenses. FY17 will be ACTA's fifteenth full fiscal year of operations.

At the end of FY16, the Corridor will have carried an estimated 57.33 million TEUs. An additional 12.59 million fee-generating, off-corridor TEUs will have been moved to and from rail loading facilities beyond the Corridor. Total fees collected from inception are approximately $1.217 billion through June 2016. Another $109.4 million is anticipated in FY17.

About 224,000 trains will have moved through the Corridor by the close of FY16, and to date an estimated 18,000 tons of pollutants have been removed from the air through Corridor rail efficiency and reduced vehicle idling at grade crossings.

ACTA is committed to the region's quality of life goals, which include reduced highway congestion, improved traffic safety, and better air quality. ACTA plays a key role in the efficient movement of goods that is critical to a vibrant local, regional and national economy. The San Pedro Bay Ports are the gateway for over 40% of the waterborne imports into this country. The economic impact of these two ports on the entire nation is measurable and indisputable. The ongoing challenge is to preserve this economic mainstay while enhancing it in an environmentally responsible manner.

Debt Service

ACTA's annual debt service was originally structured to increase each year in anticipation of steady year-over-year port volume growth. However, port loaded container volumes (imports and exports), which had grown steadily through calendar year 2007, dropped 20% by 2009 due to the recession. Although volumes increased markedly in 2010, it took until 2014 to get back to the 2007 peak volume. Port congestion issues in 2015 resulted in a 3% reduction in port loaded container volumes. Because of the several year stall in growth, ACTA's ability to pay the annual debt service from revenue alone was challenging.

ACTA was able to make debt service payments through FY11 without port financial assistance, using: 1) pre-2007 revenue surpluses, 2) remaining bond funds by cancelling certain non-critical capital projects, and 3) debt service reductions by calling certain bonds using unspent bond proceeds. However, $12 million in port advances were required in total for FY12 and FY13.

No further advances were required in FY13, 14 and 15. These were avoided by refunding certain existing bonds in FY12 and FY13 at lower interest rates through both the federal government and a public offering, as well as by the release of certain surplus debt service reserve funds. A successful refunding (2016 Bonds) was accomplished in FY16 that should eliminate the need for port advances through FY26, provided port loaded container volumes grow by more than 4 percent.

Since ACTA's operating expenses are paid from the same revenue as debt service, managing administrative expenses continues to be a budget objective. Between FY11 and FY14 net operating expenses were halved. For FY17, the budgeted net operating expenses of $5.93 million are approximately 14% higher than FY16 due primarily to legal and operating support costs.

Capital Program

Sufficient staff has been budgeted to advance ACTA's remaining capital program efforts. ACTA's capital program has been markedly reduced over the past several years by project deferrals and cancellations. Due to project funding shortfalls and other issues, both the expressway extension to the SR-47 Project and the Cerritos Channel Rail Bridge Project were indefinitely postponed.

Pursuant to cooperative agreements with Caltrans, ACTA is obliged to perform design support during construction, environmental mitigation oversight, property acquisition, and utility coordination for the Heim Bridge replacement portion of the SR-47 Project, most all of which is reimbursable by Caltrans.

We offer the attached budget for your consideration.

Respectfully submitted,

John T. Doherty, P.E.
Chief Executive Officer

ACTA History & Budget Overview

ACTA History & Budget Overview

The Alameda Corridor Transportation Authority (ACTA) was established in 1989 as a Joint Powers Authority of the cities of Long Beach and Los Angeles. Throughout the 1990's, planning, financing, and engineering efforts dominated ACTA's agenda. Construction began in 1997 with the Los Angeles River Bridge Project, and moved into an accelerated mode shortly thereafter when full project funding was secured. The original project was completed and the Corridor opened for Revenue Service on April 15, 2002. The Pacific Coast Highway Grade Separation Project and the Anaheim Pump Station Project, follow-on ACTA efforts, were completed in March 2004 and June 2005, respectively.

Recent Activity

Over the last decade, ACTA has transitioned from a construction agency to an operating entity. Its focus is now on managing Corridor operations and maintenance, collecting revenue, and servicing debt. ACTA is also working with Caltrans to advance work on the SR-47 Heim Bridge Replacement Project.

Expenses

For FY17, budgeted net operating expenses are $5.9 million. An objective over the past several years has been controlling these costs, while maintaining efficient and effective staff levels. There is an increase in budgeted expenses for FY17, due in part to remaining program closeout activity now having to be paid from administrative funds instead of bond funds which are now exhausted. This reclassification increased the operating expense budget.

Debt Restructuring

In June 2012, ACTA finalized a debt restructuring with the US Department of Transportation – Federal Rail Administration (FRA) on a Railroad Rehabilitation and Infrastructure Financing (RRIF) transaction. The benefits of the 2.46% rate financing were first realized during FY13 together with the principal savings from maturity date extensions. In February 2013, ACTA closed a traditional refunding of the remaining callable 1999A Bonds at a blended true interest cost rate of 3.01%. The transactions saved ACTA about $2.5 million annually in interest in Bond Years 2013 – 2018 and $5.5 million in Bond Years 2019 – 2029. The RRIF transaction will save tens of millions in principal payments. In April 2016, the Governing Board authorized the defeasance and restructuring of certain ACTA 2004A Bonds in order to better match debt service with anticipated revenue. In May 2016, ACTA sold $34,280,000 of Tax-Exempt First Subordinate Lien 2016A Bonds, and $556,860,000 of Tax-Exempt Second Subordinate Lien 2016B Bonds. The restructuring of ACTA debt service caused a portion of the debt service due on the 2004A Bonds due in years 2016 through 2025 to be deferred to years 2034 through 2037. The 2016 Bonds were sold with a net premium of $95.9 million, and the sale generated proceeds of about $687.1 million.

ACTA History & Budget Overview (cont'd.)

ACTA's remaining capital project effort involves fulfilling its obligations to Caltrans under cooperative agreements for the SR-47 Project. Although Caltrans is administering the construction of the Heim Bridge Replacement portion of the project, ACTA is providing design support during construction, utility and right-of-way management support, as well as implementing environmental mitigation measures. Although the Expressway portion of the project received a favorable decision in an environmental litigation matter, this portion of the project has been deferred indefinitely due to funding issues.

Budget Year Goals

- Provide support to ports and private sector including the railroads and terminal operators to implement cargo movement efficiency.

Budget Assumptions

- Actual revenue, coupled with the port projection of port TEUs, serves as the basis for revenue projections for FY17.
- Use and Operating Agreement CPI fee adjustment is assumed to be 1.5% beginning January 1, 2017.
- ACET activity levels are limited to involvement in the SR-47 Project, transfer of Corridor property to the ports and other jurisdictions, certain project closeout activity, maintenance and operations support, as required, and certain administrative functions for ACTA.
- Cost projections for Maintenance-of-Way are based on the 2016 calendar year budget approved by the Railroad Operating Committee in November 2015.
- The Maintenance-of-Way contractor meets budgeted amounts.
- The Railroads continue to provide dispatching and security services at no cost to ACTA.
- The Railroads pay for all rail maintenance costs based on a proportionate share, as calculated from data provided by both Railroads.
- Reserve Account (i.e., capital replacement fund) is replenished to the $15 million requirement for all potential non-rail maintenance costs and capital replacements.
- ACTA's revenue collection and monitoring costs, as well as administrative costs, are paid from Use Fees and Container Charges and other amounts made available through the Annual Accounting, including other port advances, if necessary.
- Interest earnings are calculated assuming rates and fund balances at 2016 levels.

Budget Overview

The Budget for FY17 consists of operating expenses totaling $147.0 million, including $6.2 million in Expenses for Public Benefit related the SR-47 Project. Right-of-way, utility, and design support during construction work will continue in FY17 on the Heim Bridge Replacement portion of SR-47 pursuant to cooperative agreements with Caltrans.

Debt service payments of $86.6 million are scheduled for FY17 which includes $63.4 million for interest and $23.2 million for principal reduction.

ACTA's administrative, revenue collection and monitoring costs, and professional services have been budgeted at $5.9 million, which is about 14% percent more than the FY16 Budget. The increase is mainly due to the fact that ACTA's administration and operations will bear a larger portion of the ACET program management burden due to the conclusion of the EPA matter and the depletion of the 1999 Bond Construction Funds. Additional increases include a modest employee salary adjustment and additional legal and audit expenses anticipated in FY17. Corridor Maintenance-of-Way costs are budgeted at $8.6 million. The Railroads are directly responsible for most of the maintenance costs, making cash payments of $5.6 million for rail maintenance. To the extent funds are available, non-rail maintenance costs are paid from the Reserve Account (funded by Use Fees and Container Charges). Otherwise, the Railroads are required to also pay for non-rail maintenance costs. The FY17 Budget assumes that the Reserve Account continues to have more than sufficient balances for non-rail maintenance costs and capital replacements.

Budget Analysis

Budget Analysis

General and Administrative: The budget for general and administrative expenses includes salaries and benefits, materials and supplies, software maintenance, travel, other office expenses, and ACET support. This category shows an increase, mainly due to the majority of ACET program management costs associated with the original Capital program closeout now being shifted to administration and operations. This is because the bond funding that was available for the Capital program is now fully exhausted. Additionally, office rental costs and ACTA insurance premiums are projected to increase. Details of the Administrative Expenses and ACET support are shown on the Operating Budget by Expense Type on page 21.

Revenue Collection and Monitoring: Revenue collection and monitoring costs consist of staff charges and indirect costs related to ACTA's collection of Use Fees and Container Charges from the Railroads, as well as management information technology support. Also included are costs of servicing and maintaining the AEI reader network, as well as support and maintenance and telecommunication charges.

The costs for revenue collection and monitoring (i.e. Financing Fees) are expected to increase by $13,000 compared to the FY16 budget. The increase is primarily due to a modest salary increase.

Professional Services: These costs include other legal, audit, government affairs, risk management, engineering consulting, and other consultant services. To the extent that certain legal costs cannot be assigned to projects directly, they are allocated in the same manner as general and administrative costs.

The professional services budget is projected to increase in FY17. The increase is mainly due to the legal costs associated with the closeout property transfers that remain from the original Capital program now being shifted to administration and operations. This is referenced above for ACET program management costs, as well. Additionally, costs related to rating agency evaluations are projected to increase.

EPA Order and Pass Thru: An EPA 311 Order was issued in January 2011. A settlement was reached by all parties in September 2015. Any related expenses now budgeted are to assist Crimson with any further work and is fully reimbursable.

Maintenance-of-Way: There are four components of Maintenance-of-Way (MOW) costs for the Corridor. Each is explained below. The Operating Committee, comprised of representatives from the two ports and two railroads, approve an annual Maintenance-of-Way Budget in November of each year for the following calendar year. ACTA administers the Maintenance-of-Way Budget and monitors the Corridor maintenance contractor.

Rail Component

This component consists of maintenance of real property, track, ballast, signals, crossing and protection devices, pole lines, communication facilities and equipment, and track storm drains outside the Trench. The Railroads are solely responsible for paying the maintenance costs of the Rail Component. ACTA bills each railroad a pro rata share of the costs on a monthly basis and pays the Corridor maintenance contractor.

Budget Analysis (cont'd.)

Non-Rail Component

This component consists of maintenance of the retaining walls, embankments, barrier walls, fences, support structures, drainage facilities, and emergency drop ladders, telephones, and alarms for the trench, as well as portions of the Washington Boulevard and Henry Ford Avenue grade separations. The costs for the Non-Rail Component are paid from the Reserve Account established through the Use and Operating Agreement (the written agreement between ACTA, the Ports, and the Railroads governing Corridor operations). ACTA's Maintenance Contractor performs the work, and funds are withdrawn monthly to cover the costs.

Non-Rail Component Administrative Cost

This component consists of maintenance of ACTA's Automatic Equipment Identification (AEI) Reader network along the tracks to collect data to support the revenue collection system. ACTA's Maintenance Contractor performs the work and ACTA pays the monthly invoices from administrative funds.

Capital Improvements

This component consists of additions, betterments, and upgrades or replacements made to the Corridor rail and non-rail components in accordance with Capital Expense Guidelines approved by the Operating Committee. The Capital Budget increased during the current year due to the approval of specific replacement work by the Operating Committee. The Capital Budget work is performed by ACTA's Maintenance Contractor and is paid from the Reserve Account.

The other operating costs of the Corridor such as certain insurance, property taxes, and certain utility costs are paid by the Railroads. Dispatching and security services are provided and paid directly by the Railroads and are, therefore, not reflected in the total MOW expenses.

Maintenance-of-Way costs show an increase due to contractual arrangements with the Corridor Maintenance Contractor as well as increased costs for non-rail work.

Debt Service Payments: Debt service payments for the 1999, 2004, 2012, 2013, and 2016 Series bonds occur on April 1st (interest only) and October 1st (interest and principal). There are $49.0 million, $2.1 million, $11.8 million, and $23.7 million in 1999, 2012, 2013, and 2016 Series bond debt service payments respectively scheduled during FY17. Of the total of $86.6 million, principal repayments due October 1, 2016 are $23,170,000.

Port Advances: Although port shortfall advance payments were required in FY12 and FY13, there have been none required since, and there are no anticipated advance payments required for FY16 or FY17. FY16 Use Fees and Container Charges, which were budgeted at $112.5 million, are now projected to be only $104.0 million. However, no shortfall payments will be required due to the successful issuance of the 2016 restructuring bonds. The $1.00 per TEU fee increase that went into effect October 1, 2011, based upon the port shortfall advance that was required for ACTA's October 1, 2011 debt service, continues and has helped to offset the amount of money required from the ports. ACTA's debt restructuring, as a result of the 2012 RRIF transaction, the 2013A refunding, and the 2016 bond transaction, which resulted in the defeasance and restructuring of the 2004A bonds, should eliminate the need for shortfall advances over the next several years provided that port loaded container growth (imports and exports) equals or exceeds 4%.

Debt Summary

Debt Summary

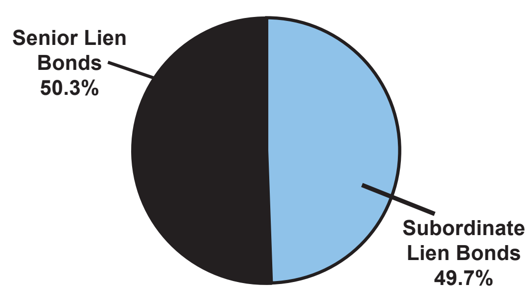
As of June 30, 2016, ACTA's total outstanding debt is anticipated to be $1.6 billion in revenue bonds. ACTA's debt portfolio includes a combination of senior, subordinate, taxable, and tax-exempt serial and capital appreciation bonds. The bonds are secured by a pledge of ACTA's Use Fees and Container Charges paid by the two major railroads, Union Pacific Railroad and BNSF Railway Company, serving Southern California. ACTA paid off tax-exempt sub lien revenue bonds Series 1999B on October 1, 2006 and the 1999D Bonds on October 1, 2014.

In late June 2012, ACTA completed a refunding transaction with the US DOT Federal Railroad Administration, in which ACTA issued $83.7 million in taxable senior lien bonds (2012 Bonds) in order to call and redeem certain 1999A Bonds. The 1999A Bonds were redeemed on July 24, 2012. An additional conventional refunding of all remaining callable 1999A Bonds was completed in February 2013 when $248.3 million in 2013A Bonds were issued to redeem $288.9 million in outstanding 1999A Bonds. The remaining outstanding 1999A Bonds are not callable. In May 2016, ACTA issued $591.1 million in tax-exempt subordinate bonds (2016A and 2016B Bonds). A portion of $687.1 million in proceeds were utilized to refund and/or to defease to maturity certain outstanding 2004A Convertible Capital Appreciation Bonds and 2004 Capital Appreciation Bonds.

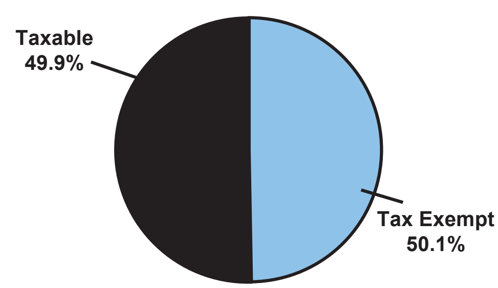
Total Debt Service

Fiscal Year	Principal	Interest	Total
2017	$ 23,170,000	$ 63,455,455	$ 86,625,455
2018	29,444,651	69,962,533	99,407,184
2019	32,995,584	70,290,675	103,286,259
2020	42,611,850	64,419,655	107,031,505
2021	25,767,886	85,620,889	111,388,775
2022-2026	295,028,854	323,245,322	618,274,176
2027-2031	471,209,686	639,932,237	1,111,141,923
2032-2036	394,606,433	798,369,588	1,192,976,021
2037-2038	311,724,732	196,178,766	507,903,498
Total	$ 1,626,559,676	$ 2,311,475,120	$ 3,938,034,796

Outstanding Bonds by Lien Level



Outstanding Bonds by Type



Use Fees and Container Charges for FY17 are expected to be sufficient to cover the annual debt service obligation of $86.6 million. According to Use Fees and Container Charges Agreement, the Ports are obligated for up to 40 percent of the annual debt service obligation on the outstanding bonds should shortfalls arise. ACTA requested a debt service shortfall advance of approximately $5.9 million ($2.95 million per port) in August 2011, which caused the Use Fee to increase by $1.12 per TEU pursuant to a 2006 settlement with the Railroads. A shortfall advance payment of similar size also was paid by the ports for October 1, 2012 debt service. No shortfall advance payment is anticipated for October 1, 2016.

Alameda Corridor Transportation Authority

Aggregate Annual Debt Service - 2016-2037

After Oct 1, 2011 Bond Call, Jul 24, 2012 RRIF Refunding, 2013A Bond Refunding & 2016A/B Bond Restructuring

Year	Senior Lien Bonds Tax Exempt Series 1999 A	Senior Lien Bonds Taxable Series 1999 C	Senior Lien Bonds Taxable RRIF 2012 Bonds	Senior Lien Bonds Tax Exempt Series 2013 A	Aggregate Senior Lien Debt Service	Subordinate Lien Bonds Tax Exempt Series 1999 B	Subordinate Lien Bonds Taxable Series 1999 D	Aggregate Subordinate Series 1999 Service	Subordinate Lien Bonds Tax Exempt Series 2004 A	Subordinate Lien Bonds Taxable Series 2004 B	Aggregate Subordinate Series 2004 Service	Subordinate Lien Bonds Tax Exempt Series 2016 A	Total Subordinate Debt Service	2nd Subordinate Lien Bonds Tax Exempt Series 2016 B	Total Debt Service Repayment	Annual Debt Service Bond Year & Calendar Year	Annual Debt Service Fiscal Year
10/1/2016	-	36,506,628	1,029,633	5,893,475	43,429,736				-	-	-	567,160.83	567,161	9,233,694	53,230,590	84,940,876	
4/1/2017	-	12,583,603	1,026,812	5,893,475	19,503,890				-	-	-	803,850.00	803,850	13,087,125	33,394,865		86,625,455
10/1/2017	-	37,758,603	1,032,454	5,893,475	44,684,531				8,255,000	-	8,255,000	803,850.00	9,058,850	13,087,125	66,830,506	100,225,371	
4/1/2018	-	11,765,415	1,026,812	5,893,475	18,685,702				-	-	-	803,850.00	803,850	13,087,125	32,576,677		99,407,184
10/1/2018	-	39,080,415	1,032,454	5,893,475	46,006,344				11,700,000	-	11,700,000	803,850.00	12,503,850	13,087,125	71,597,319	104,173,996	
4/1/2019	-	10,877,678	1,026,812	5,893,475	17,797,965				-	-	-	803,850.00	803,850	13,087,125	31,688,940		103,286,259
10/1/2019	-	40,472,678	1,032,454	17,013,475	58,518,606				4,170,000	-	4,170,000	803,850.00	4,973,850	13,087,125	76,579,581	108,268,521	
4/1/2020	-	9,915,840	1,029,633	5,615,475	16,560,948				-	-	-	803,850.00	803,850	13,087,125	30,451,923		107,031,504
10/1/2020	-	42,015,840	1,029,633	23,105,475	66,150,948				1,335,000	-	1,335,000	803,850.00	2,138,850	13,087,125	81,376,923	111,828,846	
4/1/2021	-	9,915,840	1,026,812	5,178,225	16,120,877				-	-	-	803,850.00	803,850	13,087,125	30,011,852		111,388,775
10/1/2021	-	42,535,840	1,032,454	23,888,225	67,456,519				-	-	-	6,488,850.00	6,488,850	13,087,125	87,032,494	117,044,346	
4/1/2022	-	9,915,840	1,026,812	4,710,475	15,653,127				-	-	-	690,150.00	690,150	13,087,125	29,430,402		116,462,896
10/1/2022	-	43,060,840	1,032,454	24,700,475	68,793,769				-	-	-	11,520,150.00	11,520,150	13,087,125	93,401,044	122,831,446	
4/1/2023	-	9,915,840	1,026,812	4,210,725	15,153,377				-	-	-	419,400.00	419,400	13,087,125	28,659,902		122,060,946
10/1/2023	-	43,570,840	11,582,454	25,545,725	80,699,019				-	-	-	5,364,400.00	5,364,400	13,087,125	99,150,544	127,810,446	
4/1/2024	-	8,805,225	899,868	3,677,350	13,382,443				-	-	-	320,500.00	320,500	13,087,125	26,790,068		125,940,612
10/1/2024	-	45,215,225	10,894,868	26,427,350	82,537,443				-	-	-	6,580,500.00	6,580,500	13,087,125	102,205,068	128,995,136	
4/1/2025	-	7,603,695	774,801	3,108,600	11,487,096				-	-	-	164,000.00	164,000	13,087,125	24,738,221		126,943,289
10/1/2025	-	46,958,695	10,189,058	27,353,600	84,501,353				-	-	-	6,724,000.00	6,724,000	13,087,125	104,312,478	129,050,699	
4/1/2026	-	6,304,980	659,375	2,502,475	9,466,830				-	-	-		-	13,087,125	22,553,955		126,866,433
10/1/2026	-	48,804,980	9,467,998	28,317,475	86,590,453				-	100,675,000	100,675,000		100,675,000	13,087,125	200,352,578	222,906,533	
4/1/2027	-	4,902,480	551,370	1,915,250	7,369,100				-	-	-		-	13,087,125	20,456,225		220,808,803
10/1/2027	-	50,757,480	8,724,400	29,265,250	88,747,130				-	100,675,000	100,675,000		100,675,000	13,087,125	202,509,255	222,965,480	
4/1/2028	-	3,389,265	452,394	1,305,000	5,146,659				-	-	-		-	13,087,125	18,233,784		220,743,039
10/1/2028	-	52,829,265	7,952,394	30,240,000	91,021,659				-	100,670,000	100,670,000		100,670,000	13,087,125	204,778,784	223,012,568	
4/1/2029	-	1,757,745	359,157	665,391	2,782,293				-	-	-		-	13,087,125	15,869,418		220,648,202
10/1/2029	-	55,022,745	7,171,131	31,250,391	93,444,266				57,015,000	43,660,000	100,675,000		100,675,000	13,087,125	207,206,391	223,075,809	
4/1/2030	-		275,624		275,624				-	-	-		-	13,087,125	13,362,749		220,569,140
10/1/2030	37,625,000	57,375,000	6,332,138		101,332,138				100,665,000	-	100,665,000		100,665,000	13,087,125	215,084,263	228,447,012	
4/1/2031	-		201,351		201,351					-	-		-	13,087,125	13,288,476		228,372,740
10/1/2031	38,000,000	57,950,000	5,502,458		101,452,458					100,670,000	100,670,000		100,670,000	13,087,125	215,209,583	228,498,059	
4/1/2032	-		136,715		136,715					-	-		-	13,087,125	13,223,840		228,433,422
10/1/2032	38,380,000	58,530,000	4,641,715		101,551,715					100,670,000	100,670,000		100,670,000	13,087,125	215,308,840	228,532,679	
4/1/2033	-		81,080		81,080					-	-		-	13,087,125	13,168,205		228,477,045
10/1/2033	38,765,000	59,115,000	3,756,526		101,636,526					100,675,000	100,675,000		100,675,000	13,087,125	215,398,651	228,566,856	
4/1/2034	-		36,002		36,002						-		-	13,087,125	13,123,127		228,521,777
10/1/2034	39,155,000	59,705,000	2,851,199		101,711,199						-		-	142,952,125	244,663,324	257,786,451	
4/1/2035	-		1,472		1,472						-		-	10,140,500	10,141,972		254,805,296
10/1/2035	39,545,000	60,300,000	121,480		99,966,480						-		-	145,900,500	245,866,980	256,008,952	
4/1/2036	-		-		-						-		-	6,871,500	6,871,500		252,738,480
10/1/2036	39,940,000	60,905,000	-		100,845,000						-		-	149,166,500	250,011,500	256,883,000	
4/1/2037	-		-		-						-		-	3,548,500	3,548,500		253,560,000
10/1/2037	40,340,000	61,515,000	-		101,855,000						-		-	152,488,500	254,343,500	257,892,000	254,343,500
	$ 311,750,000	$ 1,207,638,518	$ 108,029,068	$ 355,357,256	$ 1,982,774,842	$ -	$ -	$ -	$ 183,140,000	$ 647,695,000	$ 830,835,000	$ 46,073,761	$ 876,908,761	$ 1,078,351,194	$ 3,938,034,796	$ 3,969,745,082	$ 3,938,034,796

Revenue Summary

Revenue Summary

Use Fees and Container Charges

Use Fees and Container Charges are derived from ACTA's right to impose a charge on the Railroads, pursuant to the Alameda Corridor Use and Operating Agreement (UOA). The Railroads pay Use Fees for using the Rail Corridor and Container Charges for loaded waterborne containers originating or terminating at the ports' facilities that do not use the Corridor, but are transported by rail into or out of Southern California. Proceeds of the Use Fees and Container Charges are pledged to bondholders to repay ACTA's outstanding debt and for certain other eligible expenses and reimbursements.

The revenues for FY17 from Use Fees and Container Charges are expected to be $109.4 million, which is 5.1% above the FY16 estimated actual amount of $104.1 million. The Ports are continuing to recover volume following the 2014/2015 congestion and labor issues. ACTA's revenue is highly correlated with the San Pedro Bay Port TEU volume, with ACTA's share in the 35% range. A change of 120,000 TEUs in the port loaded TEU volume (imports and exports) causes a change of almost $1 million in ACTA's revenue.

ACTA currently assesses the Railroads $23.26 in Use Fees or Container Charges (effective January 1, 2016) per twenty-foot equivalent unit (TEU) for loaded waterborne containers. Approximately 96% of Use Fees and Container Charges revenue comes from loaded waterborne containers.

Empty waterborne containers that pass through the Ports and use the Corridor are assessed $5.57 per TEU. Approximately 2% of the revenue comes from empty waterborne containers.

Containers that utilize the Corridor, but are not associated with the ports, are given the designation of non-waterborne. Non-waterborne containers that use the Corridor, whether full or empty, are assessed $5.57 per TEU. Full flatcars, auto-racks, box cars and other railcars that originate or terminate at the Ports and utilize the Corridor are charged $11.14 per railcar. Only about 2% of the revenue comes from non-waterborne and other railcar charges.

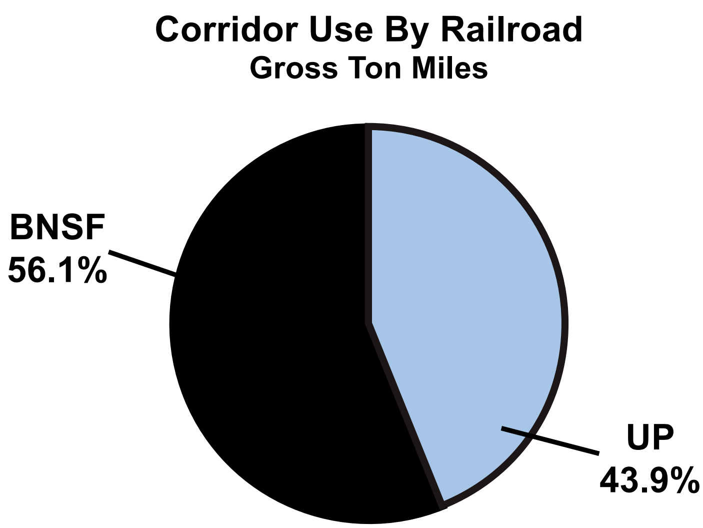
The FY17 revenue projection includes an estimated 1.5% CPI fee adjustment effective January 1, 2017 pursuant to the Use and Operating Agreement.

Railroad Payments

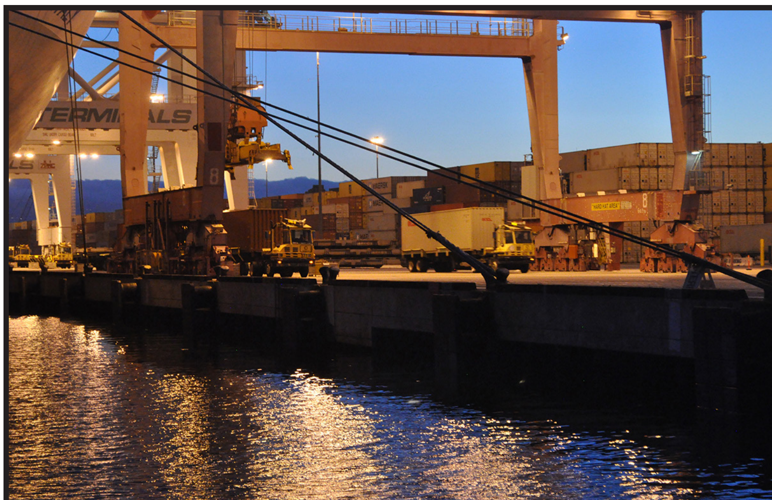
Union Pacific and BNSF Railroads

The Maintenance and Operations (M&O) charges established under the Use and Operating Agreement are pro rata charges to the Railroads for the annual cost of maintenance, operations, and repair of the Corridor. The M&O activities are described on page 26.

M&O charges incurred by the Railroads for the purpose of maintaining or repairing the Corridor track and track support structures are prorated based on gross ton miles. Maintenance and repair of signals and communications systems, dispatching, and all other charges not specifically relating to the track and track support structures are prorated based on train miles. ACTA expects to receive $5.6 million during the FY17.



Schedule of Functional Expenses



Schedule of Functional Expenses

Operating Budget By Expense Type

	BUDGET FY17	ACTUAL ESTIMATE FY16	BUDGET FY16	% CHANGE BUDGET TO EST. ACTUAL	% CHANGE BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	$ 109,444,931	104,109,532	112,501,600	5.1%	-2.7%
Maintenance-of-Way Charges	5,598,255	5,408,749	5,557,030	3.5%	0.7%
Total Operating Revenues	115,043,186	109,518,281	118,058,630	5.0%	-2.6%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	112,711	103,155	110,157	9.3%	2.3%
EPA Income	27,110	46,062	250,000	-41.1%	-89.2%
Public Benefit Income	6,200,000	3,084,050	-	101.0%	-
Investment Income	1,681,486	1,932,941	1,658,075	-13.0%	1.4%
Subtotal Other Revenues	8,081,307	5,226,208	2,078,232	54.6%	288.9%
Total Sources of Funds	123,124,493	114,744,489	120,136,862	7.3%	2.5%
Expenses					
Salaries	1,420,463	1,357,551	1,384,977	4.6%	2.6%
Benefits	672,547	591,871	702,668	13.6%	-4.3%
Office Expenses	415,439	384,433	375,784	8.1%	10.6%
Other Management Expenses	67,450	57,473	58,569	17.4%	15.2%
Information Technologies	299,287	264,068	294,088	13.3%	1.8%
Bank & Investment	165,000	158,000	158,000	4.4%	4.4%
ACET Capital & Operational Support	1,301,924	1,375,928	1,553,791	-5.4%	-16.2%
Audit	185,540	165,250	145,250	12.3%	27.7%
Legal	940,000	990,000	990,000	-5.1%	-5.1%
Governmental Affairs	120,000	120,000	120,000	-	-
Professional Services	346,722	413,517	431,059	-16.2%	-19.6%
EPA Order	27,110	250,000	250,000	-89.2%	-89.2%
Expenses for Public Benefit	6,200,000	3,019,050	-	105.4%	-
Pass Thru Expenses	-	-	-	-	-
Total Administrative Expenses	12,161,482	9,147,140	6,464,187	33.0%	88.1%
MOW Expenses Rail - Contractors	3,238,755	3,051,778	3,126,630	6.1%	3.6%
MOW Expenses Rail - Capital	-	-	-	-	-
MOW Expenses Rail - Other	2,359,500	2,356,971	2,430,400	0.1%	-2.9%
Total M&O - Rail	5,598,255	5,408,749	5,557,030	3.5%	0.7%
MOW Expenses Non-rail - Contractors	862,578	824,590	812,618	4.6%	6.1%
MOW Expenses Non-rail - Capital	1,715,133	1,445,242	2,371,642	18.7%	-27.7%
MOW Expenses Non-rail - Other	267,000	156,506	87,600	70.6%	204.8%
Total M&O - Non-Rail	2,844,711	2,426,338	3,271,860	17.2%	-13.1%
MOW Expenses - ACTA	194,970	216,558	189,833	-10.0%	2.7%
Total Maintenance of Way Expenses	8,637,936	8,051,645	9,018,723	7.3%	-4.2%
Subtotal Administrative and M&O Expenses	20,799,418	17,198,785	15,482,910	20.9%	34.3%
Financing Expenses					
Current Payments - Serial Bonds	63,455,455	64,115,317	64,115,317	-1.0%	-1.0%
Current Payments - CAB Debt	-	11,221,515	11,221,515	-100.0%	-100.0%
Accrued Interest - CAB Debt & Discount Amortization	41,178,371	37,374,971	37,374,971	10.2%	10.2%
Subtotal Financing Expenses	104,633,826	112,711,803	112,711,803	-7.2%	-7.2%
Depreciation and Amortization Expenses					
Depreciation	21,567,691	21,613,371	21,609,476	-0.2%	-0.2%
Cost of Issuance	-	-	-	-	-
Subtotal Depreciation and Amortization Expenses	21,567,691	21,613,371	21,609,476	-0.2%	-0.2%
Total Operating Expenses	147,000,935	151,523,960	149,804,188	-3.0%	-1.9%
Income (loss) before transfer	(23,876,442)	(36,779,471)	(29,667,326)	-35.1%	-19.5%
Capital Expenses transfer					
Expenses transfer to Capital project (Legal)	-	(150,000)	(215,000)	-100.0%	-100.0%
Expenses transfer to Capital project (ACET)	-	(523,664)	(816,682)	-100.0%	-100.0%
Total Transfer	-	(673,664)	(1,031,682)	-100.0%	-100.0%
Income (loss)	$ (23,876,442)	$ (36,105,807)	$ (28,635,644)	-33.9%	-16.6%

Schedule of Functional Expenses

Operating Budget By Departments

	BUDGET FY17	ACTUAL ESTIMATE FY16	BUDGET FY16	% CHANGE BUDGET TO EST. ACTUAL	% CHANGE BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	$ 109,444,931	104,109,532	112,501,600	5.1%	-2.7%
Maintenance-of-Way Charges	5,598,255	5,408,749	5,557,030	3.5%	0.7%
Total Operating Revenues	115,043,186	109,518,281	118,058,630	5.0%	-2.6%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	112,711	103,155	110,157	9.3%	2.3%
EPA Income	27,110	46,062	250,000	-41.1%	-89.2%
Public Benefit Income	6,200,000	3,084,050	-	101.0%	-
Investment Income	1,681,486	1,932,941	1,658,075	-13.0%	1.4%
Subtotal Other Revenues	8,081,307	5,226,208	2,078,232	54.6%	288.9%
Total Sources of Funds	123,124,493	114,744,489	120,136,862	7.3%	2.5%
Expenses					
Admin Management	399,718	385,798	406,857	3.6%	-1.8%
Revenue Collection	644,324	574,517	631,018	12.2%	2.1%
Accounting & Audit	866,638	808,485	811,383	7.2%	6.8%
A/P & Investments	341,343	348,647	320,758	-2.1%	6.4%
Human Resource & Office Staff	144,327	133,795	139,380	7.9%	3.5%
Legal	940,000	990,000	990,000	-5.1%	-5.1%
Public Affairs	460,982	425,036	448,962	8.5%	2.7%
Office General	835,115	835,885	912,037	-0.1%	-8.4%
ACET Capital & Operational Support	1,301,924	1,375,928	1,553,791	-5.4%	-16.2%
EPA Order	27,110	250,000	250,000	-89.2%	-89.2%
Expenses for Public Benefit	6,200,000	3,019,050	-	105.4%	-
Pass Thru	-	-	-	-	-
Total Administrative Expenses	12,161,482	9,147,140	6,464,187	33.0%	88.1%
MOW Expenses Rail - Contractors	3,238,755	3,051,778	3,126,630	6.1%	3.6%
MOW Expenses Rail - Capital	-	-	-	-	-
MOW Expenses Rail - Other	2,359,500	2,356,971	2,430,400	0.1%	-2.9%
Total M&O - Rail	5,598,255	5,408,749	5,557,030	3.5%	0.7%
MOW Expenses Non-rail - Contractors	862,578	824,590	812,618	4.6%	6.1%
MOW Expenses Non-rail - Capital	1,715,133	1,445,242	2,371,642	18.7%	-27.7%
MOW Expenses Non-rail - Other	267,000	156,506	87,600	70.6%	204.8%
Total M&O - Non-Rail	2,844,711	2,426,338	3,271,860	17.2%	-13.1%
MOW Expenses - ACTA	194,970	216,558	189,833	-10.0%	2.7%
Total Maintenance of Way Expenses	8,637,936	8,051,645	9,018,723	7.3%	-4.2%
Subtotal Administrative and M&O Expenses	20,799,418	17,198,785	15,482,910	20.9%	34.3%
Financing Expenses					
Current Payments - Serial Bonds	63,455,455	64,115,317	64,115,317	-1.0%	-1.0%
Current Payments - CAB Debt	-	11,221,515	11,221,515	-100.0%	-100.0%
Accrued Interest - CAB Debt	41,178,371	37,374,971	37,374,971	10.2%	10.2%
Subtotal Financing Expenses	104,633,826	112,711,803	112,711,803	-7.2%	-7.2%
Depreciation and Amortization Expenses					
Depreciation	21,567,691	21,613,371	21,609,476	-0.2%	-0.2%
Cost of Issuance	-	-	-	-	-
Subtotal Depreciation and Amortization Expenses	21,567,691	21,613,371	21,609,476	-0.2%	-0.2%
Total Operating Expenses	147,000,935	151,523,960	149,804,188	-3.0%	-1.9%
Income (loss) before transfer	(23,876,442)	(36,779,471)	(29,667,326)	-35.1%	-19.5%
Capital Expenses transfer					
Expenses transfer to Capital project (Legal)	-	(150,000)	(215,000)	-100.0%	-100.0%
Expenses transfer to Capital project (ACET)	-	(523,664)	(816,682)	-100.0%	-100.0%
Total Transfer	-	(673,664)	(1,031,682)	-100.0%	-100.0%
Income (loss)	$ (23,876,442)	$ (36,105,807)	$ (28,635,644)	-33.9%	-16.6%

Operating Budget By Funds

	BUDGET FY17	ACTUAL ESTIMATE FY16	BUDGET FY16	% CHANGE BUDGET TO EST. ACTUAL	% CHANGE BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	$ 109,444,931	104,109,532	112,501,600	5.1%	-2.7%
Maintenance-of-Way Charges	5,598,255	5,408,749	5,557,030	3.5%	0.7%
Total Operating Revenues	115,043,186	109,518,281	118,058,630	5.0%	-2.6%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	112,711	103,155	110,157	9.3%	2.3%
EPA Income	27,110	46,062	250,000	-41.1%	-89.2%
Public Benefit Income	6,200,000	3,084,050	-	101.0%	-
Investment Income	1,681,486	1,932,941	1,658,075	-13.0%	1.4%
Subtotal Other Revenues	8,081,307	5,226,208	2,078,232	54.6%	288.9%
Total Sources of Funds	123,124,493	114,744,489	120,136,862	7.3%	2.5%
Expenses					
Financing Fees	644,324	574,517	631,018	12.2%	2.1%
Administrative Costs	5,290,048	4,629,909	4,551,487	14.3%	16.2%
Capital	-	673,664	1,031,682	-100.0%	-100.0%
Railroads - M&O	5,598,255	5,408,749	5,557,030	3.5%	0.7%
Reserve - M&O	2,844,711	2,426,338	3,271,860	17.2%	-13.1%
Financing Fees - M&O	194,970	216,558	189,833	-10.0%	2.7%
Revenue Fund-Interest & COI	63,455,455	75,336,832	75,336,832	-15.8%	-15.8%
Expenses for Public Benefit	6,200,000	3,019,050	-	105.4%	-
EPA Fund	27,110	250,000	250,000	-89.2%	-89.2%
Pass Thru	-	-	-	-	-
Total Expenses	84,254,873	92,535,617	90,819,741	-8.9%	-7.2%
Non Cash Expenses					
Accrued Interest - CAB Debt	41,178,371	37,374,971	37,374,971	10.2%	10.2%
Depreciation	21,567,691	21,613,371	21,609,476	-0.2%	-0.2%
Cost of Issuance	-	-	-	-	-
Subtotal Interest, Depreciation and Amortization Expenses	62,746,062	58,988,343	58,984,447	6.4%	6.4%
Total Operating Expenses	147,000,935	151,523,960	149,804,188	-3.0%	-1.9%
Income (loss) before transfer	(23,876,442)	(36,779,471)	(29,667,326)	-35.1%	-19.5%
Capital Expenses transfer					
Expenses transfer to Capital project (Legal)	-	(150,000)	(215,000)	-100.0%	-100.0%
Expenses transfer to Capital project (ACET)	-	(523,664)	(816,682)	-100.0%	-100.0%
Total Transfer	-	(673,664)	(1,031,682)	-100.0%	-100.0%
Income (loss)	$ (23,876,442)	$(36,105,807)	$(28,635,644)	-33.9%	-16.6%

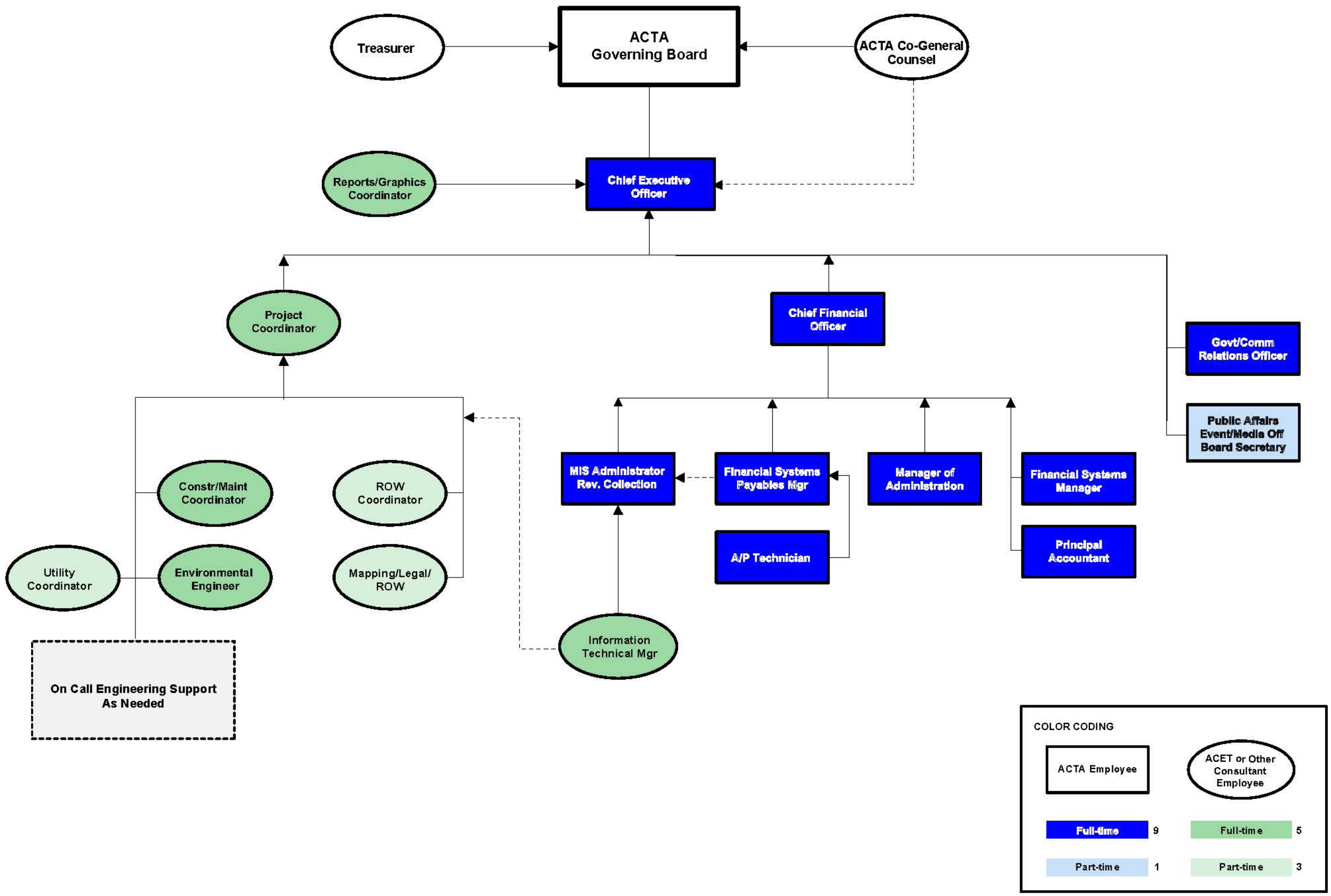
Schedule of Functional Expenses

ACTA's Staff Compensation
FY17

	Full-time Equivalents	Salaries	Benefits	Total S&B
Admin Management	1.0	$ 276,568	$ 108,301	$ 384,869
Revenue Collection	1.6	254,805	113,994	368,799
Accounting & Audit	2.9	458,605	212,043	670,648
A/P & Investments	1.5	141,835	58,559	200,394
Governmental Affairs	1.5	194,002	101,530	295,532
Human Resource & Office Staff	1.0	94,648	78,120	172,768
	9.5	$ 1,420,463	$ 672,547	$ 2,093,010

Alameda Corridor Transportation Authority

Functional ACTA/ACET Organizational Chart



Schedule of Functional Expenses

Maintenance & Operations

By Calendar Year 2016

	Rail Cost	Non-Rail Cost	ACTA-Rail Cost	Total
Maintenance of Way Contractor's Costs				
Contract Manager	$ 156,240	$ 55,800	$ 11,160	$ 223,200
Track Supervisor	126,960	42,320	-	169,280
Bridge Insp / Safety Supv.	36,000	144,000	-	180,000
Office Manager	67,774	24,205	4,841	96,820
Track Inspector	97,793	32,598	-	130,391
Track Foreman	95,804	31,935	-	127,739
Track Maintainers / Assistant Foreman	80,933	26,978	-	107,911
Track Laborers	223,521	74,507		298,028
Equipment Operators	120,990	40,330	-	161,320
Welder	125,350	-	-	125,350
Welder Helper	95,920	-	-	95,920
Administrative Burden	48,510	17,325	3,465	69,300
Accounting Support	17,500	6,250	1,250	25,000
Pump Station Materials & Supplies	-	61,330	-	61,330
Pump Station Repairs & Supplies	-	25,500	-	25,500
AEI Readers	-	-	172,000	172,000
Rail Flaw Detection (Contract)	25,000	-	-	25,000
Graffiti Control	-	68,830	-	68,830
Weed Abatement	24,000	6,000	-	30,000
Training Costs / Safety	19,550	3,450	-	23,000
Safety Management / Costs	18,275	3,225	-	21,500
Vehicles	161,990	40,415	1,254	203,659
Bridge Inspector Vehicle	4,320	17,280	-	21,600
Hi-Lift Bridge / Signal Inspection Vehicle	52,800	13,200	-	66,000
Maintenance Program Rail Grinding	97,125	-	-	97,125
Track Materials / Supplies & Rentals	277,200	-	-	277,200
Signal AAR Unit Cost	960,000	-	-	960,000
Ladder / Fence / Traffic Support	-	30,000	-	30,000
Security (Trench Cameras)	14,000	5,000	1,000	20,000
Security & Yard Office Maintenance Support	151,200	-	-	151,200
Trench Ditch Cleaning	-	92,100	-	92,100
Replace Signal Wire @ East Redondo & Dolores	20,000	-	-	20,000
Railroad Reporting & Record Keeping Software	-	-	-	-
Railroad Emergency Drill Exercise	20,000	-	-	20,000
Contingency Fund	100,000	-	-	100,000
Total Contractor's Costs	3,238,755	862,578	194,970	4,296,303
Annual Capital Cost				
Surfacing Unit	-	191,250	-	191,250
Surfacing Mobilization	-	25,000	-	25,000
Track Foreman (Switch Reballast)	-	14,400	-	14,400
Track Laborers (Switch Reballast)	-	49,920	-	49,920
Ballast (1700 tons)	-	72,000	-	72,000
Rail Grinding Contractor	-	97,125	-	97,125
Track Reballast	-	83,738	-	83,738
Rail Replacement	-	155,625	-	155,625
Phase II & III Pump Station Upgrade	-	200,000	-	200,000
Trench Emergency Ladder / Stair Study / Repairs	-	250,000	-	250,000
Replace Long Beach Crossing Diamonds	-	338,225	-	338,225
Replace Air Conditioners in Signal Huts	-	15,000	-	15,000
Rehab Henry Ford Crossing @ CP Dominquez	-	196,600	-	196,600
Upgrade Signals at CP Dominquez	-	26,250	-	26,250
Contingency Fund	?	?	?	-
Total Capital Cost	-	1,715,133	-	1,715,133
Corridor Operating & Other MOW Cost				
Insurance (Annual Amount)	1,591,000	-	-	1,591,000
Utilities	303,000	-	-	303,000
Storm Water Discharge Permits, Water Testing & Support Services	30,000	-	-	30,000
Provide 3rd Party Security Monitoring & Support Services	2,500	-	-	2,500
ADASHI Plum Monitoring Software	1,000	-	-	1,000
M&O or Capital Reserve Support Service	411,000	167,000	-	578,000
Communication Network Upgrades, Alarm / Phone Renewals	21,000	-	-	21,000
Contingency	-	100,000	-	100,000
Total Operating & Other MOW	2,359,500	267,000	-	2,626,500
Total MOW Paid through ACTA	$ 5,598,255	$ 2,844,711	$ 194,970	$ 8,637,936
Corridor Operating & Other MOW Cost Paid Directly by Railroads				
Dispatching [1]	606,000	-	-	606,000
Security - Labor [2]	1,196,000	-	-	1,196,000
Security - Equipment [3]	255,000	-	-	255,000
Total Other MOW Paid Directly by Railroads	2,057,000	-	-	2,057,000
Total Maintenance & Operation	$ 7,655,255	$ 2,844,711	$ 194,970	$ 10,694,936

[1,2,3] These costs are for memorandum purposes only and are internal Railroad costs not paid by ACTA.

Alameda Corridor Transportation Authority
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Images courtesy of Port of Los Angeles & Port of Long Beach.