

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

PROGRAM & OPERATING BUDGET FISCAL YEAR 2013/2014



**ADOPTED
JUNE 13, 2013**



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ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

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June 13, 2013

Governing Board
Alameda Corridor Transportation Authority

I am pleased to transmit the Fiscal Year 2013/2014 (FY14) Budget for the Alameda Corridor Transportation Authority incorporating both operating and capital expenses. FY14 will be ACTA's twelfth full fiscal year of operations.

At the end of FY13, the Corridor will have carried an estimated 43.63 million TEUs. An additional 11.10 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 \$918.87 million through June 2013. Another \$103 million is anticipated in FY14.

About 178,000 trains will have moved through the Corridor by the close of FY13, and to date an estimated 15,000 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, as well as 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. A recent study determined that in 2011 the two ports generated \$310 million in trade value and 2.9 million jobs for the nation. The 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 volumes substantially declined in calendar years 2008 and 2009 due to the recession. Although volumes increased markedly in 2010, they remained relatively flat in 2011 and 2012. Combined port volume at this time remains 10% below the 2006/2007 peak. Therefore, ACTA's ability to pay the annual debt service from revenue alone has been challenging.

Despite the recession, ACTA was still able to make debt service payments through FY11 without port financial assistance, using prior years' revenue surpluses, funds from the cancellation of certain non-critical capital projects, and debt service reductions from the call of certain bonds using unspent bond proceeds. However, \$12 million in port advances were required in total for FY12 and FY13.

Fortunately during FY13, ACTA was able to refund certain existing bonds at lower interest rates through both the federal government and a public offering, which has eliminated the need for additional port advances in FY14 and likely for the next few years through FY16. However, consistent port volume growth averaging about 4% per year must begin this year to avert port advances resuming possibly as early as FY17. Opportunities for savings from refinancing have been exhausted and the next opportunity will not occur until October 1, 2017. However, that potential refinancing in FY18 would not produce substantial savings until 2021. Therefore, a return to growth is critical as regards future port advances.

Since ACTA's operating expenses are paid from the same revenue as debt service, reduction of administrative expenses continues to be a budget objective. For FY14, the budgeted net operating expenses of \$4.4 million are approximately 25% lower than the \$5.9 million budgeted in FY13.

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 few 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 environmental mitigation and third-party property acquisition and utility coordination work for the Heim Bridge replacement portion of the SR-47 Project. It must also resolve environmental litigation for the expressway portion of the SR-47 Project on behalf of Caltrans and USDOT. In addition, Caltrans had requested that ACTA administer a contract for a new pump station related to the Heim Bridge work. However, at this time it does not appear that ACTA will perform the pump station work.

Regarding other agency and city projects, the County of Los Angeles and City of Compton might pursue the removal of the existing Rosecrans Avenue Bridge over the Corridor and replace it with a new structure integrated with the Mid-Corridor Trench. Also, ACTA has obligations to the City of Carson to construct a sound-wall along a segment of Alameda Street. Advancement of these latter two projects remains uncertain.

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

ACTA has transitioned from a construction agency to an operating entity. Its focus is now managing Corridor operations and maintenance, collecting revenue, and servicing debt. Recent administrative efforts have focused on reducing expenses, restructuring ACTA's debt, and meeting the obligations of the US Environmental Protection Agency (EPA) 311 Order regarding a 2010 oil spill by a third party.

Expenses

Since FY10, ACTA has made significant reductions in its net operating expenses. In FY14, budgeted net operating expenses of \$4.4 million will be about half of what they were in FY10. Future reductions, however, will be more challenging as staffing levels have reached the minimum to remain efficient and effective.

Debt Restructuring

Since October 2009, ACTA worked closely 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, which closed on June 21, 2012, 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%. Together, the transactions will save 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 also save tens of millions in principal payments over the next several years.

EPA Order

In January 2011, ACTA and the ports were required by the EPA to take over certain costs of containment in connection with a release of crude oil into Dominguez Channel, which was later traced to an ACTA storm-water drainage system located on property jointly owned by the ports. In March 2011, the source of the crude oil was identified and the EPA has ordered the responsible party to assume the obligation for containment and further clean-up. ACTA has and will continue to provide services related to railroad safety, oversight of containment, and clean-up. ACTA, along with the ports, are seeking reimbursement from the responsible party(s) and from other sources such as insurance and special funds available for such purpose.

ACTA History & Budget Overview

Most of ACTA's remaining capital project effort is focused on fulfilling its obligations to Caltrans under cooperative agreements regarding the SR-47 Project. Although Caltrans is administering the construction of the Heim Bridge Replacement portion of the project, ACTA is providing utility and right-of-way management support, as well as implementing environmental mitigation measures. ACTA also has the lead in managing the environmental litigation challenges regarding the Expressway portion of the project on behalf of itself, Caltrans and USDOT, although this portion of the project has been deferred indefinitely due to funding issues.

Budget Year Goals

- Reduce staff to conform to decreased activity associated with ACTA's transition from construction to operations.
- Provide support to ports and private sector including the railroads and terminal operators to implement cargo movement efficiency.

Budget Assumptions

- Actual revenue through March 2013, coupled with the port projection of port TEUs, serves as the basis for revenue projections for FY13 and FY14.
- Use and Operating Agreement CPI fee adjustment is assumed to be 2.5% beginning January 1, 2014.
- Debt Service based upon the RRIF transaction beginning on July 24, 2012 and refunding remaining callable 1999A Bonds which occurred on February 14, 2013.
- 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, and for efforts related to the EPA 311 Order.
- Costs related to the EPA 311 Order are anticipated to be fully reimbursed.
- Cost projections for Maintenance-of-Way are based on the 2013 calendar year budget approved by the Railroad Operating Committee.
- 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 2013 levels.

Budget Overview

The Budget for FY14 consists of capital expenses in the amount of \$5.8 million and operating expenses totaling \$111.5 million, for total expenses of \$117.3 million. The Capital Budget includes minimal remaining work on the Additional Corridor Projects, closeout activity for the original Alameda Corridor projects, and SR-47 Project work. Right-of-way, utility, and design support during construction work will continue in FY14 on the Heim Bridge Replacement portion of SR-47 pursuant to cooperative agreements with Caltrans.

Debt service payments of \$99.7 million are scheduled for FY14 which includes \$71.7 million for interest and \$28.0 million for principal reduction.

ACTA's administrative, revenue collection and monitoring costs, and professional services have been budgeted at \$4.4 million, which is 24.8% percent less than the FY13 Budget. The budget continues to contain a salary freeze that has been imposed for the past few years. Corridor Maintenance-of-Way costs are budgeted at \$6.5 million, which is the same as the FY13 budget. The Railroads are directly responsible for most of the maintenance costs, making cash payments of \$4.8 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 FY14 Budget assumes that the Reserve Account continues to have 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 is showing a decrease of \$851,771, mostly from the reduction of ACTA's staff and ACET's support. 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, telecommunication charges, railroad liability insurance, and legal costs associated with revenue collection and monitoring.

The costs for revenue collection and monitoring (i.e. Financing Fees) are expected to decrease by \$191,681 compared to the FY13 budget. The decrease is primarily due to lower professional service fees related to the revenue collection system.

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 decrease by \$413,257. The decrease is due to lower legal and public affairs support for FY14.

EPA Order and Pass Thru: An EPA 311 Order was issued in January 2011. The budget for FY14 is an estimate, but the work/clean-up activities required per the Order, and the financial ramifications, are unknown at this point and may require future budget amendments.

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.

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 the structural portions of the Washington Boulevard and Henry Ford Avenue grade separations. The costs for the Non-Rail Component are paid from

Budget Analysis

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 Operating Committee guidelines (Capital Expenses). Minimal capital costs will be required to ensure total reliability of the facilities. 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 directly by the Railroads and are, therefore, not reflected in the total MOW expenses.

Maintenance-of-Way costs show a decrease due to contractual arrangements with the Corridor maintenance contractor as well as decreased costs for non-rail work.

Debt Service Payments: Debt service payments for the 1999, 2004, 2012, and 2013 Series bonds occur on April 1st (interest only) and October 1st (interest and principal). There are \$47.8 million, \$38.0 million, \$2.1 million, and \$11.8 million in 1999, 2004, 2012, and 2013 Series bond debt service payments respectively scheduled during FY14. Of the total of \$99.7 million, principal repayments due October 1, 2013 are \$27,939,305.

Capital Budget: Page 24 contains the Capital Budget for the entire Program as defined to date, as well as the remaining estimated costs to complete the Program in FY14 and beyond. Of approximately \$15.7 million in remaining capital costs, \$5.8 million (including \$2.0 million of capital cost transferred from the Operating Budget) are budgeted for FY14. Major capital expenses for FY14 include the SR-47 Project effort for right-of-way and utility work, as well as design support during construction.

Port Advances: Use Fees and Container Charges during FY14 have been projected at \$103.4 million. Although port shortfall advance payments were required in FY12 and FY13, there are no anticipated advance payments required in FY14. 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. The debt restructuring, as a result of the RRIF transaction and 2013A refunding, has helped eliminate the need for shortfall advances for the near term. However, an immediate return to annual port container volume growth of about 4% is necessary to avert port advances beginning again in FY17.

Debt Summary



Debt Summary

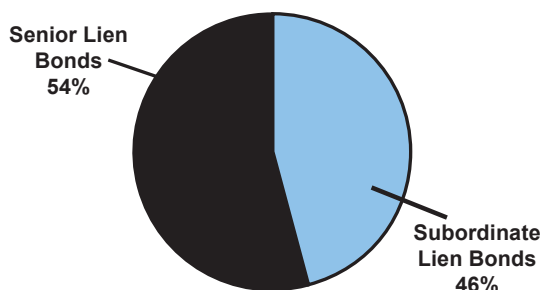
As of June 30, 2013, ACTA's total outstanding debt is anticipated to be \$1.52 billion in revenue bonds. ACTA's debt portfolio includes a combination of senior, subordinate, taxable, and tax-exempt serial and capital appreciation bonds. The bonds are secured by a pledge of ACTA's Use Fees and Container 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. The final maturity for the taxable sub lien revenue bonds Series 1999D is 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. The next call opportunity involves certain 2004A Bonds which are callable on October 1, 2017.

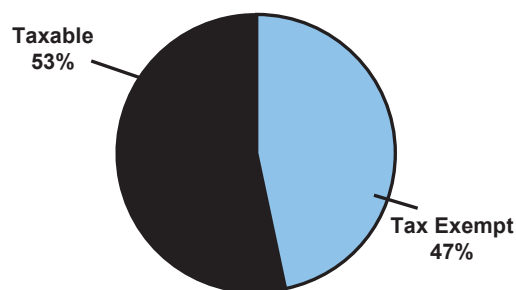
Total Debt Service

Fiscal Year	Principal	Interest	Total
2014	\$ 27,939,305	\$ 71,711,042	\$ 99,650,346
2015	37,889,513	76,769,134	114,658,646
2016	37,013,485	75,336,832	112,350,317
2017	41,652,475	77,792,250	119,444,725
2018	46,091,377	80,619,957	126,711,333
Thereafter	1,326,927,687	2,063,196,661	3,390,124,348
Total	\$ 1,517,513,841	\$ 2,445,425,874	\$ 3,962,939,715

Outstanding Bonds by Lien Level



Outstanding Bonds by Type



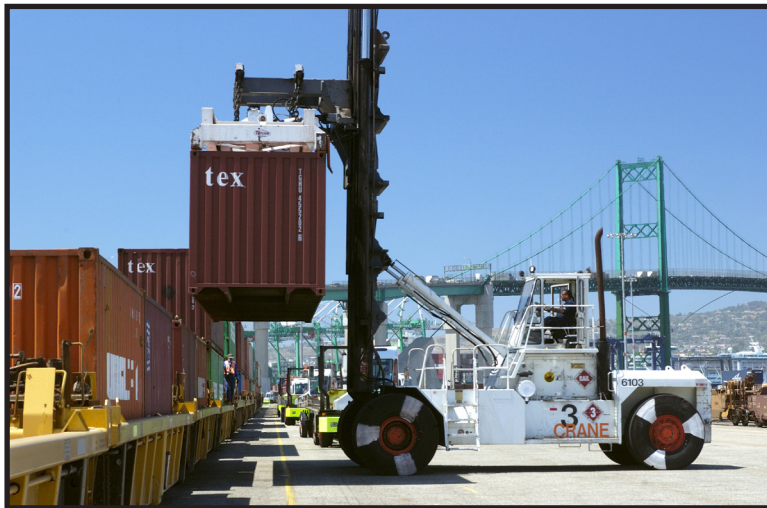
Use Fees and Container Charges for FY14, when combined with 2004A DSRF releases, are expected to be sufficient to cover the annual debt service obligation of \$99.7 million. According to Use Fees and Container Charges Agreement, the Ports are obligated for up to 40 percent of the annual debt service 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, 2013.

Alameda Corridor Transportation Authority
Aggregate Annual Debt Service - 2013-2037

After Oct 1, 2011 Bond Call & Jul 24, 2012 RRIF Refunding & 2013A Bond Refunding

Year	Tax Exempt Series 1999 A	Senior Lien Bonds Taxable Series 1999 C	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 Tax Exempt Series 2004 A	Subordinate Taxable Series 2004 B	Aggregate Subordinate Series 2004 Service	Total Bonds Debt Service Repayment	Annual Debt Service Bond Year & Calendar Year	Annual Debt Service Fiscal Year
10/1/2013	-	14,130,278	1,032,454	5,893,475	21,056,206	19,039,975	26,545,550	-	26,545,550	66,641,731	101,202,536	
4/1/2014	-	14,130,278	1,026,812	5,893,475	21,050,565	507,500	11,450,550	-	11,450,550	33,008,615		99,650,346
10/1/2014	-	17,260,278	1,032,454	5,893,475	24,186,206	16,747,500	41,325,550	-	41,325,550	82,259,256	115,267,871	
4/1/2015	-	14,028,553	1,026,812	5,893,475	20,948,840		11,450,550	-	11,450,550	32,393,390		114,658,646
10/1/2015	-	35,318,353	1,032,454	5,893,475	42,244,481		38,395,550	-	38,395,550	80,640,031	113,039,421	
4/1/2016	-	13,336,628	1,029,633	5,893,475	20,259,736		11,450,550	-	11,450,550	31,710,286		112,350,317
10/1/2016	-	36,506,628	1,029,633	5,893,475	43,429,736		45,060,550	-	45,060,550	88,490,286	120,200,571	
4/1/2017	-	12,583,603	1,026,812	5,893,475	19,503,890		11,450,550	-	11,450,550	30,954,440		119,444,725
10/1/2017	-	37,758,603	1,032,454	5,893,475	44,684,531		51,890,550	-	51,890,550	96,575,081	127,529,521	
4/1/2018	-	11,765,415	1,026,812	5,893,475	18,685,702		11,450,550	-	11,450,550	30,136,252		126,711,334
10/1/2018	-	39,080,415	1,032,454	5,893,475	46,006,344		59,705,550	-	59,705,550	105,711,894	135,848,146	
4/1/2019	-	10,877,678	1,026,812	5,893,475	17,797,965		11,450,550	-	11,450,550	29,248,515		134,960,409
10/1/2019	-	40,472,678	1,032,454	17,013,475	58,518,606		68,220,550	-	68,220,550	126,733,156	155,987,671	
4/1/2020	-	9,915,840	1,029,633	5,615,475	16,560,948		11,450,550	-	11,450,550	28,011,498		154,750,654
10/1/2020	-	42,015,840	1,029,633	23,105,475	66,150,948		77,230,550	-	77,230,550	143,381,498	171,392,996	
4/1/2021	-	9,915,840	1,026,812	5,178,225	16,120,877		11,450,550	-	11,450,550	27,571,427		170,952,925
10/1/2021	-	42,535,840	1,032,454	23,888,225	67,456,519		86,110,550	-	86,110,550	153,567,069	181,138,496	
4/1/2022	-	9,915,840	1,026,812	4,710,475	15,653,127		9,490,725	-	9,490,725	25,143,852		178,710,921
10/1/2022	-	43,060,840	1,032,454	24,700,475	68,793,769		91,175,725	-	91,175,725	159,969,494	185,113,346	
4/1/2023	-	9,915,840	1,026,812	4,210,725	15,153,377		7,326,073	-	7,326,073	22,479,450		182,448,944
10/1/2023	-	43,570,840	11,582,454	25,545,725	80,699,019		93,341,073	-	93,341,073	174,040,091	196,519,541	
4/1/2024	-	8,805,225	899,868	3,677,350	13,382,443		5,046,675	-	5,046,675	18,423,118		192,469,209
10/1/2024	-	45,215,225	10,894,868	26,427,350	82,537,443		95,616,675	-	95,616,675	178,154,118	196,583,236	
4/1/2025	-	7,603,695	774,801	3,108,600	11,487,096		2,601,285	-	2,601,285	14,088,381		192,242,499
10/1/2025	-	46,958,695	10,189,058	27,353,600	84,501,353		98,061,285	-	98,061,285	182,562,638	196,651,019	
4/1/2026	-	6,304,980	659,375	2,502,475	9,466,830		-	-	-	9,466,830		192,029,468
10/1/2026	-	48,804,980	9,467,998	28,317,475	86,590,453		-	100,675,000	100,675,000	187,265,453	196,732,283	
4/1/2027	-	4,902,480	551,370	1,915,250	7,369,100		-	-	-	7,369,100		194,634,553
10/1/2027	-	50,757,480	8,724,400	29,265,250	88,747,130		-	100,675,000	100,675,000	189,422,130	196,791,230	
4/1/2028	-	3,389,265	452,394	1,305,000	5,146,659		-	-	-	5,146,659		194,568,789
10/1/2028	-	52,829,265	7,952,394	30,240,000	91,021,659		-	100,670,000	100,670,000	191,691,659	196,838,318	
4/1/2029	-	1,757,745	359,157	665,391	2,782,293		-	-	-	2,782,293		194,473,952
10/1/2029	-	55,022,745	7,171,131	31,250,391	93,444,266		57,015,000	43,660,000	100,675,000	194,119,266	196,901,559	
4/1/2030	-	-	275,624	-	275,624		-	-	-	275,624		194,394,890
10/1/2030	37,625,000	57,375,000	6,332,138	-	101,332,138		-	-	100,665,000	201,997,138	202,272,762	
4/1/2031	-	-	201,351	-	201,351		-	-	-	201,351		202,198,490
10/1/2031	38,000,000	57,950,000	5,502,458	-	101,452,458		-	100,670,000	100,670,000	202,122,458	202,323,809	
4/1/2032	-	-	136,715	-	136,715		-	-	-	136,715		202,259,172
10/1/2032	38,380,000	58,530,000	4,641,715	-	101,551,715		-	100,670,000	100,670,000	202,221,715	202,358,429	
4/1/2033	-	-	81,080	-	81,080		-	-	-	81,080		202,302,795
10/1/2033	38,765,000	59,115,000	3,756,526	-	101,636,526		-	100,675,000	100,675,000	202,311,526	202,392,606	
4/1/2034	-	-	36,002	-	36,002		-	-	-	36,002		202,347,527
10/1/2034	39,155,000	59,705,000	2,851,199	-	101,711,199		-	-	-	101,711,199	101,747,201	
4/1/2035	-	-	1,472	-	1,472		-	-	-	1,472		101,712,671
10/1/2035	39,545,000	60,300,000	121,480	-	99,966,480		-	-	-	99,966,480	99,967,952	
4/1/2036	-	-	-	-	-		-	-	-	-		99,966,480
10/1/2036	39,940,000	60,905,000	-	-	100,845,000		-	-	-	100,845,000	100,845,000	
4/1/2037	-	-	-	-	-		-	-	-	-		100,845,000
10/1/2037	40,340,000	61,515,000	-	-	101,855,000		-	-	-	101,855,000	101,855,000	
	\$ 311,750,000	\$ 1,315,643,083	\$ 114,209,687	\$ 390,718,106	\$ 2,132,520,876	\$ -	\$ 1,146,428,865	\$647,695,000	\$ 1,794,123,865	\$ 3,962,939,716	\$3,997,500,520	\$3,962,939,716

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 FY14 from Use Fees and Container Charges are expected to be \$103.4 million, which is 4.4% above the FY13 estimated actual amount of \$99.0 million. The increase is primarily due to the continuing recovery from the 2008/2009 drop in port container volume and corresponding ACTA volume caused by the recession. ACTA's revenue is highly correlated with the San Pedro Bay Port TEU volume. A change of 100,000 TEUs in the port TEU volume causes a change of almost \$1 million in ACTA's revenue.

ACTA currently assesses the Railroads \$22.25 in Use Fees or Container Charges (effective January 1, 2013) 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 \$5.33 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 \$5.33 per TEU. Full flatcars, auto-racks, box cars and other railcars that originate or terminate at the Ports and utilize the Corridor are charged \$10.66 per railcar. Only about 2% of the revenue comes from non-waterborne and other railcar charges.

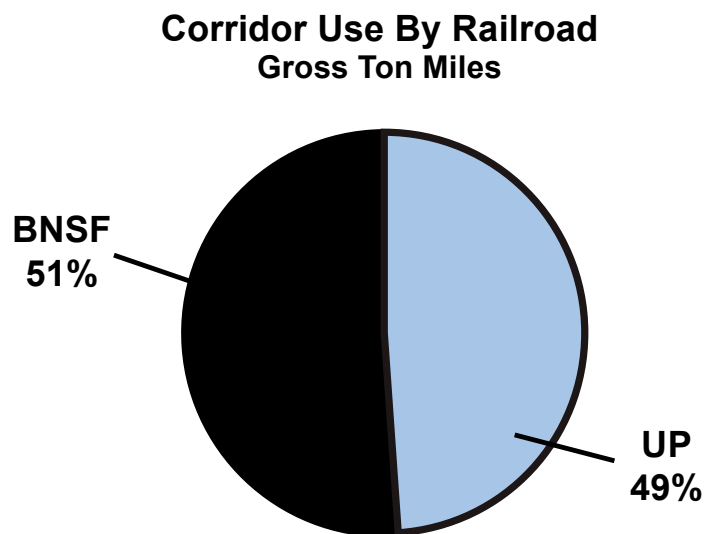
The FY14 revenue projection includes an estimated 2.5% CPI fee adjustment effective January 1, 2014 pursuant to the Use and Operating Agreement.

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 28.

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 \$4.8 million during the FY14.



Schedule of Functional Expenses



Schedule of Functional Expenses

Operating Budget By Expense Type

	BUDGET FY14	ACTUAL ESTIMATE FY13	BUDGET FY13	% CHANGE	
				BUDGET TO EST. ACTUAL	BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	\$ 103,394,462	99,046,711	104,139,355	4.4%	-0.7%
Maintenance-of-Way Charges	4,845,943	4,660,217	4,702,288	4.0%	3.1%
Total Operating Revenues	108,240,405	103,706,928	108,841,643	4.4%	-0.6%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	374,501	393,090	373,596	-4.7%	0.2%
EPA Income	1,000,000	3,718,907	1,000,000	-73.1%	0.0%
Pass Thru Income	-	-	-	-	-
Investment Income	2,981,554	3,144,283	3,391,979	-5.2%	-12.1%
Subtotal Other Revenues	4,416,055	7,316,280	4,825,575	-39.6%	-8.5%
Total Sources of Funds	112,656,460	111,023,208	113,667,218	1.5%	-0.9%
Expenses					
Salaries	1,232,575	1,502,919	1,581,350	-18.0%	-22.1%
Benefits	548,701	700,573	625,174	-21.7%	-12.2%
Office Expenses	468,213	607,927	621,925	-23.0%	-24.7%
Other Management Expenses	37,025	30,144	38,375	22.8%	-3.5%
Information Technologies	296,034	284,688	291,137	4.0%	1.7%
Bank & Investment	169,000	174,700	185,000	-3.3%	-8.6%
ACET Capital & Operational Support	2,187,182	2,810,767	2,707,191	-22.2%	-19.2%
Audit	178,000	144,500	144,500	23.2%	23.2%
Legal	850,000	616,509	1,054,000	37.9%	-19.4%
Governmental Affairs	120,000	250,000	250,000	-52.0%	-52.0%
Professional Services	254,915	347,553	424,672	-26.7%	-40.0%
EPA Order	1,000,000	2,021,541	1,000,000	-50.5%	0.0%
Pass Thru Expenses	-	-	-	-	-
Total Administrative Expenses	7,341,646	9,491,820	8,923,324	-22.7%	-17.7%
MOW Expenses Rail - Contractors	2,743,443	2,562,185	2,580,288	7.1%	6.3%
MOW Expenses Rail - Capital	70,000	-	65,000	-	7.7%
MOW Expenses Rail - Other	2,032,500	2,098,033	2,057,000	-3.1%	-1.2%
Total M&O - Rail	4,845,943	4,660,217	4,702,288	4.0%	3.1%
MOW Expenses Nonrail - Contractors	687,537	584,831	652,795	17.6%	5.3%
MOW Expenses Nonrail - Capital	552,616	637,846	698,540	-13.4%	-20.9%
MOW Expenses Nonrail - Other	135,000	241,755	245,000	-44.2%	-44.9%
Total M&O - Rail	1,375,153	1,464,433	1,596,335	-6.1%	-13.9%
MOW Expenses - ACTA	235,294	171,630	177,253	37.1%	32.7%
Total Maintenance of Way Expenses	6,456,390	6,296,280	6,475,876	2.5%	-0.3%
Subtotal Administrative and M&O Expenses	13,798,036	15,788,100	15,399,200	-12.6%	-10.4%
Financing Expenses					
Current Payments - Serial Bonds	66,595,346	57,979,819	59,801,430	14.9%	11.4%
Current Payments - CAB Debt	5,115,696	12,945,589	12,945,589	-60.5%	-60.5%
Accrued Interest - CAB Debt	44,070,205	34,211,387	34,211,387	28.8%	28.8%
Subtotal Financing Expenses	115,781,246	105,136,795	106,958,405	10.1%	8.2%
Depreciation and Amortization Expenses					
Depreciation	21,572,842	21,524,914	21,524,914	0.2%	0.2%
Cost of Issuance	2,797,263	3,111,820	3,111,820	-10.1%	-10.1%
Subtotal Depreciation and Amortization Expenses	24,370,105	24,636,735	24,636,735	-1.1%	-1.1%
Total Operating Expenses	153,949,387	145,561,630	146,994,340	5.8%	4.7%
Income (loss) before transfer	(41,292,927)	(34,538,421)	(33,327,123)	19.6%	23.9%
Operating and Capital Expenses transfer					
Expenses transfer to Capital project (Salaries)	-	-	-	-	-
Expenses transfer to Capital project (Legal)	(420,000)	(256,542)	(477,000)	63.7%	-11.9%
Expenses transfer to Capital project (ACET)	(1,506,849)	(1,567,614)	(1,574,819)	-3.9%	-4.3%
Total Transfer	(1,926,849)	(1,824,156)	(2,051,819)	5.6%	-6.1%
Income (loss)	\$ (39,366,078)	\$ (32,714,265)	\$ (31,275,304)	20.3%	25.9%

Schedule of Functional Expenses

Operating Budget By Departments

				% CHANGE	
	BUDGET FY14	ACTUAL ESTIMATE FY13	BUDGET FY13	BUDGET TO EST. ACTUAL	BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	\$ 103,394,462	99,046,711	104,139,355	4.4%	-0.7%
Maintenance-of-Way Charges	4,845,943	4,660,217	4,702,288	4.0%	3.1%
Total Operating Revenues	108,240,405	103,706,928	108,841,643	4.4%	-0.6%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	374,501	393,090	373,596	-4.7%	0.2%
EPA Income	1,000,000	3,718,907	1,000,000	-73.1%	0.0%
Pass Thru Income	-	-	-	-	-
Investment Income	2,981,554	3,144,283	3,391,979	-5.2%	-12.1%
Subtotal Other Revenues	4,416,055	7,316,280	4,825,575	-39.6%	-8.5%
Total Sources of Funds	112,656,460	111,023,208	113,667,218	1.5%	-0.9%
Expenses					
Admin Management	329,322	410,272	422,670	-19.7%	-22.1%
Revenue Collection	647,612	742,146	839,293	-12.7%	-22.8%
Accounting & Audit	741,473	649,860	650,120	14.1%	14.1%
A/P & Investments	300,439	631,611	587,822	-52.4%	-48.9%
Human Resource & Office Staff	121,698	295,172	283,653	-58.8%	-57.1%
Legal	850,000	616,509	1,054,000	37.9%	-19.4%
Public Affairs	388,149	494,783	518,185	-21.6%	-25.1%
Office General	775,772	819,161	860,390	-5.3%	-9.8%
ACET Capital & Operational Support	2,187,182	2,810,767	2,707,191	-22.2%	-19.2%
EPA Order	1,000,000	2,021,541	1,000,000	-50.5%	0.0%
Pass Thru	-	-	-	-	-
Total Administrative Expenses	7,341,646	9,491,820	8,923,324	-22.7%	-17.7%
MOW Expenses Rail - Contractors	2,743,443	2,562,185	2,580,288	7.1%	6.3%
MOW Expenses Rail - Capital	70,000	-	65,000	-	7.7%
MOW Expenses Rail - Other	2,032,500	2,098,033	2,057,000	-3.1%	-1.2%
Total M&O - Rail	4,845,943	4,660,217	4,702,288	4.0%	3.1%
MOW Expenses Nonrail - Contractors	687,537	584,831	652,795	17.6%	5.3%
MOW Expenses Nonrail - Capital	552,616	637,846	698,540	-13.4%	-20.9%
MOW Expenses Nonrail - Other	135,000	241,755	245,000	-44.2%	-44.9%
Total M&O - Non-Rail	1,375,153	1,464,433	1,596,335	-6.1%	-13.9%
MOW Expenses - ACTA	235,294	171,630	177,253	37.1%	32.7%
Total Maintenance of Way Expenses	6,456,390	6,296,280	6,475,876	2.5%	-0.3%
Subtotal Administrative and M&O Expenses	13,798,036	15,788,100	15,399,200	-12.6%	-10.4%
Financing Expenses					
Current Payments - Serial Bonds	66,595,346	57,979,819	59,801,430	14.9%	11.4%
Current Payments - CAB Debt	5,115,696	12,945,589	12,945,589	-60.5%	-60.5%
Accrued Interest - CAB Debt	44,070,205	34,211,387	34,211,387	28.8%	28.8%
Subtotal Financing Expenses	115,781,246	105,136,795	106,958,405	10.1%	8.2%
Depreciation and Amortization Expenses					
Depreciation	21,572,842	21,524,914	21,524,914	0.2%	0.2%
Cost of Issuance	2,797,263	3,111,820	3,111,820	-10.1%	-10.1%
Subtotal Depreciation and Amortization Expenses	24,370,105	24,636,735	24,636,735	-1.1%	-1.1%
Total Operating Expenses	153,949,387	145,561,630	146,994,340	5.8%	4.7%
Income (loss) before transfer	(41,292,927)	(34,538,421)	(33,327,122)	19.6%	23.9%
Operating and Capital Expenses transfer					
Expenses transfer to Capital project (Salaries)	-	-	-	-	-
Expenses transfer to Capital project (Legal)	(420,000)	(256,542)	(477,000)	63.7%	-11.9%
Expenses transfer to Capital project (ACET)	(1,506,849)	(1,567,614)	(1,574,819)	-3.9%	-4.3%
Total Transfer	(1,926,849)	(1,824,156)	(2,051,819)	5.6%	-6.1%
Income (loss)	\$ (39,366,078)	\$ (32,714,265)	\$ (31,275,303)	20.3%	25.9%

Operating Budget By Funds

	BUDGET FY14	ACTUAL ESTIMATE FY13	BUDGET FY13	% CHANGE	
				BUDGET TO EST. ACTUAL	BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	\$ 103,394,462	99,046,711	104,139,355	4.4%	-0.7%
Maintenance-of-Way Charges	4,845,943	4,660,217	4,702,288	4.0%	3.1%
Total Operating Revenues	108,240,405	103,706,928	108,841,643	4.4%	-0.6%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	374,501	393,090	373,596	-4.7%	0.2%
EPA Income	1,000,000	3,718,907	1,000,000	-73.1%	0.0%
Pass Thru Income	-	-	-	-	-
Investment Income	2,981,554	3,144,283	3,391,979	-5.2%	-12.1%
Subtotal Other Revenues	4,416,055	7,316,280	4,825,575	-39.6%	-8.5%
Total Sources of Funds	112,656,460	111,023,208	113,667,218	1.5%	-0.9%
Expenses					
Financing Fees	647,612	742,146	839,293	-12.7%	-22.8%
Administrative Costs	3,767,185	4,903,977	5,032,212	-23.2%	-25.1%
Capital	1,926,849	1,824,156	2,051,819	5.6%	-6.1%
Railroads - M&O	4,845,943	4,660,217	4,702,288	4.0%	3.1%
Reserve - M&O	1,375,153	1,464,433	1,596,335	-6.1%	-13.9%
Financing Fees - M&O	235,294	171,630	177,253	37.1%	32.7%
Revenue Fund-Current Payments - Serial Bonds	66,595,346	57,979,819	59,801,430	14.9%	11.4%
Revenue Fund-Current Payments - CAB Debt	5,115,696	12,945,589	12,945,589	-60.5%	-60.5%
EPA Fund	1,000,000	2,021,541	1,000,000	-50.5%	0.0%
LAIF General Fund - Pass Thru	-	-	-	-	-
Total Expenses	85,509,077	86,713,508	88,146,218	-1.4%	-3.0%
Non Cash Expenses					
Accrued Interest - CAB Debt	44,070,205	34,211,387	34,211,387	28.8%	28.8%
Depreciation	21,572,842	21,524,914	21,524,914	0.2%	0.2%
Cost of Issuance	2,797,263	3,111,820	3,111,820	-10.1%	-10.1%
Subtotal Interest, Depreciation and Amortization Expenses	68,440,310	58,848,122	58,848,122	16.3%	16.3%
Total Operating Expenses	153,949,387	145,561,630	146,994,340	5.8%	4.7%
Income (loss) before transfer	(41,292,927)	(34,538,421)	(33,327,122)	19.6%	23.9%
Operating and Capital Expenses transfer					
Expenses transfer to Capital project (Salaries)	-	-	-	-	-
Expenses transfer to Capital project (Legal)	(420,000)	(256,542)	(477,000)	63.7%	-11.9%
Expenses transfer to Capital project (ACET)	(1,506,849)	(1,567,614)	(1,574,819)	-3.9%	-4.3%
Total Transfer	(1,926,849)	(1,824,156)	(2,051,819)	5.6%	-6.1%
Income (loss)	<u>\$ (39,366,078)</u>	<u>\$(32,714,265)</u>	<u>\$(31,275,303)</u>	<u>20.3%</u>	<u>25.9%</u>

Schedule of Functional Expenses

ACTA Capital Projects Budget by Project

(\$ in thousands)		Capital Budget	Est. Actual Thru FY13	FY14	FY15	FY16 & Beyond
North End						
Completed Projects *		\$ 294,675	\$ 294,675	\$ -	\$ -	\$ -
	Subtotal North End	294,675	294,675	-	-	-
Mid-Corridor						
Completed Projects *		808,623	808,623	-	-	-
	Subtotal Mid-Corridor	808,623	808,623	-	-	-
South End						
S04	Henry Ford Grade Separation	126,804	126,428	376	-	-
S44/S47	SR-47 - Segment 1	47,538	38,733	2,937	4,419	1,449
S48	SR-47 - Segment 2 (on hold)	-	-	-	-	-
S44/S47	SR-47 (Caltrans Only)					
S88	PCH Grade Separation	110,386	110,321	-	65	-
S90	Carson Soundwall	2,990	10	-	-	2,980
Completed Projects *		261,148	261,148	-	-	-
	Subtotal South End	548,865	536,639	3,313	4,484	4,429
System Wide Completed Projects						
C99	System Wide Capital	6,197	5,270	27	900	
E07	ATMIS	1,765	1,259	506	-	-
Completed Projects *		168,642	168,642	-	-	-
	Subtotal System Wide	176,604	171,872	533	900	100
Transfer from Operating**		1,927		1,927		
	Total	\$ 1,830,694	\$ 1,811,809	\$ 5,773	\$ 5,384	\$ 4,529

**** Transfer from Operating Detail FY14**

(\$ in thousands)		Capital Budget FY14
Legal Department		
C99	System Wide Capital	255
S04	Henry Ford Grade Separation	20
S44/S47	State Route 47	125
S88	PCH Grade Separation	20
Subtotal Legal Department		<u>420</u>
ACET		
C99	System Wide Capital	616
S04	Henry Ford Grade Separation	20
S44/S47	State Route 47	788
S88	PCH Grade Separation	83
Subtotal ACET		<u>1,507</u>
Total Current FY ACET		<u><u>\$ 1,927</u></u>

Schedule of Functional Expenses

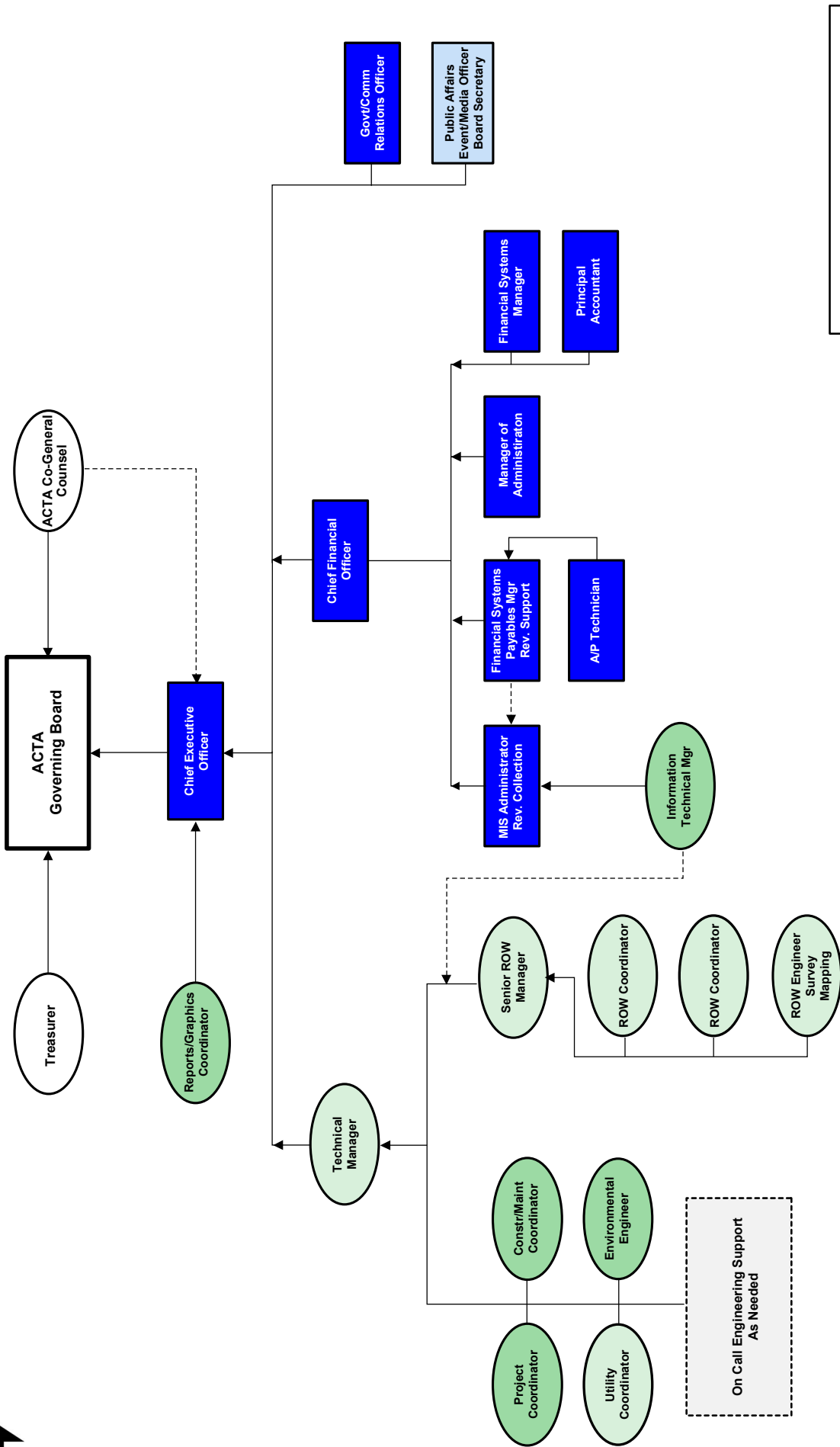
ACTA's Staff Compensation FY14

	Full-time Equivalents	Salaries	Benefits	Total S&B
Admin Management	0.9	\$ 225,762	\$ 119,219	\$ 344,981
Revenue Collection	1.8	244,651	108,661	353,312
Accounting & Audit	2.8	399,394	160,129	559,523
A/P & Investments	1.5	114,354	51,985	166,339
Governmental Affairs	1.5	168,139	67,835	235,974
Human Resource & Office Staff	1.0	80,276	40,872	121,148
	9.5	\$ 1,232,575	\$ 548,701	\$ 1,781,277



ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

FUNCTIONAL ACTA/ACET ORGANIZATIONAL CHART



COLOR CODING

ACTA Employee

Full-time 9

Part-time 1

ACET or Other Consultant Employee

Full-time 5

Part-time 7

Schedule of Functional Expenses

Maintenance & Operations By Calendar Year 2013

	Rail Cost	Non-Rail Cost	ACTA-Rail Cost	Total
Maintenance of Way Contractor's Costs				
Contract Manager	\$ 135,205	\$ 52,002	\$ 20,801	\$ 208,008
Track Supervisor	115,437	38,479	-	153,916
Bridge Insp/ Safety Supv.	34,114	136,454	-	170,568
Office Manager	57,116	21,968	8,787	87,871
Track Foreman	90,851	30,284	-	121,135
Track Maintainers / Assistant Foreman	73,788	24,596	-	98,384
Track Laborers	203,762	67,921	-	271,683
Equipment Operators	100,205	53,956	-	154,161
Welder	115,616	-	-	115,616
Welder Helper	88,424	-	-	88,424
Administrative Burden	43,202	16,616	6,647	66,465
Accounting Support	-	-	50,000	50,000
Pump Station Materials & Supplies	-	62,432	-	62,432
AEI Readers	-	-	139,120	139,120
Rail Flaw Detection (contract)	25,000	-	-	25,000
Graffiti Removal	-	69,648	-	69,648
Weed Abatement	20,000	5,000	-	25,000
Training Costs/Safety	13,175	2,325	-	15,500
Safety Management/Costs	12,750	2,250	-	15,000
Vehicles	134,452	29,895	2,439	166,786
Bridge Inspector Vehicle	5,333	21,331	-	26,664
Hi-Lift Bridge /Signal Inspection Vehicle	35,520	8,880	-	44,400
Maintenance Program Rail Grinding	96,338	-	-	96,338
Track Materials/Supplies & Rentals	234,780	-	-	234,780
Signal AAR Unit Cost	888,000	-	-	888,000
Ladder Maintenance	-	27,500	-	27,500
Security (Trench Cameras)	7,500	-	7,500	15,000
Security and Yard Office Maintenance Support	112,875	-	-	112,875
Underwater Bride Inspection	-	16,000	-	16,000
Contingency Fund	100,000	-	-	100,000
Total Contractor's Costs	2,743,443	687,537	235,294	3,666,274
Annual Capital Cost				
Mark IV Production Tamper	-	126,000	-	126,000
Track Foreman (Switch Reballast)	-	6,840	-	6,840
Track Laborers (Switch Reballast)	-	17,640	-	17,640
Ballast (1700 tons)	-	54,000	-	54,000
Work Train Crew	-	7,500	-	7,500
Capital Program Rail Grinding	-	96,338	-	96,338
Switch & Crossing Grinding	-	29,579	-	29,579
Crossing Diamond Rehab	-	19,719	-	19,719
Nadeau Pump Replacement-Rail Replacement	-	95,000	-	95,000
Phased Battery Replacement	50,000	-	-	50,000
Safety Protection Gate Arm Keepers	20,000	-	-	20,000
Contingency Fund	-	100,000	-	100,000
Total Capital Cost	70,000	552,616	-	622,616
Corridor Operating & Other MOW Cost				
Insurance (annual amount)	1,680,000	-	-	1,680,000
Upgrade Rail Signals with LED Lens	-	-	-	-
Utilities	322,500	-	-	322,500
Storm Water Discharge Permits, Water Testing & Support	15,000	-	-	15,000
Install & Provide 3rd Party Security Monitoring	15,000	-	-	15,000
Pavement Repair at Ladder 46	-	60,000	-	60,000
Communication Network Upgrades	-	75,000	-	75,000
Total Operating & Other MOW	2,032,500	135,000	-	2,167,500
Total MOW paid through ACTA	\$ 4,845,943	\$ 1,375,153	\$ 235,294	\$ 6,456,390
Corridor Operating & Other MOW Cost paid directly by Railroads				
Dispatching (1)	592,000	-	-	592,000
Security - Labor (2)	1,101,100	-	-	1,101,100
Security - Equipment (3)	108,000	-	-	108,000
Total Other MOW paid directly by railroads	1,801,100	-	-	1,801,100
Total Maintenance & Operation	\$ 6,647,043	\$ 1,375,153	\$ 235,294	\$ 8,257,490

(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.