Alameda Corridor Transportation Authority

Program & Operating Budget Fiscal Year 2019/2020

Adopted

June 13, 2019

Table of Contents

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
3760 KILROY AIRPORT WAY, SUITE 200, LONG BEACH, CA 90806 • (562) 247-7777 • FAX (562) 247-7090

June 13, 2019

Governing Board
Alameda Corridor Transportation Authority

I am pleased to transmit the Fiscal Year 2019/2020 (FY20) Budget for the Alameda Corridor Transportation Authority incorporating both operating and capital expenses. FY20 will be ACTA's eighteenth full fiscal year of operations.

At the end of FY19, the Corridor will have carried an estimated 71.3 million TEUs. An additional 13.6 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 $1.53 billion through June 2019. Another $115.3 million is anticipated in FY20.

About 263,000 trains will have moved through the Corridor by the close of FY19, and to date an estimated 877,000 tons of carbon dioxide and 9,100 tons of other 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 about 40% of the waterborne imports into this country via U.S. ports. 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 through 19. 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 respectively, as well as by the release of certain surplus debt service reserve funds that were then used to pay debt service. 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 per year.

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 FY20, the budgeted net operating expenses of $6.8 million are approximately 11.5 % higher than FY19 due primarily to increases in salaries and benefits for ACTA, as well as an increase in various professional services.

Capital Program

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.

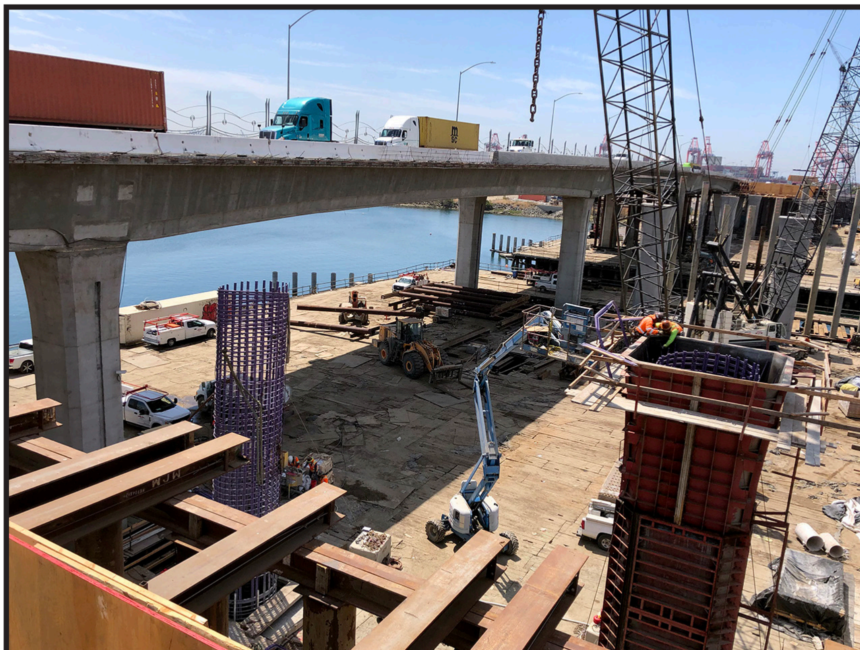
Pursuant to cooperative agreements with Caltrans, ACTA is obliged to perform design support during construction, environmental mitigation oversight, property acquisition, and utility coordination for the Heim Bridge replacement portion of the SR-47 Project, most all of which is reimbursable by Caltrans.

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 accelerated 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 spent many years transitioning from a construction agency to an operating entity. More recently, ACTA has been solely focused 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 FY20, budgeted net operating expenses are $6.8 million. ACTA continues to control costs while meeting all of the objectives of the Authority. There is an increase in budgeted expenses for FY20, due in part to the addition of a new ACTA employee, higher benefit costs, and increased professional services for an upgrade to the revenue tracking system and for potential clean-up of waste on ACTA properties along the Corridor.

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. The RRIF transaction will save tens of millions in principal payments.

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 (October 1 - September 30) 2013 – 2018 and $5.5 million in Bond Years 2019 – 2029.

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 caused a portion of the 2004A debt service 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. This support is currently scheduled to continue through calendar year 2020. Although the Expressway portion of the project received favorable court decisions in an environmental litigation matter, this portion of the project has been deferred indefinitely due to funding issues and re-assessment of the project.

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 FY20.
- Use and Operating Agreement Consumer Price Index (CPI) fee adjustment is assumed to be 2.5% beginning January 1, 2020.
- Alameda Corridor Engineering Team (ACET) activity levels are limited to involvement in the SR-47 Project, transfer of Corridor property to the ports and other jurisdictions, maintenance and operations support, and certain ACTA administrative support.
- Cost projections for Maintenance-of-Way are based on the amended 2019 calendar year budget approved by the Port of Los Angeles, Port of Long Beach, the BNSF Railway Company, and the Union Pacific Railroad through a Notice of Mutual Agreement which was approved in March/April 2019.
- The Maintenance-of-Way (MOW) 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 2019 levels.

Budget Overview

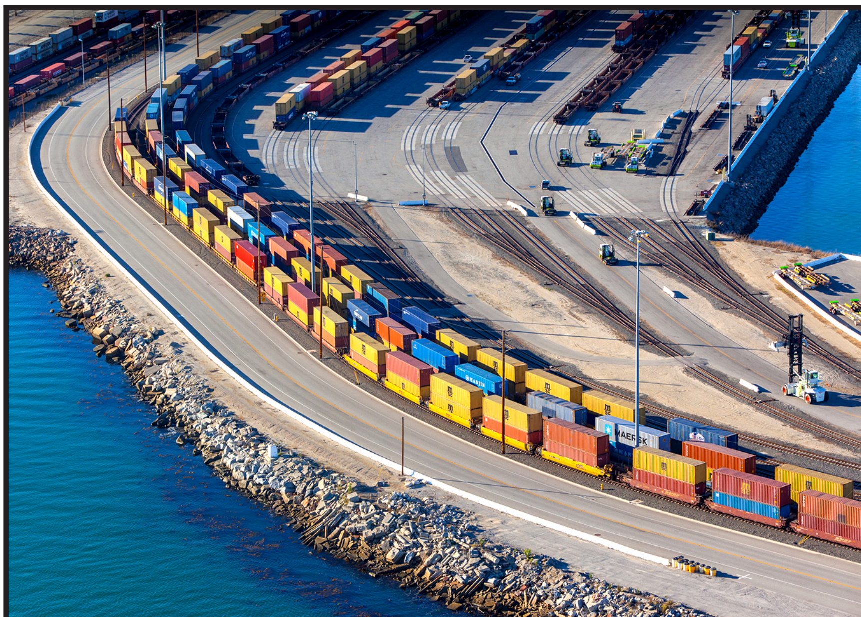
The Budget for FY20 consists of operating expenses totaling $150.5 million, including $5.3 million in Expenses for Public Benefit related to the SR-47 Project. Right-of-way, utility, and design support during construction work will continue in FY20 on the Heim Bridge Replacement portion of SR-47 pursuant to cooperative agreements with Caltrans.

Debt service payments of $107.0 million are scheduled for FY20 which includes $64.4 million for interest and $42.6 million for principal reduction.

ACTA's administrative, revenue collection and monitoring costs, and professional services costs have been budgeted at $6.8 million, which is about 11.5% percent more than the FY19 Budget. Increases include the addition of one employee; a CPI salary adjustment; benefit costs mostly related to a required lump sum pension deposit; and audit, legal and professional service costs. There were nominal increases in most other areas, excluding Information Systems and Government Affairs, which had decreased budgets for FY20.

Corridor Maintenance-of-Way costs are budgeted at $11.3 million. The Railroads are directly responsible for most of the maintenance costs, making cash payments of $6.4 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 FY20 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, office expenses, management expenses, software maintenance and management information technology support, travel, bank and investment costs, and ACET support. Salaries and benefits are projected to have the largest increases. Details of the Administrative Expenses and ACET support are shown on the Operating Budget by Expense Type on page 25.

Professional Services: These costs include legal, audit, government affairs, maintenance and necessary improvements of ACTA's revenue assessment and verification system (RAVS) and PierPASS system, environmental clean-up, and other consultant services. A minor amount of legal costs are allocated to SR-47 Project or specialized/reimbursable work as billed, with the remainder of the costs paid out of Administrative Funds.

The professional services budget is projected to increase in FY20. The increase is mainly due to increased professional services related to an upgrade of the RAVS system and the inclusion of an environmental budget for the clean-up of ACTA owned properties along the Corridor. There were also increases for legal and audit services. These increases were partially offset by a budget reduction for government affairs due to the removal of federal advocacy services from the budget.

EPA Order and Pass Thru: An EPA 311 Order was issued in January 2011 with regard to an oil spill from an oil company pipeline crossing under the Corridor. A settlement was reached by all parties in September 2015. Any related expenses now budgeted are to assist the oil company with any further work and are fully reimbursable. Miscellaneous pass-through costs are also accumulated and then billed to the responsible parties.

Maintenance and Operations: There are three categories of Maintenance and Operations costs for the Corridor. Each is explained below. The two Ports and two Railroads make all decisions on matters related to the maintenance, operations, and capital investments on the Corridor, including the selection of the maintenance contractor and the security provider. After release of a request for proposals in August 2018, the four parties evaluated and selected a new Maintenance Contractor with a contract start date of May 1, 2019. The annual Maintenance-of-Way (MOW) and the Operations & Maintenance (O&M) Budgets are approved by the Ports and Railroads through a formal mutual agreement process by the end of December for the following calendar year. For FY20, amended MOW and O&M Budgets were approved in March/April 2019 to account for the increased costs associated with the award of the new MOW contract to a new contractor and the costs associated with the transition. ACTA, on behalf of the Ports and Railroads, administers the MOW contract, implements the approved budgets, and monitors the Corridor maintenance contractor.

Maintenance-of-Way Costs

This first category includes three components:

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 budgeted costs on a monthly basis and actual amounts are reconciled at the end of the year.

Budget Analysis (cont'd.)

Non-Rail Component

This component consists of maintenance of the retaining walls, embankments, barrier walls, fences, bridge structures, drainage facilities inside the trench, 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 Amended and Restated Use and Operating Agreement (the written agreement between ACTA, the Ports, and the Railroads governing Corridor operations dated December 15, 2016). ACTA's Maintenance Contractor submits monthly invoices for the work performed, and funds are withdrawn from the Reserve Account monthly to cover the costs.

ACTA Component

This component consists of maintenance of ACTA's Automatic Equipment Identification (AEI) Reader network along the tracks that collect data to support the revenue collection system. ACTA's Maintenance Contractor submits monthly invoices for the work performed on the AEI network and ACTA pays the invoices from Administrative Funds. Note that upgrades to the AEI Reader network are budgeted and allocated between the ACTA Component and the Rail Component.

Annual Capital Costs

This second category consists of additions, betterments, and upgrades or replacements made to the Corridor non-rail components and to rail components that exceed the limits set forth in the most current Capital Expense Guidelines approved by the Ports and the Railroads effective January 1, 2018. The Capital Budget work is primarily performed by ACTA's Maintenance Contractor and is paid from the Reserve Account.

Corridor Operating and Other MOW Costs

This third category consists of other Corridor operating costs such as certain insurance, utility, permits, and MOW support costs which are paid for the most part by the Railroads on a monthly basis and actual amounts are reconciled at the end of the calendar year. In addition, dispatching and security services are provided by and paid directly by the Railroads and are, therefore, not reflected in the total MOW expenses paid through ACTA.

Maintenance-of-Way costs for FY20 are budgeted using the approved, amended MOW and O&M Budgets for CY19.

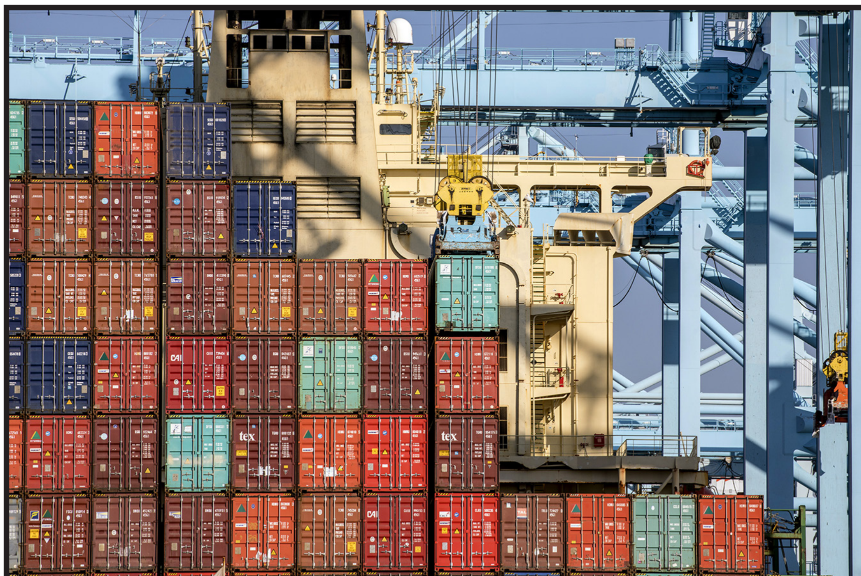
Debt Service Payments: Debt service payments each fiscal year occur on October 1st (interest and principal) and April 1st (interest only). There are $50.4 million, $4.2 million, $2.1 million, $22.6 million, and $27.8 million in 1999, 2004, 2012, 2013, and 2016 Series bond debt service payments respectively scheduled during FY20. Of the total of $107.0 million, principal repayments due October 1, 2019 are $42,611,850.

Debt Service by Bond Series
for FY2020
($ in millions)

Year	1999	2004	2012	2013	2016	Total
Principal	$ 29.59	$ 1.90	$ -	$ 11.12	$ -	$ 42.61
Interest	$ 20.79	$ 2.27	$ 2.06	$ 11.51	$ 27.78	$ 64.41
Total	$ 50.38	$ 4.17	$ 2.06	$ 22.63	$ 27.78	$ 107.02

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 FY20. A special temporary $1.12 per TEU fee increase went into effect December 1, 2011, based upon a 2006 settlement with the Railroads involving transloading. This increase was triggered by the port shortfall advance that was required for ACTA's October 1, 2011 debt service. This increase will remain in place for a considerable time pursuant to the settlement and as a result will reduce future shortfall amounts that may be required from the ports. ACTA's debt restructuring, as a result of the 2012 RRIF transaction, the 2013A refunding, and the 2016 bond transaction 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

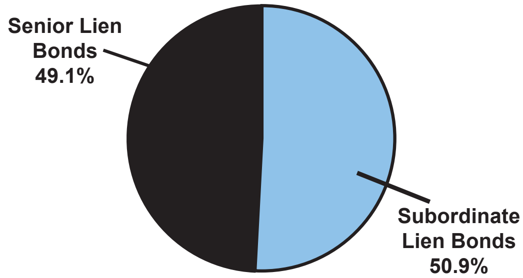
As of June 30, 2019, ACTA's total outstanding debt is anticipated to be $1.5 billion in revenue bonds. ACTA's debt portfolio includes a combination of senior, subordinate, taxable, and tax-exempt serial and capital appreciation bonds. The bonds are secured by a pledge of ACTA's Use Fees and Container Charges paid by the two major railroads, Union Pacific Railroad and BNSF Railway Company, serving Southern California. ACTA paid off tax-exempt subordinate lien revenue bonds Series 1999B on October 1, 2006, and the taxable subordinate lien 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 the $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.

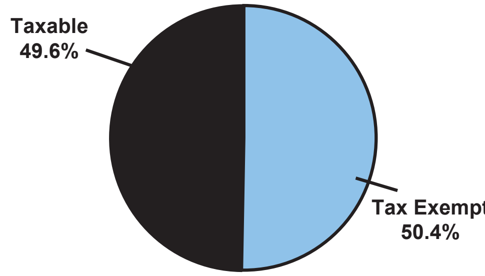
Total Debt Service

Fiscal Year	Principal	Interest	Total
2020	$ 42,611,850	$ 64,419,655	$ 107,031,505
2021	25,767,886	85,620,889	111,388,775
2022	31,745,591	84,717,305	116,462,896
2023	37,813,264	84,247,682	122,060,946
2024	70,485,000	55,455,612	125,940,612
2025-2029	470,015,674	445,994,092	916,009,766
2030-2034	259,620,914	874,753,210	1,134,374,124
2035-2038	602,889,264	412,558,012	1,015,447,276
Total	$ 1,540,949,443	$ 2,107,766,457	$ 3,648,715,900

Outstanding Bonds by Lien Level



Outstanding Bonds by Type



Debt Summary (cont'd.)

Use Fees and Container Charges for FY20 are expected to be sufficient to cover the annual debt service obligation of $107.0 million. According to Use and Operating 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 Fees and Container Charges for loaded waterborne containers to increase by $1.12 per TEU beginning December 1, 2011, pursuant to a 2006 settlement with the Railroads involving transloading. 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, 2019.

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	Taxable Series 1999 C	Taxable RRIF 2012 Bonds	Tax Exempt Series 2013 A	Aggregate Senior Lien Debt Service	Subordinate Lien Bonds Tax Exempt Series 1999 B	Taxable Series 1999 D	Aggregate Subordinate Series 1999 Service	Subordinate Lien Bonds Tax Exempt Series 2004 A	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
10/1/2019	-	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	$1,059,066,178	$101,854,091	$319,996,406	$1,792,666,675	$ -	$ -	$ -	$163,185,000	$647,695,000	$810,880,000	$ 41,487,350	$852,367,350	$ 1,003,681,875	$3,648,715,900	$3,680,404,839	$3,648,715,900

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 Amended and Restated Use and Operating Agreement (UOA) dated December 15, 2016. 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 FY20 from Use Fees and Container Charges are expected to be $115.3 million, which is 4.7% above the FY19 estimated actual amount of $110.1 million. At the time the Governing Board considered and adopted the FY20 budget, the impact of proposed tariffs and related economic trends were not clear. ACTA is continuing to monitor potential impacts to the budget. ACTA's revenue is highly correlated with the San Pedro Bay Port TEU volume, with ACTA's share currently averaging 27%. A change of 120,000 TEUs in the port loaded TEU volume (imports and exports) causes a change of approximately $1 million in ACTA's revenue.

ACTA currently assesses the Railroads $25.51 in Use Fees or Container Charges (effective January 1, 2019) per twenty-foot equivalent unit (TEU) for loaded waterborne containers. Approximately 94% 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 $6.11 per TEU. Approximately 3% 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 $6.11 per TEU. Full flatcars, auto-racks, box cars and other railcars that originate or terminate at the Ports and utilize the Corridor are charged $12.22 per railcar. About 3% of the revenue comes from non-waterborne and other railcar charges.

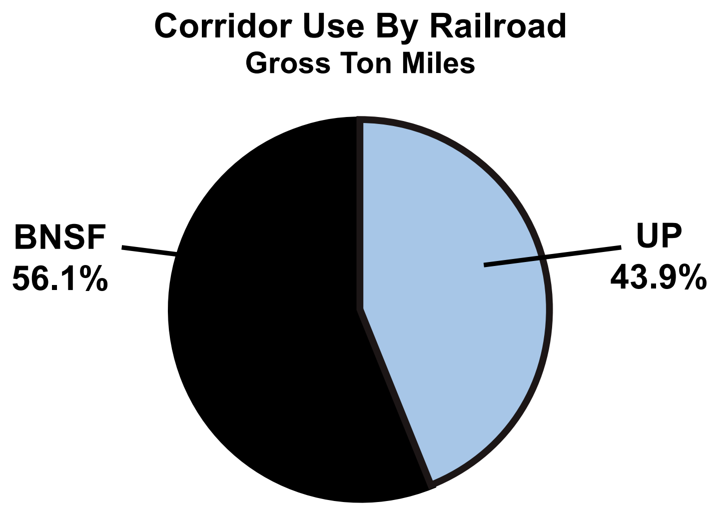
The FY20 revenue projection includes an estimated 2.5% CPI fee adjustment effective January 1, 2020 pursuant to the Use and Operating Agreement.

Railroad Payments

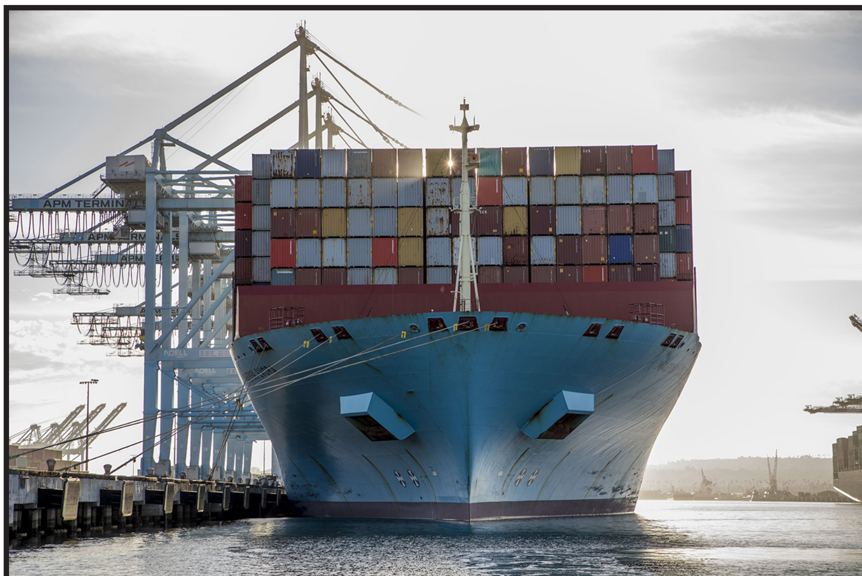
Union Pacific and BNSF Railroads

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 29.

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 $6.4 million during FY20.



Schedule of Functional Expenses



Schedule of Functional Expenses

Operating Budget By Expense Type

	BUDGET FY20	ACTUAL ESTIMATE FY19	BUDGET FY19	% CHANGE BUDGET TO EST. ACTUAL	% CHANGE BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	$ 115,288,104	110,107,110	112,203,734	4.7%	2.7%
Maintenance-of-Way Charges	6,379,672	5,343,392	5,540,869	19.4%	15.1%
Total Operating Revenues	121,667,777	115,450,502	117,744,603	5.4%	3.3%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	124,008	119,553	118,599	3.7%	4.6%
EPA Income	118,766	195,763	228,093	-39.3%	-47.9%
Public Benefit Income	5,286,526	1,101,297	6,327,452	380.0%	-16.5%
Investment Income	2,426,793	3,452,883	1,657,415	-29.7%	46.4%
Subtotal Other Revenues	8,016,093	4,929,496	8,391,559	62.6%	-4.5%
Total Sources of Funds	129,683,869	120,379,998	126,136,162	7.7%	2.8%
Expenses					
Salaries	1,716,201	1,543,829	1,530,728	11.2%	12.1%
Benefits	899,111	642,013	695,084	40.0%	29.4%
Office Expenses	450,476	406,093	435,625	10.9%	3.4%
Other Management Expenses	80,995	48,523	73,550	66.9%	10.1%
Information Technologies	311,794	298,962	313,299	4.3%	-0.5%
Bank & Investment	172,500	147,769	151,000	16.7%	14.2%
ACET Capital & Operational Support	1,430,288	1,341,404	1,418,026	6.6%	0.9%
Audit	179,872	157,330	158,290	14.3%	13.6%
Legal	900,000	657,887	850,000	36.8%	5.9%
Governmental Affairs	76,385	72,000	144,160	6.1%	-47.0%
Professional Services	584,253	250,458	331,283	133.3%	76.4%
Pass Thru Expenses & EPA Order	118,766	64,361	228,093	84.5%	-47.9%
Expenses for Public Benefit	5,286,526	1,101,297	6,327,452	380.0%	-16.5%
Total Administrative Expenses	12,207,166	6,731,926	12,656,590	81.3%	-3.6%
MOW Expenses Rail - Contractors	3,946,591	3,261,373	3,436,205	21.0%	14.9%
MOW Expenses Rail - Capital	-	-	-	-	-
MOW Expenses Rail - Other	2,433,081	2,082,019	2,104,664	16.9%	15.6%
Total M&O - Rail	6,379,672	5,343,392	5,540,869	19.4%	15.1%
MOW Expenses Non-rail - Contractors	1,288,283	806,088	968,474	59.8%	33.0%
MOW Expenses Non-rail - Capital	3,259,900	1,290,889	2,486,928	152.5%	31.1%
MOW Expenses Non-rail - Other	166,500	274,709	358,318	-39.4%	-53.5%
Total M&O - Non-Rail	4,714,683	2,371,686	3,813,720	98.8%	23.6%
MOW Expenses - ACTA	211,028	187,175	188,135	12.7%	12.2%
Total Maintenance of Way Expenses	11,305,383	7,902,253	9,542,724	43.1%	18.5%
Subtotal Administrative and M&O Expenses	23,512,550	14,634,178	22,199,314	60.7%	5.9%
Financing Expenses					
Current Payments - Serial Bonds	62,181,785	64,271,259	64,271,259	-3.3%	-3.3%
Current Payments - CAB Debt	2,237,870	6,019,416	6,019,416	-62.8%	-62.8%
Accrued Interest - CAB Debt & Discount Amortization	41,613,060	32,402,209	32,402,209	28.4%	28.4%
Subtotal Financing Expenses	106,032,715	102,692,884	102,692,884	3.3%	3.3%
Depreciation and Amortization Expenses					
Depreciation	20,981,664	21,024,852	20,980,164	-0.2%	-
Cost of Issuance	-	-	-	-	-
Subtotal Depreciation and Amortization Expenses	20,981,664	21,024,852	20,980,164	-0.2%	-
Total Operating Expenses	150,526,929	138,351,914	145,872,363	8.8%	3.2%
Income (loss)	$ (20,843,060)	$ (17,971,916)	$ (19,736,200)	16.0%	5.6%

Schedule of Functional Expenses

Operating Budget By Funds

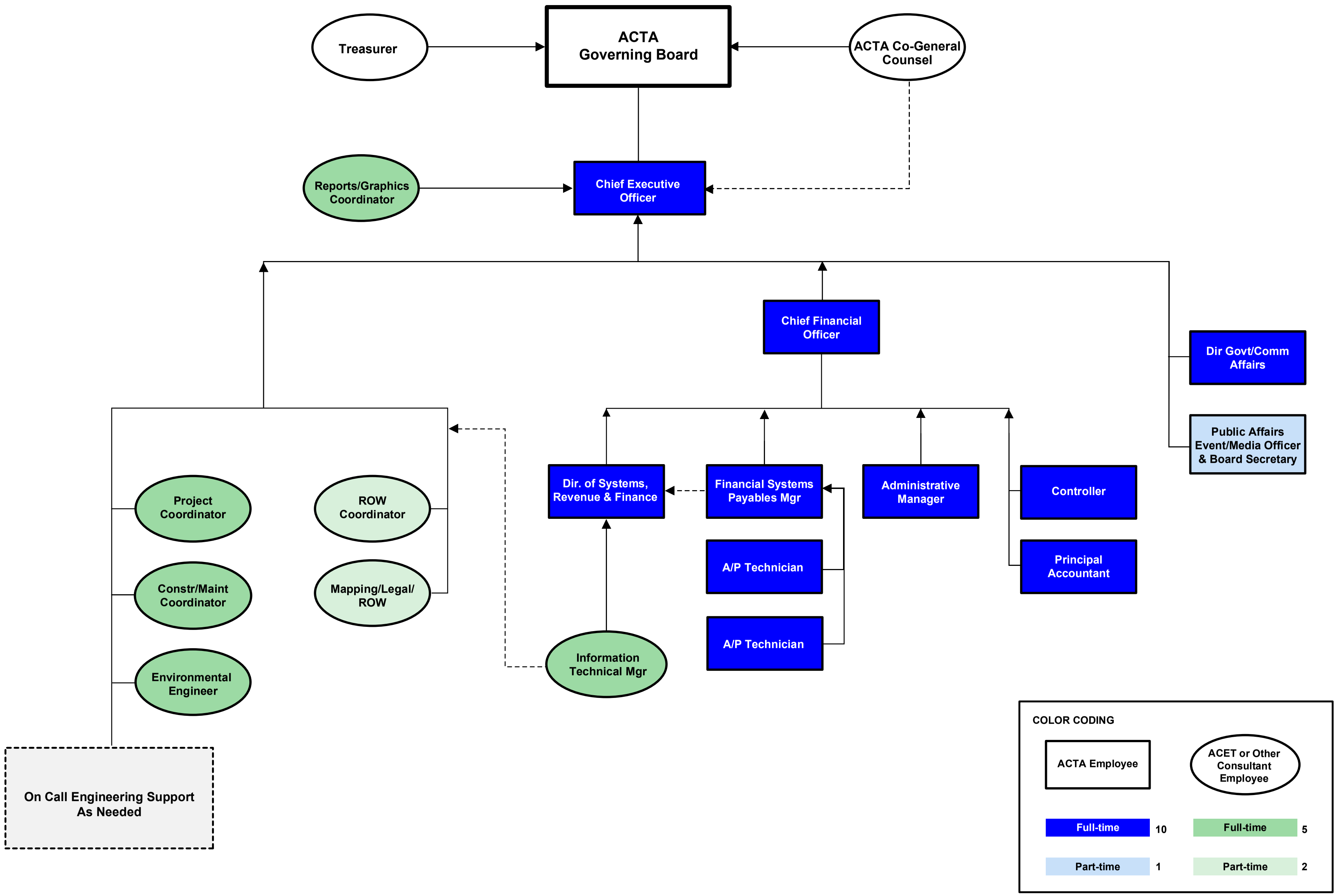
	BUDGET FY20	ACTUAL ESTIMATE FY19	BUDGET FY19	% CHANGE BUDGET TO EST. ACTUAL	% CHANGE BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	$ 115,288,104	110,107,110	112,203,734	4.7%	2.7%
Maintenance-of-Way Charges	6,379,672	5,343,392	5,540,869	19.4%	15.1%
Total Operating Revenues	121,667,777	115,450,502	117,744,603	5.4%	3.3%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	124,008	119,553	118,599	3.7%	4.6%
EPA Income	118,766	195,763	228,093	-39.3%	-47.9%
Public Benefit Income	5,286,526	1,101,297	6,327,452	380.0%	-16.5%
Investment Income	2,426,793	3,452,883	1,657,415	-29.7%	46.4%
Subtotal Other Revenues	8,016,093	4,929,496	8,391,559	62.6%	-4.5%
Total Sources of Funds	129,683,869	120,379,998	126,136,162	7.7%	2.8%
Expenses					
Administrative Costs	6,801,874	5,566,268	6,101,045	22.2%	11.5%
Railroads - M&O	6,379,672	5,343,392	5,540,869	19.4%	15.1%
Reserve - M&O	4,714,683	2,371,686	3,813,720	98.8%	23.6%
Financing Fees - M&O	211,028	187,175	188,135	12.7%	12.2%
Expenses for Public Benefit	5,286,526	1,101,297	6,327,452	380.0%	-16.5%
Revenue Fund-Current Payments-Serial Bonds	62,181,785	64,271,259	64,271,259	-3.3%	-3.3%
Revenue Fund-Current Payments-CAB Debt	2,237,870	6,019,416	6,019,416	-62.8%	-62.8%
Pass Thru Expenses & EPA Order	118,766	64,361	228,093	84.5%	-47.9%
Total Expenses	87,932,205	84,924,853	92,489,989	3.5%	-4.9%
Non Cash Expenses					
Accrued Interest - CAB Debt	41,613,060	32,402,209	32,402,209	28.4%	28.4%
Depreciation	20,981,664	21,024,852	20,980,164	-0.2%	0.0%
Subtotal Interest, Depreciation and Amortization Expenses	62,594,724	53,427,061	53,382,373	17.2%	17.3%
Total Operating Expenses	150,526,929	138,351,914	145,872,362	8.8%	3.2%
Income (loss)	$ (20,843,060)	$ (17,971,916)	$ (19,736,200)	16.0%	5.6%

ACTA's Staff Compensation
FY20

	Full-time Equivalents	Salaries	Benefits	Total S&B
Admin Management	1.0	$ 270,238	$ 126,276	$ 396,514
Revenue Collection	1.5	253,763	141,003	$ 394,766
Accounting & Audit	3.0	554,404	268,556	$ 822,960
A/P & Investments	2.5	244,865	117,655	$ 362,520
Governmental Affairs	2.0	279,752	136,730	$ 416,482
Human Resource & Office Staff	1.0	113,179	60,741	$ 173,920
Office Overhead	0.0	-	48,149	$ 48,149
	11.0	$ 1,716,201	$ 899,111	$ 2,615,312

Alameda Corridor Transportation Authority

Functional ACTA/ACET Organizational Chart



Rev. 9/03/2019

Maintenance & Operations - By Calendar Year 2019

	Rail Cost	Non-Rail Cost	ACTA-Rail Cost	Total
Maintenance of Way Contractor's Costs				
Contract Manager	$ 139,076	$ 49,670	$ 9,934	$ 198,680
Track Supervisor	117,620	39,207	-	156,827
Safety Supervisor	15,683	62,731	-	78,413
Office Manager	51,548	18,410	3,682	73,640
Bridge Supervisor	5,099	20,397	-	25,496
Track Inspector	86,670	28,890	-	115,559
Track Foreman	86,670	28,890	-	115,559
Assistant Foreman	84,977	28,326	-	113,302
Track Laborers	228,646	76,215	-	304,861
Equipment Operators	85,602	28,534	-	114,137
Welder	111,418	-	-	111,418
Welder Helper	105,340	-	-	105,340
Laborer (Graffiti/Pump Station)	-	101,897	-	101,897
Bridge Inspector	1,676	6,705	-	8,382
Contract Manager	78,028	27,867	5,573	111,469
Track Superintendent	59,249	19,750	-	78,999
Bridge Superintendent / Safety	16,386	65,544	-	81,930
Office Manager	32,851	11,733	2,347	46,930
Track Inspector	45,364	15,121	-	60,485
Track Foreman	44,239	14,746	-	58,985
Assistant Foreman	37,351	12,450	-	49,802
Track Laborers	103,290	34,430	-	137,720
Equipment Operators	55,657	18,552	-	74,210
Welder	57,691	-	-	57,691
Welder Helper	46,848	-	-	46,848
Laborer (Graffiti/Pump Station)	-	46,843	-	46,843
Administrative Burden	22,601	8,072	1,614	32,288
Accounting Support	13,125	4,688	938	18,750
Pump Station Maintenance	-	9,553	-	9,553
Pump Station Repairs & Supplies	-	28,771	-	28,771
AEI Readers	-	-	184,582	184,582
Rail Flaw Detection	40,000	-	-	40,000
Graffiti Control	-	21,261	-	21,261
Weed Abatement	22,600	5,650	-	28,250
Safety Training	22,483	3,968	-	26,450
Safety Management	15,704	2,771	-	18,475
Vehicles	173,863	38,014	1,188	213,064
Bridge Superintendent / Safety Vehicle	4,543	18,170	-	22,713
Full Time Equipment	119,348	29,837	-	149,185
Maintenance Program Rail Grinding	83,475	-	-	83,475
Track Materials / Supplies & Rentals	279,595	-	-	279,595
Signal Maint-AAR Unit Cost	1,070,869	-	-	1,070,869
Ladder / Fence / Traffic Support	-	245,875	-	245,875
Security (Trench Cameras)	16,392	5,854	1,171	23,417
Security & Yard / Office Maintenance & Support	197,584	-	-	197,584
Underwater Bridge Inspection	-	-	-	-
Trench Ditch Cleaning	-	88,332	-	88,332
Replace Signal Wire on Corridor	21,667	-	-	21,667
Railroad Reporting & Record Keeping Software System	17,875	-	-	17,875
Railroad Emergency Drill Exercise	20,000	-	-	20,000
PTC Support at CP W&E Redondo	2,000	-	-	2,000
AEI Readers Upgrade	15,750	-	-	15,750
Mobilization	85,000	-	-	85,000
Bridge Management Plan	5,140	20,560	-	25,700
Total Contractor's Costs	3,946,591	1,288,283	211,028	5,445,903
Annual Capital Cost				
Surfacing Unit	-	186,300	-	186,300
Surfacing Mobilization	-	25,000	-	25,000
Reballast Program (Labor)	-	33,267	-	33,267
Reballast Program (Operated Equipment)	-	31,250	-	31,250
Ballast (1,000 Tons)	-	36,000	-	36,000
Capital Program Rail Grinding	-	83,475	-	83,475
Track Reballast	-	30,000	-	30,000
Rail / Switch Component & Tie Replacement	-	253,906	-	253,906
Pump Station Upgrades	-	210,000	-	210,000
Trench Emergency Ladder/Stair Study/Repairs	-	126,000	-	126,000
Rehab Henry Ford Crossing @ CP Dominguez	-	388,309	-	388,309
Signal Battery Replacement	-	55,000	-	55,000
Retie Crucero to LB Diamond w/ Concrete Ties	-	28,533	-	28,533
Curve Rail Replacement	-	270,000	-	270,000
Diamond Replacements - West Thenard	-	555,661	-	555,661
Signal Circuit Controllers for Switches	-	-	-	-
Retie Various Control Points with 10 Ft. Wood Transition Ties	-	36,699	-	36,699
Upgrade and Refurnish Maintenance Facility	-	20,000	-	20,000
Fixed Trench Ladders	-	525,000	-	525,000
Misc. Trench Structure Repairs	-	63,000	-	63,000
Compton Bridges - Replace Approach and Deck Ties	-	250,000	-	250,000
Replacement of M23A Switches	-	52,500	-	52,500
Total Capital Cost	-	3,259,900	-	3,259,900
Corridor Operating & Other MOW Cost				
Insurance (Annual Amount)	1,407,108	-	-	1,407,108
Utilities	195,723	-	-	195,723
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	2,250	-	-	2,250
M&O or Capital Reserve Support Service	379,500	126,500	-	506,000
Communication Network Upgrades, Alarm/Phone Renewals	25,000	-	-	25,000
Rehab Henry Ford Crossing	-	40,000	-	40,000
Extraordinary ROW Cleanup	98,000		-	98,000
AEI Readers Upgrade	243,000			243,000
Laptop computers for Dispatch Communication	25,000		-	25,000
PTC Design Consultant for CP	25,000	-	-	25,000
Total Operating & Other MOW	2,433,081	166,500	-	2,599,581
Total MOW Paid through ACTA	$ 6,379,672	$ 4,714,683	$ 211,028	$ 11,305,383
Corridor Operating & Other MOW Cost Paid Directly by Railroads				
Dispatching (1)	624,362	-	-	624,362
Security - Labor (2)	1,345,337	-	-	1,345,337
Security - Equipment (3)	270,608	-	-	270,608
Total Other MOW Paid Directly by Railroads	2,240,307	-	-	2,240,307
Subtotal Maintenance & Operations	$ 8,619,979	$ 4,714,683	$ 211,028	$ 13,545,690
Contingency-Unallocated				$ 300,000
Total Maintenance & Operations				$ 13,845,690

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

Alameda Corridor Transportation Authority
3760 Kilroy Airport Way, Suite 200
Long Beach, CA 90806
Tel: (562) 247-7777 • Fax (562) 247-7090
www.acta.org

Images courtesy of Port of Los Angeles & Port of Long Beach.