


M E M O

Alameda Corridor Transportation Authority

To: Governing Board
Meeting Date: April 6, 2023
From: Kevin L. Scott, Chief Financial Officer 
Subject: Preliminary FY 2024 Draft Budget (INFORMATION)

Discussion

The FY2024 Draft Budget affords an opportunity for staff to present a preliminary budget proposal and for Board members to ask questions and provide comments. Highlights of the proposal are described in the narrative below regarding the Operating Budget Summary and are detailed in Transmittal 1 (attached). Based upon the outcome of today's discussion, along with some final reviews of budgetary amounts by staff, a formal and final budget will be presented to the Board for adoption at the Governing Board meeting in June 2023.

Revenue

The draft budget schedules provide a revenue projection for FY24 of \$106.0M, which includes \$14.7M in railroad Maintenance-of-Way Charges and \$91.4M in Use Fees & Container Charges. Other Income from interest earnings and reimbursement by Caltrans for costs incurred for the SR-47 Project add \$5.8M to the revenue. The total revenue is forecast to be \$111.8M.

Use Fees & Container Charges are based on a projection of 12.1M total San Pedro Bay TEUs. The fee per TEU includes a CPI increase of 4.5% over FY23. The revenue forecast is conservative (low model) to reflect reduction in cargo volumes relative to the surge that occurred July 2021 through January 2022.

Expenses

At this time, the FY23 estimated actual administrative expenses are projected to be 17.3% under the FY23 budget (\$5.8M vs. \$7.0M), due to lower-than-expected salaries, benefits, office expenses, and professional service costs.

The FY24 administrative expenses (\$7.8M) are anticipated to be 11.8% over the FY23 budget (\$7.0M), due to the reorganization plan, including the addition of two new ACTA employees (Chief Operating Officer and Production Analyst), professional consultant services to replace ACET and an extension of ACET contract to enable knowledge transfer. The draft FY24 budget also includes a salary adjustment/increase of 4.5% for ACTA employees. Benefit costs reflect the latest rates as quoted by the benefit providers such as CalPERS (health and retirement), Guardian (life insurance) and other benefit providers (workers compensation, dental insurance, vision insurance, etc.), as well as additional CalPERS deposits.

Expenses for Public Benefit project varies yearly based upon Caltrans' SR-47 construction schedule and timing of Caltrans reimbursement payments. The difference between the FY23 estimated actuals (\$1.8M) and FY23 budget (\$4.4M) is due to a delay in Caltrans completing utility relocation work. Construction activities on the SR-47 project are expected to be completed in FY24 with an anticipated budget of \$3.0M. Some close-out activities are anticipated in FY25.

Cash Flow

Cash flow during FY24 is anticipated to be positive by about \$11.6M. The cash balance at the beginning of FY24 (July 1, 2023) is estimated to be about \$68.0M, including \$47.5M in the Revenue Fund, \$3.3M in the M&O Fund, \$10.4M in the Reserve Account and \$6.8M in the Administrative Fund. Receipts include Use Fees & Container Charges of \$91.4M and \$16.3M mostly from M&O payments made by the railroads and interest earnings. After debt service payments of \$65.5M, Operating Expenses of \$7.8M and M&O Expenses of \$22.8M, ACTA staff anticipates about \$11.6M in positive cash flow. The ending cash balance on June 30, 2024 is estimated to be \$79.6M.

Capital Spending and Financing

ACTA will not take on any new capital projects during FY24 or for the foreseeable future. Larger maintenance expenditures will be funded through the Reserve Account. ACTA's Master Trust Indenture pledges available Revenue to debt currently outstanding, maintenance and operations, and port obligations.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed this Board Report and there are no legal issues at this time.

Transmittals:

- Transmittal 1 - Draft FY2024 Budget Presentation
- Transmittal 2 - Draft FY2024 Budget