


M E M O

Alameda Corridor Transportation Authority

To: Governing Board

Meeting Date: June 1, 2023

From: Kevin L. Scott, Chief Financial Officer 

Subject: APPROVE Annual ACTA Operating Budget for Fiscal Year 2023/2024

Recommendation:

Adopt the final Fiscal Year 2023/2024 (FY24) ACTA Operating Budget and appropriate cash spending of \$101,081,366.

Discussion:

The FY24 cash budget of \$101.1 million includes debt service of \$65.5 million (consisting of \$15.5 million in principal payments and \$50.0 million in interest payments) and other expenditures as outlined below.

Cash Spending

	<u>FY24</u>	<u>Budget</u>	<u>FY23</u>
Debt Service	\$65,461,227		\$122,060,946
Administrative Expenses	8,690,295		6,994,268
EPA Pass Thru	1,169,835		170,212
Public Benefit Spending	2,992,850		4,437,000
Maintenance of Way Expenses	22,767,159		17,945,027
	<u>\$101,081,366</u>		<u>\$151,607,453</u>

The Budget also details non-cash expenditures, for which no Board appropriation occurs. These items include:

Non-Cash Spending

	<u>FY24</u>	<u>FY23</u>
Debt Service – Accrued CAB Interest	\$75,607,088	\$39,979,832
Depreciation	20,985,164	20,985,164
	<u>\$96,592,252</u>	<u>\$60,964,996</u>



Revenue Summary

Operating Revenue during FY24 is forecasted to be \$101.8 million. The largest component of Revenue, \$87.2 million, is from Use Fees and Container Charges as established in the 1998 Use and Operating Agreement (UOA), as amended. There is an additional \$14.6 million of Maintenance of Way Charges which are paid by the railroads. Rates are forecast to escalate by 4.5%, which is the maximum annual CPI adjustment provided in the Use & Operating Agreement (the actual CPI adjustment will be taken from October 2023). ACTA TEU volumes are based on our ACTA Forecast Model -Low Scenario results, which show 0% growth for the first six months of the fiscal year compared to that period in 2022, and increase by 2% for the remaining six months compared to that period in 2023.

Other Revenue comprise reimbursable components, the largest of which is reimbursement by Caltrans of \$3.0 million in funds advanced by ACTA for the SR-47 project; Investment Income and interest earnings on debt service reserve funds totaling \$1.5 million. The other components, totaling \$1.3 million, are reimbursements to ACTA from PierPass, Crimson Oil, Dolores Crossover-UPRR, Long Beach Pier B, miscellaneous flagging for the railroads, and office space provided to ACET.

Spending Summary

Administrative Expenses have increased mainly 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 FY24 budget also includes salary adjustments/increases of 4.5% and a 3% merit increase pool 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.

The table below details Administrative Expenses by Expense Type, comparing the FY24 Budget to both FY23 Estimated Actual and FY23 Budget. The FY24 Budget proposes a 24.2% increase over the FY23 Budget.

Some notable information on the FY24 Administrative Expenses is described as follows:

Salaries: ACTA staff annual compensation adjustment of 4.5% CPI. The net increase to FY24 Budget reflects 23.8% due to COLA and executive and staff additions. Establishment of a merit bonus pool at 3% of total salaries.

Information Technologies: Decreases in FY24 mainly due to conversion to mobile phone system and reduction in software and licenses to be closer to actuals.

Audit: Increases in FY24 because the specialized consultant services for the new accounting software required in FY24.

Professional Services: Increases due to inclusion of new engineering agreements which will replace ACET in FY25.

Administrative Expenses by Type

	FY 2024		FY 2023		% Change FY 2024 Budget to	
	Budget	Est. Actual	Budget	FY 2023 Est. Actual	FY 2023 Budget	
Salaries	2,243,210	1,745,956	1,812,228	28.5%	23.8%	
Benefits	1,040,759	847,348	978,649	22.8%	6.3%	
Office Expenses	505,233	445,473	486,235	13.4%	3.9%	
Other Management Exp	103,900	49,893	95,550	108.2%	8.7%	
Information Technologies	183,500	145,849	221,900	25.8%	-17.3%	
Bank and Investment	175,000	129,551	175,000	35.1%	0.0%	
ACET Operating	1,545,943	1,219,209	1,667,684	26.8%	-7.3%	
Audit	206,128	159,408	196,470	29.3%	4.9%	
Legal	680,000	436,535	830,000	55.8%	-18.1%	
Governmental Affairs	85,000	83,468	83,397	1.8%	1.9%	
Professional Services	1,921,622	261,412	447,155	635.1%	329.7%	
Total Admin Expense	\$8,690,295	\$5,524,102	\$6,994,268	57.3%	24.2%	

Pass Through Expenses include two items for FY24 Budget: 1) EPA Order related to the Dolores Yard Crossover Project, Pier B Project, Crimson Oil Pipeline, project flagging and other miscellaneous support budgeted at \$1.2 million, and 2) ACTA’s Public Benefit Project Expenses budgeted for \$3.0 million. The expenditures incurred by ACTA are fully reimbursed by Union Pacific Railroad, Port of Long Beach, Crimson or other entities for item 1, and Caltrans for item 2, through Cooperative Agreements between the agencies.

Port Advances

Use Fees & Container Charges during FY24 have been projected at \$87.2 million. No Shortfall advance by the Ports to ACTA will be required in FY24. Revenues are also forecast to be sufficient to pay the full cost of funding the Reserve Account and paying Administrative Costs.

Following adoption of the FY24 Budget, staff will prepare the final budget document for distribution, and post the authorized budget to the ACTA website.

Adoption of the FY24 Budget, as presented is recommended.

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 - Proposed FY2024 Budget

Transmittal 2 - Proposed FY2024 Budget Presentation