Alameda Corridor Transportation Authority

Program & Operating Budget Fiscal Year 2020/2021

Adopted

June 11, 2020

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ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
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June 11, 2020

Governing Board
Alameda Corridor Transportation Authority

I am pleased to transmit the Fiscal Year 2020/2021 (FY21) Budget for the Alameda Corridor Transportation Authority incorporating both operating and capital expenses. FY21 will be ACTA's nineteenth full fiscal year of operations.

At the end of FY20, the Corridor will have carried an estimated 75.7 million twenty-foot equivalent units (TEUs). An additional 13.9 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 $1.67 billion through June 2020. Another $92.0 million is anticipated in FY21.

About 273,800 trains moved through the Corridor by the close of FY20, and to date an estimated 904,200 tons of carbon dioxide and 9,200 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 canceling 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 FY14 through 20. 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 with the goal to eliminate the need for port advances through FY26, provided port loaded container volumes grow by more than 4 percent per year. Tariffs and COVID-19 have challenged that proviso and ACTA will need to take additional refinancing actions prior to and after 2026.

Administration

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 FY21, the budgeted net operating expenses of $7.1 million are approximately 4.4% higher than FY20 budget due primarily to increases in salaries and benefits for ACTA.

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,

Michael C. Leue, 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 FY21, budgeted net operating expenses are $7.1 million. ACTA continues to control costs while meeting all of the objectives of the Authority. There is an increase in budgeted expenses for FY21, due in part to the addition of a new ACTA employee, higher benefit costs, and increase of information technology for implementing new accounting system.

Debt Restructuring

In June 2012, ACTA finalized a debt restructuring with the US Department of Transportation – Federal Rail Administration (FRA) on a Railroad Rehabilitation and Infrastructure Financing (RRIF) transaction. The benefits of the 2.46% rate financing were first realized during FY13 together with the principal savings from maturity date extensions.

In February 2013, ACTA closed a traditional refunding of the remaining callable 1999A Bonds at a blended true interest cost rate of 3.01%. The transactions saved ACTA about $2.5 million annually in interest in Bond Years (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 at least through calendar year 2021. 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 twenty-foot equivalent units (TEUs), serves as the basis for revenue projections for FY21.
- Use and Operating Agreement Consumer Price Index (CPI) fee adjustment is assumed to be 1.5% beginning January 1, 2021.
- 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 2020 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 February 2020.
- 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 2020 levels.

Budget Overview

The Budget for FY21 consists of operating expenses totaling $147.8 million, including $5.1 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 FY21 on the Heim Bridge Replacement portion of SR-47 pursuant to cooperative agreements with Caltrans.

Debt service payments of $111.4 million are scheduled for FY21 which includes $85.6 million for interest and $25.8 million for principal reduction.

ACTA's administrative, revenue collection and monitoring costs, and professional services costs have been budgeted at $7.1 million, which is about 3.8% percent more than the FY20 Budget. The increase was mainly due to the cost of a new accounting system implementation and offset by the decrease of Professional Services.

Corridor MOW costs are budgeted at $16.2 million. The Railroads are directly responsible for most of the maintenance costs, making cash payments of $8.0 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 decrease in FY21. The decrease is mainly due to decreased professional services related to a decrease of $221K the RAVS system which was already upgraded last year.

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. 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 November for the following calendar year. 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:

<u>*Rail Component*</u>

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 FY21 are budgeted using the approved, amended MOW and O&M Budgets for CY20.

Debt Service Payments: Debt service payments each fiscal year occur on October 1st (interest and principal) and April 1st (interest only). There are $52.0 million, $1.3 million, $2.1 million, $28.3 million, and $27.8 million in 1999, 2004, 2012, 2013, and 2016 Series bond debt service payments respectively scheduled during FY21. Of the total of $111.4 million, principal repayments due October 1, 2020 are $25,767,886.

Debt Service by Bond Series
for FY2021
($ in millions)

Year	1999	2004	2012	2013	2016	Total
Principal	$ 7.71	$ 0.57	$ -	$ 17.49	$ -	$ 25.77
Interest	$ 44.22	$ 0.77	$ 2.06	$ 10.79	$ 27.78	$ 85.62
Total	$ 51.93	$ 1.34	$ 2.06	$ 28.28	$ 27.78	$ 111.39

Port Advances: No further advances were required in FY14 through 20. 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 with the goal to eliminate the need for port advances through FY26, provided port loaded container volumes grow by more than 4 percent per year. Tariffs and COVID-19 have challenged that proviso and ACTA will need to take additional refinancing actions prior to and after 2026.

Debt Summary

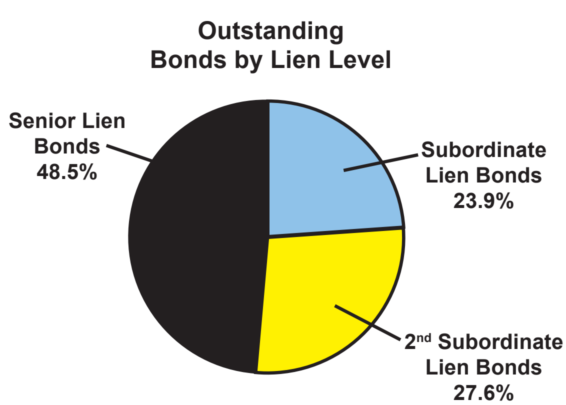
Debt Summary

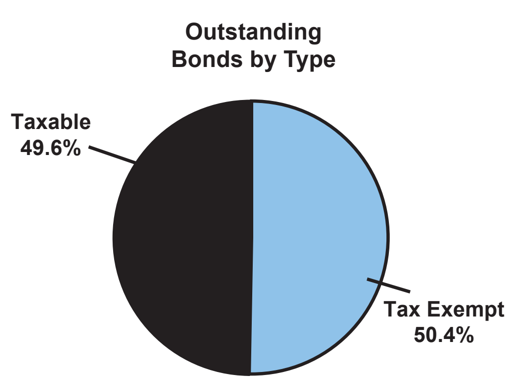
As of June 30, 2020, ACTA's total outstanding debt is anticipated to be $1.49 billion in revenue bonds. ACTA's debt portfolio includes a combination of senior, subordinate, 2nd subordinate, taxable, and tax- exempt serial and capital appreciation bonds. The bonds are secured by a pledge of ACTA's Use 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
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	75,415,000	51,528,289	126,943,289
2026-2030	507,867,227	501,768,390	1,009,635,617
2031-2035	290,614,526	877,995,754	1,168,610,280
2036-2038	458,629,099	302,012,881	760,641,980
Total	$ 1,498,337,593	$ 2,043,346,802	$ 3,541,684,395





Debt Summary (cont'd.)

Use Fees and Container Charges for FY21 are expected to be sufficient to cover the annual debt service obligation of $111.4 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, 2020.

Alameda Corridor Transportation Authority

Aggregate Annual Debt Service - 2019-2037

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

Year	Senior Lien Bonds Tax Exempt Series 1999 A	Senior Lien Bonds Taxable Series 1999 C	Senior Lien Bonds Taxable RRIF 2012 Bonds	Tax Exempt Series 2013 A	Aggregate Senior Lien Debt Service	Subordinate Lien Bonds Tax Exempt Series 1999 B	Subordinate Lien Bonds Taxable Series 1999 D	Aggregate Subordinate Series 1999 Service	Subordinate Lien Bonds Tax Exempt Series 2004 A	Subordinate Lien Bonds Taxable Series 2004 B	Aggregate Subordinate Series 2004 Service	Subordinate Lien Bonds Tax Exempt Series 2016 A	Total Subordinate Debt Service	2nd Subordinate Lien Bonds Tax Exempt Series 2016 B	Total Debt Service Repayment	Annual Debt Service Bond Year & Calendar Year	Annual Debt Service Fiscal Year
10/1/2020	-	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	$1,008,677,660	$ 99,792,004	$297,367,456	$1,717,587,120	$ -	$ -	$ -	$159,015,000	$647,695,000	$806,710,000	$ 39,879,650	$846,589,650	$ 977,507,625	$3,541,684,395	$3,572,136,318	$3,541,684,395

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 FY21 from Use Fees and Container Charges are expected to be $92.0 million, which is 9.6% below the FY20 estimated actual amount of $101.8 million. At the time the Governing Board considered and adopted the FY21 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 correlated with the San Pedro Bay Port TEU volume, with ACTA's share currently averaging 25%.

ACTA currently assesses the Railroads $26.33 in Use Fees or Container Charges (effective January 1, 2020) per twenty-foot equivalent unit (TEU) for loaded waterborne containers. Approximately 93.5% 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 $6.31 per TEU. Approximately 3.3% 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 $6.31 per TEU. Full flatcars, auto-racks, box cars and other railcars that originate or terminate at the Ports and utilize the Corridor are charged $12.61 per railcar. About 3.2% of the revenue comes from non-waterborne and other railcar charges.

The FY21 revenue projection includes an estimated 1.5% CPI fee adjustment effective January 1, 2021 pursuant to the Use and Operating Agreement.

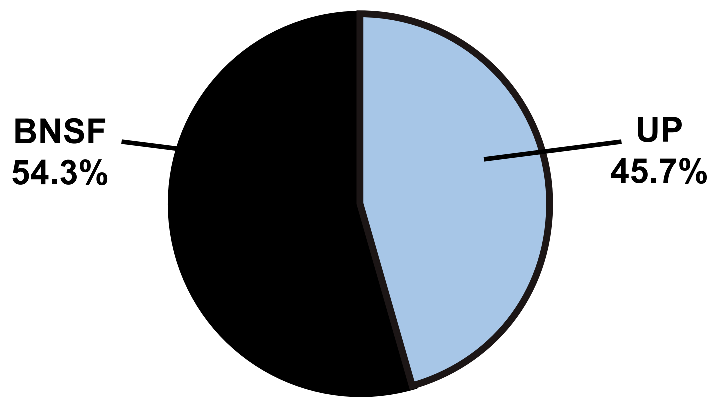
Railroad Payments

BNSF and Union Pacific 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 $8.0 million during FY21.

Corridor Use By Railroad
Gross Ton Miles based on Calendar Year 2019



Schedule of Functional Expenses

Schedule of Functional Expenses

Operating Budget By Expense Type

	BUDGET FY21	ACTUAL ESTIMATE FY20	BUDGET FY20	% CHANGE BUDGET TO EST. ACTUAL	% CHANGE BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	$ 91,972,066	101,762,264	115,288,104	-9.6%	-20.2%
Maintenance-of-Way Charges	8,042,411	6,885,241	6,379,672	16.8%	26.1%
Total Operating Revenues	100,014,477	108,647,504	121,667,777	-7.9%	-17.8%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	112,095	125,618	124,008	-10.8%	-9.6%
EPA Income	133,227	122,728	118,766	8.6%	12.2%
Public Benefit Income	5,109,861	1,581,596	5,286,526	223.1%	-3.3%
Investment Income	1,926,793	3,281,967	2,426,793	-41.3%	-20.6%
Subtotal Other Revenues	7,341,975	5,171,908	8,016,093	42.0%	-8.4%
Total Sources of Funds	107,356,452	113,819,413	129,683,869	-5.7%	-17.2%
Expenses					
Salaries	1,665,436	1,538,133	1,716,201	8.3%	-3.0%
Benefits	1,014,921	935,125	899,111	8.5%	12.9%
Office Expenses	470,435	366,435	450,476	28.4%	4.4%
Other Management Expenses	74,295	55,531	80,995	33.8%	-8.3%
Information Technologies	763,152	310,585	311,794	145.7%	144.8%
Bank & Investment	161,500	160,285	172,500	0.8%	-6.4%
ACET Operational Support	1,376,970	1,426,993	1,430,288	-3.5%	-3.7%
Audit	223,480	194,807	179,872	14.7%	24.2%
Legal	880,000	564,327	900,000	55.9%	-2.2%
Governmental Affairs	78,676	76,385	76,385	3.0%	3.0%
Professional Services	350,388	451,061	584,253	-22.3%	-40.0%
Pass Thru Expenses & EPA Order	133,227	122,728	118,766	8.6%	12.2%
Expenses for Public Benefit	5,109,861	1,581,596	5,286,526	223.1%	-3.3%
Total Administrative Expenses	12,302,342	7,783,989	12,207,166	58.0%	0.8%
MOW Expenses Rail - Contractors	5,343,664	4,464,224	3,946,591	19.7%	35.4%
MOW Expenses Rail - Capital	-	-	-	-	-
MOW Expenses Rail - Other	2,698,747	2,421,016	2,433,081	11.5%	10.9%
Total M&O - Rail	8,042,411	6,885,241	6,379,672	16.8%	26.1%
MOW Expenses Non-rail - Contractors	1,729,435	1,485,371	1,288,283	16.4%	34.2%
MOW Expenses Non-rail - Capital	6,184,281	4,746,497	3,259,900	30.3%	89.7%
MOW Expenses Non-rail - Other	168,013	155,000	166,500	8.4%	0.9%
Total M&O - Non-Rail	8,081,728	6,386,868	4,714,683	26.5%	71.4%
MOW Expenses - ACTA	94,439	210,208	211,028	-55.1%	-55.2%
Total Maintenance of Way Expenses	16,218,578	13,482,316	11,305,383	20.3%	43.5%
Subtotal Administrative and M&O Expenses	28,520,920	21,266,306	23,512,550	34.1%	21.3%
Financing Expenses					
Current Payments - Serial Bonds	61,516,977	62,181,785	62,181,785	-1.1%	-1.1%
Current Payments - CAB Debt	24,103,912	2,237,870	2,237,870	977.1%	977.1%
Accrued Interest - CAB Debt & Discount Amortization	12,686,829	41,613,060	41,613,060	-69.5%	-69.5%
Subtotal Financing Expenses	98,307,718	106,032,715	106,032,715	-7.3%	-7.3%
Depreciation and Amortization Expenses					
Depreciation	20,982,164	21,016,918	20,981,664	-0.2%	-
Cost of Issuance	-	-	-	-	-
Subtotal Depreciation and Amortization Expenses	20,982,164	21,016,918	20,981,664	-0.2%	-
Total Operating Expenses	147,810,803	148,315,938	150,526,929	-0.3%	-1.8%
Income (loss)	$ (40,454,351)	$(34,496,525)	$(20,843,060)	17.3%	94.1%

Schedule of Functional Expenses

Operating Budget By Funds

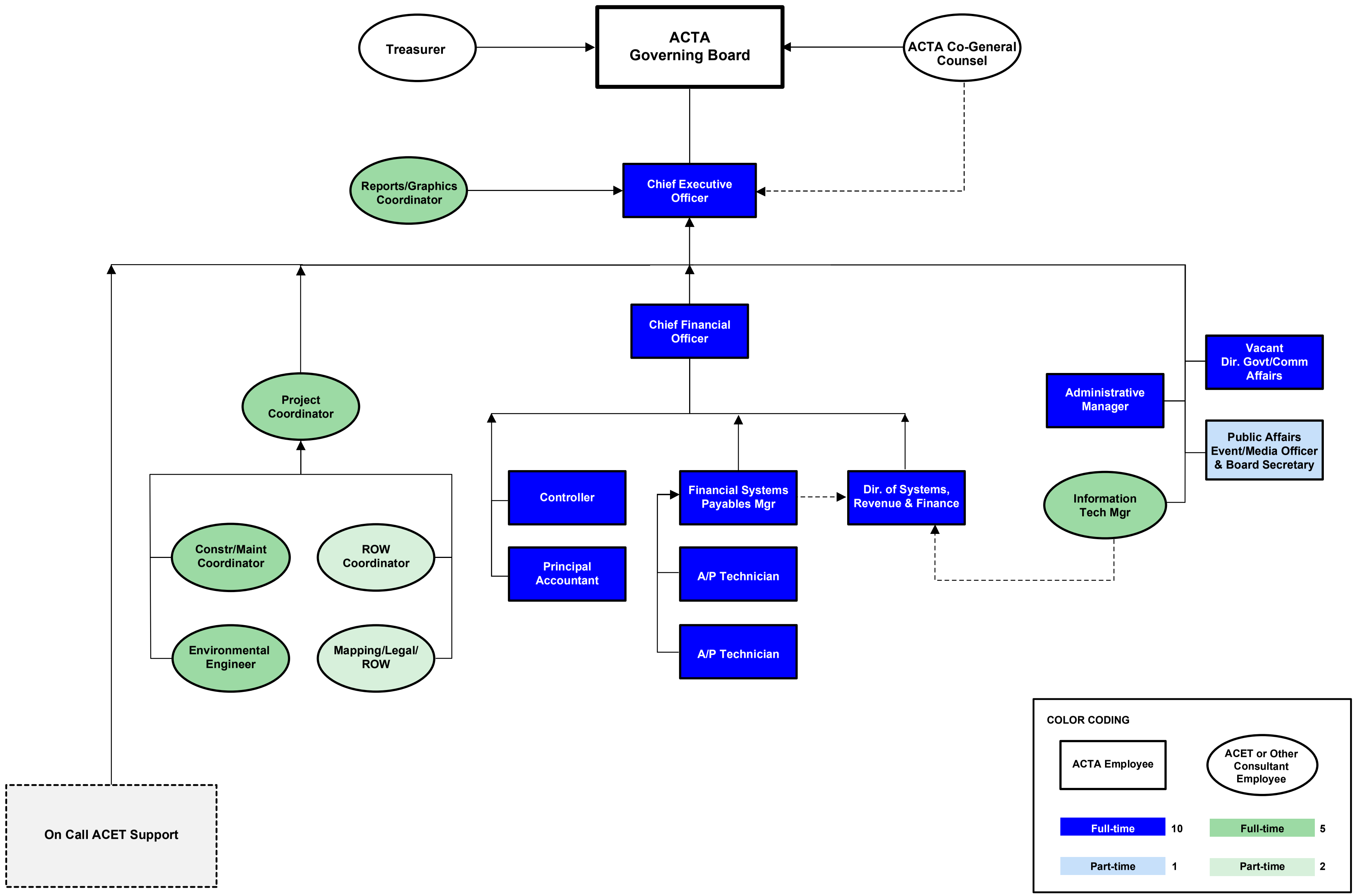
	BUDGET FY21	ACTUAL ESTIMATE FY20	BUDGET FY20	% CHANGE BUDGET TO EST. ACTUAL	% CHANGE BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	$ 91,972,066	101,762,264	115,288,104	-9.6%	-20.2%
Maintenance-of-Way Charges	8,042,411	6,885,241	6,379,672	16.8%	26.1%
Total Operating Revenues	100,014,477	108,647,504	121,667,777	-7.9%	-17.8%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	112,095	125,618	124,008	-10.8%	-9.6%
EPA Income	133,227	122,728	118,766	8.6%	12.2%
Public Benefit Income	5,109,861	1,581,596	5,286,526	223.1%	-3.3%
Investment Income	1,926,793	3,281,967	2,426,793	-41.3%	-20.6%
Subtotal Other Revenues	7,341,975	5,171,908	8,016,093	42.0%	-8.4%
Total Sources of Funds	107,356,452	113,819,413	129,683,869	-5.7%	-17.2%
Expenses					
Administrative Costs	7,059,254	6,079,666	6,801,874	16.1%	3.8%
Railroads - M&O	8,042,411	6,885,241	6,379,672	16.8%	26.1%
Reserve - M&O	8,081,728	6,386,868	4,714,683	26.5%	71.4%
Financing Fees - M&O	94,439	210,208	211,028	-55.1%	-55.2%
Expenses for Public Benefit	5,109,861	1,581,596	5,286,526	223.1%	-3.3%
Revenue Fund-Current Payments-Serial Bonds	61,516,977	62,181,785	62,181,785	-1.1%	-1.1%
Revenue Fund-Current Payments-CAB Debt	24,103,912	2,237,870	2,237,870	977.1%	977.1%
Pass Thru Expenses & EPA Order	133,227	122,728	118,766	8.6%	12.2%
Total Expenses	114,141,809	85,685,960	87,932,205	33.2%	29.8%
Non Cash Expenses					
Accrued Interest - CAB Debt	12,686,829	41,613,060	41,613,060	-69.5%	-69.5%
Depreciation	20,982,164	21,016,918	20,981,664	-0.2%	-
Subtotal Interest, Depreciation and Amortization Expenses	33,668,994	62,629,978	62,594,724	-46.2%	-46.2%
Total Operating Expenses	147,810,803	148,315,938	150,526,929	-0.3%	-1.8%
Income (loss)	$ (40,454,351)	$(34,496,525)	$(20,843,060)	17.3%	94.1%

ACTA's Staff Compensation
FY21

	Full-time Equivalents	Salaries	Benefits	Total S&B
Admin Management	1.0	$ 295,400	$ 123,052	$ 418,452
Revenue Collection	1.5	246,753	144,015	$ 390,767
Accounting & Audit	3.0	545,747	332,734	$ 878,481
A/P & Investments	2.5	236,607	143,312	$ 379,919
Governmental Affairs	1.5	230,601	148,385	$ 378,986
Human Resource & Office Staff	1.0	110,329	72,964	$ 183,293
Office Overhead	0.0	-	50,459	$ 50,459
	10.5	$ 1,665,436	$ 1,014,921	$ 2,680,357

Alameda Corridor Transportation Authority

Functional ACTA/ACET Organizational Chart



Maintenance & Operations - By Calendar Year 2020

	Rail Cost	Non-Rail Cost	ACTA-Rail Cost	Total
Maintenance of Way Contractor's Costs				
Contract Manager	$ 213,046	$ 76,088	$ 15,218	$ 304,352
Track Supervisor	180,208	60,069	-	240,278
Safety Supervisor	48,056	192,222	-	240,278
Office Manager	78,491	28,032	5,606	112,130
Bridge Supervisor	-	-	-	-
Track Inspector	142,561	47,520	-	190,081
Track Foreman	142,561	47,520	-	190,081
Assistant Foreman	140,125	46,708	-	186,833
Track Laborers	651,899	217,300	-	869,198
Equipment Operators	176,502	58,834	-	235,335
Welder	367,169	-	-	367,169
Welder Helper	173,840	-	-	173,840
Laborer (Graffiti/Pump Station)	-	173,840	-	173,840
Track Superintendent	-	262,239	-	262,239
Bridge Inspector	-	-	-	-
Pump Station Maintenance	-	5,862	-	5,862
Pump Station Repairs & Supplies	-	29,163	-	29,163
AEI & Other Misc. Maintenance	223,399	-	71,323	294,722
Rail Flaw Detection	45,675	-	-	45,675
Graffiti Control	-	17,962	-	17,962
Weed Abatement	45,312	11,328	-	56,640
Safety Training	24,098	4,253	-	28,350
Safety Management	19,635	3,465	-	23,100
Vehicles	165,439	57,279	1,010	223,728
Safety Supervisor Truck	2,345	9,379	-	11,724
Full Time Equipment	130,858	32,714	-	163,572
Maintenance Program Rail Grinding	326,840	-	-	326,840
Track Materials / Supplies / Rentals	303,600	-	-	303,600
Signal Maintenance	1,407,437	-	-	1,407,437
Ladder / Fence / Traffic Support	-	265,650	-	265,650
Security (Trench Cameras)	17,941	6,408	1,282	25,630
Security & Yard / Office Maintenance & Support	192,780	-	-	192,780
Underwater Bridge Inspection (Not until 2023)	-	-	-	-
Trench Ditch Cleaning	-	50,400	-	50,400
Replace Signal Wire on Corridor	24,150	-	-	24,150
Railroad Reporting & Record Keeping Software System	54,600	-	-	54,600
Railroad Emergency Drill Exercise	22,000	-	-	22,000
AEI Readers Upgrade	16,800	-	-	16,800
Bridge Inspections	6,300	25,200	-	31,500
Total Contractor's Costs	5,343,664	1,729,435	94,439	7,167,538
Annual Capital Cost				
Surfacing Unit	-	173,072	-	173,072
Surfacing Mobilization	-	42,203	-	42,203
Reballast Program (Labor)	-	52,893	-	52,893
Reballast Program (Operated Equipment)	-	84,099	-	84,099
Ballast (1,000 Tons)	-	24,750	-	24,750
Capital Program Rail Grinding	-	326,840	-	326,840
Track Reballast	-	-	-	-
Rail / Switch Component & Tie Replacement	-	214,500	-	214,500
Replace 20 Frogs	-	798,761	-	798,761
Replace 40 Switch Point and Stock Rail Combinations	-	674,547	-	674,547
Install Concrete Switch Ties	-	1,120,935	-	1,120,935
Pump Station Upgrades	-	213,500	-	213,500
Trench Emergency Ladder / Stair Study & Repairs	-	129,000	-	129,000
Rehab Henry Ford Crossing	-	415,398	-	415,398
Signal Battery Replacement	-	55,000	-	55,000
Curve Rail Replacement (12,000 LF)	-	954,797	-	954,797
Upgrade and Refurnish Maintenance Facility	-	31,185	-	31,185
Fixed Trench Ladders	-	420,000	-	420,000
Misc. Trench Structure Repairs	-	63,000	-	63,000
Compton Bridges - Replace Approach and Deck Ties	-	183,750	-	183,750
Replacement of M23A Switches	-	41,800	-	41,800
Signal Module VHLC Replacements to XLC	-	132,000	-	132,000
Install Repeater Antennae at Redondo	-	32,250	-	32,250
Total Capital Cost	-	6,184,281	-	6,184,281
Corridor Operating & Other MOW Cost				
Insurance (Annual Amount)	1,600,000	-	-	1,600,000
Utilities	198,709	-	-	198,709
Storm Water Discharge Permits, Water Testing & Support Services	30,000	-	-	30,000
Provide 3rd Party Security Monitoring & Support Services	3,000	-	-	3,000
ADASHI Plum Monitoring Software	-	-	-	-
M&O or Capital Reserve Support Service	384,038	128,013	-	512,050
Communication Network Upgrades, Alarm / Phone Renewals	30,000	-	-	30,000
Rehab Henry Ford Crossing @ CP Dominguez (Engineering & Permits)	-	40,000	-	40,000
PTC Design Consultant for CP W&E Redondo	-	-	-	-
PRE Signal Plan Updates for Various Control Points	100,000	-	-	100,000
Extraordinary ROW Cleanup	100,000	-	-	100,000
AEI Readers Upgrade	243,000	-	-	243,000
Laptop computers for Dispatch Communication	10,000	-	-	10,000
Total Operating & Other MOW	2,698,747	168,013	-	2,866,759
Total MOW Paid through ACTA	$ 8,042,411	$ 8,081,728	$ 94,439	$ 16,218,578
Corridor Operating & Other MOW Cost Paid Directly by Railroads				
Dispatching (1)	643,093	-	-	643,093
Security - Labor (2)	1,399,150	-	-	1,399,150
Security - Equipment (3)	276,020	-	-	276,020
Total Other MOW Paid Directly by Railroads	2,318,264	-	-	2,318,264
Subtotal Maintenance & Operations	$ 10,360,674	$ 8,081,728	$ 94,439	$ 18,536,841
Contingency-Unallocated				$ 300,000
Total Maintenance & Operations				$ 18,836,841

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

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