

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

PROGRAM & OPERATING BUDGET FISCAL YEAR 2015/2016



**ADOPTED
JUNE 11, 2015**



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ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

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June 11, 2015

Governing Board
Alameda Corridor Transportation Authority

I am pleased to transmit the Fiscal Year 2015/2016 (FY16) Budget for the Alameda Corridor Transportation Authority incorporating both operating and capital expenses. FY16 will be ACTA's fourteenth full fiscal year of operations.

At the end of FY15, the Corridor will have carried an estimated 52.89 million TEUs. An additional 12.11 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 \$1.118 billion through June 2015. Another \$112.5 million is anticipated in FY16.

About 211,000 trains will have moved through the Corridor by the close of FY15, and to date an estimated 17,000 tons of pollutants have been removed from the air through Corridor rail efficiency and reduced vehicle idling at grade crossings.

ACTA is committed to the region's quality of life goals, which include reduced highway congestion, improved traffic safety and better air quality, as well as the efficient movement of goods that is critical to a vibrant local, regional and national economy. The San Pedro Bay Ports are the gateway for over 40% of the waterborne imports into this country. The economic impact of these two ports on the entire nation is measurable and indisputable. A study determined that in 2011 the two ports generated \$310 million in trade value and 2.9 million jobs for the nation. The challenge is to preserve this economic mainstay while enhancing it in an environmentally responsible manner.

Debt Service

ACTA's annual debt service was originally structured to increase each year in anticipation of steady year-over-year port volume growth. However, port loaded container volumes (imports and exports), which had grown rapidly 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. Because of the seven-year stall in growth, ACTA's ability to pay the annual debt service from revenue alone has been 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, 14 and 15. 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, as well as by the release of certain surplus debt service reserve funds. However, unless growth rates over the next several years exceed 5%, shortfall advances may be required as early as October 2016. Additional opportunities to call and refund bonds are being explored but a return to substantial growth is critical to avert shortfalls.

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 FY16, the budgeted net operating expenses of \$5.18 million are approximately 7.5% higher than FY15 due primarily to litigation and refunding analysis costs.

Capital Program

Sufficient staff has been budgeted to advance ACTA's remaining capital program efforts. ACTA's capital program has been markedly reduced over the past 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 environmental mitigation and third-party property acquisition and utility coordination work for the Heim Bridge replacement portion of the SR-47 Project. In addition, Caltrans had requested that ACTA administer a contract for a new pump station related to the Heim Bridge work. However, at this time it does not appear that ACTA will perform the pump station work.

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

We offer the attached budget for your consideration.

Respectfully submitted,



John T. Doherty, P.E.
Chief Executive Officer

ACTA History & Budget Overview





ACTA History & Budget Overview

The Alameda Corridor Transportation Authority (ACTA) was established in 1989 as a Joint Powers Authority of the cities of Long Beach and Los Angeles. Throughout the 1990's, planning, financing, and engineering efforts dominated ACTA's agenda. Construction began in 1997 with the Los Angeles River Bridge Project, and moved into an accelerated mode shortly thereafter when full project funding was secured. The original project was completed and the Corridor opened for Revenue Service on April 15, 2002. The Pacific Coast Highway Grade Separation Project and the Anaheim Pump Station Project, follow-on ACTA efforts, were completed in March 2004 and June 2005, respectively.

Recent Activity

ACTA has transitioned from a construction agency to an operating entity. Its focus is now managing Corridor operations and maintenance, collecting revenue, and servicing debt. Recent administrative efforts have additionally focused on reaching a settlement related to the 2010 oil spill by a third party and working with Caltrans to advance work on the SR-47 Bridge Project.

Expenses

In FY16, budgeted net operating expenses total \$5.2 million. The budget continues to be well below the FY10 budget. ACTA gradually reduced many expenditures over the last six years, especially staff costs. However, the focus now is controlling costs, while retaining current staff levels in order to remain efficient and effective.

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 will save ACTA about \$2.5 million annually in interest in Bond Years 2013 – 2018 and \$5.5 million in Bond Years 2019 – 2029. The RRIF transaction will save tens of millions in principal payments. ACTA is continuing to review future restructuring opportunities.

EPA Order

In January 2011, ACTA and the ports were required by the EPA to take over certain costs of containment in connection with a release of crude oil into Dominguez Channel, which was later traced to an ACTA storm-water drainage system located on property jointly owned by the ports. In March 2011, the source of the crude oil was identified and the EPA ordered the responsible party to assume the obligation for containment and further clean-up. ACTA has and will continue to provide services related to railroad safety, oversight of containment, and clean-up. A settlement agreement, with the responsible party, is now pending through mediation. ACTA, along with the ports, continue to coordinate appropriate reimbursement from the responsible party and the insurance carriers.

ACTA History & Budget Overview (cont'd.)

Most of ACTA's remaining capital project effort is focused on fulfilling its obligations to Caltrans under cooperative agreements regarding the SR-47 Project. Although Caltrans is administering the construction of the Heim Bridge Replacement portion of the project, ACTA is providing design support during construction, utility and right-of-way management support, as well as implementing environmental mitigation measures. ACTA also has the lead in managing the environmental litigation challenges regarding the Expressway portion of the project on behalf of itself, Caltrans and USDOT, and a favorable decision was reached in FY15. Even with the favorable decision, which would allow the Expressway to move forward, this portion of the project has been deferred indefinitely due to funding issues.

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 FY16.
- Use and Operating Agreement CPI fee adjustment is assumed to be 1.5% beginning January 1, 2016.
- ACET activity levels are limited to involvement in the SR-47 Project, transfer of Corridor property to the ports and other jurisdictions, certain project closeout activity, efforts related to the EPA 311 Order, maintenance and operations support, as required, and certain administrative functions for ACTA.
- Costs related to the EPA 311 Order are anticipated to be fully reimbursed.
- Cost projections for Maintenance-of-Way are based on the 2015 calendar year budget approved by the Railroad Operating Committee.
- The Maintenance-of-Way contractor meets budgeted amounts.
- The Railroads continue to provide dispatching and security services at no cost to ACTA.
- The Railroads pay for all rail maintenance costs based on a proportionate share, as calculated from data provided by both Railroads.
- Reserve Account (i.e., capital replacement fund) is replenished to the \$15 million requirement for all potential non-rail maintenance costs and capital replacements.
- ACTA's revenue collection and monitoring costs, as well as administrative costs, are paid from Use Fees and Container Charges and other amounts made available through the Annual Accounting, including other port advances, if necessary.
- Interest earnings are calculated assuming rates and fund balances at 2015 levels.

Budget Overview

The Budget for FY16 consists of capital expenses in the amount of \$3.6 million and operating expenses totaling \$148.8 million, for total expenses of \$152.4 million. The Capital Budget includes property transfer work for the original Alameda Corridor projects and the PCH Grade Separation project, as well as ongoing SR-47 project work. Right-of-way, utility, and design support during construction work will continue in FY16 on the Heim Bridge Replacement portion of SR-47 pursuant to cooperative agreements with Caltrans.

Debt service payments of \$112.4 million are scheduled for FY16 which includes \$75.3 million for interest and \$37.0 million for principal reduction.

ACTA's administrative, revenue collection and monitoring costs, and professional services have been budgeted at \$5.2 million, which is 7.5% percent more than the FY15 Budget. Increases include an employee salary adjustment, additional benefits costs, and additional legal and professional service expenses anticipated in FY16. Corridor Maintenance-of-Way costs are budgeted at \$9.0 million. The Railroads are directly responsible for most of the maintenance costs, making cash payments of \$5.6 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 FY16 Budget assumes that the Reserve Account continues to have sufficient balances for non-rail maintenance costs and capital replacements.

Budget Analysis



Budget Analysis

General and Administrative: The budget for general and administrative expenses includes salaries and benefits, materials and supplies, software maintenance, travel, other office expenses, and ACET support. This category is showing a decrease, mainly due to lower office expenses resulting from the relocation from Carson to Long Beach that occurred in FY15. Details of the Administrative Expenses and ACET support are shown on the Operating Budget by Expense Type on page 21.

Revenue Collection and Monitoring: Revenue collection and monitoring costs consist of staff charges and indirect costs related to ACTA's collection of Use Fees and Container Charges from the Railroads, as well as management information technology support. Also included are costs of servicing and maintaining the AEI reader network, as well as support and maintenance and telecommunication charges.

The costs for revenue collection and monitoring (i.e. Financing Fees) are expected to increase by \$13,000 compared to the FY15 budget. The increase is primarily due to salary increases and cost of benefits.

Professional Services: These costs include other legal, audit, government affairs, risk management, engineering consulting, and other consultant services. To the extent that certain legal costs cannot be assigned to projects directly, they are allocated in the same manner as general and administrative costs.

The professional services budget is projected to increase by \$438,000. The increase is due to higher legal and professional service costs. These costs are related to potential future litigation, as well as legal and investment consultant costs related to a possible bond refinancing in FY16. Additionally, fewer legal and program management costs are anticipated to be transferred to the Capital Budget.

EPA Order and Pass Thru: An EPA 311 Order was issued in January 2011. The budget for FY16 is an estimate. A settlement is pending, but ACTA will oversee any work as required and anticipates full reimbursement.

Maintenance-of-Way: There are four components of Maintenance-of-Way (MOW) costs for the Corridor. Each is explained below. The Operating Committee, comprised of representatives from the two ports and two railroads, approve an annual Maintenance-of-Way Budget in November of each year for the following calendar year. ACTA administers the Maintenance-of-Way Budget and monitors the Corridor maintenance contractor.

Rail Component

This component consists of maintenance of real property, track, ballast, signals, crossing and protection devices, pole lines, communication facilities and equipment, and track storm drains outside the Trench. The Railroads are solely responsible for paying the maintenance costs of the Rail Component. ACTA bills each railroad a pro rata share of the costs on a monthly basis and pays the Corridor maintenance contractor.

Non-Rail Component

This component consists of maintenance of the retaining walls, embankments, barrier walls, fences, support structures, drainage facilities, and emergency drop ladders, telephones, and alarms for the trench, as well as the structural portions of the Washington Boulevard and

Budget Analysis (cont'd.)

Henry Ford Avenue grade separations. The costs for the Non-Rail Component are paid from the Reserve Account established through the Use and Operating Agreement (the written agreement between ACTA, the Ports, and the Railroads governing Corridor operations). ACTA's Maintenance Contractor performs the work, and funds are withdrawn monthly to cover the costs.

Non-Rail Component Administrative Cost

This component consists of maintenance of ACTA's Automatic Equipment Identification (AEI) Reader network along the tracks to collect data to support the revenue collection system. ACTA's Maintenance Contractor performs the work and ACTA pays the monthly invoices from administrative funds.

Capital Improvements

This component consists of additions, betterments, and upgrades or replacements made to the Corridor rail and non-rail components in accordance with Operating Committee guidelines (Capital Expenses). Minimal capital costs will be required to ensure total reliability of the facilities. The Capital Budget increased during the current year due to the approval of specific replacement work by the Operating Committee. The Capital Budget work is performed by ACTA's Maintenance Contractor and is paid from the Reserve Account.

The other operating costs of the Corridor such as certain insurance, property taxes, and certain utility costs are paid by the Railroads. Dispatching and security services are provided and paid directly by the Railroads and are, therefore, not reflected in the total MOW expenses.

Maintenance-of-Way costs show an increase due to contractual arrangements with the Corridor maintenance contractor as well as increased costs for non-rail work.

Debt Service Payments: Debt service payments for the 1999, 2004, 2012, and 2013 Series bonds occur on April 1st (interest only) and October 1st (interest and principal). There are \$48.7 million, \$49.8 million, \$2.1 million, and \$11.8 million in 1999, 2004, 2012, and 2013 Series bond debt service payments respectively scheduled during FY16. Of the total of \$112.4 million, principal repayments due October 1, 2015 are \$37,013,485.

Capital Budget: Page 24 contains the Capital Budget for the entire Program as defined to date, as well as the remaining estimated costs to complete the Program in FY16 and beyond. Of approximately \$8.1 million in remaining capital costs, \$3.6 million (including \$1.0 million of capital cost transferred from the Operating Budget) are budgeted for FY16. Major capital expenses for FY16 include the SR-47 Project effort for right-of-way and utility work, as well as design support during construction.

Port Advances: Use Fees and Container Charges during FY16 have been projected at \$112.5 million. Although port shortfall advance payments were required in FY12 and FY13, there are no anticipated advance payments required in FY16. The \$1.00 per TEU fee increase that went into effect October 1, 2011, based upon the port shortfall advance that was required for ACTA's October 1, 2011 debt service, continues and has helped to offset the amount of money required from the ports. The debt restructuring, as a result of the RRIF transaction and 2013A refunding, has helped eliminate the need for shortfall advances for the near term. However, an immediate return to annual port loaded container volume growth of about 5% is necessary to avert port advances beginning again in FY17.

Debt Summary



Debt Summary

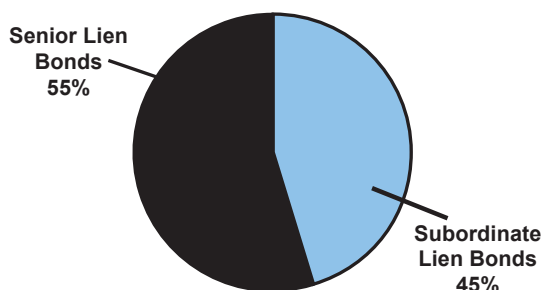
As of June 30, 2015, ACTA's total outstanding debt is anticipated to be \$1.6 billion in revenue bonds. ACTA's debt portfolio includes a combination of senior, subordinate, taxable, and tax-exempt serial and capital appreciation bonds. The bonds are secured by a pledge of ACTA's Use Fees and Container Charges paid by the two major railroads, Union Pacific Railroad and BNSF Railway Company, serving Southern California. ACTA paid off tax-exempt sub lien revenue bonds Series 1999B on October 1, 2006. The final maturity for the taxable sub lien revenue bonds Series 1999D is October 1, 2014.

In late June 2012, ACTA completed a refunding transaction with the US DOT Federal Railroad Administration, in which ACTA issued \$83.7 million in taxable senior lien bonds (2012 Bonds) in order to call and redeem certain 1999A Bonds. The 1999A Bonds were redeemed on July 24, 2012. An additional conventional refunding of all remaining callable 1999A Bonds was completed in February 2013 when \$248.3 million in 2013A Bonds were issued to redeem \$288.9 million in outstanding 1999A Bonds. The remaining outstanding 1999A Bonds are not callable. The next call opportunity involves certain 2004A Bonds which are callable at par on October 1, 2017.

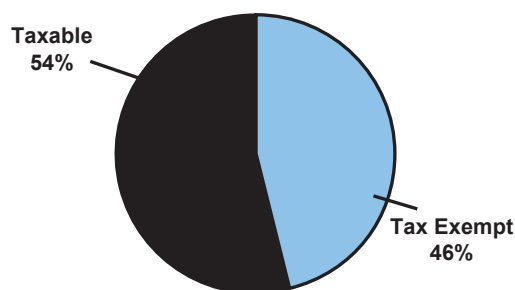
Total Debt Service

Fiscal Year	Principal	Interest	Total
2016	\$ 37,013,485	\$ 75,336,832	\$ 112,350,317
2017	41,652,475	77,792,250	119,444,725
2018	46,091,377	80,619,957	126,711,334
2019	50,743,768	84,216,641	134,960,409
2020	66,538,538	88,212,117	154,750,655
Thereafter	1,363,043,096	1,737,370,188	3,100,413,284
Total	\$ 1,605,082,739	\$ 2,143,547,985	\$ 3,748,630,724

Outstanding Bonds by Lien Level



Outstanding Bonds by Type



Use Fees and Container Charges for FY16 are expected to be sufficient to cover the annual debt service obligation of \$112.4 million. According to Use Fees and Container Charges Agreement, the Ports are obligated for up to 40 percent of the annual debt service obligation on the outstanding bonds should shortfalls arise. ACTA requested a debt service shortfall advance of approximately \$5.9 million (\$2.95 million per port) in August 2011, which caused the Use Fee to increase by \$1.12 per TEU pursuant to a 2006 settlement with the Railroads. A shortfall advance payment of similar size also was paid by the ports for October 1, 2012 debt service. No shortfall advance payment is anticipated for October 1, 2015.



Alameda Corridor Transportation Authority
Aggregate Annual Debt Service - 2015-2037
After Oct 1, 2011 Bond Call & Jul 24, 2012 RRIF Refunding & 2013A Bond Refunding

Year	Tax Exempt Series 1999 A	Senior Lien Bonds Taxable Series 1999 C	Senior Lien Bonds Taxable RRIF Bonds	Tax Exempt Series 2013 A	Aggregate Senior Lien Debt Service	Subordinate Lien Bonds Taxable Series 1999 B	Subordinate Lien Bonds Tax Exempt Series 1999 B	Subordinate Lien Bonds Taxable Series 2004 B	Subordinate Lien Bonds Tax Exempt Series 2004 A	Aggregate Subordinate Series 2004 Service	Total Bonds Debt Service Repayment	Annual Debt Service Bond Year & Calendar Year	Annual Debt Service Fiscal Year
10/1/2015	-	35,318,553	1,032,454	5,893,475	42,244,481	-	-	-	38,395,550	38,395,550	80,640,031	80,640,031	
4/1/2016	-	13,336,628	1,029,633	5,893,475	20,259,736	-	-	-	11,450,550	11,450,550	31,710,286	112,350,317	
10/1/2016	-	36,506,628	1,029,633	5,893,475	43,429,736	-	-	-	45,060,550	45,060,550	88,490,286	120,200,571	
4/1/2017	-	12,583,603	1,026,812	5,893,475	19,503,890	-	-	-	11,450,550	11,450,550	30,954,440	119,444,725	
10/1/2017	-	37,758,603	1,032,454	5,893,475	44,684,531	-	-	-	51,890,550	51,890,550	96,575,081	127,529,521	
4/1/2018	-	11,765,415	1,026,812	5,893,475	18,685,702	-	-	-	11,450,550	11,450,550	30,136,252	126,711,334	
10/1/2018	-	39,080,415	1,032,454	5,893,475	46,006,344	-	-	-	59,705,550	59,705,550	105,711,894	135,848,146	
4/1/2019	-	10,877,678	1,026,812	5,893,475	17,797,965	-	-	-	11,450,550	11,450,550	29,248,515	134,960,409	
10/1/2019	-	40,472,678	1,032,454	17,013,475	58,518,606	-	-	-	68,220,550	68,220,550	126,739,156	155,987,671	
4/1/2020	-	9,915,840	1,029,633	5,615,475	16,560,948	-	-	-	11,450,550	11,450,550	28,011,498	154,750,654	
10/1/2020	-	42,015,840	1,029,633	23,105,475	66,150,948	-	-	-	77,230,550	77,230,550	143,381,498	171,392,996	
4/1/2021	-	9,915,840	1,026,812	5,178,225	16,120,877	-	-	-	11,450,550	11,450,550	27,571,427	170,952,925	
10/1/2021	-	42,535,840	1,032,454	23,888,225	67,456,519	-	-	-	86,110,550	86,110,550	153,567,069	181,138,496	
4/1/2022	-	9,915,840	1,026,812	4,710,475	15,653,127	-	-	-	9,490,725	9,490,725	25,143,852	178,710,921	
10/1/2022	-	43,060,840	1,032,454	24,700,475	68,793,769	-	-	-	91,175,725	91,175,725	159,969,494	185,113,346	
4/1/2023	-	9,915,840	1,026,812	4,210,725	15,153,377	-	-	-	7,326,073	7,326,073	22,479,450	182,448,944	
10/1/2023	-	43,570,840	11,582,454	25,545,725	80,699,019	-	-	-	93,341,073	93,341,073	174,040,091	196,519,541	
4/1/2024	-	8,805,225	899,868	3,677,350	13,382,443	-	-	-	5,046,675	5,046,675	18,429,118	192,469,209	
10/1/2024	-	45,215,225	10,894,868	26,427,350	82,537,443	-	-	-	95,616,675	95,616,675	178,154,118	196,583,236	
4/1/2025	-	7,603,695	774,801	3,108,600	11,487,096	-	-	-	2,601,285	2,601,285	14,088,381	192,242,499	
10/1/2025	-	46,958,695	10,189,058	27,353,600	84,501,353	-	-	-	98,061,285	98,061,285	182,562,638	196,651,019	
4/1/2026	-	6,304,980	659,375	2,502,475	9,466,830	-	-	-	-	-	9,466,830	192,029,468	
10/1/2026	-	48,804,980	9,467,998	28,317,475	86,590,453	-	-	-	-	-	187,265,453	196,732,283	
4/1/2027	-	4,902,480	551,370	1,915,250	7,369,100	-	-	-	-	-	7,369,100	194,634,553	
10/1/2027	-	50,757,480	8,724,400	29,265,250	88,747,130	-	-	-	-	-	189,422,130	196,791,230	
4/1/2028	-	3,389,265	452,394	1,305,000	5,146,659	-	-	-	-	-	5,146,659	194,568,789	
10/1/2028	-	52,829,265	7,952,394	30,240,000	91,021,659	-	-	-	-	-	191,691,659	196,838,318	
4/1/2029	-	1,757,745	359,157	665,391	2,782,293	-	-	-	-	-	2,782,293	194,473,952	
10/1/2029	-	55,022,745	7,171,131	31,250,391	93,444,266	-	-	-	57,015,000	100,675,000	194,119,266	196,901,559	
4/1/2030	-	-	275,624	-	275,624	-	-	-	-	-	275,624	194,394,890	
10/1/2030	37,625,000	57,375,000	6,332,138	-	101,332,138	-	-	-	100,665,000	100,665,000	201,997,138	202,272,762	
4/1/2031	-	-	201,351	-	201,351	-	-	-	-	-	201,351	202,198,490	
10/1/2031	38,000,000	57,950,000	5,502,458	-	101,452,458	-	-	-	-	-	202,122,458	202,323,809	
4/1/2032	-	-	136,715	-	136,715	-	-	-	-	-	136,715	202,259,172	
10/1/2032	38,380,000	58,530,000	4,641,715	-	101,551,715	-	-	-	-	-	202,221,715	202,358,429	
4/1/2033	-	-	81,080	-	81,080	-	-	-	-	-	81,080	202,302,795	
10/1/2033	38,765,000	59,115,000	3,756,526	-	101,636,526	-	-	-	-	-	202,311,526	202,392,606	
4/1/2034	-	-	36,002	-	36,002	-	-	-	-	-	36,002	202,347,527	
10/1/2034	39,155,000	59,705,000	2,851,199	-	101,711,199	-	-	-	-	-	101,711,199	101,747,201	
4/1/2035	-	-	1,472	-	1,472	-	-	-	-	-	1,472	101,712,671	
10/1/2035	39,545,000	60,300,000	121,480	-	99,966,480	-	-	-	-	-	99,966,480	99,967,952	
4/1/2036	-	-	-	-	-	-	-	-	-	-	-	99,966,480	
10/1/2036	39,940,000	60,905,000	-	-	100,845,000	-	-	-	-	-	100,845,000	100,845,000	
4/1/2037	-	-	-	-	-	-	-	-	-	-	-	100,845,000	
10/1/2037	40,340,000	61,515,000	-	-	101,855,000	-	-	-	-	-	101,855,000	101,855,000	
	\$ 311,750,000	\$ 1,256,293,698	\$ 110,091,155	\$ 367,144,206	\$ 2,045,279,059	\$ -	\$ -	\$ -	\$ 1,055,656,665	\$ 1,703,351,665	\$ 3,748,630,724	\$ 3,748,630,724	

Revenue Summary



Revenue Summary

Revenue Summary

Use Fees and Container Charges

Use Fees and Container Charges are derived from ACTA's right to impose a charge on the Railroads, pursuant to the Alameda Corridor Use and Operating Agreement (UOA). The Railroads pay Use Fees for using the Rail Corridor and Container Charges for loaded waterborne containers originating or terminating at the ports' facilities that do not use the Corridor, but are transported by rail into or out of Southern California. Proceeds of the Use Fees and Container Charges are pledged to bondholders to repay ACTA's outstanding debt and for certain other eligible expenses and reimbursements.

The revenues for FY16 from Use Fees and Container Charges are expected to be \$112.5 million, which is 6.4% above the FY15 estimated actual amount of \$105.8 million. The increase is primarily due to the continuing recovery from the 2008/2009 drop in port container volume and corresponding ACTA volume caused by the recession. In addition, the Ports are continuing to recover volume following the 2014/2015 productivity and labor disruption. ACTA's revenue is highly correlated with the San Pedro Bay Port TEU volume. A change of 100,000 TEUs in the port TEU volume causes a change of almost \$1 million in ACTA's revenue.

ACTA currently assesses the Railroads \$22.92 in Use Fees or Container Charges (effective January 1, 2015) per twenty-foot equivalent unit (TEU) for loaded waterborne containers. Approximately 96% of Use Fees and Container Charges revenue comes from loaded waterborne containers.

Empty waterborne containers that pass through the Ports and use the Corridor are assessed \$5.49 per TEU. Approximately 2% of the revenue comes from empty waterborne containers.

Containers that utilize the Corridor, but are not associated with the ports, are given the designation of non-waterborne. Non-waterborne containers that use the Corridor, whether full or empty, are assessed \$5.49 per TEU. Full flatcars, auto-racks, box cars and other railcars that originate or terminate at the Ports and utilize the Corridor are charged \$10.98 per railcar. Only about 2% of the revenue comes from non-waterborne and other railcar charges.

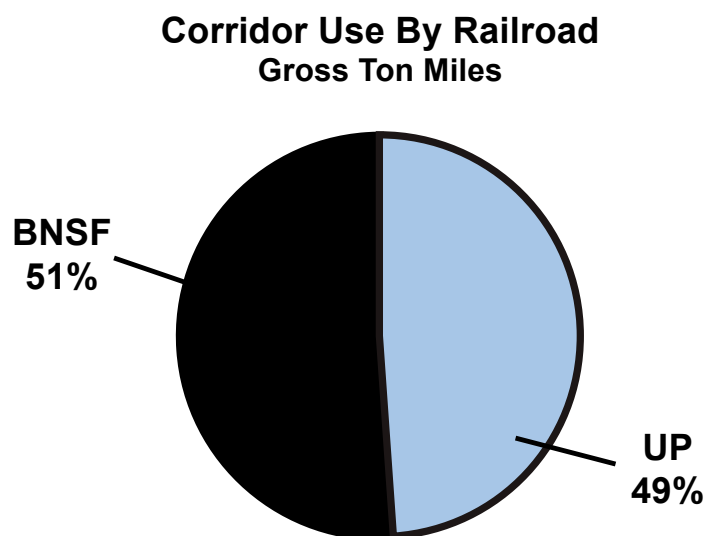
The FY16 revenue projection includes an estimated 1.5% CPI fee adjustment effective January 1, 2016 pursuant to the Use and Operating Agreement.

Railroad Payments

Union Pacific and BNSF Railroads

The Maintenance and Operations (M&O) charges established under the Use and Operating Agreement are pro rata charges to the Railroads for the annual cost of maintenance, operations, and repair of the Corridor. The M&O activities are described on page 28.

M&O charges incurred by the Railroads for the purpose of maintaining or repairing the Corridor track and track support structures are prorated based on gross ton miles. Maintenance and repair of signals and communications systems, dispatching, and all other charges not specifically relating to the track and track support structures are prorated based on train miles. ACTA expects to receive \$5.6 million during the FY16.



Schedule of Functional Expenses



Schedule of Functional Expenses

Operating Budget By Expense Type

	BUDGET FY16	ACTUAL ESTIMATE FY15	BUDGET FY15	% CHANGE	
				BUDGET TO EST. ACTUAL	BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	\$ 112,501,600	105,755,749	110,510,018	6.4%	1.8%
Maintenance-of-Way Charges	5,557,030	4,938,487	4,971,496	12.5%	11.8%
Total Operating Revenues	118,058,630	110,694,236	115,481,514	6.7%	2.2%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	110,157	95,379	145,728	15.5%	-24.4%
EPA Income	250,000	253,343	1,000,000	-1.3%	-75.0%
Pass Thru Income	-	-	-	-	-
Investment Income	1,658,075	1,786,409	1,784,827	-7.2%	-7.1%
Subtotal Other Revenues	2,078,232	2,195,131	2,990,555	-5.3%	-30.5%
Total Sources of Funds	120,136,862	112,889,367	118,472,069	6.4%	1.4%
Expenses					
Salaries	1,384,977	1,333,377	1,345,640	3.9%	2.9%
Benefits	702,668	580,543	659,353	21.0%	6.6%
Office Expenses	375,784	395,974	552,432	-5.1%	-32.0%
Other Management Expenses	58,569	50,756	51,150	15.4%	14.5%
Information Technologies	294,088	264,936	289,201	11.0%	1.7%
Bank & Investment	158,000	158,000	158,000	-	-
ACET Capital & Operational Support	1,553,791	1,841,497	1,842,700	-15.6%	-15.7%
Audit	145,250	158,000	158,000	-8.1%	-8.1%
Legal	990,000	762,267	850,000	29.9%	16.5%
Governmental Affairs	120,000	120,000	120,000	-	-
Professional Services	431,059	221,230	271,415	94.8%	58.8%
EPA Order	250,000	200,000	1,000,000	25.0%	-75.0%
Pass Thru Expenses	-	-	-	-	-
Total Administrative Expenses	6,464,187	6,086,580	7,297,891	6.2%	-11.4%
MOW Expenses Rail - Contractors	3,126,630	2,871,893	2,876,496	8.9%	8.7%
MOW Expenses Rail - Capital	-	-	-	-	-
MOW Expenses Rail - Other	2,430,400	2,066,594	2,095,000	17.6%	16.0%
Total M&O - Rail	5,557,030	4,938,487	4,971,496	12.5%	11.8%
MOW Expenses Non-rail - Contractors	812,618	713,890	775,136	13.8%	4.8%
MOW Expenses Non-rail - Capital	2,371,642	985,269	963,317	140.7%	146.2%
MOW Expenses Non-rail - Other	87,600	220,318	252,000	-60.2%	-65.2%
Total M&O - Non-Rail	3,271,860	1,919,476	1,990,453	70.5%	64.4%
MOW Expenses - ACTA	189,833	190,078	185,356	-0.1%	2.4%
Total Maintenance of Way Expenses	9,018,723	7,048,040	7,147,305	28.0%	26.2%
Subtotal Administrative and M&O Expenses	15,482,910	13,134,620	14,445,196	17.9%	7.2%
Financing Expenses					
Current Payments - Serial Bonds	64,115,317	65,413,646	65,413,646	-2.0%	-2.0%
Current Payments - CAB Debt	11,221,515	11,355,488	11,355,488	-1.2%	-1.2%
Accrued Interest - CAB Debt & Discount Amortization	37,374,971	35,370,734	35,370,734	5.7%	5.7%
Subtotal Financing Expenses	112,711,803	112,139,868	112,139,868	0.5%	0.5%
Depreciation and Amortization Expenses					
Depreciation	21,609,476	21,793,104	21,603,198	-0.8%	-
Cost of Issuance	-	-	-	-	-
Subtotal Depreciation and Amortization Expenses	21,609,476	21,793,104	21,603,198	-0.8%	-
Total Operating Expenses	149,804,188	147,067,592	148,188,261	1.9%	1.1%
Income (loss) before transfer	(29,667,326)	(34,178,225)	(29,716,192)	-13.2%	-0.2%
Capital Expenses transfer					
Expenses transfer to Capital project (Legal)	(215,000)	(279,048)	(395,000)	-23.0%	-45.6%
Expenses transfer to Capital project (ACET)	(816,682)	(1,044,581)	(1,082,029)	-21.8%	-24.5%
Total Transfer	(1,031,682)	(1,323,629)	(1,477,029)	-22.1%	-30.2%
Income (loss)	\$ (28,635,644)	\$ (32,854,596)	\$ (28,239,163)	-12.8%	1.4%

Schedule of Functional Expenses

Operating Budget By Departments

				% CHANGE	
	BUDGET FY16	ACTUAL ESTIMATE FY15	BUDGET FY15	BUDGET TO EST. ACTUAL	BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	\$ 112,501,600	105,755,749	110,510,018	6.4%	1.8%
Maintenance-of-Way Charges	5,557,030	4,938,487	4,971,496	12.5%	11.8%
Total Operating Revenues	118,058,630	110,694,236	115,481,514	6.7%	2.2%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	110,157	95,379	145,728	15.5%	-24.4%
EPA Income	250,000	253,343	1,000,000	-1.3%	-75.0%
Pass Thru Income	-	-	-	-	-
Investment Income	1,658,075	1,786,409	1,784,827	-7.2%	-7.1%
Subtotal Other Revenues	2,078,232	2,195,131	2,990,555	-5.3%	-30.5%
Total Sources of Funds	120,136,862	112,889,367	118,472,069	6.4%	1.4%
Expenses					
Admin Management	406,857	378,435	387,571	7.5%	5.0%
Revenue Collection	631,018	538,956	617,528	17.1%	2.2%
Accounting & Audit	811,383	776,836	798,710	4.4%	1.6%
A/P & Investments	320,758	350,166	315,006	-8.4%	1.8%
Human Resource & Office Staff	139,380	139,325	135,189	-	3.1%
Legal	990,000	762,267	850,000	29.9%	16.5%
Public Affairs	448,962	414,505	428,776	8.3%	4.7%
Office General	912,037	684,594	922,412	33.2%	-1.1%
ACET Capital & Operational Support	1,553,791	1,841,497	1,842,700	-15.6%	-15.7%
EPA Order	250,000	200,000	1,000,000	25.0%	-75.0%
Pass Thru	-	-	-	-	-
Total Administrative Expenses	6,464,187	6,086,580	7,297,891	6.2%	-11.4%
MOW Expenses Rail - Contractors	3,126,630	2,871,893	2,876,496	8.9%	8.7%
MOW Expenses Rail - Capital	-	-	-	-	-
MOW Expenses Rail - Other	2,430,400	2,066,594	2,095,000	17.6%	16.0%
Total M&O - Rail	5,557,030	4,938,487	4,971,496	12.5%	11.8%
MOW Expenses Non-rail - Contractors	812,618	713,890	775,136	13.8%	4.8%
MOW Expenses Non-rail - Capital	2,371,642	985,269	963,317	140.7%	146.2%
MOW Expenses Non-rail - Other	87,600	220,318	252,000	-60.2%	-65.2%
Total M&O - Non-Rail	3,271,860	1,919,476	1,990,453	70.5%	64.4%
MOW Expenses - ACTA	189,833	190,078	185,356	-0.1%	2.4%
Total Maintenance of Way Expenses	9,018,723	7,048,040	7,147,305	28.0%	26.2%
Subtotal Administrative and M&O Expenses	15,482,910	13,134,620	14,445,196	17.9%	7.2%
Financing Expenses					
Current Payments - Serial Bonds	64,115,317	65,413,646	65,413,646	-2.0%	-2.0%
Current Payments - CAB Debt	11,221,515	11,355,488	11,355,488	-1.2%	-1.2%
Accrued Interest - CAB Debt	37,374,971	35,370,734	35,370,734	5.7%	5.7%
Subtotal Financing Expenses	112,711,803	112,139,868	112,139,868	0.5%	0.5%
Depreciation and Amortization Expenses					
Depreciation	21,609,476	21,793,104	21,603,198	-0.8%	-
Cost of Issuance	-	-	-	-	-
Subtotal Depreciation and Amortization Expenses	21,609,476	21,793,104	21,603,198	-0.8%	-
Total Operating Expenses	149,804,188	147,067,592	148,188,261	1.9%	1.1%
Income (loss) before transfer	(29,667,326)	(34,178,225)	(29,716,192)	-13.2%	-0.2%
Capital Expenses transfer					
Expenses transfer to Capital project (Legal)	(215,000)	(279,048)	(395,000)	-23.0%	-45.6%
Expenses transfer to Capital project (ACET)	(816,682)	(1,044,581)	(1,082,029)	-21.8%	-24.5%
Total Transfer	(1,031,682)	(1,323,629)	(1,477,029)	-22.1%	-30.2%
Income (loss)	\$ (28,635,644)	\$ (32,854,596)	\$ (28,239,163)	-12.8%	1.4%

Operating Budget By Funds

	BUDGET FY16	ACTUAL ESTIMATE FY15	BUDGET FY15	% CHANGE	
				BUDGET TO EST. ACTUAL	BUDGET TO BUDGET
Revenues					
Operating Revenues					
Use Fees & Container Charges	\$ 112,501,600	105,755,749	110,510,018	6.4%	1.8%
Maintenance-of-Way Charges	5,557,030	4,938,487	4,971,496	12.5%	11.8%
Total Operating Revenues	118,058,630	110,694,236	115,481,514	6.7%	2.2%
Other Revenues					
Pier Pass	60,000	60,000	60,000	-	-
Office Rental & Other Income	110,157	95,379	145,728	15.5%	-24.4%
EPA Income	250,000	253,343	1,000,000	-1.3%	-75.0%
Pass Thru Income	-	-	-	-	-
Investment Income	1,658,075	1,786,409	1,784,827	-7.2%	-7.1%
Subtotal Other Revenues	2,078,232	2,195,131	2,990,555	-5.3%	-30.5%
Total Sources of Funds	120,136,862	112,889,367	118,472,069	6.4%	1.4%
Expenses					
Financing Fees	631,018	538,956	617,528	17.1%	2.2%
Administrative Costs	4,551,487	4,023,995	4,203,335	13.1%	8.3%
Capital	1,031,682	1,323,629	1,477,029	-22.1%	-30.2%
Railroads - M&O	5,557,030	4,938,487	4,971,496	12.5%	11.8%
Reserve - M&O	3,271,860	1,919,476	1,990,453	70.5%	64.4%
Financing Fees - M&O	189,833	190,078	185,356	-0.1%	2.4%
Revenue Fund-Current Payments - Serial Bonds	64,115,317	65,413,646	65,413,646	-2.0%	-2.0%
Revenue Fund-Current Payments - CAB Debt	11,221,515	11,355,488	11,355,488	-1.2%	-1.2%
EPA Fund	250,000	200,000	1,000,000	25.0%	-75.0%
LAIF General Fund - Pass Thru	-	-	-	-	-
Total Expenses	90,819,741	89,903,754	91,214,330	1.0%	-0.4%
Non Cash Expenses					
Accrued Interest - CAB Debt	37,374,971	35,370,734	35,370,734	5.7%	5.7%
Depreciation	21,609,476	21,793,104	21,603,198	-0.8%	0.0%
Cost of Issuance	-	-	-	-	-
Subtotal Interest, Depreciation and Amortization Expenses	58,984,447	57,163,838	56,973,932	3.2%	3.5%
Total Operating Expenses	149,804,188	147,067,592	148,188,261	1.9%	1.1%
Income (loss) before transfer	(29,667,326)	(34,178,225)	(29,716,192)	-13.2%	-0.2%
Capital Expenses transfer					
Expenses transfer to Capital project (Legal)	(215,000)	(279,048)	(395,000)	-23.0%	-45.6%
Expenses transfer to Capital project (ACET)	(816,682)	(1,044,581)	(1,082,029)	-21.8%	-24.5%
Total Transfer	(1,031,682)	(1,323,629)	(1,477,029)	-22.1%	-30.2%
Income (loss)	\$ (28,635,644)	\$(32,854,596)	\$(28,239,163)	-12.8%	1.4%

Schedule of Functional Expenses

ACTA Capital Projects Budget by Project

(\$ in thousands)		Capital Budget	Est. Actual Thru FY15	FY16	FY17	FY18 & Beyond
North End						
Completed Projects *		\$ 294,682	\$ 294,682	\$ -	\$ -	\$ -
Subtotal North End		294,682	294,682	-	-	-
Mid-Corridor						
Completed Projects *		808,623	808,623	-	-	-
Subtotal Mid-Corridor		808,623	808,623	-	-	-
South End						
S04	Henry Ford Grade Separation	126,463	126,463	-	-	-
S44/S47	SR-47 - Segment 1	51,599	44,523	2,570	1,098	3,408
S48	SR-47 - Segment 2 (on hold)	-	-	-	-	-
S44/S47	SR-47 (Caltrans Only)					
S88	PCH Grade Separation	84,116	84,116	-	-	-
S90	Carson Soundwall	10	10	-	-	-
Completed Projects *		261,789	261,789	-	-	-
Subtotal South End		523,976	516,900	2,570	1,098	3,408
System Wide Completed Projects						
C99	System Wide Capital	6,069	6,069	-	-	-
E07	ATMIS	1,684	1,684	-	-	-
Completed Projects *		162,336	162,336	-	-	-
Subtotal System Wide		170,089	171,872	-	-	-
Transfer from Operating**		1,032	-	1,032	-	-
Total		\$ 1,798,401	\$ 1,792,077	\$ 3,602	\$ 1,098	\$ 3,408

* Detailed information, by project, available upon request

**Transfer from Operating detailed information on facing page

**** Transfer from Operating Detail FY16**

(\$ in thousands)		Capital Budget FY16
Legal Department		
C99	System Wide Capital	150
S04	Henry Ford Grade Separation	-
S44/S47	State Route 47	65
S88	PCH Grade Separation	-
Subtotal Legal Department		<u>215</u>
ACET		
C99	System Wide Capital	345
S04	Henry Ford Grade Separation	-
S44/S47	State Route 47	471
S88	PCH Grade Separation	-
Subtotal ACET		<u>817</u>
Total Current FY		<u><u>\$ 1,032</u></u>

Schedule of Functional Expenses

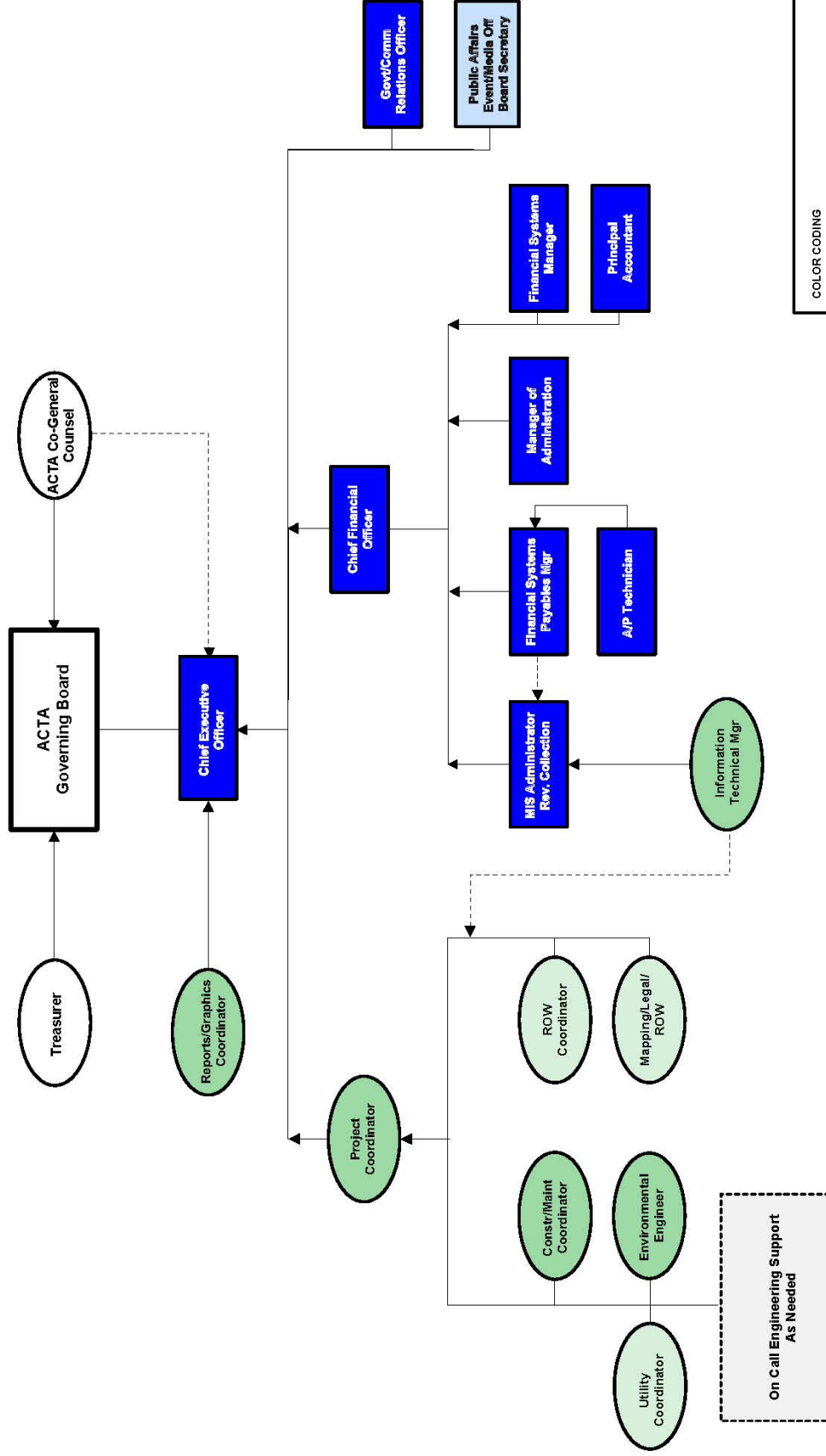
ACTA's Staff Compensation FY16

	Full-time Equivalents	Salaries	Benefits	Total S&B
Admin Management	1.0	\$ 287,308	\$ 88,747	\$ 376,055
Revenue Collection	1.6	247,384	99,702	347,086
Accounting & Audit	2.9	445,248	176,754	622,002
A/P & Investments	1.5	126,262	52,094	178,356
Governmental Affairs	1.5	186,800	85,089	271,889
Human Resource & Office Staff	1.0	91,975	40,355	132,330
	9.5	\$ 1,384,977	\$ 542,741	\$ 1,927,718



ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

FUNCTIONAL ACTA/ACET ORGANIZATIONAL CHART



COLOR CODING			
ACTA Employee		ACET or Other Consultant Employee	
Blue box	9	Green box	5
Light blue box	1	Light green box	3

Schedule of Functional Expenses

Maintenance & Operations By Calendar Year 2015

	Rail Cost	Non-Rail Cost	ACTA-Rail Cost	Total
Maintenance of Way Contractor's Costs				
Contract Manager	\$ 152,460	\$ 54,450	\$ 10,890	\$ 217,800
Track Supervisor	122,820	40,940	-	163,760
Bridge Insp / Safety Supv.	35,460	141,840	-	177,300
Office Manager	65,142	23,265	4,653	93,060
Inspector	94,063	31,354	-	125,417
Track Foreman	93,152	31,051	-	124,203
Track Maintainers / Assistant Foreman	78,807	26,269	-	105,076
Track Laborers	216,311	72,104	-	288,415
Equipment Operators	119,355	39,785	-	159,140
Welder	121,535	-	-	121,535
Welder Helper	93,304	-	-	93,304
Administrative Burden	46,305	16,538	3,308	66,151
Accounting Support	17,500	6,250	1,250	25,000
Pump Station Materials & Supplies	-	45,840	-	45,840
Pump Station Repairs & Supplies	-	25,500	-	25,500
AEI Readers	-	-	167,485	167,485
Rail Flaw Detection (Contract)	25,000	-	-	25,000
Graffiti Control	-	76,260	-	76,260
Weed Abatement	20,000	5,000	-	25,000
Training Costs / Safety	15,088	2,663	-	17,751
Safety Management / Costs	17,850	3,150	-	21,000
Vehicles	159,718	38,319	1,247	199,284
Bridge Inspector Vehicle	4,560	18,240	-	22,800
Hi-Lift Bridge / Signal Inspection Vehicle	52,800	13,200	-	66,000
Maintenance Program Rail Grinding	89,250	-	-	89,250
Track Materials / Supplies & Rentals	277,200	-	-	277,200
Signal AAR Unit Cost	936,000	-	-	936,000
Ladder / Fence / Traffic Support	-	30,000	-	30,000
Security (Trench Cameras)	14,000	5,000	1,000	20,000
Security & Yard Office Maintenance Support	124,950	-	-	124,950
Trench Ditch Cleaning	-	65,600	-	65,600
Replace Signal Wire @ East Redondo & Dolores	20,000	-	-	20,000
Railroad Reporting & Record Keeping Software	14,000	-	-	14,000
Contingency Fund	100,000	-	-	100,000
Total Contractor's Costs	3,126,630	812,618	189,833	4,129,081
Annual Capital Cost				
Mark IV Production Tamper	-	164,000	-	164,000
Track Foreman (Switch Reballast)	-	11,600	-	11,600
Track Laborers (Switch Reballast)	-	32,000	-	32,000
Ballast (1700 tons)	-	43,200	-	43,200
Rail Grinding Contractor	-	89,250	-	89,250
Switch & Crossing Grinding	-	27,353	-	27,353
Crossing Diamond Rehab	-	19,719	-	19,719
Nadeau Pump Replacement-Rail Replacement	-	82,000	-	82,000
Re-tie CP Foote Connection w/ Concrete Ties	-	46,220	-	46,220
Phase II Pump Station Upgrade	-	100,300	-	100,300
Replace Crossing Predictor at Henry Ford Ave.	-	120,000	-	120,000
Trench Emergency Ladder / Stair Study	-	500,000	-	500,000
Vehicular Accident Repairs to Structures	-	1,020,000	-	1,020,000
Railroad Reporting & Record Keeping Software	-	16,000	-	16,000
Contingency Fund	-	100,000	-	100,000
Total Capital Cost	-	2,371,642	-	2,371,642
Corridor Operating & Other MOW Cost				
Insurance (Annual Amount)	1,730,000	-	-	1,730,000
Utilities	289,000	-	-	289,000
Storm Water Discharge Permits, Water Testing & Support Services	17,000	-	-	17,000
Provide 3rd Party Security Monitoring & Support Services	17,000	-	-	17,000
Weather Monitoring	17,000	-	-	17,000
M&O or Capital Reserve Support Service	350,400	87,600	-	438,000
Communication Network Upgrades, Alarm / Phone Renewals	10,000	-	-	10,000
Total Operating & Other MOW	2,430,400	87,600	-	2,518,000
Total MOW Paid through ACTA	\$ 5,557,030	\$ 3,271,860	\$ 189,833	\$ 9,018,723
Corridor Operating & Other MOW Cost Paid Directly by Railroads				
Dispatching ⁽¹⁾	600,000	-	-	600,000
Security - Labor ⁽²⁾	1,150,000	-	-	1,150,000
Security - Equipment ⁽³⁾	250,000	-	-	250,000
Total Other MOW Paid Directly by Railroads	2,000,000	-	-	2,000,000
Total Maintenance & Operation	\$ 7,557,030	\$ 3,271,860	\$ 189,833	\$ 11,018,723

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



ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

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