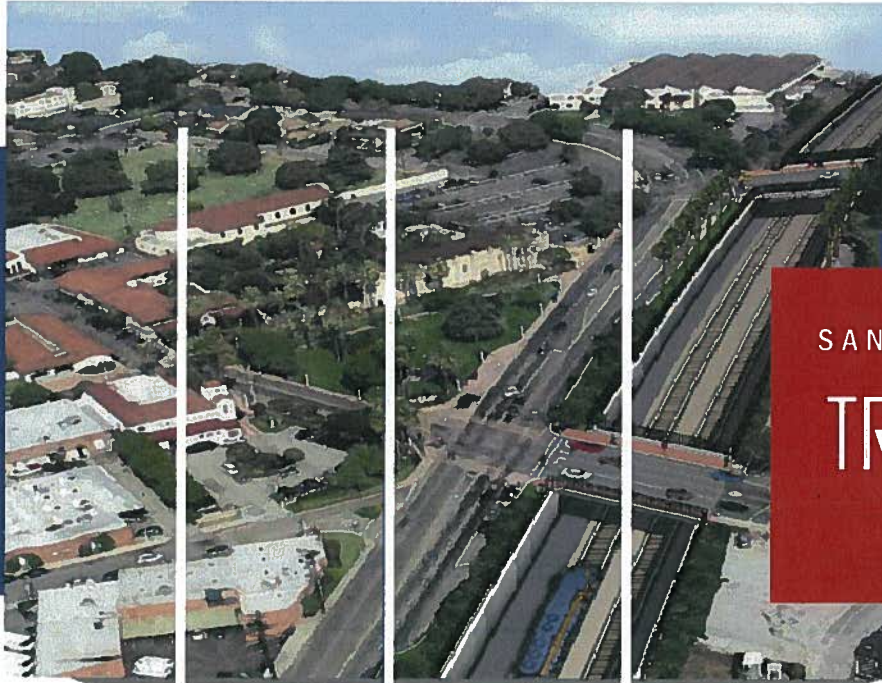




ACE CONSTRUCTION AUTHORITY FY 2013 APPROVED BUDGET



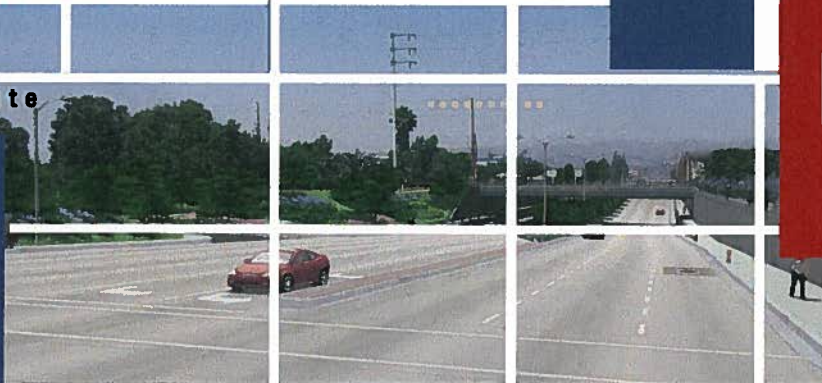
SAN GABRIEL
TRENCH

BALDWIN AVE.
PROJECT



NOGALES ST.
PROJECT

City of El Monte



City of
Industry
LA County

Table of Contents

Background	3
Project Status	4
Funding Status	5
2012 Budget Status	6
Meeting FY 2012 Goals.....	9
Project Implementation.....	11
Funding/Financial Administration	11
Outreach.....	11
FY 2013 Budget Development.....	12
FY 2013 Budget.....	13
Indirects.....	14
Directs	16
Project Financing	23
Budget Amendments And Revisions	24
Board Approval & Review	25
FY 2013 Budget Glossary	26
Indirect Expenses	26
FY 2013 Budget Glossary	27
Direct Expenses.....	27

Organization

Board of Directors

Councilman David Gutierrez
City of San Gabriel
Chair

Councilman Stephen Atchley
City of Pomona
Vice Chair

Supervisor Michael D. Antonovich
LA County Board of Supervisors

Councilman Angel Carrillo
City of Azusa

Councilman Jack Hadijian
City of Montebello

Councilwoman Norma Macias
City of El Monte

Councilman Tim Spohn
City of Industry

Mayor Paul Eaton
Ex-Officio. City of Montclair

Rick Richmond
Chief Executive Officer

San Gabriel Valley Council of Governments

1000 S Fremont Ave.
Unit 42 Suite 10210
Alhambra, CA 91803

Phone: (626) 457-1800
Fax: (626) 457-1285
Web site: www.sgvkog.org

Nicholas Conway
Executive Director

Office

4900 Rivergrade Road
Suite A120
Irwindale, CA 91706

Phone: (626) 962-9292
Fax: (626) 962-9393
Web site: www.theaceproject.org

Budget Message

As we enter the new fiscal year the Alameda Corridor-East Construction Authority is on the threshold of beginning the most intensive period of construction we have yet experienced with three projects out to bid totaling approximately \$500 million.

The ACE Board of Directors and the San Gabriel Valley Council of Governments recently adopted a modification to the overall scope of the grade separation project which will bring the total to 22. Beyond the San Gabriel Trench and the Baldwin Avenue and Nogales Street grade separations about to begin, eight more grade separations are envisioned and six of them should be in the design process by the end of the calendar year.

Completing all 22 grade separations will require additional funding. We have been recently successful in securing \$38 million in previous unanticipated funding and will continue to pursue all options for the funding needed to complete the overall ACE Project.



Rick Richmond
Chief Executive Officer

ACE CONSTRUCTION AUTHORITY BACKGROUND

Background

The planning for the ACE Project, done in the late 1990s, was based on increases in train traffic through the San Gabriel Valley from the then current level of approximately 55 trains per day, to approximately 160 by 2020. Until the recent recession and its effect on international trade activity through the San Pedro Bay ports, growth in train traffic was tracking close to estimates. The significant drop off that occurred over the last few years has experienced an on-and-off recovery. Forecasting long term train traffic growth is difficult until the new growth patterns can be reliably predicted. There is little doubt, however, that growth will return.

The ACE Project includes safety improvements at 39 grade crossings located throughout the San Gabriel Valley and 24 grade crossing eliminations. ACE has implemented safety improvements, completed six grade separations and is about to initiate construction on six more locations. The original project estimate from 1998 has been updated to take into account inflation over the last 15 years, higher than anticipated right-of-way requirements, and increased railroad and utility relocation costs. In late 2007 we increased the project cost estimate from \$910 million to \$1.404 billion (without an allowance for escalation over time), which remained fairly consistent until the remaining project scope was restudied in 2010-11. Subsequently, in 2012, the scope of the adopted grade separation program was amended by changing some project locations and adding two additional grade separations. The change in adopted projects and expanded scope results in an estimated project of approximately \$1.846 billion.

ACE CONSTRUCTION AUTHORITY BACKGROUND

Project Status

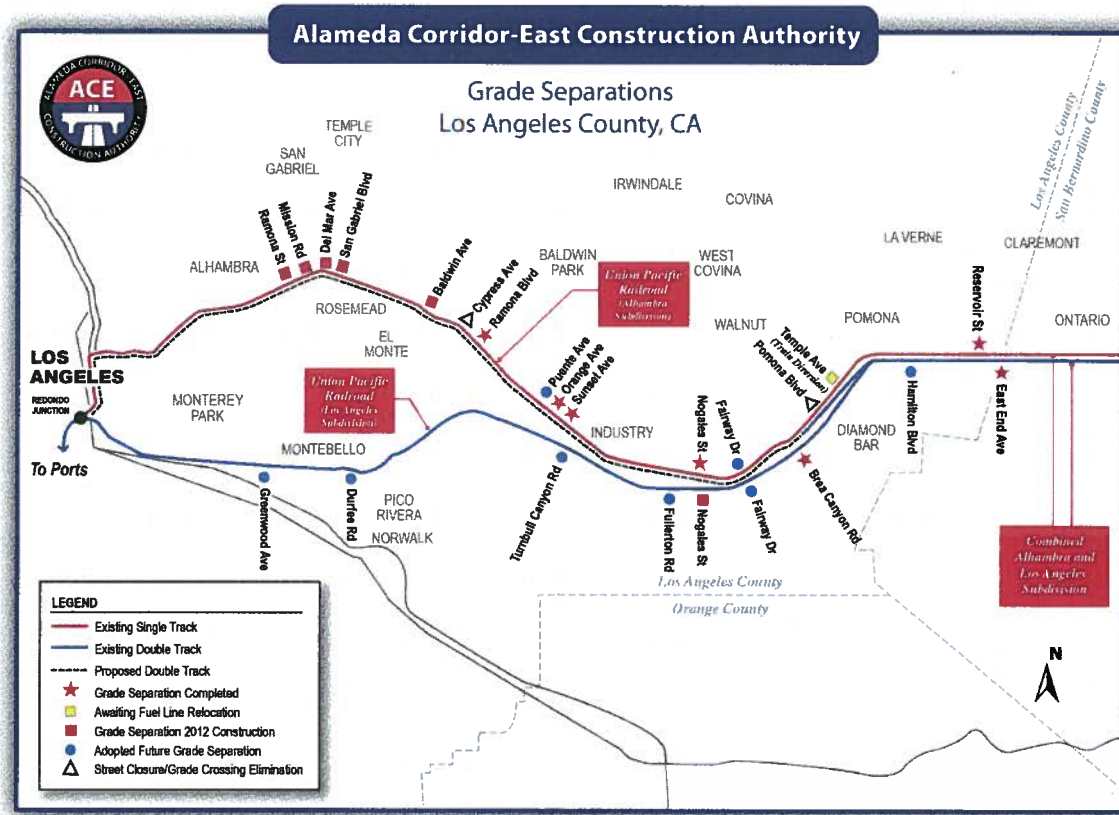
The following is a summary of the status of the active project components:

Railroad Crossing Safety Improvements (39 crossings)

- Completed in 2004

Grade Separations

- Six grade separations completed (Nogales St./Alh, Reservoir St., East End Ave., Ramona Blvd., Brea Canyon Rd., and Sunset Ave.);
- One grade separation awaiting completion of UPRR work (Temple Ave.);
- Four grade separations have completed pre-construction activities (archeological investigation) and are out for bids (San Gabriel Trench);
- Two grade separations are about to go out to bid (Baldwin Ave., Nogales St. (LA))



Alameda Corridor-East Project Area

ACE CONSTRUCTION AUTHORITY BACKGROUND

Funding Status

The current cost estimate for all completed or active projects is \$1.149 billion. An additional \$14.6 million in city or railroad requested and funded property enhancements bring the total projected expenditures to \$1.164 billion.

The following funding has been authorized for project (including enhancements):

<u>Funding Source</u>	(\$ millions) Committed /Estimate
Federal TEA-Demonstration Earmark	\$ 134.4
Federal SAFETEA-LU Demonstration Earmark	67.3
Federal Appropriations	35.7
State ITIP and PUC Funds	44.0
State General Funds (AB 2928)	130.3
State Prop 1B Trade Corridor Funds	374.2
State Prop 1B Grade Separation Funds	25.6
MTA Funds (17% Match)	259.9
MTA Call for Project Funds	28.8
MTA Measure R Funds	42.0
City/County/MWD Funds	11.8
Railroad Contribution	31.9
City/Railroad Betterments	17.8
Total ACE Project Funding	<u>\$ 1,203.9</u>

Note: An additional \$358 million for the ACE Project is included in the MTA's Measure R Expenditure Plan and is expected to be released between 2012 and 2017.

ACE CONSTRUCTION AUTHORITY FY 2012 BUDGET STATUS

2012 Budget Status

The Board of Directors adopted the Fiscal Year 2012 budget in June 2011 and it was revised in January 2012 to reflect a slower rate of construction progress.

The attached table (Exhibit I) compares the FY 2012 Budget to the estimated actual expenses as of June 30, 2012.

As in the past, our annual budget is broken down into two categories – indirect project expense and direct project expense.

Indirect Project Expense

Indirect expenses (such as salaries, rent, office supplies, etc.) that cannot easily be charged to specific project activities are billed to grants based on an annual indirect rate plan approved by Caltrans. The FY 2012 rate was approved by Caltrans and includes adjustments for over or under spending in prior years. ACE anticipates indirect expenses for FY 2012 will be \$4.164 million, about 4% under budget.

Direct Project Expense

Direct expenses are those that can be readily associated with specific projects such as staff or program management time, engineering or construction management contracts, property acquisition, construction, and miscellaneous support costs. As a general rule, annual budget overruns in direct annual costs are a positive sign of faster than assumed progress, if total project costs aren't increasing. Conversely, annual budget underruns generally mean slower progress and can result, depending on where the underrun occurs, in under collection of indirect costs until a later date. For FY 2012 we will collect all of the indirect costs.

ACE CONSTRUCTION AUTHORITY FY 2012 BUDGET STATUS

Overall, direct expenses will be under budget by \$20.8 million, or 53%. The most significant projected direct cost underruns will occur in right of way acquisition (ROW) for the San Gabriel Trench where we budgeted for acquisition of the UPRR property required under our agreement which won't happen until early FY 2013, and construction expense which was based on the contract being awarded this fiscal year and significant early expense incurred, which also won't happen until later in FY 2013. Underruns (more than \$500,000) are also expected in design, construction management and UPRR reimbursement. The reduced railroad expenses reflect cost underruns on the Sunset Avenue project.

ACE CONSTRUCTION AUTHORITY FY 2012 BUDGET STATUS

Exhibit I FY 2012 Budget vs. Estimated Actual (\$ in thousands)

Expenditures	Year End Estimate	FY 2012 Budget	Under/ (Over)
Indirect			
Personnel			
Salaries and Wages	\$ 1,718	\$ 1,589	\$ (129)
Fringe Benefits	510	495	(15)
Board/ Employee Expense			
Auto/Travel	25	25	-
Training/Memberships	25	11	(14)
Board Expense	19	19	-
Professional Services			
Auditing/Accounting	37	35	(2)
DBE Compliance	12	83	71
Legal-Agency Support	41	65	24
Program Management	479	539	60
State/Federal Advisory Services	255	265	10
Risk Management	65	65	-
Insurance	654	845	191
Equipment Expense	71	55	(16)
Office Expense	211	209	(2)
Office Operations	34	41	7
Other	8	12	4
Total Indirect	<u>4,164</u>	<u>4,353</u>	<u>189</u>
Direct			
Salaries and Wages	710	789	79
Fringe Benefits	282	320	38
Employee Travel - Projects	14	18	4
Program Management	1,626	1,663	37
Legal	1,068	1,302	234
Labor Compliance	66	52	(14)
Design	3,147	3,654	507
ROW Acquisition	6,559	15,448	8,889
Utility Relocation	1,766	1,425	(341)
Construction Mgt	253	1,247	994
Railroad	345	1,228	883
Construction	2,178	11,717	9,539
Third Party Review	244	223	(21)
UPRR Invoice Review	-	20	20
Advertising	18	18	-
Total Direct	<u>18,276</u>	<u>39,124</u>	<u>20,848</u>
Total Expenditures	<u>\$ 22,440</u>	<u>\$ 43,477</u>	<u>\$ 21,037</u>

ACE CONSTRUCTION AUTHORITY FY 2012 GOALS

Meeting FY 2012 Goals

Last fiscal year's budget set forth a number of goals for FY 2012. The following is the anticipated status of each goal as of June 30, 2012:

Project Implementation	
Project/Goal	Progress
Nogales Street – complete right-of-way acquisition; construction underway	Property acquisition complete; construction contract out to bid
Baldwin Avenue – construction underway	Not accomplished; construction contract out to bid
San Gabriel Trench – complete fiber optic relocation and archeological investigations; bid main construction contract	Fiber optic relocation deferred; archeological investigation and bid main construction contract accomplished
Puente Avenue – complete preliminary engineering, obtain environmental clearance and begin final engineering	Preliminary engineering clearance accomplished; expect final design to begin by June 30
Fairway Drive – complete preliminary engineering, obtain environmental clearance and begin final engineering	Preliminary environmental clearance accomplished; expect final design to begin by June 30

Funding/Financial/Administration	
Goal	Progress
Apply for TIGER II grant.	Application submitted; not funded
Seek dedicated freight trust fund and/or existing federal funding in reauthorization	Reauthorization in conference committee; Senate version includes two relevant funding programs
Obtain clean financial audit and management letter	Accomplished
Maintain at least 90% of funds invested	Accomplished

ACE CONSTRUCTION AUTHORITY FY 2012 GOALS

Outreach	
Goal	Progress
Conduct ceremonies for ready projects	No groundbreaking were held; held extensive public outreach for San Gabriel archeological investigations
Continue business support, community and school safety outreach programs	Accomplished
Distribute ACE e-newsletters quarterly	Accomplished
Implemented revised DBE program per Caltrans/FHWA regulations	Accomplished; also adopted Small Business Enterprise Program

ACE CONSTRUCTION AUTHORITY FY 2013 GOALS

Staff proposes to accomplish the following by June 30, 2013 (unless otherwise noted):

Project Implementation

- Nogales Street: Construction 20% complete;
- Baldwin Avenue: Construction 25% complete;
- San Gabriel Trench: Construction 15% complete;
- Puente Avenue: Design 95% complete; property acquisition underway;
- Fairway Drive: Design 95% complete; property acquisition underway.

Funding/Financial Administration

- Continue to seek additional project funding
 - Reauthorized Federal program
 - State Prop 1B Bond funding
 - MTA Measure R (if extended)
- Timely completion of financial and single audits;
- Maintain at least 95% of note proceeds invested
- Set up commercial paper proceeds and grant reimbursement accounts to track future issues
- Past first ACE peer review audit
- Complete 24 project close-out audits

Outreach

- Groundbreaking events for new construction projects
- Focus business community and school safety outreach effort on new construction projects
- Initiate community activities on Puente Avenue and Fairway Drive projects
- Continue to distribute quarterly e-newsletter
- Assume DBE and labor compliance responsibilities in-house
- Initiate Small Business Enterprise (SBE) program on Baldwin Avenue project.

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

ACE has developed and implemented budgeting, accounting and project control systems that meet generally accepted accounting standards with the goal of delivering a project that accomplishes its intended purposes as expeditiously and cost effectively as possible.

FY 2013 Budget Development

The budget for FY 2013 (July 1, 2012 through June 30, 2013) was developed in two parts: project direct expense and indirect expense.

The direct expense projects will consist of three projects entering into construction during FY 2013, two projects continuing in design and beginning land acquisition, and four projects entering into design by the second half of FY 2013. For the construction projects (San Gabriel Trench, Baldwin, Nogales) we have prepared preliminary construction schedules based on expected contract award dates assigning budget to each. For the design/land acquisition projects (Fairway and Puente) we have projected their expenditure rate for moving into final design and made educated guesses about how many property acquisitions would be consummated by next June 30. This is clearly the most speculative of our budget projections. Finally, for the four new projects entering into preliminary engineering we have estimated a spending rate for their first 4-6 months.

The indirect budget is developed by line item, based on past experience and changed levels of effort in FY 2013. This includes the staff additions approved by your Board in

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

April. The ratio of all indirect costs to direct labor and fringe benefit cost is used to calculate the Indirect Cost Allocation Plan (ICAP) that is submitted to Caltrans for approval, and becomes the basis for billing indirect costs in FY 2013.

The FY 2013 budget does not request Board approval for new contracts nor amendments to existing contracts. Each contract authorization will be brought to the Board for any necessary action.

The FY 2013 budget provides only for activities for which the Authority has committed funding.

FY 2013 Budget

The FY 2013 budget is presented in Exhibit II. Exhibit II A provides a breakdown of all proposed direct expenditures by project. Exhibit III estimates overall revenues, expenses and income from our cash flow financing (GANs). Exhibit IV compares the estimated actual for FY 2012 to the approved budget for FY 2013. The exhibits can be found on pages 15-18.

The pace of active projects is the major factor in our annual budget projection. For FY 2013 we have made the following assumptions about the projects having the biggest impact on our spending estimates:

Baldwin Avenue – Construction 25% complete by June 2013.

Nogales Street – Construction 20% complete by June 2013.

San Gabriel Trench – Construction 15% complete by June 2013.

Puente Avenue – Design 95% complete; property acquisition well underway.

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Fairway Drive – Design 95% complete; property acquisition well underway.

In addition, we will have started designs on additional grade separations, the number of which and start dates are still under discussion with the ACE and SGVCOG Boards as of this writing.

The FY 2013 budget includes 23 full time positions, the same as authorized but not filled in the FY 2012 budget. This reflects approval of a staffing plan by your Board for interim implementation of the recently modified Phase II program. It may, depending on our experience with increased workload, be necessary to revise our recommendation during the course of the year.

The following addresses significant line item changes (more than 10% and \$10,000) proposed for FY 2013 compared to the FY 2012 estimated actual. Changes in the construction related line items (utility relocation, construction management, railroad and construction) are a result of our most current projection of construction progress, as described above.

Indirects

Personnel – Salary & Wages and Fringe Benefits (+\$146,000/8% increase) –This increase is due to the addition of two+ positions approved by the Board to support the increased workload as we move into Phase II. The increase in personnel costs (direct and indirect) is offset by \$78,000 in eliminated consulting cost due to moving the DBE and labor compliance functions in house.

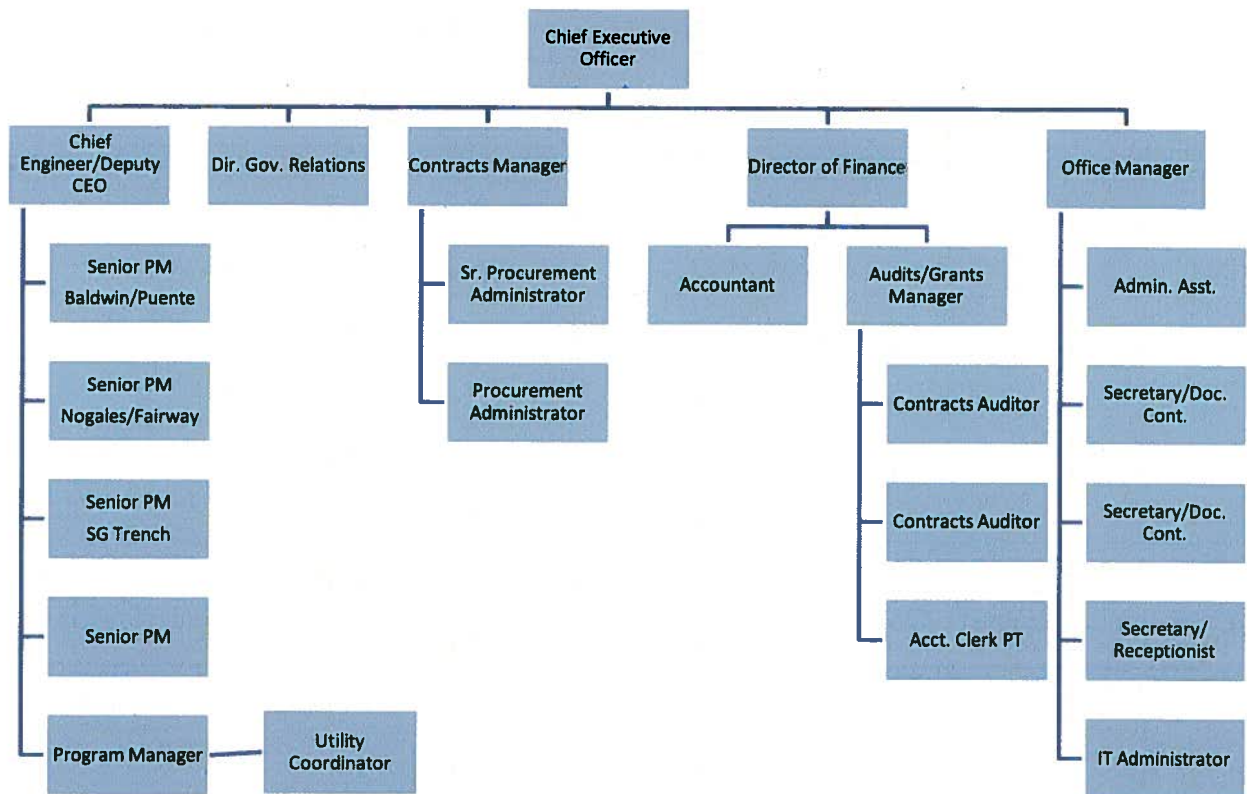
As was the case with our last budget, staff is not proposing any salary adjustments in FY 2013 at this time. A recently completed MTA Inspector General’s report showed

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

some significant differences in compensation on certain positions between ACE and our peer group construction agencies, the Foothill Gold Line and the Expo construction authorities. We expect additional information on the salary adjustment practices of all three agencies will be released soon. Collectively, this information may argue for an overall compensation survey (not done since 2002), and reconsideration of a FY 2013 merit-based salary adjustment pool.

As mentioned earlier, your Board has authorized 23 full time and one part time position. The organization chart is depicted below:

ACE Construction Authority Organization Chart
As of April 2012



ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Legal – Agency Support (+\$14,000/34% increase) – There will be a significant underrun in FY 2012 in this area which we do not expect to be repeated in FY 2013. The FY 2013 estimate is still less than the FY 2012 budget.

Program Management (-\$108,000/23% decrease) – This decrease is due to a higher proportion of our outreach activities being charged to direct project expenses as construction activities pick up.

Insurance (-\$574,000/88% decrease) – This decrease reflects the purchase of our largest policy (excess liability) taking place during FY 2012 and running through 2016. The remaining five policies we carry are significantly less expensive.

Equipment Expense (+\$30,000/42% increase) – The main reasons for this increase are the replacement of our eight year old file server and the replacement of 15 desktop computers that over five years old. We are updating our 10 year old operating system (software) and the older computers will not function on the new system.

Office Operations (+\$12,000/35% increase) – This increase is being caused by the additional bidding and construction activities expected in FY 2013 which produce a significant increase in postage and consumption of office supplies.

Directs

Salaries and Wages and Fringe Benefits (+\$184,000/21% increase) – Due to delay in expecting hiring, we had an underrun in this item in FY 2012. The increase is partially due to that and the additional staffing we were recently authorized for Phase II implementation.

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Program Management (+\$1,891,000/116% increase) – The main increases are for support of property acquisitions on the Puente and Fairway projects and a lesser increase for non-property related activities (outreach, environmental monitoring and others) on the San Gabriel Trench.

Legal (-\$312,000/29% decrease) – The projected decrease is primarily due to a winding down of our most active legal issue – the MIPCO acquisition for the Baldwin project – during FY 2013. Legal activity on the Nogales project is expected to continue. No significant legal expenses on the Puente and Fairway projects, which will be entering property acquisition, are provided for at this point.

Design (+\$1,267,000/40% increase) This increase is almost entirely attributable to stepped up pace on the Puente and Fairway designs.

ROW Acquisition (+\$19,654,000/300% increase) – This estimate includes substantial ROW acquisition expenditures for the San Gabriel Trench (UPRR acquisitions), Fairway, Puente and Nogales.

Utility Relocation (-\$1,716,000/97% decrease) – This reflects the completion of advanced relocation on projects ready for construction.

Construction Management (+\$2,942,000/1,163% increase) – There was very little activity in FY 2012 but it will build up with Baldwin, Nogales and the San Gabriel Trench starting construction.

Railroad (+\$350,000/101% increase) – This reflects fairly limited early work on the San Gabriel Trench and Nogales.

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Construction (+\$20,562,000/944% increase) – This reflects the growth from only limited activity in FY 2012 (Sunset wind down and Trench archeological) to the gearing up of the three ready projects.

Third Party Review (-\$87,000/36% decrease) – This decrease is primarily caused by a winding down of the design reviews of the San Gabriel Trench.

Utilities (Site) (+\$20,000/new budget line item) – This is the estimated cost of utility services to the construction sites. We have not accounted for it separately in the past.

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Exhibit II

FY 2013 Approved Budget with Type of Expenditure (\$ in thousands)

Expenditures	FY 2013 Approved
Indirect	
Personnel	
Salaries and Wages	\$ 1,864
Fringe Benefits	614
Board/Employee Expense	
Auto/Travel	25
Training/Memberships	33
Board Expense	20
Professional Services	
Auditing/Accounting	37
Legal-Agency Support	55
Program Management	371
State/Federal Advisory Services	272
Risk Management	65
Insurance	
	80
Equipment Expense	
	101
Office Expense	
	221
Office Operations	
	46
Other	
	16
Total Indirect	3,820
Direct	
Salaries and Wages	894
Fringe Benefits	345
Employee Travel - Projects	18
Program Management	3,517
Legal	756
Design	4,414
ROW Acquisition	26,213
Utility Relocation	50
Construction Mgt	3,195
Railroad	695
Construction	22,740
Third Party Review	157
Utilities (Site)	20
Advertising	10
Total Direct	63,024
Total Expenditures	\$ 66,844

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Exhibit II A

FY 2013 Direct Cost Budgets by Project

(\$ in thousands)

Expenditures	FY 2013 Proposed	Baldwin	Sunset	Temple	SG Trench	Puente Avenue	Fairway Drive	Nogales (LA)
Direct								
Salaries and Wages	\$ 894	\$ 148	\$ 0	\$ 5	\$ 296	\$ 148	\$ 148	\$ 148
Fringe Benefits	345	57	0	2	114	57	57	57
Employee Travel - Projects	18	3	-	-	6	3	3	3
Program Management	3,517	285	19	-	509	1,274	950	482
Legal	756	251	-	-	-	20	20	465
Design	4,414	65	-	-	50	2,000	2,000	299
ROW Acquisition	26,213	2,054	-	-	6,507	11,000	2,000	4,652
Utility Relocation	50	50	-	-	-	-	-	-
Construction Mgt	3,195	1,095	-	-	900	-	-	1,200
Railroad	695	-	-	-	100	15	80	500
Construction	22,740	5,390	-	350	8,000	-	-	9,000
Third Party Review	157	2	-	-	30	-	-	125
Utilities (Site)	20	9	-	-	5	-	-	6
Advertising	10	5	-	-	-	5	-	-
Total Direct	\$ 63,024	\$ 9,414	\$ 19	\$ 357	\$ 16,517	\$ 14,522	\$ 5,258	\$ 16,936

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Exhibit III

**FY 2013 Approved Budget with Type of Expenditure
(\$ in thousands)**

Expenditures	FY 2013 Approved
Revenues	
Federal	\$ 8,276
State	23,215
Local	<u>35,353</u>
Total Revenue	<u>66,844</u>
 Operating Expenditures	
Direct	
Design	5,043
ROW Acquisition	29,594
Construction	23,460
Construction Management	<u>4,927</u>
Total Direct	<u>63,024</u>
Indirect	
Personnel	2,478
Board/Employee Expense	78
Professional Services	800
Insurance	80
Equipment Expense	101
Office Expense	221
Office Operations	46
Other	<u>16</u>
Total Indirect	<u>3,820</u>
Total Operating Expenditures	<u>66,844</u>
 Excess of Revenue over Expenditures before Financing	 -
 Financing Income	
Investment Revenue	160
Interest and Related Expense	<u>343</u>
Net Financing Income/Expense	<u>(184)</u>
Excess of Revenues over Expenditures	(184)
 Fund Balance Beginning of Period (as of 6/30/11 per audited statements)	 <u>\$ 5,921</u>
Fund Balance End of Period	<u><u>\$ 5,737</u></u>

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Exhibit IV

Comparison - FY 2012 Estimated Actuals vs. FY 2013 Approved (\$ in thousands)

Expenditures	FY 2012 Estimate	FY 2013 Approved	Incr/ Decr
Indirect			
Personnel			
Salaries and Wages	\$ 1,718	\$ 1,864	\$ 146
Fringe Benefits	510	614	104
Board/Employee Expense			
Auto/Travel	25	25	-
Training/Memberships	25	33	8
Board Expense	19	20	1
Professional Services			
Auditing/Accounting	37	37	-
DBE Compliance	12	-	(12)
Legal-Agency Support	41	55	14
Program Management	479	371	(108)
State/Federal Advisory Services	255	272	17
Risk Management	65	65	-
Insurance	654	80	(574)
Equipment Expense	71	101	30
Office Expense	211	221	10
Office Operations	34	46	12
Other	8	16	8
Total Indirect	<u>4,164</u>	<u>3,820</u>	<u>(344)</u>
Direct			
Salaries and Wages	710	894	184
Fringe Benefits	282	345	63
Employee Travel - Projects	14	18	4
Program Management	1,626	3,517	1,891
Legal	1,068	756	(312)
Labor Compliance	66	-	(66)
Design	3,147	4,414	1,267
ROW Acquisition	6,559	26,213	19,654
Utility Relocation	1,766	50	(1,716)
Construction Mgt	253	3,195	2,942
Railroad	345	695	350
Construction	2,178	22,740	20,562
Third Party Review	244	157	(87)
Utilities (Site)	-	20	20
Advertising	18	10	(8)
Total Direct	<u>18,276</u>	<u>63,024</u>	<u>44,748</u>
Total Expenditures	<u>\$ 22,440</u>	<u>\$ 66,844</u>	<u>\$ 44,404</u>

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Project Financing

The San Gabriel Valley Council of Governments (SGVCOG) has authorized the issuance of up to \$100 million in tax-exempt Grant Anticipation Notes (GANs) backed by a letter of credit. This program has been in place since 2001. There is currently \$20 million in borrowed funds outstanding.

Proceeds from the program are invested in the State of California's Local Agency Investment Fund (LAIF) and our local bank.

Because the ACE Construction Authority continues to have no meaningful sources of revenue other than grants and contributions from funding agencies, ACE staff will make every effort to ensure that all other expenditures are reimbursable by federal, state or local grants.

Staff is making every effort it can to operate in this stringent financial environment, but the Board needs to be aware of the practical difficulties of recovering every expense. We use this Budget submittal to annually advise the Board of the cumulative exposure for unreimbursed costs the Authority is incurring. As of this date, we have incurred the following unreimbursed or unreimbursable expenses, dating back to the beginning of the ACE Construction Authority:

FY 1998	\$71,185	Expenses incurred by SGVCOG prior to 6/30/98 not reimbursed by MTA
FY 2000	11,298	Net interest cost of loan from City of Industry
FY 2001	2,738	Net interest cost of loan from City of Industry
FY 2006	<u>105,529</u>	Payment to SGVCOG for claimed unreimbursed expenses
	\$190,750	Estimated total – project-life-to-date

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET

Based on experience to date, we expect the cumulative surpluses from railroad contributions will be sufficient to pay for our cumulative unreimbursed expense.

Budget Amendments And Revisions

Staff will continue to provide the Board with project status and budget updates on a quarterly basis. A mid-year review of the upcoming fiscal year will be done in January and proposed revisions, if any, will be submitted for Board approval at that time.

BOARD APPROVAL AND REVIEW

Board Approval & Review

The proposed budget is presented to the Board and to the public for consideration at the June 4 Board meeting. Any changes will be incorporated into the approved budget and submitted to the San Gabriel Valley Council of Governments for consideration at their next meeting.

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET GLOSSARY

FY 2013 Budget Glossary

Indirect Expenses

Personnel

Salaries and Wages	Salaries for employees and temporary help (charged both as indirect and direct expenses).
Fringe Benefits	Paid benefits such as health insurance, life insurance and pension.

Board/Employee Expenses

Auto/Travel	Employee travel for business purposes. Includes registration fees and local mileage reimbursement or auto allowance.
Training/Memberships	Authority and professional memberships; ongoing professional training.
Board Related Expenses	Per diem and Board travel.

Professional Services

Auditing/Accounting	Financial auditing and accounting services.
Legal - Agency Support	General counsel, construction legal and any other legal services not directly chargeable to specific construction projects.
Program Management	Contracted project administration support which cannot be charged to specific projects. Consists primarily of special studies, community relations, and those activities of our support contractors which address general agency needs.
State/Federal Advisory Services	State & Federal legislation research, monitoring and funding application services.
Risk Management	Administrative fee for analyzing insurance requirements, reviewing ACE and contractor policies and obtaining insurance.

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET GLOSSARY

Insurance	Annual insurance premiums
Equipment Expense	Purchase/lease and maintenance of office equipment such as copiers, fax machines and computers.
Office Expense	Rent on ACE office space, including maintenance and miscellaneous expense.
Office Operations	Office supplies, postage, printing/copying and telephones.
Other	General advertising, subscriptions, payroll service fees, etc.

FY 2013 Budget Glossary

Direct Expenses

Program Management	The portion of overall program management expenses which can be directly charged to projects; consists primarily of design and utility relocation support, land acquisition related services and office support.
Legal	Legal expenses which can be directly charged to specific projects for land acquisition activities.
Design	Preparation of project plans, specifications and estimates and support during construction.
Right of Way Acquisition	Property acquisition costs, closing costs, appraisals, surveys, miscellaneous acquisition support costs.
Utility Relocation	Costs of relocating utilities, including design.
Construction Management	Field oversight of construction.
Railroad	Railroad (UPRR and Metrolink) charges to projects for project support, design, procurement and

ACE CONSTRUCTION AUTHORITY FY 2013 BUDGET GLOSSARY

	construction.
Construction	Payment to construction contractors.
Third Party Review	Payment to outside agencies (e.g., UPRR, Cities, LA County) for their costs to review and approve project designs and submittals.
UPRR Invoice Review	Use of an outside contractor to review UPRR billings for errors, mischarges, questionable costs, etc.
Advertising	Cost of advertising construction contracts.
Utilities (Site)	Cost of utilities service to construction sites.
