



APPROVED

# Fiscal Year 2016 Budget

NOGALES ST.

## PROJECT

City of Industry



PUENTE AVE.

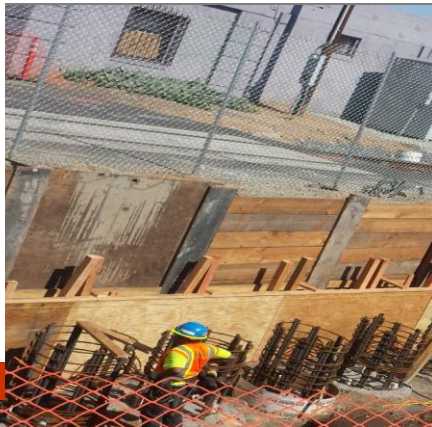
## PROJECT

City of Industry

SAN GABRIEL

## TRENCH

City of San Gabriel





BALDWIN AVE  
Completed

City of El Monte



FAIRWAY DR.  
Groundbreaking

City of Industry



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## **ORGANIZATION**

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### **Board of Directors**

**Mayor Jack Hadjinian**

City of Montebello  
Chair

**Councilwoman Juli Costanzo**

City of San Gabriel  
Vice Chair

**Mayor Michael D. Antonovich**

LA County Board of Supervisors

**Councilwoman Norma Macias**

City of El Monte

**Councilwoman Barbara Messina**

San Gabriel Valley Council of Governments, City of Alhambra

**Mayor Elliott Rothman**

City of Pomona

**Mayor Tim Spohn**

City of Industry

**Mayor Paul Eaton**

Ex-Officio City of Montclair

**Mark Christoffels**

Chief Executive Officer

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Fran Delach, Interim Executive Director

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## **BUDGET MESSAGE**

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As expected, Fiscal Year 2015 proved to be an exceptionally demanding year for ACE, as projects moved from conceptual design, into the design queue and into construction. Those already in construction met project milestones and one project was completed. As a result, increased level of activity was felt in all areas from outreach, procurement, right of way, finance and accounting, auditing and of course, project management.

During this time, open houses unveiled plans for the Fullerton Road grade separation project in Industry and Durfee Avenue grade separation project in Pico Rivera. ACE participated in or provided information for community meetings held to discuss project options for the Cities of Montebello and Pomona. As a result, both Cities ultimately agreed for ACE not to move forward with the originally planned projects. The City of Pomona agreed that the grade separation at Hamilton Avenue was not an acceptable construction option but rather at-grade safety improvements should be done instead. A series of community meetings held in Montebello ended a 15-year debate on a preferred project for the City. In March 2015 the Montebello Council agreed for ACE to proceed with design for two grade separations – one at Montebello Blvd. and another at Maple Ave along with safety improvements at Vail and Greenwood Aves.

The Baldwin Avenue grade separation project in El Monte is now complete and a ribbon cutting celebration was held in January 2015. This project was constructed ahead of schedule and under budget. The anticipated \$4M savings will be transferred to other ACE projects. The completion of this project concludes all of the planned projects for the City of El Monte.

Major construction activity continued on the Nogales Street grade separation and San Gabriel Trench projects. Both teams are diligently working to keep each of the projects on schedule. Ground breaking ceremonies were held for the Puente Avenue grade separation and the Fairway Drive grade separation projects, with both projects now under construction. The Durfee Avenue, and Fullerton Road projects are in final design

and it is anticipated that construction contracts will be awarded for both of these projects in 2016.

The concept of the ACE Project seemingly stayed a topic of discussion this fiscal year due to unfortunate news media coverage on several train versus vehicle accidents. It remains clear that grade separations are the obvious answer to avoiding these encounters. However, both state and federal funding for projects such as ours is scarce and continues to be our most challenging effort. Nevertheless, during this period we were able to secure several commitments through various state programs. The California Transportation Commission (CTC) voted to allocate \$71 million in Prop 1B Trade Corridor Funds to the Fairway Drive project in Industry. The CTC also approved \$18.3 million from the Highway Railroad Crossing Safety account for the Fullerton Road grade separation project also in the City of Industry.

Finally, after several years of extensive discussions by the ACE and SGVCOG Governing Boards regarding separating ACE from the SGVCOG, both Boards agreed to keep the entities as one and continue collaborative efforts toward common goals. I firmly believe that with the talents of both staffs working together this will prove to be a wise decision.



Mark Christoffels  
Chief Executive Officer

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## **BACKGROUND**

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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 recession and its effect on international trade activity through the San Pedro Bay ports, growth in train traffic was tracking close to estimates. Current forecasts are showing a significant re-bound in activity at the ports and rail traffic has also increased significantly.

The originally adopted ACE Project included safety improvements at 39 grade crossings located throughout the San Gabriel Valley and 22 grade crossing eliminations. The original project estimate from 1998 was 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 ACE 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 2013, the scope of the adopted grade separation program was amended by changing several project locations and adding two additional grade separations. The scope was again amended in 2015 deleting the originally proposed grade separations at Hamilton Drive (Pomona) and Greenwood Avenue (Montebello). Replacing the Hamilton Drive project is a series of at-grade safety improvements in the same vicinity. Montebello has chosen ACE to build two grade separations (Montebello Blvd. and Maple Ave.) along with at-grade safety improvements to create a Quiet Corridor. With the adoption of these project changes the overall ACE program cost stands at \$1.728 billion.

To date ACE has implemented 39 crossing safety improvements and completed eight grade separations. There are four projects in construction (Nogales St., San Gabriel Trench, Puente Ave. and Fairway Dr.) for a total of eight grade separations underway. Nogales is expected to be completed by the end of the 2015 calendar year. Two grade

separation projects (Fullerton Rd. and Durfee Ave.) are nearing final design. The Pomona at-grade safety improvements as well as the Montebello Quiet Corridor projects will begin preliminary design in fiscal year 2016. ACE's final grade separation planned (Turnbull Canyon Rd) is also expected to begin preliminary design this fiscal year.

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## **PROJECT STATUS**

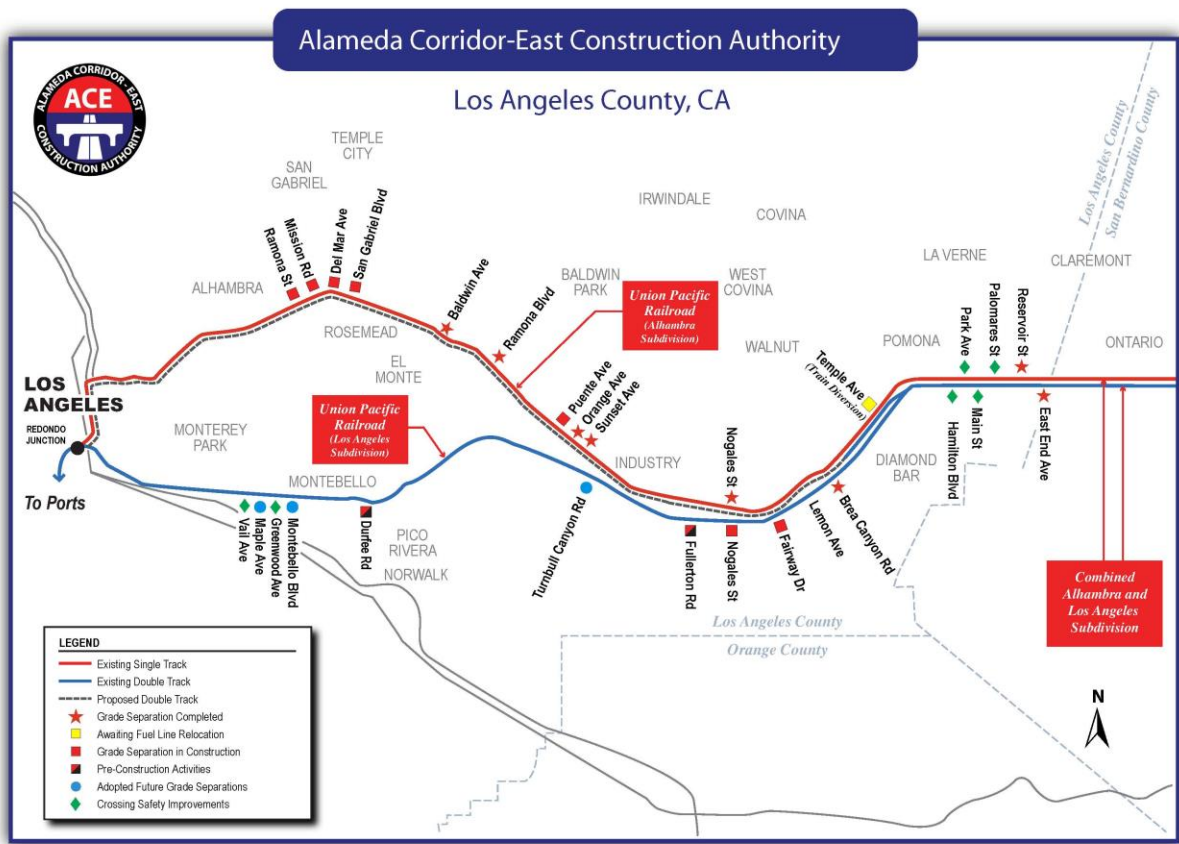
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The following is a summary of the status of the active project components:

### **Grade Separations**

- Three grade separation projects in heavy construction (San Gabriel Trench, Nogales Street, Puente Avenue)
- One grade separation awaiting completion of UPRR work (Temple Avenue);
- One grade separation project in pre-construction activities (Fairway)
- Two grade separation projects in final design (Durfee, Fullerton)
- One project in preliminary design (Pomona At Grade Crossing Improvements)
- One project out for bids for design and engineering services (Montebello)
- One project preparing to release requests for proposals for design and engineering services (Turnbull Canyon)





**Alameda Corridor-East Project Area**

The ACE project area map depicts eight completed projects to date and updated activities for the projects in construction, in design and approved future projects.

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## FY 2015 FUNDING STATUS

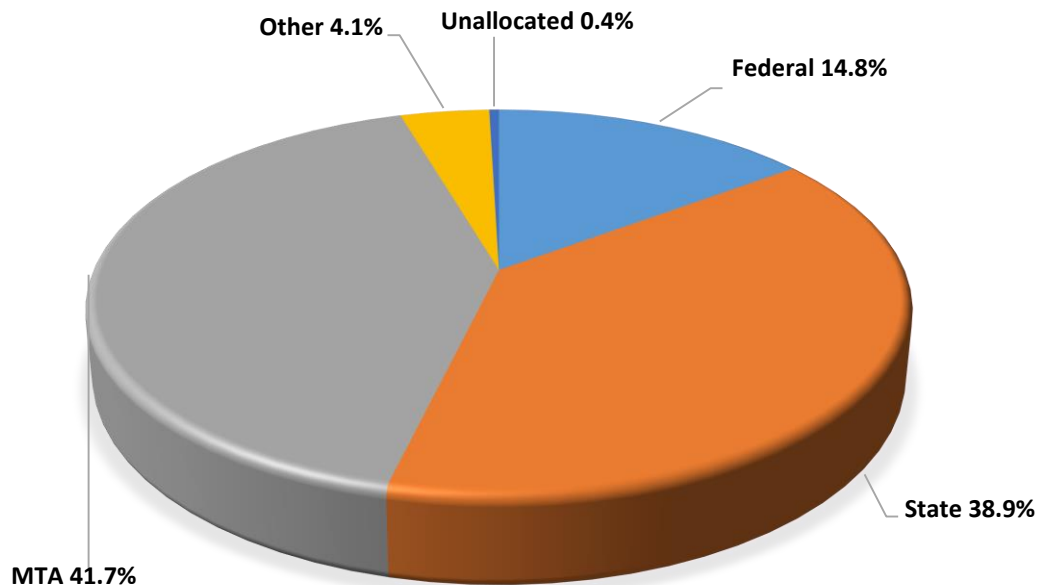
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The current cost estimate for all completed or active projects is \$1.633 billion. A detailed listing of the completed and currently active projects as well as proposed future projects is shown in the appendix under Project Cost Estimates. Shown on the page following is the total funding sources and commitments to the ACE program since its inception. Matching these funding commitments of \$1.652 billion against the projected expenditures of \$1.633 billion plus \$11.2 million in start up and administrative costs shows that the ACE program currently has \$7.4 million in funding available for the one remaining project in the adopted ACE program that is not fully funded (Turnbull Canyon Grade Separation). Design of this project will be initiated in FY 2016, however right of way or construction activities will not begin unless or until ACE can secure funding for this project which is estimated to be \$70 million.

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### ACE PROJECT AUTHORIZED FUNDING SOURCES

**\$1,652.7M**



### COMMITTED FUNDING & SOURCES (in millions)

<b>Federal</b>		
Federal TEA-21 Highway Demonstration Earmark (FY 1999-2003)	\$132.556	
Federal SAFETEA-LU (FY 2005-2009)	67.346	
FY 2000 FHWA Discretionary Sec. 118 (c) Trade Corridor Funds	1.240	
FY 2001 FHWA Highway Fund Transportation Appropriation	1.497	
FY 2002 FHWA Highway Fund Transportation Appropriation	2.397	
FY 2003 FHWA Highway Fund Transportation Appropriation	3.884	
FY 2004 FHWA Highway Fund Transportation Appropriation	1.485	
FY 2004 FHWA Highway Fund Transportation Appropriation	1.881	
FY 2006 FHWA Highway Fund Transportation Appropriation	4.158	
2009 Surface Transportation Program	0.570	
2009 Federal Railroad Administration Grade Crossing Program	2.544	
2010 Surface Transportation Program Appropriation	1.849	
Railway-Highways Crossing (Section 130) Program	10.000	
Intermodal Surface Transportation Efficiency Act Funds	6.936	
Congestion Mitigation and Air Quality Improvement Funds	6.347	
<b>Total</b>		<b>\$244.690</b>
<b>State</b>		
1998 State ITIP Discretionary Funds (FY 2000-2004)	\$38.982	
State Transportation Congestion Relief Program Funds	130.300	
Section 290 Public Utility Commission Funds	10.000	
Prop. 1B Trade Corridor Improvement Funds	420.497	
Prop 1B Highway-Rail Crossing Safety Account	43.906	
<b>Total</b>		<b>\$643.685</b>
<b>MTA</b>		
MTA 17% Local Match Commitment	\$259.891	
MTA Call for Projects Funding	28.849	
MTA Measure R	400.000	
<b>Total</b>		<b>\$688.740</b>
<b>Other</b>		
City/County/MWD Funds	\$12.123	
Railroad Contribution to Active Projects	33.939	
Betterments	26.274	
Estimated proceeds from sale of excess property	3.224	
<b>Total</b>		<b>\$75.560</b>
Total Funds Committed	\$1,652.675	
Less Project Costs	<u>(1,645.239)</u>	
<b>Remaining Funds Available</b>	<b>\$7.436</b>	

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## **FY 2015 BUDGET STATUS**

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The Board of Directors adopted the Fiscal Year 2015 budget in June 2014.

Page 20 in the appendices compares the FY 2015 Budget to the estimated actual expenses as of June 30, 2015.

As in the past, ACE's 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 2015 rate was approved by Caltrans and includes adjustments for over or under spending in prior years. ACE anticipates indirect expenses for FY 2015 will be \$93,000 under budget (approximately 3%). Conversely, annual budget underruns generally mean slower progress and can result, depending on where the under run occurs, in under collection of indirect costs until a later date. For FY 2015 ACE will collect all of the indirect costs.

### Direct Project Expense

Direct expenses are those than 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.

Our FY 2015 budget was based on assumptions that fell short of our expectations. This fiscal year we experienced delays in right of way acquisitions and third party utility work that affected our aggressive budget goals. Overall, direct expenses will be under budget by \$49.051 million, or 28%. The most significant projected direct cost under runs will occur in construction and right of way acquisitions. Construction third party utility work progressed at a slower pace than anticipated and this in turn caused related construction activity to be delay. It should be noted that with every project we are reliant on third parties responsible for utility relocations to be accommodating to our project schedules which is one of the most common causes of delays to our projects. Anticipated expenses in right of way acquisitions were more challenging to consummate either through delayed court proceedings or settlement agreements. While we cannot easily project how smoothly we can complete property transactions, we will continue forward with this effort and expect transactions which were to conclude in FY 2015 to certainly be resolved in FY 2016.

Surprisingly, despite these unanticipated hurdles general construction continued and the delays seemed to have little effect on the overall project schedule. In most cases goals were met and in some cases were even exceeded. The ability to adjust field work and continue on schedule reflects well of talents of the project management teams.



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## FY 2015 PROJECT GOALS

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Last fiscal year's budget set forth a number of goals for FY 2015. The following is the anticipated status of each goal as of June 30, 2015:

### **Project Implementation**

Project	Goal	Status
Nogales Street	Construction 65% complete	Construction expected to be at 70%
San Gabriel Trench	Construction 45% complete	Construction expected to be at 50%
Baldwin Avenue	Construction 100% complete	Complete.
Fairway Drive	Construction 10% complete	Construction expected to be at 10%
Puente Avenue	Construction 20% complete	Construction expected to be at 20%
Durfee Avenue	Design 65% complete	Expected to be 70% completed by June 30
Fullerton Road	Design 100% complete	Expected to be 99% completed by June 30
Hamilton Drive	Design 40% complete	This project was removed from the ACE Program and replaced with at-grade improvements. The Hamilton project is being closed out.

### **Funding/Financial Administration**

Goal	Status
Ensure ACE's interest in Federal National Freight Program	Accomplished and ongoing—ACE Board supported two freight funding bills and Administration proposed \$18 billion freight funding program
Timely completion of 'clean' financial & single audits	Completed and adopted by the Board in February 2015
Complete 16 professional services contract audits	Exceeded goal - 20 contracts audits completed.
Complete 5 quality control/quality assurance audits	Completed.

## **Outreach**

Goal	Status
Conduct environmental, community, school effort for five projects in construction & three in design	Completed
Complete one groundbreaking ceremony	Groundbreaking ceremonies were held for Puente Avenue and Fairway Drive projects.
Complete one ribbon cutting ceremony	The ribbon cutting ceremony was held for the Baldwin Avenue grade separation project in January 2015
Complete ACE website design	The new ACE website was launched in July 2014.



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## **2016 BUDGET DEVELOPMENT**

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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. The budget for FY 2016 (July 1, 2015 through June 30, 2016) was developed in two parts: anticipated project related direct expenses and general indirect expenses.

The proposed FY 2016 direct expense budget assumed four projects in construction, two projects completing design and land acquisition, and three projects in design. For the active construction projects (San Gabriel Trench, Fairway, Puente and Nogales) staff used the approved construction schedules to determine the rate of construction and determine the anticipated contractor expenditures. For the two projects in design (Durfee and Fullerton) staff included in the project budget the final design as well as the current estimated cost of land acquisition. Finally, for the three new projects anticipated to be in design, (At-grade safety improvements, Montebello and Turnbull Canyon) staff accounted for the design costs. It should be noted that the pace and cost of land acquisition is the most speculative part of the budget estimates and may change if cost settlements require court action.

The indirect budget is developed by line item, based on past experience and changed levels of effort anticipated in FY 2016. 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 2016.

The FY 2016 budget does not request Board approval for new contracts amendments to existing contracts. Each contract authorization will be brought to the Board for necessary action.

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## **2016 APPROVED BUDGET**

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The proposed FY 2016 budget is presented on page 21 of this document. However, it is also important to report information for fiscal year 2015. A summary of the 2015 fiscal year end estimate versus the adopted budget is shown on page 20. Page 22 returns to outline the details of the proposed 2016 budget and depicts all proposed direct expenditures by project. Page 23 reflects estimates for revenues, expenses and income from our cash flow financing. Page 24 compares the estimated actual budget for FY 2015 to the proposed budget for FY 2016. Page 25 compares the adopted budget for FY 2015 to the proposed budget for FY 2016. Finally, page 26 is an updated cost estimate of all of our projects underway or adopted as well as the projects which have been completed.

The pace of active projects is the major factor in the annual budget projection. For FY 2016 we have made the following assumptions about the projects having the biggest impact on our spending estimates:

- Nogales Street (Industry/LA County) – Construction 100% complete.
- San Gabriel Trench (San Gabriel) – Construction 70% complete.
- Puente Avenue (Industry) – Construction 50% complete.
- Fairway Drive (Industry/LA County) – Construction 35% complete.
- Durfee Avenue (Pico Rivera) – Design 100% complete.
- Fullerton Road (Industry) – Construction contract awarded
- At-Grade Safety Improvements (Pomona) – Design 35% complete.
- Montebello Corridor (Montebello) – Design 35% complete
- Turnbull Canyon Road – Design 5% complete

## **Indirects**

Personnel – Salary & Wages/Fringe Benefits – The FY 2016 budget includes 24 full time positions and one part time position as authorized and shown on the organizational chart on page 27. Staff is not proposing any additions to number of staff; however one position has been reclassified. Staff is also proposing not to fill two vacant positions at this time. The budget does provide for a 3% merit pool to be allocated based on performance evaluations. There is no CPI or fixed percentage salary adjustments included in the budget.

The following addresses significant line item changes proposed for FY 2016 compared to the FY 2015 budgeted. It should be noted that when compared to the overall FY 2015 budget, there is very little increase in the proposed FY2016 budget (\$173 million vs \$185 million).

Program Management (\$7,000/35% Increase) – This increase reflects an increase in project activity such as design support and right of way acquisitions.

Insurance (-\$47,000/45% decrease) – This reflects an accounting change whereby project related insurance premiums are shown as direct expenses, charged directly to project budgets.

Training (\$7,000/19% increase) – This reflects required training for ACE staff working on labor compliance, contract compliance, and the general accounting system.



## **Directs**

Program Management (-\$569,000/14% decrease) – This decrease is due to most of the environmental work completed on several projects. In addition, this reflects a change in the level of support for right of way acquisition activities needed for the projects going into final design and preparing to be put out to bid.

Legal (+\$466,000/42% increase) – This increase reflects the legal support that will be required as ACE completes the land acquisitions on Durfee and Fullerton, as well as handling ongoing court actions related to properties acquired by eminent domain for Puente and Fairway.

Right of Way Acquisition (-\$22.5 million/56% decrease) – This reflects the fact that most of the purchase costs associated with the land acquisition for Puente and Fairway have been incurred as well as a majority of the costs for Fullerton.

Construction Management (+\$1.39 million/19% increase) – This increase reflects continued full scale construction activities on the San Gabriel Trench and Puente Avenue projects, completing the Nogales Street grade separation as well as the addition of construction activities on Fullerton Road and Fairway Drive projects.

Construction (+\$37.8 million/48% increase) – This increase reflects continued full scale construction activities on the San Gabriel Trench and Puente Avenue projects, completing the Nogales Street grade separation as well as the addition of construction activities on Fullerton Road and Fairway Drive projects.

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## PROJECT FINANCING

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In 2012 after retiring the GAN Program, ACE began to utilize funds from a \$45 million working capital loan from the the Los Angeles County Metropolitan Transportation Authority (Metro). Based on past and projected cash flows, ACE will be able to fund the interest expenses on the working capital loan from the proceeds on ACE's short term investments.

Because the ACE Construction Authority continues to have no meaningful sources of revenue other than grants and contributions from funding agencies, ACE staff continues to 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

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

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## **FY 2016 PROJECT GOALS**

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Staff proposes to accomplish the following by June 30, 2016 (unless otherwise noted):

### **Project Implementation**

- Nogales Street (Industry/LA County) – Construction 100% complete.
- San Gabriel Trench (San Gabriel) – Construction 70% complete.
- Puente Avenue (Industry) – Construction 50% complete.
- Fairway Drive (Industry/LA County) – Construction 35% complete.
- Durfee Avenue (Pico Rivera) – Design 100% complete.
- Fullerton Road (Industry) – Construction contract awarded.
- At-Grade Safety Improvements (Pomona) – Design 35% complete.
- Montebello Corridor (Montebello) – Design 35% complete
- Turnbull Canyon Road – Design 5% complete

### **Funding/Financial Administration**

- Ensure ACE's interests are represented in Federal National Freight Program
- Pursue additional funding for remaining grade separation project or potential shortfall on existing projects
- Timely completion of "clean" financial and single audits
- Maintain at least 25% of borrowed funds invested
- Complete 18 professional services contract audits
- Complete 4 quality control/quality assurance audits

### **Outreach**

- Conduct environmental, community and school outreach effort for five projects in construction (San Gabriel Trench, Nogales Street, Puente Avenue, Fairway Drive and Fullerton Road)

- Conduct community and school outreach efforts to four projects in design (Durfee Avenue, At Grade Crossing Safety Improvements Project, Montebello Corridor and Turnbull Canyon Road)
- Conduct groundbreaking ceremony for the Fullerton Road grade separation project
- Conduct ribbon cutting ceremony for the Nogales Street grade separation project
- Conduct media outreach event for San Gabriel Trench project

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## **BUDGET REVIEW AND APPROVAL**

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The proposed budget was presented to the ACE Board and to the public for consideration at the June 1, 2015 ACE Board Special meeting where it was approved. The budget document was submitted to the San Gabriel Valley Council of Governments (SGVCOG) for consideration at June 18<sup>th</sup> Governing Board meeting where it was approved. This is the final Board approved Fiscal Year 2016 budget.

Staff will continue to provide both the ACE And SGVCOG Governing Boards with project status and budget updates on a quarterly basis. The Finance Committee is also provided a more comprehensive discussion of the financial state of the ACE Program at quarterly meetings.

Finally, a mid-year review of the upcoming fiscal year will be done in January and proposed revisions, if any, will be submitted for ACE and San Gabriel Valley Council of Governments Boards for approval at that time.

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## **APPENDICES**

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- FY 2015 Budget vs Estimated Actuals
- FY 2016 Approved Budget
- FY 2016 Direct Cost Budgets by Project
- FY 2016 Approved Revenue and Expenditure Budget
- FY 2015 Estimated Actuals vs FY 2016 Approved Budget
- FY 2015 Approved Budget vs FY 2016 Approved Budget



**FY 2015 Budget vs. Estimated Actual**  
**(\$ in thousands)**

<b>Expenditures</b>	<b>Year End Estimate</b>	<b>FY 2015 Budget</b>	<b>Under/ (Over)</b>
<b>Indirect</b>			
<b>Personnel</b>			
Salaries and Wages	\$ 1,395	\$ 1,435	\$ 40
Fringe Benefits	692	659	(33)
<b>Board/Employee Expense</b>			
Auto/Travel	26	32	6
Training/Memberships	30	30	-
Board Expense	21	21	-
<b>Professional Services</b>			
Auditing/Accounting	41	45	4
Legal-Agency Support	30	40	10
Program Management	43	20	(23)
State/Federal Advisory Services	252	252	-
Risk Management	65	65	-
<b>Insurance</b>	103	150	47
<b>Equipment Expense</b>	68	91	23
<b>Office Expense</b>	236	237	1
<b>Office Operations</b>	64	79	15
<b>Other</b>	8	11	3
<b>Total Indirect</b>	<u>3,074</u>	<u>3,167</u>	<u>93</u>
<b>Direct</b>			
Salaries and Wages	1,347	1,297	(50)
Fringe Benefits	545	525	(20)
Auto Allowance Allocated to Projects	22	25	3
Program Management	2,169	4,181	2,012
Legal	769	1,102	333
Design	4,787	8,835	4,048
ROW Acquisition	21,066	51,187	30,121
Utility Relocation	6,001	7,700	1,699
Construction Mgt	8,132	7,210	(922)
Railroad	3,775	6,720	2,945
Construction	72,162	80,776	8,614
UPRR Invoice Review	18	18	-
Third Party Review	683	899	216
Utilities (Site)	4	28	24
Advertising	10	38	28
<b>Total Direct</b>	<u>121,490</u>	<u>170,541</u>	<u>49,051</u>
<b>Total Expenditures</b>	<u>\$ 124,564</u>	<u>\$ 173,708</u>	<u>\$ 49,144</u>

**FY 2016 Approved Budget**  
**(\$ in thousands)**

<b>Expenditures</b>	<b>FY 2016 Approved</b>
<b>Indirect</b>	
<b>Personnel</b>	
Salaries and Wages	\$ 1,457
Fringe Benefits	768
<b>Board/Employee Expense</b>	
Auto/Travel	28
Training/Memberships	37
Board Expense	21
<b>Professional Services</b>	
Auditing/Accounting	50
Legal-Agency Support	25
Program Management	27
State/Federal Advisory Services	252
Risk Management	65
<b>Insurance</b>	103
<b>Equipment Expense</b>	75
<b>Office Expense</b>	237
<b>Office Operations</b>	71
<b>Other</b>	9
<b>Total Indirect</b>	<u>3,225</u>
<b>Direct</b>	
Salaries and Wages	1,376
Fringe Benefits	534
Auto Allowance Allocated to Projects	27
Program Management	3,662
Legal	1,568
Design	8,178
ROW Acquisition	28,669
Utility Relocation	4,762
Construction Mgt	8,600
Railroad	5,280
Construction	118,600
UPRR Invoice Review	13
Third Party Review	994
Utilities (Site)	2
Advertising	28
<b>Total Direct</b>	<u>182,293</u>
<b>Total Expenditures</b>	<u><u>\$ 185,518</u></u>

**FY 2016 Direct Cost Project Budgets**  
(\$ in thousands)

<b>Expenditures</b>	<b>FY 2016 Approved</b>	<b>Baldwin</b>	<b>Temple</b>	<b>SG Trench</b>	<b>Puente Avenue</b>	<b>Fairway Drive</b>	<b>Fullerton</b>	<b>Durfee</b>	<b>Montebello Corridor</b>	<b>Turnbull Canyon</b>	<b>AT-Grade Crossing</b>	<b>Nogales (LA)</b>
<b>Direct</b>												
Salaries and Wages	\$ 1,376	\$ 11	\$ 6	\$ 206	\$ 253	\$ 214	\$ 158	\$ 145	\$ 92	\$ 85	\$ 80	\$ 126
Fringe Benefits	534	4	2	80	98	83	62	56	36	33	31	49
Auto Allowance Allocated to Projects	27	-	-	7	4	4	3	4	0	1	0	3
Program Management	3,662	110	-	345	275	596	755	962	55	29	37	496
Legal	1,568	-	-	12	250	368	450	401	5	-	5	77
Design	8,178	-	-	200	100	150	844	1,950	2,000	1,500	1,400	33
ROW Acquisition	28,669	-	-	637	1,856	6,377	1,029	12,970	-	-	-	5,800
Utility Relocation	4,762	-	-	-	1,000	1,500	2,112	-	-	-	-	150
Construction Mgt	8,600	-	-	4,000	1,500	1,200	350	450	-	-	-	1,100
Railroad	5,280	-	-	2,000	1,000	1,500	110	90	50	-	30	500
Construction	118,600	100	-	50,000	25,000	22,000	1,500	-	-	-	-	20,000
UPRR Invoice Review	13	-	-	1	2	-	3	1	2	1	2	2
Third Party Review	994	5	-	200	60	60	125	339	120	5	30	50
Utilities (Site)	2	-	-	-	2	-	-	-	-	-	-	-
Advertising	28	-	-	-	-	-	5	1	-	-	2	20
<b>Total Direct</b>	<b>\$ 182,293</b>	<b>\$ 230</b>	<b>\$ 8</b>	<b>\$ 57,690</b>	<b>\$ 31,402</b>	<b>\$ 34,051</b>	<b>\$ 7,507</b>	<b>\$ 17,369</b>	<b>\$ 2,360</b>	<b>\$ 1,653</b>	<b>\$ 1,617</b>	<b>\$ 28,407</b>

**FY 2016 Approved Revenue and Expenditure Budget**  
**(\$ in thousands)**

<b>Expenditures</b>	<b>FY 2016 Approved</b>
<b>Revenues</b>	
Federal	\$ 20,064
State	112,220
Local	<u>53,234</u>
<b>Total Revenue</b>	<u>185,518</u>
<b>Operating Expenditures</b>	
<b>Direct</b>	
Design	9,844
ROW Acquisition	37,252
Construction	123,128
Construction Mgt	11,421
Betterment	<u>648</u>
<b>Total Direct</b>	<u>182,293</u>
<b>Indirect</b>	
Personnel	2,225
Board/Employee Expense	86
Professional Services	419
Insurance	103
Equipment Expense	75
Office Expense	237
Office Operations	71
Other	<u>9</u>
<b>Total Indirect</b>	<u>3,225</u>
<b>Total Operating Expenditures</b>	<u>185,518</u>
<b>Excess of Revenue over Expenditures before Financing</b>	-
<b>Financing Income</b>	
Investment Revenue	424
Interest and Related Expense	<u>(324)</u>
<b>Net Financing Income/Expense</b>	<u>100</u>
<b>Excess of Revenues over Expenditures</b>	100
<b>Fund Balance Beginning of Period</b>	<u>\$ 6,815</u>
<b>Fund Balance End of Period</b>	<u><u>\$ 6,915</u></u>

**FY 2015 Estimated Actuals vs. FY 2016 Approved Budget**  
**(\$ in thousands)**

<b>Expenditures</b>	<b>FY 2015 Estimate</b>	<b>FY 2016 Approved</b>	<b>Incr/ Decr</b>
<b>Indirect</b>			
<b>Personnel</b>			
Salaries and Wages	\$ 1,395	\$ 1,457	\$ 62
Fringe Benefits	692	768	76
<b>Board/ Employee Expense</b>			
Auto/Travel	26	28	2
Training/Memberships	30	37	7
Board Expense	21	21	-
<b>Professional Services</b>			
Auditing/Accounting	41	50	9
Legal-Agency Support	30	25	(5)
Program Management	43	27	(16)
State/Federal Advisory Services	252	252	-
Risk Management	65	65	-
<b>Insurance</b>	103	103	-
<b>Equipment Expense</b>	68	75	7
<b>Office Expense</b>	236	237	1
<b>Office Operations</b>	64	71	6
<b>Other</b>	8	9	1
<b>Total Indirect</b>	<u>3,075</u>	<u>3,225</u>	<u>150</u>
<b>Direct</b>			
Salaries and Wages	1,347	1,376	29
Fringe Benefits	545	534	(11)
Auto Allowance Allocated to Projects	22	27	5
Program Management	2,169	3,662	1,493
Legal	769	1,568	799
Design	4,787	8,178	3,391
ROW Acquisition	21,066	28,669	7,603
Utility Relocation	6,001	4,762	(1,239)
Construction Mgt	8,132	8,600	468
Railroad	3,775	5,280	1,505
Construction	72,162	118,600	46,438
UPRR Invoice Review	18	13	(5)
Third Party Review	683	994	311
Utilities (Site)	4	2	(2)
Advertising	10	28	18
<b>Total Direct</b>	<u>121,490</u>	<u>182,293</u>	<u>60,803</u>
<b>Total Expenditures</b>	<u>\$ 124,565</u>	<u>\$ 185,518</u>	<u>\$ 60,953</u>



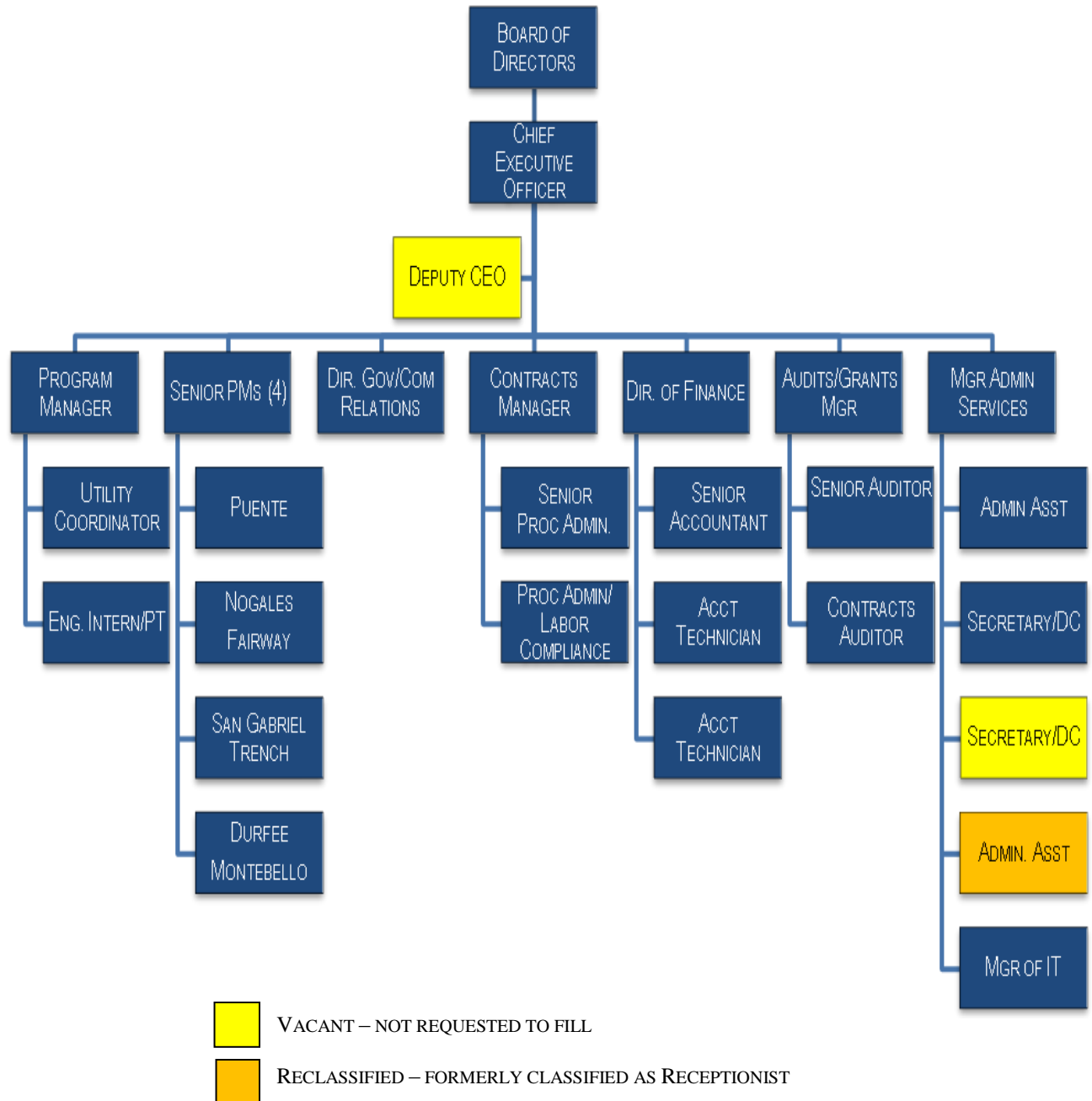
**FY 2015 Approved vs. FY 2016 Approved**  
**(\$ in thousands)**

<b>Expenditures</b>	<b>FY 2015 Approved</b>	<b>FY 2016 Approved</b>	<b>Incr/ Decr</b>
<b>Indirect</b>			
<b>Personnel</b>			
Salaries and Wages	\$ 1,435	\$ 1,457	\$ 22
Fringe Benefits	659	768	109
<b>Board/ Employee Expense</b>			
Auto/Travel	32	28	(4)
Training/Memberships	30	37	7
Board Expense	21	21	-
<b>Professional Services</b>			
Auditing/Accounting	45	50	5
Legal-Agency Support	40	25	(15)
Program Management	20	27	7
State/Federal Advisory Services	252	252	-
Risk Management	65	65	-
<b>Insurance</b>	150	103	(47)
<b>Equipment Expense</b>	91	75	(16)
<b>Office Expense</b>	237	237	-
<b>Office Operations</b>	79	71	(8)
<b>Other</b>	11	9	(2)
<b>Total Indirect</b>	<u>3,167</u>	<u>3,225</u>	<u>58</u>
<b>Direct</b>			
Salaries and Wages	1,297	1,376	79
Fringe Benefits	525	534	9
Auto Allowance Allocated to Projects	25	27	2
Program Management	4,181	3,662	(519)
Legal	1,102	1,568	466
Design	8,835	8,178	(657)
ROW Acquisition	51,187	28,669	(22,518)
Utility Relocation	7,700	4,762	(2,938)
Construction Mgt	7,210	8,600	1,390
Railroad	6,720	5,280	(1,440)
Construction	80,776	118,600	37,824
UPRR Invoice Review	18	13	(5)
Third Party Review	899	994	95
Utilities (Site)	28	2	(26)
Advertising	38	28	(10)
<b>Total Direct</b>	<u>170,541</u>	<u>182,293</u>	<u>11,752</u>
<b>Total Expenditures</b>	<u>\$ 173,708</u>	<u>\$ 185,518</u>	<u>\$ 11,810</u>

<b>Project Cost Estimates</b>	
<b>(\$ in millions)</b>	
<b>PROJECTS UNDERWAY/COMPLETED</b>	<b>COST</b>
<b>GRADE CROSSING SAFETY IMPROVEMENTS:</b>	
39 Crossings Corridor Safety Upgrade	\$27.8
IRRIS	\$6.4
At-Grade Crossing Safety Improvements Project	\$19.8
<b>GRADE SEPARATIONS:</b>	
Nogales St. (Alh) (Industry/West Covina)	\$49.8
East End Ave./Reservoir St. (Pomona)	\$79.0
Ramona Blvd. (El Monte)	\$53.1
Temple Ave. and Temple Ave. 4 <sup>th</sup> Track (Pomona)	\$92.1
Brea Canyon Rd. (LA) (Industry/Diamond Bar)	\$73.9
Sunset Ave./Orange Ave. (Industry)	\$93.8
Baldwin Ave. (El Monte)	\$76.7
Nogales St. (LA) (Industry/LA County)	\$118.0
San Gabriel Trench (Ramona St., Mission Rd., Del Mar Ave., San Gabriel Blvd.) (San Gabriel)	\$336.9
Fullerton Rd. (LA) (Industry/LA County)	\$145.2
Fairway Dr. (LA) (Industry/LA County)	\$141.8
Puente Ave. (Alh) (Industry/LA County)	\$98.1
Durfee Ave. (LA) (Pico Rivera)	\$78.4
Montebello Corridor (LA) (Montebello)	\$142.0
Turnbull Canyon Rd. (Industry/LA County)	\$96.0
<b>TOTAL</b>	<b>\$1,728.8*</b>

**\*Excludes \$11.9 million for start up/misc. agency costs**

## Organizational Chart



### 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.
<b>Insurance</b>	Annual insurance premiums
<b>Equipment Expense</b>	Purchase/lease and maintenance of office equipment such as copiers, fax machines and computers.
<b>Office Expense</b>	Rent on ACE office space, including maintenance and miscellaneous expense.
<b>Office Operations</b>	Office supplies, postage, printing/copying and telephones.
<b>Other</b>	General advertising, subscriptions, payroll service fees, etc.
<b>Direct Expenses</b>	
<b>Betterments</b>	City funded work that City desires to have ACE construct concurrently with project (e.g. street modifications, beautifications)
<b>Program Management</b>	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.
<b>Legal</b>	Legal expenses which can be directly charged to specific projects for land acquisition activities.
<b>Design</b>	Preparation of project plans, specifications and estimates and support during construction.
<b>Right of Way Acquisition</b>	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 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.