

MOTION BY SUPERVISOR DON KNABE

April 15, 2014

The Alameda Corridor Transportation Authority (ACTA) operates and maintains the major freight corridor serving both the Ports of Los Angeles and Long Beach and is governed by existing, longstanding State laws and policies.

AB 2541 (Hall) proposes to shift the corridor's use fees from two railroads to thousands of cargo owners and their agents, and would require ACTA to implement major changes in how it collects its use fees and from whom. ACTA's collection of use fees from the railroads is governed by a long-term contract with both ports, both railroads, and ACTA. The contract is legally binding and was entered into in reliance of legislative approval granted in the 1990's concerning the issuance of ACTA revenue bonds. The ACTA fees are pledged to revenue bondholders to service the debt. AB 2541 would change the fundamental rules that were relied upon by the holders and insurers of nearly \$1.7 billion in outstanding revenue bonds predicated on the purchase and creditworthiness of the railroads and a fee and collection structure that was previously endorsed by the State Legislature, thereby subjecting this new legislation to

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significant legal challenges.

– M O R E –

Current ACTA-related fee agreements do not require any entity to pass fees on to ocean carriers or to any other customers. AB 2541 does not appear to address any public purpose, but rather attempts to shift the economic burden of a fee from one set of users to another through an unworkable, more costly, and inferior structure.

I, THEREFORE, MOVE that the Board of Supervisors instruct the Chief Executive Officer and the Sacramento Advocates to oppose AB 2541.

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