



AGENDA FOR THE ANNUAL MEETING OF THE  
GOVERNING BOARD OF THE  
INTERMODAL CONTAINER TRANSFER FACILITY JOINT POWERS AUTHORITY  
WEDNESDAY, SEPTEMBER 4, 2024, AT 3:00 P.M.

PORT OF LONG BEACH ADMINISTRATION BUILDING  
415 W. OCEAN BOULEVARD, LONG BEACH, CALIFORNIA 90802  
FIRST FLOOR, MULTIPURPOSE ROOM

OPPORTUNITIES FOR THE PUBLIC TO ATTEND AND OBSERVE MEETING

- Members of the public may attend the Board meeting in person and give public comment at the POLB Administration Building located at the address above.
- Members of the public may observe the meeting via WebEx:  
<https://polb.webex.com/polb/j.php?MTID=m9fd640c5eecbf6ae6352d06e742ee631>  
Webinar number: 2488 043 0666  
Webinar password: GamnwPWZ923 (42669799 when dialing from a phone or video system)
- Members of the public may listen to the meeting via phone:  
Join by phone:  
+1-408-418-9388  
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- A recording of the meeting will be available for viewing following the live event at [www.polb.com/webcast](http://www.polb.com/webcast).

Public comment for meetings will be in person only at the POLB Administration Building. Public comment cards will be made available during Board Meetings. Each speaker will be given 3 minutes to address the Board. If translation is needed, the time for comment will be extended to 6 minutes.

The Intermodal Container Transfer Facility Joint Powers Authority intends to provide reasonable accommodations in accordance with the Americans with Disabilities Act of 1990. This agenda is available in an alternative format by request. If a special accommodation or translation is desired, please call (562) 283-7056, 48 hours prior to the meeting.



A. ROLLCALL

B. OPENING STATEMENT

Persons in the audience may address this Board in connection with any agenda item or during the public comment period. As provided by the Brown Act, the Board has limited each individual's speaking time to 3 minutes. Anyone desiring to speak during the public comment period is requested to complete a speaker card and submit it to the Board Secretary prior to the start of the meeting.

C. ELECTION OF OFFICERS

Election of Officers for fiscal year 2024-2025.

D. APPROVAL OF MINUTES

Approval of minutes from the annual meeting on September 13, 2023.

E. PUBLIC COMMENTS ON NON-AGENDA ITEMS

Comments from the public on non-agenda items within the purview of the ICTF JPA.

F. BOARD REPORTS OF THE EXECUTIVE DIRECTOR

1. Recommendation to update Bank of America Signatory Card.
2. Recommendation to receive and file audited financial statements for fiscal year ending June 30, 2023.
3. Recommendation to receive and file Agreed-Upon Procedures (AUP) for year ending November 1, 2023.
4. Recommendation to adopt annual budget and distribution of funds for fiscal year 2024-2025.

G. ADJOURNMENT



## C. ELECTION OF OFFICERS



DATE: September 4, 2024

TO: Governing Board, Intermodal Container Transfer Facility Joint Powers Authority

FROM: Dr. Noel Hacegaba, Executive Director

SUBJECT: Election of Officers for FY 2024-2025

Pursuant to Section 3D of the Joint Powers Agreement, the Governing Board shall elect one member as Chairperson. The Governing Board may elect a second member as Vice Chairperson. The term for both Chairperson and Vice Chairperson is one year with no specific guidelines for selection of any officer, including no restriction on re-election for successive terms of either office. Further, Section 3D dictates that the Governing Board shall appoint a Secretary and the Treasurer of the Joint Powers Authority.

It is recommended that the Governing Board nominate and elect a Chairperson and a Vice Chairperson for the fiscal year 2024-2025.

It is recommended that the Governing Board appoint Jeffrey Strafford as Treasurer, to fill the current vacancy.

It is also recommended that the Board make the following finding:

“The Board finds the activity is an administrative activity that will not result in direct or indirect physical changes in the environment, and, as such, is not a “project” as defined by CEQA Guidelines section 15378.”

Dr. Noel Hacegaba  
Executive Director



## D. APPROVAL OF MINUTES

Approval of minutes of the annual meeting on September 13, 2023.



# Annual Meeting of the Governing Board of the Intermodal Container Transfer Facility Joint Powers Authority Minutes

Minutes of the Annual Meeting of the Governing Board of the Intermodal Container Transfer Facility Joint Powers Authority, held at the Port of Long Beach Administration Building, Long Beach, California, on Wednesday, September 13, 2023, at 5:00 p.m. Transcript and video of this meeting are available at <http://ictf-jpa.org/>

Present: Board Members: Lowenthal, Williams, Kenagy (alternate), DiBernardo (alternate)  
Chairperson Williams presided

Also present:

N.	Hacegaba	Interim Executive Director of the ICTF JPA
S.	Otera	General Counsel of the ICTF JPA
J.	Croze	Staff Counsel of the ICTF JPA
E.	Flores	Secretary of the ICTF JPA

Public Speakers:

None

## Agenda Items

### Election of Officers – Item C

Interim Executive Director Dr. Noel Hacegaba recommended that the JPA Board nominate Officers for fiscal year 2023 – 2024. Hacegaba recommended the board appoint a Chair and Vice Chair. Hacegaba asked for recommendations for Chairperson.

Board Member Lowenthal nominated Board Member I. Lee Williams to be Chairperson, Board Member Duane Kenagy seconded, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

Chairperson Williams nominated Board Member Lowenthal to be Vice Chairperson, Board Member DiBernardo seconded, carried by the following vote:

Ayes: Board Members: Lowenthal, Williams, Kenagy, DiBernardo  
Noes: Board Members: None

Interim Executive Director Hacegaba recommended the board appoint a Treasurer and Secretary. Hacegaba asked for recommendations for Treasurer.

Vice Chairperson Lowenthal nominated Marla Bleavins to be Treasurer, Chairperson Williams seconded, carried by the following vote:

Ayes: Board Members: Lowenthal, Williams, Kenagy, DiBernardo  
Noes: Board Members: None

Interim Executive Director Hacegaba asked for recommendations for Secretary.

Vice Chairperson Lowenthal nominated Elena Flores to be Secretary, Board Member DiBernardo seconded, carried by the following vote:

Ayes: Board Members: Lowenthal, Williams, Kenagy, DiBernardo  
Noes: Board Members: None

Hacegaba congratulated the leadership.

#### **Receive and File of Minutes – September 14, 2022 – Item D**

Interim Executive Director Hacegaba asked for a motion to approve the minutes.

Vice Chairperson Lowenthal moved, seconded by Chairperson Williams, carried by the following vote:

Ayes: Board Members: Lowenthal, Williams, Kenagy, DiBernardo  
Noes: Board Members: None

#### **Public Comment on Non-Agenda Items – Item E**

Interim Executive Director Hacegaba asked if there was anyone that wished to discuss non-agenda items.

No public comments.

#### **Board Reports of Executive Director – Item F**

Interim Executive Director Hacegaba welcomed Board Members I. Lee Williams and Michael DiBernardo. Hacegaba announced Antonio Gioiello's retirement from the Port of Los Angeles and the ICTF as Alternate Board Member.

Hacegaba introduced General Counsel Steve Otera to present on the first of seven Board Reports for Item F.

### **I. Executive Director**

General Counsel Steve Otera introduced Dr. Noel Hacegaba as part of the first Board Report to appoint Dr. Hacegaba as Executive Director of the ICTF JPA.

Otera asked if there were any questions from the Board. There were no questions or public comments. Otera asked for a motion to appoint Dr. Noel Hacegaba as Executive Director of the ICTF JPA.

Vice Chairperson Lowenthal moved, seconded by Chairperson Williams, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

Otera congratulated Dr. Noel Hacegaba on his appoint as Executive Director. Hacegaba thanked the Board for their vote.

### **II. Bank of America Signatory Card**

General Counsel Steve Otera recommended the JPA Board to update the individuals listed on the Bank of America Signatory Card. Otera recommended Dr. Noel Hacegaba, Executive Director of the ICTF JPA, and Wei Chi, Director of Finance for the Port of Long Beach be added as signatories to the Bank of America Signatory Card. Otera also recommended that Richard D. Cameron, Former Executive Director of the ICTF JPA, and Maurina Lee, Former Director of Finance for the Port of Long Beach be removed as signatories from the Bank of America Signatory Card. Treasurer Marla Bleavins will remain a signatory on the Bank of America Signatory Card.

Otera asked if there were any questions from the Board. There were no questions or public comments. Otera asked for a motion to update the Bank of America Signatory Card.

Vice Chairperson Lowenthal moved, seconded by Chairperson Williams, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

### **III. Audited Financial Statements for Fiscal Year Ending June 30, 2022**



Executive Director Hacegaba recommended the JPA Board receive and file the audited financial statements for fiscal year ending June 30, 2022. There were no questions or public comments. Hacegaba asked for a motion to receive and file the audited financial statements.

Vice Chairperson Lowenthal moved, seconded by DiBernardo, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

#### **IV. Agreed-Upon Procedures (AUP) for Year Ending November 1, 2022**

Executive Director Hacegaba recommended the JPA Board receive and file the AUP for year ending November 1, 2022. There were no questions or public comments. Hacegaba asked for a motion to receive and file the AUP.

Vice Chairperson Lowenthal moved, seconded by Kenagy, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

#### **V. Annual Budget and Distribution of Funds for Fiscal Year 2023 – 2024**

Executive Director Hacegaba recommended the JPA Board adopt the annual budget and distribution of funds for fiscal year 2023 – 2024. There were no questions or public comments. Hacegaba asked for a motion to adopt the annual budget.

Vice Chairperson Lowenthal moved, seconded by DiBernardo, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

#### **VI. First Amendment to Agreement with Moss Adams LLP**

Executive Director Hacegaba recommended authorizing the amendment to contract with Moss Adams LLP. There were no questions or public comments. Hacegaba asked for a motion to approve the amendment.

Vice Chairperson Lowenthal moved, seconded by Kenagy, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

#### **VII. Sixth Amendment to Agreement with EnSafe Inc.**

Executive Director Hacegaba recommended authorizing the amendment to contract with EnSafe Inc. There were no questions or public comments. Hacegaba asked for a motion to approve the amendment.

Vice Chairperson Lowenthal moved, seconded by DiBernardo, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

### **Adjournment**

Executive Director Hacegaba asked for a motion to adjourn.

Chairperson Williams moved, seconded by Vice Chairperson Lowenthal, carried by the following vote:

Ayes:	Board Members:	Lowenthal, Williams, Kenagy, DiBernardo
Noes:	Board Members:	None

*Hacegaba adjourned the meeting at 5:21 p.m.*



## E. COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS



## F. BOARD REPORTS OF THE EXECUTIVE DIRECTOR



DATE: September 4, 2024

TO: Governing Board, Intermodal Container Transfer Facility Joint Powers Authority

FROM: Dr. Noel Hacegaba, Executive Director

SUBJECT: Bank of America Signatory Card

The Intermodal Container Transfer Facility Joint Powers Authority (ICTF JPA) uses Bank of America for its financial transactions. Only the specific individuals listed on a Signatory Card, currently the ICTF JPA Executive Director, ICTF JPA Treasurer, and Port of Long Beach Director of Finance, have the ability to sign checks for the ICTF JPA Bank of America account.

Due to the current vacancy of the Treasurer for the ICTF JPA, a concurrent item on the ICTF JPA Board agenda recommends that Jeffrey Strafford be appointed as the new Treasurer. Consistent with that recommendation, if approved by this Board, it is recommended the following be added to the Bank of America Signatory Card, allowing the newly appointed Treasurer the ability to sign checks on behalf of the ICTF JPA:

Jeffrey Strafford, Treasurer, ICTF JPA

Due to the departure of former Treasurer Marla Bleavins, it is recommended the following be removed from the Bank of America Signatory Card, removing the ability to sign checks on behalf of the ICTF JPA:

Marla Bleavins, Former Treasurer, ICTF JPA

Dr. Noel Hacegaba, Executive Director of the ICTF JPA, and Wei Chi, Director of Finance for the Port of Long Beach, will remain as signatories for the Bank of America Signatory Card.

It is also recommended that the Board make the following finding:

“The Board finds the activity is administrative activity that will not result in direct or indirect physical changes in the environment, and, as such, is not a “project” as defined by CEQA Guidelines section 15378.”

A handwritten signature in blue ink, appearing to read 'Noel Hacegaba', is written over a white rectangular area.

Dr. Noel Hacegaba  
Executive Director



DATE: September 4, 2024

TO: Governing Board, Intermodal Container Transfer Facility Joint Powers Authority

FROM: Dr. Noel Hacegaba, Executive Director

SUBJECT: Financial Audit – Fiscal Year Ended June 30, 2023

Moss Adams LLP (Moss Adams) has completed the financial audit of the Intermodal Container Transfer Facility Joint Powers Authority (ICTF JPA) for the fiscal year that ended June 30, 2023. Their audit has determined that ICTF JPA's financial statements for the fiscal year ended June 30, 2023, the financial position, changes in financial position, and cash flows are presented fairly.

Operating revenues for the fiscal year increased 22.5% to \$3,776,976 due to the increase in containers that moved through the facility during the fiscal year ended June 30, 2023. The increase in container volume this year at the facility reflected the recovery of the global supply chain from the pandemic in the previous two years. Net position decreased by 20.7% to \$8,509,774 over the same period. Interest income increased by \$55.9 thousand or 108.1% due to higher fair values for the investment portfolio in the City of Long Beach's investment pool at June 30, 2023, compared to 2022.

It is recommended that the Governing Board receive and file the financial audit report for the fiscal year ended June 30, 2023.

It is also recommended that the Board make the following finding:

"The Board finds the activity is an administrative activity that will not result in direct or indirect physical changes in the environment, and, as such, is not a "project" as defined by CEQA Guidelines section 15378."

Dr. Noel Hacegaba  
Executive Director

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Basic Financial Statements

June 30, 2023 and 2022

(With Independent Auditor's Report Thereon)

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

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## **Report of Independent Auditors**

The Board of Directors  
Intermodal Container Transfer Facility Joint Powers Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Intermodal Container Transfer Facility Joint Powers Authority (the Authority), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statement of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2023 and 2022, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



El Segundo, California  
January 16, 2024

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The Intermodal Container Transfer Facility Joint Powers Authority (Authority) was formed in 1983 pursuant to an agreement between the Ports of Los Angeles and Long Beach, California (Venturers) for purposes of financing and constructing the Intermodal Container Transfer Facility (Facility) and leasing the Facility to Southern Pacific Transportation Company (subsequently, a wholly owned subsidiary of Union Pacific Corporation) (Tenant).

This section of the Authority's annual financial report presents management's discussion and analysis of the Authority's financial performance during the years ended June 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the Authority's basic financial statements and related notes.

**Overview of the Basic Financial Statements**

This section serves as an introduction to the Authority's basic financial statements. The basic financial statements comprise of the following components:

The *Statements of Net Position* present information on all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The *Statements of Cash Flows* present the inflows and outflows of cash and cash equivalents and resulting cash and deposits position at fiscal year-end.

The *Notes to the Basic Financial Statements* present information that is not displayed on the face of the basic financial statements. Such information is essential to a full understanding of the Authority's financial activities.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Management's Discussion and Analysis (Continued)

June 30, 2023 and 2022

(Unaudited)

**Financial Highlights and Analysis of Net Position**

The following is a condensed summary of the Authority's net position as of June 30, 2023, 2022, and 2021:

**Schedules of Net Position**

				<b>Increase (Decrease) Over Prior Year</b>	
	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2023</u>	<u>FY 2022</u>
Current assets	\$ 7,126,370	\$ 9,233,248	\$ 12,120,603	\$ (2,106,878)	\$ (2,887,355)
Capital assets, net	1,438,678	1,546,708	1,654,738	(108,030)	(108,030)
Total assets	<u>8,565,048</u>	<u>10,779,956</u>	<u>13,775,341</u>	<u>(2,214,908)</u>	<u>(2,995,385)</u>
Other liabilities	55,274	46,744	68,179	8,530	(21,435)
Total liabilities	<u>55,274</u>	<u>46,744</u>	<u>68,179</u>	<u>8,530</u>	<u>(21,435)</u>
Net position					
Net investment in capital assets	1,438,678	1,546,708	1,654,738	(108,030)	(108,030)
Unrestricted	7,071,096	9,186,504	12,052,424	(2,115,408)	(2,865,920)
Total net position	<u>\$ 8,509,774</u>	<u>\$ 10,733,212</u>	<u>\$ 13,707,162</u>	<u>\$ (2,223,438)</u>	<u>\$ (2,973,950)</u>

**Fiscal Year 2023**

The \$2.1 million, or 22.8%, decrease in current assets was primarily due to the distribution to the Venturers of \$6 million offset by the increase in cash and cash equivalents prior to the distribution. Annual depreciation of \$108.0 thousand accounted for the decrease in net capital assets. Liabilities increased by \$8.5 thousand due to increases in unpaid invoices and Tenant advances.

Net position of the Authority decreased by 20.7% to \$8.5 million at June 30, 2023. Of the \$8.5 million net position as of June 30, 2023, \$1.4 million, or 16.9%, were invested in capital assets. There was no debt outstanding related to these capital assets. There were no assets subject to external restrictions on how they may be used. The remaining \$7.1 million, or 83.1%, in net position was unrestricted and may be used to meet the Authority's ongoing obligations.

**Fiscal Year 2022**

The \$2.9 million, or 23.8%, decrease in current assets was primarily due to the distribution to the Venturers of \$6 million offset by the increase in cash and cash equivalents prior to the distribution. Annual depreciation of \$108.0 thousand accounted for the decrease in net capital assets. Liabilities decreased by \$21.4 thousand due to a decrease in Tenant advances.

Net position of the Authority decreased by 21.7% to \$10.7 million at June 30, 2022. Of the \$10.7 million net position as of June 30, 2022, \$1.6 million, or 14.4%, were invested in capital assets. There was no debt outstanding related to these capital assets. There were no assets subject to external restrictions on how they may be used. The remaining \$9.2 million, or 85.6%, in net position was unrestricted and may be used to meet the Authority's ongoing obligations.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Management's Discussion and Analysis (Continued)

June 30, 2023 and 2022

(Unaudited)

**Summary of Operations and Analysis of Changes in Net Position**

The following is a summary of the Authority's changes in net position for the years ended June 30, 2023, 2022, and 2021:

	Schedules of Changes in Net Position			Increase (Decrease) Over Prior Year	
	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022
Operating revenue					
Facility rental	\$ 3,776,976	\$ 3,082,378	\$ 4,498,646	\$ 694,598	\$ (1,416,268)
Operating expense					
Depreciation	108,030	108,030	108,030	--	--
Net operating income	3,668,946	2,974,348	4,390,616	694,598	(1,416,268)
Nonoperating revenue (expense)					
Interest income	107,600	51,702	94,897	55,898	(43,195)
Miscellaneous	16	--	145	16	(145)
Distribution to Venturers	(6,000,000)	(6,000,000)	(4,000,000)	--	2,000,000
Net nonoperating revenue (expense)	(5,892,384)	(5,948,298)	(3,904,958)	(55,914)	(2,043,340)
Changes in net position	(2,223,438)	(2,973,950)	485,658	750,512	(3,459,608)
Net position, beginning of year	10,733,212	13,707,162	13,221,504	(2,973,950)	485,658
Net position, end of year	<u>\$ 8,509,774</u>	<u>\$ 10,733,212</u>	<u>\$ 13,707,162</u>	<u>\$ (2,223,438)</u>	<u>\$ (2,973,950)</u>

Container volumes that moved through the Authority's gate were 271,754, 211,641, and 320,762 containers for the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

**Fiscal Year 2023**

The \$0.7 million, or 22.5%, increase in facility rental revenue was mainly due to the increase in containers that moved through the Authority's facility during the fiscal year ended June 30, 2023. The increase in container volume this year at the facility reflected the recovery of global supply chain from the pandemic in previous two years.

Interest income increased by \$55.9 thousand, or 108.1%, due to higher fair values for the investment portfolio in the City of Long Beach's investment pool at June 30, 2023, compared to 2022. Distributions to Venturers totaled \$6.0 million in fiscal year 2023.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Management's Discussion and Analysis (Continued)

June 30, 2023 and 2022

(Unaudited)

**Fiscal Year 2022**

The \$1.4 million, or 31.5%, decrease in facility rental revenue was mainly due to the impact of the pandemic during the fiscal year ended June 30, 2022. Since March 2020, the outbreak of the COVID-19 pandemic has affected the global supply chain resulting in a 34.0% decline in annual containers volume relative to the prior fiscal year.

Interest income decreased by \$43.2 thousand, or 45.5%, due to lower market values for the investment portfolio in the City of Long Beach's investment pool at June 30, 2022, compared to 2021. Distributions to Venturers totaled \$6.0 million in fiscal year 2022.

**Capital Assets**

The Authority's investment in capital assets, net of accumulated depreciation, as of June 30, 2023, 2022, and 2021, amounted to approximately \$1.4 million, \$1.6 million, and \$1.7 million, respectively. Construction of the Facility was completed in 1986. Construction funds were provided by the Venturer ports (\$5.4 million), Southern Pacific Transportation Company (\$36.2 million), and revenue bonds issued by the Authority on behalf of Southern Pacific Transportation Company (\$53.9 million). All bonds issued by the Authority for the construction matured in November 2014. At June 30, 2023, 2022, and 2021, capital assets, net of accumulated depreciation, consisted of the following:

**Summary of Capital Assets**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>
Property and equipment	\$ 5,401,520	\$ 5,401,520	\$ 5,401,520
Furniture and fixtures	10,650	10,650	10,650
Total capital assets	5,412,170	5,412,170	5,412,170
Less accumulated depreciation	(3,973,492)	(3,865,462)	(3,757,432)
Total capital assets, net	<u>\$ 1,438,678</u>	<u>\$ 1,546,708</u>	<u>\$ 1,654,738</u>

The Authority's interest in the Facility is the \$5.4 million in combined contributions from the Venturers. There have been no additions to capital assets since the Facility's construction was completed in 1986. Reductions in capital assets are from annual depreciation provisions for fiscal years 2023, 2022, and 2021.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Management's Discussion and Analysis (Continued)

June 30, 2023 and 2022

(Unaudited)

**Factors that May Affect the Authority's Operations**

Fluctuations in economic activity that drive the movement of cargo in and out of the San Pedro Bay ports, along with cargo owners deciding how to transport their cargo, both have the ability to affect the volume of operations through the Facility.

**Request for Information**

Questions about this report or requests for additional information should be addressed to the Executive Director, Intermodal Container Transfer Facility Joint Powers Authority, 415 W. Ocean Blvd., Long Beach, CA 90802.



**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Statements of Net Position

June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets		
Cash and deposits (note 2)	\$ 6,755,420	\$ 8,893,259
Receivable from Tenant	370,950	339,989
Total current assets	7,126,370	9,233,248
Capital assets, less accumulated depreciation (note 5)	1,438,678	1,546,708
<b>TOTAL ASSETS</b>	<b>8,565,048</b>	<b>10,779,956</b>
 <b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Accounts payable	4,434	--
Excess Tenant advances (note 4)	50,840	46,744
<b>TOTAL LIABILITIES</b>	<b>55,274</b>	<b>46,744</b>
<b>NET POSITION</b>		
Net position (note 3)		
Net investment in capital assets	1,438,678	1,546,708
Unrestricted	7,071,096	9,186,504
<b>TOTAL NET POSITION</b>	<b>\$ 8,509,774</b>	<b>\$ 10,733,212</b>

See accompanying notes to the basic financial statements.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>OPERATING REVENUE</b>		
Facility rental (note 1)	\$ 3,776,976	\$ 3,082,378
<b>OPERATING EXPENSE</b>		
Depreciation	108,030	108,030
Net operating income	3,668,946	2,974,348
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Interest income	107,600	51,702
Miscellaneous	16	--
Distribution to Venturers (note 3)	(6,000,000)	(6,000,000)
Net nonoperating expenses	(5,892,384)	(5,948,298)
<b>CHANGES IN NET POSITION</b>	(2,223,438)	(2,973,950)
Net position, beginning of year	10,733,212	13,707,162
Net position, end of year	\$ 8,509,774	\$ 10,733,212

See accompanying notes to the basic financial statements.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection of net revenues from Tenant	\$ 3,729,362	\$ 3,081,658
Tenant advances for administrative costs	25,183	--
Net cash provided by operating activities	3,754,545	3,081,658
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	107,600	51,702
Miscellaneous receipts	16	--
Distributions paid to Venturers	(6,000,000)	(6,000,000)
Net cash used in investing activities	(5,892,384)	(5,948,298)
<b>NET (DECREASE) INCREASE IN CASH AND DEPOSITS</b>	(2,137,839)	(2,866,640)
<b>Cash and deposits, beginning of year</b>	<b>8,893,259</b>	<b>11,759,899</b>
<b>Cash and deposits, end of year</b>	<b>\$ 6,755,420</b>	<b>\$ 8,893,259</b>
 <b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH</b>		
<b>PROVIDED BY OPERATING ACTIVITIES</b>		
Net operating income	\$ 3,668,946	\$ 2,974,348
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	108,030	108,030
Changes in:		
Receivable from Tenant	(30,961)	20,715
Accounts payable	4,434	(279)
Excess Tenant advances	4,096	(21,156)
Total adjustments to reconcile net operating income to net cash provided by operating activities	85,599	107,310
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 3,754,545</b>	<b>\$ 3,081,658</b>

See accompanying notes to the basic financial statements.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

**1. Organization and Summary of Significant Accounting Policies**

**A. Organization**

The Intermodal Container Transfer Facility Joint Powers Authority (Authority) was formed in 1983 pursuant to an agreement between the Ports of Los Angeles and Long Beach, California (Venturers) for purposes of financing and constructing the Intermodal Container Transfer Facility (Facility) and leasing the Facility to Southern Pacific Transportation Company (subsequently, a wholly owned subsidiary of Union Pacific Corporation) (Tenant). The agreement has a term of 50 years. The Facility commenced operations on November 17, 1986.

The Authority's principal source of income is from Tenant lease payments. Scheduled lease payments are allocated from "Net Facility Revenues" arising from the Facility's operations. Net Facility Revenues are calculated as revenues received less reimbursements of operating expenses of the Authority (up to \$0.1 million a year as adjusted for inflation). Net Facility Revenues are shared equally between the Authority and Tenant. Net Facility Revenues are distributed by the Tenant each month in arrears fifteen days after the end of each month.

**B. Significant Accounting Policies**

The Ports of Long Beach and Los Angeles, the two Venturers, provide administrative and financial services, respectively, at no cost to the Authority. At the beginning of each fiscal year, the Tenant advances funds to the Authority to cover the budgeted operating expenses for the year. Such advance is reimbursed to the Tenant in the Annual Distribution of Net Revenues to the Authority.

**Method of Accounting** – The Authority is accounted for as an enterprise fund, and as such, its basic financial statements are presented using the economic resources measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. The measurement focus is on the determination of changes in net position, financial position, and cash flows. Operating revenues consist of facility rental revenues from the Authority's Tenant. Operating expenses consist of depreciation expense on the Authority's capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Authority uses the accrual method of accounting. Accordingly, uncollected facility revenues earned are included in the determination of receivables due from Tenant in the accompanying basic financial statements.

**Capital Assets** – Capital assets represent the Authority's initial contribution toward the development and construction of the Facility. No further contributions are required. All additional costs will be paid by the Tenant. Depreciation of the Facility is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life of the Facility is 50 years.

**Cash and Deposits** – In order to maximize return of fund, the Authority deposits its excess cash in the City of Long Beach's cash and investment pool that is used as a demand deposit account by participating units of the pool. Investment decisions are made by the City Treasurer of the City of Long Beach, California. The Authority's deposits, including its equity in the City of Long Beach's cash and investment pool, are stated at amortized cost.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

Interest income and realized gains and losses arising from the pooled cash and investments are apportioned to each participating unit of the pool on a pro rata basis based on average daily balances. The change in fair value of the pooled investments is also allocated to each participating unit based on average daily balances.

**Net Position** – The Authority’s equity is reported as net position, which is classified into the following categories:

- *Net investment in capital assets* – This category consists of capital assets, net of accumulated depreciation.
- *Restricted* – This category consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments. Constraints may also be imposed by law or constitutional provisions or enabling legislation.
- *Unrestricted* – This category consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use unrestricted resources as needed and restricted resources for the purpose for which the restriction exists.

**Use of Estimates** – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**C. New Governmental Accounting Standards Board (GASB) Pronouncements**

The Authority adopted the following GASB pronouncements:

GASB Statement No. 91, “Conduit Debt Obligations.” Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement has been implemented in fiscal year 2023 with no impact.

GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement has been implemented in fiscal year 2023 with no impact.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." Issued in June 2020, the statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement has been implemented in fiscal year 2023 with no impact.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

GASB Statement No. 99, “Omnibus 2022” Issued in April 2022, the statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs have been implemented in fiscal year 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 will be effective beginning fiscal year 2024.

The GASB has also issued several pronouncements that have effective dates that may impact future presentations as follows:

GASB Statement No. 99, “Omnibus 2022” Issued in April 2022, the statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 will be effective beginning fiscal year 2024.

GASB Statement No. 100, “Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.” Issued in June 2022, the statement provides guidance on the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement will be effective beginning fiscal year 2024.

GASB Statement No. 101, “Compensated Absences.” Issued in June 2022, the statement provides guidance on the recognition and measurement of compensated absences by amending and updating certain previously required disclosures under a unified model to better meet the information needs of financial statement users. The statement will be effective beginning fiscal year 2025.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

**2. Cash and Deposits**

The Authority's cash and deposits consisted of deposits with the City of Long Beach's Treasury, and deposits with an independent financial institution, all of which are presented in the accompanying basic financial statements at amortized cost. At June 30, 2023 and 2022, the cash and deposits balances consisted of the following:

	2023	2022
Cash with financial institution	\$ 262,911	\$ 254,376
Deposits with City of Long Beach's cash and investment pool	6,492,509	8,638,883
Total cash and deposits	\$ 6,755,420	\$ 8,893,259

**Authorized Investments**

The Authority does not have its own investment policy but follows the City of Long Beach's investment policy. At June 30, 2023 and 2022, as permitted by the California Government Code Section 53635, a portion of the Authority's cash balance totaling \$6.5 million and \$8.6 million for fiscal years 2023 and 2022, respectively, was on deposit in the City of Long Beach's investment pool. The table below identifies the investment types that are authorized by the City of Long Beach's investment policy. The City of Long Beach's investment policy also requires the diversification of investment instruments in accordance with the guidelines of the California Government Code Section 53600 et seq. to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

Type of Investments	Maximum Maturities	Maximum Concentration	Maximum Investment in One Issuer
Bonds issued by the City of Long Beach	5 years*	30%	None
U.S. Treasury Notes, Bonds, or Bills	5 years*	100%	None
Registered State Warrants or Treasury Notes or Bonds of the State of California	5 years*	30%	None
Local Agency Bonds	5 years*	30%	None
Federal Agency Securities	5 years*	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years*	30%	10%
Time Certificates of Deposit	***	***	***
Repurchase Agreements	90 days	100%	None
Reverse Repurchase Agreements	92 days	20%	None
Securities Lending Program	92 days	20%	None
Medium-term Notes	5 years*	30%	5%
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)(per account)	N/A	None	**
Asset-backed Securities	5 years	20%	None
Mortgage-backed Securities	5 years	20%	None
Supranational Bonds	5 years	30%	5%

\* Maximum maturity of five years unless a longer maturity is approved by the City Long Beach Council, either specifically or as part of an investment program, at least three months prior to purchase.

\*\* Maximum investment in LAIF accounts are dependent upon limits established under the Local Agency Investment Fund guidelines.

\*\*\* May invest in non-negotiable time deposits collateralized in accordance with the California Government Code.



**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

**Pooled Funds**

The Authority's equity in the City of Long Beach's cash and investment pool does not consist of specifically identified cash deposits or securities. Investment in external investment pool is excluded from the disclosure about fair value hierarchy under GASB Statement No. 72, "*Fair Value Measurement and Application*."

A significant portion of the Authority's cash balance is deposited with the City of Long Beach's investment pool, which can be withdrawn on demand and without penalty. The City of Long Beach's investment pool does not maintain a credit rating.

Additional information regarding the pool, including the investment portfolio and related interest rate, weighted average maturity of investments, custodial credit, credit, and concentration of credit risks, is presented in the City of Long Beach Annual Comprehensive Financial Report (ACFR). The report may be obtained by writing to the City of Long Beach, Department of Financial Management, 411 West Ocean Boulevard, 6<sup>th</sup> Floor, Long Beach, California, 90802 or the City of Long Beach's website <https://longbeach.gov/finance/city-budget-and-finances/accounting/comprehensive-annual-financial-report/>.

**Deposits**

At June 30, 2023 and 2022, the Authority's carrying amounts of cash were \$262.9 thousand and \$254.4 thousand, respectively. The bank balances were \$270.5 thousand and \$254.5 thousand at June 30, 2023 and 2022, respectively. At June 30, 2023, reconciling difference of \$7.6 thousand between the carrying amount of cash and bank balance are outstanding checks. At June 30, 2022, reconciling difference of \$0.1 thousand between the carrying amount of cash and bank balance is an outstanding check. The bank balance is covered by federal depository insurance up to \$250,000. Portions of the bank balance of \$ 12.9 thousand and \$4.4 thousand were uninsured and uncollateralized at June 30, 2023 and 2022, respectively.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

**3. Net Position**

Pursuant to the agreement creating the Authority, the Venturers were required to make a capital contribution of \$5.0 million each in 1983. In addition, the Port of Los Angeles contributed services and other direct costs amounting to approximately \$0.4 million in 1988. During fiscal years 2023 and 2022, \$6.0 million was distributed in equal shares to the Venturers in each fiscal year.

At June 30, 2023 and 2022, the changes in joint venture net position are as follows:

	Port of <u>Los Angeles</u>	Port of <u>Long Beach</u>	<u>Total</u>
Balance at June 30, 2021	\$ 7,032,900	6,674,262	\$ 13,707,162
Operating and nonoperating income	1,513,025	1,513,025	3,026,050
Distribution to Venturers	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(6,000,000)</u>
Balance at June 30, 2022	5,545,925	5,187,287	10,733,212
Operating and nonoperating income	1,888,281	1,888,281	3,776,562
Distribution to Venturers	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(6,000,000)</u>
Balance at June 30, 2023	<u>\$ 4,434,206</u>	<u>\$ 4,075,568</u>	<u>\$ 8,509,774</u>

**4. Excess Tenant Advances**

The Authority has received advances from the Tenant to cover its contractual administrative costs for the years ended June 30, 2023 and 2022. Advances have exceeded expenses by \$50.8 thousand and \$46.7 thousand in fiscal years 2023 and 2022, respectively, and have been recorded as liabilities due to the Tenant.

**5. Capital Assets**

At June 30, 2023 and 2022, capital assets consisted of the following:

	<u>2023</u>	<u>2022</u>
Authority's interest in Facility		
Property and equipment	\$ 5,401,520	\$ 5,401,520
Furniture and fixtures	<u>10,650</u>	<u>10,650</u>
Total capital assets	5,412,170	5,412,170
Less accumulated depreciation	<u>(3,973,492)</u>	<u>(3,865,462)</u>
Total capital assets, net	<u>\$ 1,438,678</u>	<u>\$ 1,546,708</u>

In fiscal years 2023 and 2022, there were no capital assets additions or retirements. The only changes were related to annual depreciation provisions. Depreciation expense was \$108.0 thousand for both years ended June 30, 2023 and 2022.

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Notes to the Basic Financial Statements (Continued)

June 30, 2023 and 2022

**6. Additional Street Improvements Contingency**

Concurrent with the issuance of a conditional use permit and parcel map by the City of Carson for that portion of the Facility located in the City of Carson, the Authority, the Tenant, and the City of Carson entered into an agreement dated December 3, 1984, whereby the Authority and Tenant are required to make certain street improvements to certain Carson streets that adjoin the Facility. During fiscal year 1996, the City of Carson received grants for a number of these street improvements, partially reducing the obligation of the Authority for such improvements. The Authority's remaining share of construction obligations for the street improvements (including maintenance costs) is approximately \$2.4 million as of June 30, 2023. The project is currently pending environmental review. The Tenant made payments directly to the City of Carson for maintenance fees of \$160.3 thousand and \$131.7 thousand for fiscal years 2023 and 2022, respectively.

## **Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Intermodal Container Transfer Facility Joint Powers Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Intermodal Container Transfer Facility Joint Powers Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



El Segundo, California

January 16, 2024



DATE: September 4, 2024

TO: Governing Board, Intermodal Container Transfer Facility Joint Powers Authority

FROM: Dr. Noel Hacegaba, Executive Director

SUBJECT: Net Facility Revenue Report for Annual Period Ending November 1, 2023

Moss Adams LLP (Moss Adams) has completed their review of Intermodal Container Transfer Facility Joint Powers Authority (ICTF JPA) net revenue for the year ended November 1, 2023. During the year, there were 273,747 gross container movements, generating \$8,212,410 in gross revenue. Gate fees collected at the Intermodal Container Transfer Facility (ICTF), less allowable deductions, resulted in net facility revenue of \$7,742,963 to be equally shared by the ICTF JPA and Union Pacific Railroad. Union Pacific transfers a 50% share of the facility's net revenues on an ongoing quarterly basis.

It is recommended that the Governing Board receive and file the net facility revenue report for the year ended November 1, 2023.

It is also recommended that the Board make the following finding:

"The Board finds the activity is an administrative activity that will not result in direct or indirect physical changes in the environment, and, as such, is not a "project" as defined by CEQA Guidelines section 15378."

Dr. Noel Hacegaba  
Executive Director



Report of Independent Accountants

**Intermodal Container Transfer Facility  
Joint Powers Authority**

November 1, 2023

## Report of Independent Accountants

To the Board of Directors  
Intermodal Container Transfer Facility Joint Powers Authority

Union Pacific Corporation

We have performed the procedures enumerated below on Intermodal Container Transfer Facility Joint Powers Authority's (the "Authority") Calculation of Net Facility Revenues (the "Exhibit") of the Authority and the Union Pacific Corporation ("UPC") Monthly Statement of Operations for the year ended November 1, 2023. The Authority is responsible for the Calculation of Net Facility Revenues and for the Monthly Statements of Operations.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the calculation of Net Facility Revenues. Additionally, UPC has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. **Procedure:** We obtained the UPC Monthly Statements of Operations listing net revenues from the operations of the Intermodal Container Transfer Facility ("Facility"), including amounts that had been billed and not yet collected, for the year ended November 1, 2023, from the Authority. We recalculated the mathematical accuracy of the schedules received and agreed the total net revenues for the year ended November 1, 2023, to the Net Facility Revenues on the accompanying Exhibit.

**Results:** No exceptions noted.

2. **Procedure:** In conjunction with the calculation of Net Facility Revenues in the Exhibit, we performed the following procedures:
  - a. Obtained Monthly Statement of Operations reports on gross container movements (prepared by UPC) for the year ended November 1, 2023.
  - b. Summed the reported monthly amounts of gross container movements from Monthly Statement of Operations reports noting annual gross container movements at the Facility of 273,747 for the year ended November 1, 2023.



- c. Multiplied the total number of reported gross container movements by \$30 (the amount charged for each container transfer) recalculating Total Facility Revenue generated of \$8,212,410 for the year ended November 1, 2023, and agreed such amount to the Exhibit for the year ended November 1, 2023.
- d. Agreed the Total Facility Revenue generated of \$8,212,410 for the year ended November 1, 2023, as noted in Procedure c above, to the sum of Facility Revenues related to gate charges collected by UPC of \$7,913,400 and noted an adjustment in the amount of \$299,010 per the Monthly Statement of Operations for the year ended November 1, 2023.
- e. Agreed a payment made by UPC to the Authority for reimbursement of operating expenses in the amount of \$21,387 and payment on behalf of the Authority to the City of Carson, California, for maintenance fees in the amount of \$149,050 as shown on the Exhibit for the year ended November 1, 2023, to check disbursements.
- f. Noted no payments to the bond rating agencies for the year ended November 1, 2023, therefore the procedure to agree payments to check disbursements was not applicable.

**Results:** No exceptions noted.

We were engaged by the management of the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the calculation of Net Facility Revenues and the Monthly Statements of Operations, for the year ended November 1, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Authority and UPC, and is not intended to be, and should not be, used by anyone other than these specified parties.



El Segundo, California  
January 25, 2024

**INTERMODAL CONTAINER TRANSFER FACILITY  
JOINT POWERS AUTHORITY**

Calculation of Net Facility Revenues Using Amounts Determined  
Based on the Agreed-Upon Procedures and  
Comparison to Net Facility Revenues Reported by UPC

Year Ended November 1, 2023

Facility revenue collected:

Total facility revenues generated, based on gross gate movements	\$ 8,212,410
Amounts not billed, adjustments to billing, and change in facility revenue receivable, net	<u>(299,010)</u>
Net Facility revenues collected by UPC	<u>7,913,400</u>

Less allowable deductions:

Payment to the Authority for reimbursement of operating expenses	21,387
Payment to the City of Carson on behalf of the Authority for maintenance fees	<u>149,050</u>
Total allowable deductions	<u>170,437</u>
Net Facility Revenues using amounts determined based on the agreed-upon procedures	<u>\$ 7,742,963</u>





DATE: September 4, 2024

TO: Governing Board, Intermodal Container Transfer Facility Joint Powers Authority

FROM: Dr. Noel Hacegaba, Executive Director

SUBJECT: 2024-2025 Budget and Distribution of Funds

The proposed 2024-2025 budget of \$2.45 million for the Intermodal Container Transfer Facility Joint Powers Authority (ICTF JPA) is attached.

Operating expenses for items such as legal and consulting services, audit fees, meeting expenses, and miscellaneous expenses are reimbursable by Union Pacific Railroad Company (UP) up to \$100,000 annually. These budgeted expenses for 2024-2025 are estimated to total \$51,500 which will be requested from UP. UP also advances funds for the City of Carson maintenance costs, which totaled \$149,050 in fiscal 2023-2024 and are estimated to increase by 1.7% to \$151,584 in fiscal 2024-2025 based on the Producer Price Index for May 2024.

The \$2.25 million capital improvement item is included for the ICTF JPA's share of construction obligations under the City of Carson agreement. Carson is preparing to widen Sepulveda Boulevard between Alameda Street and the ICTF entrance. This project has been delayed but could be advertised for bidding in the current fiscal year.

The net revenue distribution from the tenant, UP, is received on a quarterly basis. The cash balance of the Joint Powers Authority at the end of fiscal 2023-2024 before any distribution to partners is estimated to be \$11.13 million. This exceeds the anticipated needs for fiscal 2024-2025.

A distribution of \$4 million to the two Ports would leave a balance of approximately \$2,986,230 million to be carried over to fiscal 2024-2025. This balance is deemed necessary in light of expected cash flow needs related to ICTF JPA operations.

It is recommended that the ICTF JPA Governing Board adopt 2024-2025 budget in the amount of \$2,453,084 and authorize distribution of \$4,000,000 to be shared equally (\$2,000,000 to each) by the Port of Long Beach and the Port of Los Angeles.

It is also recommended that the Board make the following finding: "The Board finds the activity is an administrative activity that will not result in direct or indirect physical changes in the environment, and, as such, is not a "project" as defined by CEQA Guidelines section 15378."

Dr. Noel Hacegaba  
Executive Director

	Estimated Actual June 30, 2024	Adopted 2023-2024	Proposed 2024-2025
Beginning Cash Balance	6,755,420	\$6,777,794	\$5,136,230
Facility Revenue Received	4,222,691	3,000,000	4,000,000
UP reimbursement for EIR	10,062	30,000	30,000
Facility Maintenance Fee	149,050	149,113	151,584
Interest	168,181	75,000	100,000
UP Advance for admin expenses	16,308	21,500	21,500
	<u>\$11,321,712</u>	<u>\$10,053,407</u>	<u>\$9,439,314</u>
Less Expenditures			
Rating Agency Fee	-	-	-
City of Carson - Maintenance Fee	149,050	149,113	151,584
City of Carson - Capital Improvements	-	2,250,000	2,250,000
Environmental & Legal Services	10,062	30,000	30,000
Other Operating Expenses	26,370	21,500	21,500
Distribution to Partners	6,000,000	4,000,000	4,000,000
	<u>\$6,185,482</u>	<u>\$6,450,613</u>	<u>\$6,453,084</u>
Ending Cash Balance	\$5,136,230	\$3,602,794	\$2,986,230