



**California High-Speed Rail:
Financial Reports Executive Summary**

April 2016

Executive Summary for April-2016

Accounts Payable Aging Report

(\$ thousands)	Prior Year	Current Year	Current Year
	April-2015	March-2016	April-2016
Total Aged Invoices	\$0	\$0	\$0
Forecast Balance Pending FRA Approval	\$0	\$0	\$0

- ▶ Total Accounts Payable aging for the April-2016 report is \$0. For the previous year, April-2015 total Accounts Payable aging was \$0. For September-2015 to April-2016, the \$0 aging total was due to the use of Cap and Trade funds which allows the Authority to pay contractors prior to FRA reimbursement.

Issue: Overall expenditures have increased from the previous year. Last year's expenditures for Year To Date (YTD) April-2015 were \$18M for Administrative Budget and \$174M for Capital Outlay Budget. Expenditures for current year YTD April-2016 are \$19M for Administrative Budget and \$453M for Capital Outlay Budget. Although the Authority is processing more invoices with higher dollar amounts, we have been able to pay all invoices on time.

Cash Management Report

(\$ millions)	Prior Year	Current Year	Current Year
	April-2015	March-2016	April-2016
Prop IA Bond Fund Ending Cash Balance	\$3	\$22	\$19
Cap and Trade Ending Cash Balance	N/A	\$598	\$633

- ▶ Bond sales for Proposition IA occur in Spring and Fall. HSR received \$45M from the April-2015 bond sale. The low burn rate for cash is due to a focus on spending Federal Funds first for Project Development. The primary uses of Proposition IA cash are the Administrative Budget of \$41M and Project Development.
- ▶ Prop IA cash balance is \$19M for the April-2016 report, compared to \$22M for the Mar-2016 report.
- ▶ The March 2016 Cap and Trade cash balance was \$589M. The April -2016 Cap and Trade cash balance of \$633M reflects \$60M in expenditures and \$95M in reimbursements from FRA.

Issue: Prop IA cash needs can be met by commercial paper, which is issued by the State Treasurer's Office (STO) the last week of each month. The requesting agency must request commercial paper from STO at least one week before that last week.

Executive Summary for April-2016

Executive Budget Summary

	Prior Year	Current Year	Current Year
	April-2015	March-2016	April-2016
Monthly Expenditures (\$ thousands)	\$2,341	\$2,654	2,379
Percentage of Budget Expended Year to Date (YTD)	58%	40%	46%
Percentage of Personal Services Budget Expended YTD	59%	46%	53%
Total Positions Authorized	209	220	220
Vacancy Rate	29.9%	17.0%	15%

- ▶ The Administrative Budget increased \$1.1M from \$40.3M to \$41.4M in February-2016 for the following reasons:
 1. A General Salary Increase of \$951K which became effective last year July 1, 2015 and was approved in the Governor's Budget which was released on January 7, 2016.
 2. One GHGRF position has been added per Senate Bill No.101, Ch.321, Section 5, funded from Cap & Trade (Associate Governmental Program Analyst position under Program Management/Transportation Commercial Planning Division). This increased the budget \$103K for salary, benefits, and operating expenses.
- ▶ For YTD April-2016, 46% of the Administrative Budget has been expended with 67% of the Fiscal Year completed, compared to 40% the previous month. This is lower than the previous year's 58% due to a lag in submitted invoices for Interagency work.
- ▶ Percentage of Personal Services Budget Expended is 53% for Year to Date (YTD) April-2016, lower than the 59% for prior year YTD April-2015 due to position vacancies:
 - ▶ April-2015 vacancy rate was 29.9% (62.5 vacant positions out of 209 total positions). The 29.9% vacancy rate was due to 35 new positions added in March-2015. (February-2015 vacancy rate was 14.9%).
 - ▶ March-2016 vacancy rate was 17% (37.5 vacant positions out of 220 total positions).
 - ▶ April-2016 vacancy rate is 15% (33 vacant positions out of 220 total positions); 7 of the 33 vacancies are new positions.
 - ▶ The statewide vacancy rate is 13.6%.

Issue:

1. The Administrative Division is \$234k over its General Office Expense annual budget of \$100k mainly due to the purchase of the Team Insights Online Portal software subscription for \$240k. Although General Office Expense is over budget, the Administrative Division expense forecast of \$6.6M for the year is within the budget of \$7.0M for FY 2015-16.
2. The External Affairs Division expense forecast of \$2.1M is \$101K over the budget of \$2.0M for the year due to two full time blanket positions filled in order to meet Personal Services needs.
3. The Audits Division expense forecast of \$877k is \$21k over the budget of \$856k for the year due to a full time blanket position and a full time temporary blanket position filled in order to meet Personal Services needs.

Executive Summary for April-2016

Capital Outlay Budget Summary

	Prior Year April-2015	Current Year March-2016	Current Year April-2016
Budget (Fiscal Year) (\$ millions)	\$522.3	\$1,865.7	\$1,865.7
Monthly Expenditures (\$ millions)	\$21.4	\$98.0	\$61.5
Percentage of Budget Expended Year to Date	33%	22%	24%

- ▶ The Capital Outlay Budget increased in March-2016 due to the Authority's Board of Director approval at the February 16, 2016 board meeting to purchase radio spectrum rights. The budget increases \$55M from \$1.81B for Feb-2016 to \$1.87B for March-2016.
- ▶ Capital Outlay expenditures were \$61M for April 2016 which included Project Development (\$7M), Right of Way (\$15M), Design Build Contract Work (\$14M), Third Party Contract Work (\$10M) and Program Management and other expenses (\$15M).
- ▶ The current Capital Outlay budget for FY 2015-16 is \$1.87B, compared to the \$522.3M budget for FY 2014-15. The budget increase was due to Right of Way acquisition and construction activities.

Issue: The program will rebaseline the budget in the coming months. The rebaseline is expected to address line items that are over budget due to funding or budget allocation issues. (See Capital Outlay Report, page 3)

Total Project Expenditures with Forecasts

Program Total by Fund Type	2006-2016
State Funds ¹	\$705
Federal Funds ²	\$1,017
TOTAL	\$1,722

(\$ millions)

State Match to ARRA (Federal Funds)	
FY2010 - FY2013 ³	\$102
FY2014 - FY2015 ⁵	\$171
TOTAL (to date) ⁴	\$273

(\$ millions)

State Match Liability	
Federal Funds	\$1,017
State Match to ARRA	\$273
Tapered Federal Funds ⁶	\$744

(\$ millions)

- ▶ ¹ Prop IA, Public Transportation Account (PTA), State Highway, Cap and Trade funds; ² Federal funds since FY 2010-11;
- ▶ ³ State paid amount as of FY 2013-14; ⁴ State-match to ARRA funds; ⁵ The State Match to ARRA total for FY2014-15;
- ▶ ⁶ Tapered Federal Funds is the amount that the state will expend to meet the Federal requirements. This will be satisfied with Proposition IA and Cap and Trade expenditures.
- ▶ The Federal Funds total for April-2016 is \$1.017B, an increase of \$36M from the \$981M for March-2016. As a result, Tapered Federal Funds increased from \$708M for March-2016 to \$744M for April-2016.
- ▶ **Issue:** The ARRA Grant expires 9/30/2017. As of April-2016, \$1.096B (42.9%) of the \$2.553B ARRA grant has been spent.

Executive Summary for April 2016

Contracts and Expenditures Report

	Prior Year April-2015	Current Year March-2016	Current Year April-2016
Number of Contracts	206	249	238
Total Value of Contracts (\$ millions)	\$2,318.1	\$4,098.4	\$4,096.5
Small Business Utilization Rate	17.9%	15.78%	16.59%

- ▶ The Small Business Utilization Rate was 16.19% in Feb-2015, which was the start of Small Business Utilization Rate reporting. The Small Business Utilization Rate increased from 15.78% for the March-2016 report to 16.59% for the April-2016 report.
- ▶ The Authority has a small business utilization goal of 30% per the Small and Disadvantaged Business Enterprise Policy from Aug-2012 . All subsequent contracts and amendments include the small business goal. Small business utilization percentages reflect invoices received to date. Exempt contracts such as Third Party utilities or interagency agreements are excluded. This percentage represents the monthly total dollar amount that went to small business divided by the monthly invoice total.

Issue: Over time, the small business utilization rate is expected to rise due to increased construction activity

Projects & Initiatives Report

	Prior Year April-2015	Prior Month March-2016	Current Month April-2016
■ Satisfactory	6	2	2
◆ Caution	1	1	11
● Escalate	-	-	1
★ On hold	1	1	-
Total	8	4	14

- ▶ Hiring and Staffing for FY 15/16 continues as a Caution item.

Issue: 10 new IT projects have been added to the list. Infrastructure – Amazon Web Services is an Escalate item since it affects all the other IT projects and has a near term plan/deploy timeframe.

- Financial System updated to Caution since a timeframe for implementation has been identified. The Authority and Parsons Brinckerhoff, the Authority's Rail Delivery Partner, are in the process of completing negotiations for Work Plan 2, which will cover the work performed for January-December 2016, including funding and resources for the implementation of a financial system.