



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

January 2017

Executive Summary for January 2017

Accounts Payable Aging Report

(\$ in thousands)	Prior Year	Current Year	Current Year
	Jan-16	Dec-16	Jan-17
Total Aged Invoices	\$0	\$262	\$137
Forecast Balance Pending FRA Approval	\$0	\$0	\$0

- Overall expenditures have increased significantly from the previous year. Last year's expenditures for Year-To-Date (YTD) Jan-16 were \$245.9M (\$11.4M for Administrative Expenditures and \$234.5M for Capital Outlay Expenditures). Expenditures for current year YTD Jan-17 are \$495.9M (\$13.3M for Administrative Expenditures and \$482.6M for Capital Outlay Expenditures).

Note: Regarding prompt payment penalties, the Authority has gone from paying a high of \$295K in FY2011-12 to a low of \$28K in FY2015-16, a decrease of 90.5%. In the same time frame, annual expenditures went from \$144.9M in FY2011-12 to \$968.3M in FY2015-16, an increase of 568.3%.

Issue: There are two aged invoices for Jan-16 (\$131K and \$6K in the 1-30 days aged category, total \$137K) resulting in late payment penalties of \$134. This represents 0.10% of invoices aged (Total Aged Invoices \$137K / Total November Invoices \$139M= 0.10%).

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jan-16	Dec-16	Jan-17
Prop IA Bond Fund Ending Cash Balance	\$31.2	\$26.5	\$98.5
Cap and Trade Ending Cash Balance	\$329.6	\$672.8	\$604.2

- Bond sales for Proposition IA occur in the Spring and Fall. The low burn rate for Proposition IA cash is due to a focus on spending Federal Funds first for Project Development. Uses of Proposition IA include non-construction activities such as the Administrative Budget and Project Development costs not eligible for Federal Funds, such as Phase II and Federal entities.
- Prop IA bond proceeds are as follows: Apr-15 \$44.6M, Apr-16 \$56.5M, and Nov-16 \$75.1M.
- Prop IA cash balance is \$98.5M for the Jan-17 report, compared to \$26.5M for the Dec-16 report, this is due to the \$75.0M in November proceeds. If needed, Proposition 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. Commercial paper was last issued on April 6, 2016 for \$10.0M.
- The Jan-17 Cap and Trade cash balance was \$604.2M. The Jan-17 Cap and Trade cash balance of \$604.2M reflects \$219.1M in expenditures, \$151.0M in reimbursements from FRA, and a net \$0.5M change in GHGRF Revolving Fund.

Note: Proceeds from the Cap and Trade auctions are as follows: Aug-15 \$161.3M, Nov-15 \$164.2M, Feb-16 \$129.2M, May-16 \$2.5M, and Aug-16 \$2.1M. The subtotal of the previous auctions is approximately \$459.4M. The Nov-16 auction saw total proceeds of \$364.6M. The Authority's 25.0% share is projected to be \$91.1M, in which case total Cap and Trade proceeds would be \$550.5M. Nov-16 proceeds for the Authority are expected to be finalized in December.

Executive Summary for January 2017

Executive Budget Summary

	Prior Year	Current Year	Current Year
	Jan-16	Dec-16	Jan-17
Monthly Expenditures (\$ in thousands)	\$2,584	\$2,726	\$2,993
Percentage of Budget Expended YTD	27.6%	24.5%	31.6%
Percentage of Personal Services Budget Expended YTD	33.9%	27.9%	35.0%
Total Authorized Positions	219	226	226
Vacancy Rate	18.9%	16.8%	16.2%

- ▶ For YTD Jan-17, 31.6% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 41.7% of the fiscal year completed, which is a 4.0% increase over the 27.6% for YTD Jan-16.
- ▶ The percentage of Operating Expenses and Equipment Budget expended is 21.8 % for YTD Jan-17, compared to 17.6% for the prior year YTD Jan-16.
- ▶ The percentage of Personal Services Budget expended is 35.0% for YTD Jan-17, compared to 33.9% for the prior year YTD Jan-16.
 - ▶ The Personal Services budget for FY2016-17 consists of 226 positions (174 + 35 +10+1+6 positions full year). The Personal Services budget for FY2015-16 included budget for 220 positions (174 + 35 +10+1 positions full year).
- ▶ Vacancy rate history:
 - ▶ The Jan-16 vacancy rate was 18.9% (41.5 vacant positions out of 219 total positions). The 18.9% vacancy rate was due to 35 new positions added in Mar-15. (Prior to the new positions, Feb-15 vacancy rate was 14.9%).
 - ▶ The Jan-17 vacancy rate is 16.2% (36.5 vacant positions out of 226 total positions), compared to Dec-16 16.8%, Nov-16 16.4% and Oct-16 16.4% vacancy rates.
 - ▶ The statewide vacancy rate was 13.5% at June 29, 2016.

Note: General operating expenditures for YTD Jan-17, such as General Office Expense (5.8%), Board Costs (5.2%), In-State (11.9%) and Out-of-State (3.2%) Travel, Training (6.5%), External Contracts (3.8%) and Data Processing (17.8%) are underspent with 41.7% of the fiscal year completed. It is expected that spending will ramp up in the second half of the fiscal year.

Executive Summary for January 2017

Capital Outlay Budget Summary

	Prior Year	Current Year	Current Year
	Jan-16	Dec-16	Jan-17
Budget (Fiscal Year) (\$ in millions)	\$1,747.7	\$1,717.7	\$1,717.7
Monthly Expenditures (\$ in millions)	\$73.2	\$85.3	\$78.8
Percentage of Budget Expended Year to Date	13.4%	23.5%	28.1%

- ▶ Capital Outlay expenditures were \$78.8M for Jan-17 which included Project Development (\$9.4M), Right-of-Way (\$27.0M), Design-Build Contract Work (\$25.4M), Rail Delivery Partner costs (\$8.3M), Program Construction Management and other expenses (\$8.7M). The current Capital Outlay budget for FY2016-17 is \$1.718B, compared to \$936.2M in Capital Outlay expenditures for FY2015-16.
- ▶ For YTD Jan-17, at 41.7% of the fiscal year completed, 23.3% of the Project Development Budget and 29.0% of the Construction Budget has been expended resulting in 28.1% expended overall.

Note: The forecast for FY2016-17 has been updated from \$1.718B in Oct-2016 to \$1.273B in Nov-2016, a decline of \$445.0M, including \$58.7M in Project Development and \$386.3M in Construction. Forecast updates for Project Development reflect the potential efficiencies for environmental documentation production and review. Forecast updates for Construction reflect current information from the Design-Builders.

Total Project Expenditures with Forecasts (\$ in millions)

Program Total by Fund Type	2006-17
State Funds ¹	\$705.2
Federal Funds ²	\$1,947.2
TOTAL	\$2,652.3

State Match to ARRA (Federal Funds)	
FY2010 - 13 ³	\$102.1
FY2014 - 15	\$171.3
FY2015 - 16	\$6.4
FY2016 - 17 ⁵	\$13.3
TOTAL (to date) ⁴	\$293.1

State Match Liability	
Federal Funds	\$1,947.1
State Match to ARRA	\$293.1
Tapered Federal Funds ⁶	\$1,654.0

- ▶ ¹Prop IA, Public Transportation Account (PTA), State Highway, Cap and Trade funds; ² Federal funds since FY2010-11; ³State paid amount as of FY2010-13; ⁴ State Match to ARRA funds; ⁵ The State Match to ARRA for December FY2016-17 was updated to match ARRA Drawdown 16-073 total for State amount previously billed; ⁶ Tapered Federal Funds is the amount that the state will expend to meet the Federal requirements (this will be satisfied with Prop IA and Cap and Trade expenditures).
- ▶ The Federal Funds total as of November 30, 2016 is \$1.947B, a month-over-month increase of \$149.9M from \$1.797B in Oct-16. As a result, Tapered Federal Funds increased from \$1.504B in Oct-16 to \$1.654B in Nov-17.

Note: The ARRA Grant expires 9/30/2017. As of December 13, 2016, total ARRA expenditures and accruals are \$2.186B or 85.7% of the \$2.553B grant, resulting in \$366.1M or 14.3% of the grant remaining with approximately 6.5 months before June 30, 2017, the deadline for the Authority to receive invoices so they can be processed prior to the grant's expiration. The Authority's average cash burn rate for the last three months (August \$128.9M, September \$105.6M, and October \$81.3M) is \$105.6M, which is \$48.8M higher than the straight line basis burn rate of \$56.5.

Executive Summary for January 2017





Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Jan-16	Dec-16	Jan-17
Number of Contracts	235	314	349
Total Value of Contracts (\$ in millions)	\$4,620.1	\$4,957.7	\$5,070.9
Small Business Utilization Rate	20.9%	16.2%	16.8%

- ▶ The Authority has a small business utilization goal of 30.0% per the Small and Disadvantaged Business Enterprise Policy from Aug-2012. All subsequent eligible contracts and amendments include the small business goal. Exempt contracts, such as third party utilities, interagency agreements, governmental entities and leveraged procurements are excluded. The percentage represents the total dollar amount that went to small business by vendor divided by the total invoices. Small business utilization percentages reflect invoices received to date.
- ▶ The Small Business Utilization Rate was 16.2% in Feb-15, which was the start of Small Business Utilization Rate reporting.
- ▶ The Small Business Utilization Rate increased 0.6%, from 16.2% for the Dec-16 report to 16.8% for the Jan-17 report.

Note: Over time, the small business utilization rate is expected to increase as construction activity progresses.

Projects & Initiatives Report

	Prior Year	Current Year	Current Year
	Jan-16	Dec-16	Jan-17
Satisfactory 	4	11	11
Caution 	1	10	10
Escalate 	-	4	4
On hold 	1	2	2
n/a – Milestones TBD	-	5	5
Total	6	32	32

- ▶ n/a indicates that milestones for the project or initiative are currently under development

Note: The High-Speed Rail Trains item due date has been updated from Jan-18 to TBD since a new schedule will be finalized after an early operator is brought on to provide input on procurement and implementation. It continues as Satisfactory.

Issue: The four escalate items remain at escalate due to delivery date issues. They are 1. PMIS – Cost Management System (end date updated from 7/14/17 to 8/18/17 for this report), 2. PMIS – Schedule Management System, 3. PMIS - Contract Management System, and 4. PMIS - Enterprise Document Management System (EDMS)(Iteration 1).