



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

February 2017

Executive Summary for February 2017

Accounts Payable Aging Report

(\$ in thousands)	Prior Year	Current Year	Current Year
	Feb-16	Jan-17	Feb-17
Total Aged Invoices	\$0	\$137	\$0
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) Feb-16 were \$306.9M (\$13.8M for Administrative Expenditures and \$293.1M for Capital Outlay Expenditures). Expenditures for current year YTD Feb-17 are \$639.7M (\$16.1M for Administrative Expenditures and \$623.6M for Capital Outlay Expenditures).
- ▶ There were no aged invoices for Feb-17.

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%.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Feb-16	Jan-17	Feb-17
Prop IA Bond Fund Ending Cash Balance	\$25.5	\$98.5	\$91.6
Cap and Trade Ending Cash Balance	\$489.4	\$604.2	\$649.6

- ▶ Prop IA cash balance is \$91.6M for the Feb-17 report, compared to \$98.5M for the Jan-17 report. If needed, 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. Commercial paper was last issued on April 6, 2016 for \$10.0M.
- ▶ Prop IA bond proceeds are as follows: Apr-15 \$44.6M, Apr-16 \$56.5M, and Nov-16 \$75.0M.
- ▶ Bond sales for Prop IA occur in the Spring and Fall. The low burn rate for Prop IA cash is due to a focus on spending Federal Funds first for Project Development. Uses of Prop 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.
- ▶ The Feb-17 Cap and Trade cash balance was \$649.6M. The Feb-17 Cap and Trade cash balance of \$649.6M reflects \$89.6M in expenditures, \$44.4M in reimbursements from FRA, \$91.1M in Nov-16 auction proceeds, and a net \$0.5M change in the Cap and Trade 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, Aug-16 \$2.1M, and Nov-16 \$91.1M.

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Executive Budget Summary

	Prior Year	Current Year	Current Year
	Feb-16	Jan-17	Feb-17
Monthly Expenditures (\$ in thousands)	\$2,524	\$2,993	\$2,779
Percentage of Budget Expended YTD	33.4%	31.6%	38.2%
Percentage of Personal Services Budget Expended YTD	38.6%	35.0%	42.3%
Total Authorized Positions	220	226	226
Vacancy Rate	16.6%	16.2%	15.7%

- ▶ Monthly expenditures for Feb-17 were \$2,779K, an increase of \$255K over the \$2,524K during the previous year Feb-16. For YTD Feb-17 \$16.1M or 38.2% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 50.0% of the fiscal year completed, which is a 4.8% increase over the 33.4%, or \$13.8M, for YTD Feb-16.
- ▶ The percentage of Operating Expenses and Equipment Budget expended is 26.4% for YTD Feb-17, compared to 20.6% for the prior year YTD Feb-16; this is primarily driven by increases in data processing and interdepartmental contracts, which are partially offset by decreases in general office expenses and external contracts.
- ▶ The percentage of Personal Services Budget expended is 42.3% for YTD Feb-17, compared to 38.6% for the prior year YTD Feb-16. The increase is due to an increase in filled positions, six additional authorized positions, and salary increases.
 - ▶ 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 Feb-16 vacancy rate was 16.6% (36.5 vacant positions out of 220 total positions). The 16.6% 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 Feb-17 vacancy rate is 15.7% (35.5 vacant positions out of 226 total positions), compared to Jan-17 16.2%, Dec-16 16.8% and Nov-16 16.4% vacancy rates.
 - ▶ The statewide vacancy rate was 13.3% at Dec 5, 2016 vacancy rate was 13.5% at June 29, 2016.

Note: General operating expenditures for YTD Feb-17, such as General Office Expense (8.6%), Board Costs (7.1%), In-State (16.6%) and Out-of-State (5.0%) Travel, Training (9.5%), External Contracts (4.3%) and Data Processing (17.8%) are underspent with 50.0% of the fiscal year completed. It is expected that spending will ramp up in the second half of the fiscal year.

Executive Summary for February 2017

Capital Outlay Budget Summary

	Prior Year	Current Year	Current Year
	Feb-16	Jan-17	Feb-17
Budget (Fiscal Year) (\$ in millions)	\$1,810.7	\$1,717.7	\$1,767.7
Monthly Expenditures (\$ in millions)	\$58.5	\$78.8	\$136.4
Percentage of Budget Expended Year to Date	16.2%	29.6%	35.2%

- ▶ Capital Outlay expenditures were \$136.4M for Feb-17 which included Project Development (\$5.4M), Right-of-Way (\$60.1M), Design-Build Contract Work (\$30.0M), Rail Delivery Partner costs (\$6.6M), Program Construction Management and other expenses (\$34.3M). The current Capital Outlay budget for FY2016-17 is \$1.768B, compared to \$936.2M in Capital Outlay expenditures for FY2015-16.
- ▶ For YTD Feb-17, at 50% of the fiscal year completed, 21.7% of the Project Development Budget and 37.9% of the Construction Budget has been expended resulting in 35.2% expended overall.

Note: FY2016-17 and Total Program budgets were updated for Caltrain electrification per the Aug-16 Board meeting approval and subsequent contract. The FY2016-17 budget and forecast have been updated from \$1.718B in Jan-17 to \$1.768B in Feb-17, an increase of \$50.0M. The Total Program budget has increased from \$8.989B in Jan-17 to \$9.102B in Feb-17, an increase of \$113.0M.

Total Project Expenditures with Forecasts

State Match to ARRA	
FY2010-FY2013	\$ 102,100,000
FY2014-FY2015	\$ 171,286,474
FY2015-FY2016	\$ 6,411,319
FY2016-FY2017 ¹³	\$ 13,291,394
TOTAL (to date)	\$ 293,089,188

Fund Type	State Match Liability		
	Spend To Date	Total Obligation	Remaining Balance
Federal Funds			
ARRA	\$ 2,229,086,444	\$ 2,552,556,231	\$ 323,469,787
FY10	\$ -	\$ 928,620,000	\$ 928,620,000
Federal Funds Total	\$ 2,229,086,444	\$ 3,481,176,231	\$ 1,252,089,787
State and Local Funds			
ARRA State Match	\$ 293,089,188	\$ 2,505,771,231	\$ 2,212,682,043
FY10 State Match	\$ -	\$ 359,805,000	\$ 359,805,000
Local		\$ 52,100,000	\$ 52,100,000
State Funds Total	\$ 293,089,188	\$ 2,917,676,231	\$ 2,624,587,043
TOTAL	\$ 2,522,175,632	\$ 6,398,852,462	\$ 3,876,676,830
Tapered Federal Funds ¹⁴	\$ 1,935,997,256		

- ▶ ¹³ The State Match to ARRA total for December FY2016-17 was updated to match ARRA Drawdown 16-077 for State amount previously billed. ¹⁴ 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 December 31, 2016 is \$2.229B, a month-over-month increase of \$282.0M from \$1.947B in Nov-16. As a result, Tapered Federal Funds increased from \$1.654B in Nov-16 to \$1.936B in Dec-16.

Note: The ARRA Grant expires 9/30/2017. As of December 31, 2016, total ARRA expenditures and accruals are \$2.229B or 87.3% of the \$2.553B grant, resulting in \$323.9M or 12.7% of the grant remaining with approximately six 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 (October \$81.3M, November \$76.9M and December \$107.9M) is \$88.7M, which is \$27.5M higher than the straight line basis burn rate of \$56.5M. Total ARRA Expenditures are \$2.241B or 87.8% of the \$2.553B grant as of January 17, 2017.

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Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Feb-16	Jan-17	Feb-17
Number of Contracts	276	349	356
Total Value of Contracts (\$ in millions)	\$4,047.9	\$5,070.9	\$5,128.2
Small Business Utilization Rate	15.1%	16.8%	17.1%

- ▶ As of Feb-17, the Authority has 356 active contracts with a total value of over \$5.13B, an increase of 80 contracts and \$1.08B from the 276 contracts valued at \$4.05B at prior year Feb-16. Between Jan-17 and Feb-17, the Authority gained seven additional active contracts (from 349 to 356), increasing total value of contracts by \$57.3M (from \$5.07B to \$5.13B).
- ▶ The Authority has a small business utilization goal of 30.0% per the Small and Disadvantaged Business Enterprise Policy from Aug-12. 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 0.3% from 16.8% for the Jan-17 report to 17.1% for the Feb-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
	Feb-16	Jan-17	Feb-17
Satisfactory 	2	11	4
Caution 	1	10	6
Escalate 	-	4	11
On hold 	1	2	2
Completed  	0	0	5
n/a – Milestones TBD	0	5	5
Total	4	32	33

- ▶ Five projects are reported as completed. Four IT projects went into production: 1. Infrastructure – Amazon Web Services (AWS), 2. Asset Management System – Maximo (AMO), 3. PMIS – Schedule Management System, and 4. PMIS Risk Management System. Environmental segment Central Region Interconnections (CV Electrical Connections) was reported as complete.
- ▶ The Right-of-Way (ROW) Management System - geoAmps project end date has been updated from 12/29/2016 to 12/31/2017 and the status has been updated from Satisfactory to Caution for the revised schedule for enhanced functions and modules.
- ▶ A new Caution project, Administrative Records System (ARS) was added to the report this month with an estimated completion date of 3/30/2017.

Issue: The statuses of eight Project Development segments have been updated from Satisfactory or Caution to Escalate since milestones and Final EIR/EIS-Obtain ROD dates have been updated to dates in 2018. Please see page 44 of the Operations Report for detail.

- Three projects continue as Escalate items: 1. PMIS – Cost Management System, 2. PMIS – Contract Management System, and 3. PMIS – EDMS
- The Environmental Mitigation Management and Assessment Application – EMMA 2.0 completion date has been updated from 1/2/2017 to 3/28/2017 and from Satisfactory to Caution.