



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

March 2017

# Executive Summary for March 2017

## Accounts Payable Aging Report

(\$ in thousands)	Prior Year	Current Year	Current Year
	Mar-16	Feb-17	Mar-17
Total Aged Invoices	\$0	\$0	\$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) Mar-16 were \$407.5M (\$16.5M for Administrative Expenditures and \$391.0M for Capital Outlay Expenditures). Expenditures for current year YTD Mar-17 are \$725.6M (\$18.8M for Administrative Expenditures and \$706.8M for Capital Outlay Expenditures).
- ▶ There were no aged invoices for Mar-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
	Mar-16	Feb-17	Mar-17
Prop IA Bond Fund Ending Cash Balance	\$22.4	\$91.6	\$82.7
Cap and Trade Ending Cash Balance	\$598.1	\$649.6	\$647.1

- ▶ Prop IA cash balance is \$82.7M for the Mar-17 report, compared to \$91.6M for the Feb-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. Requests for commercial paper are due two weeks prior to month end. Commercial paper was last issued on April 6, 2016 for \$10M.
- ▶ 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 Mar-17 Cap and Trade cash balance was \$647.1M. The Mar-17 Cap and Trade cash balance of \$647.1M reflects \$82.6M in expenditures, \$83.2M in reimbursements from FRA and a net \$3.1M 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 (total \$550.5M).

# Executive Summary for March 2017

## Executive Budget Summary

	Prior Year	Current Year	Current Year
	Mar-16	Feb-17	Mar-17
Monthly Expenditures (\$ in thousands)	\$2,654	\$2,779	\$2,670
Percentage of Budget Expended YTD	39.8%	38.2%	43.9%
Percentage of Personal Services Budget Expended YTD	45.7%	42.3%	48.6%
Total Authorized Positions	220	226	226
Vacancy Rate	17.0%	15.7%	13.7%

- ▶ Monthly expenditures for Mar-17 were \$2.67M, an increase of \$16K over the \$2.65M during the previous year Mar-16. For YTD Mar-17, \$18.8M or 43.9% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 58.3% of the fiscal year completed, which is a 2.9% increase over the 45.7%, or \$13.8M, for YTD Mar-16.
- ▶ The Total Administrative Budget has increased by \$593K, from \$42.2M to \$42.8M due to the release of the Governor's FY2017-18 Budget on January 10, 2017.
- ▶ The percentage of Operating Expenses and Equipment Budget expended is 30.2% for YTD Mar-17, compared to 25.5% for the prior year YTD Mar-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 48.6% for YTD Mar-17, compared to 45.7% for the prior year YTD Mar-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 Mar-16 vacancy rate was 17.0% (37.5 vacant positions out of 220 total positions). The 17.0% 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 Mar-17 vacancy rate is 13.7% (31 vacant positions out of 226 total positions), compared to Feb-17 15.7%, Jan-17 16.2% and Dec-16 16.8% vacancy rates.
  - ▶ The statewide vacancy rate was 13.3% at Dec 5, 2016 and 13.5% at June 29, 2016.

**Note:** General operating expenditures for YTD Mar-17, such as General Office Expense (9.7%), Board Costs (12.1%), In-State (18.6%) and Out-of-State (7%) Travel, Training (9.7%), External Contracts (4.8%) and Data Processing (17.8%) are underspent with 58.3% of the fiscal year completed. It is expected that spending will ramp up in the last five months of the fiscal year.

# Executive Summary for March 2017

## Capital Outlay Budget Summary

	Prior Year Mar-16	Current Year Feb-17	Current Year Mar-17
Budget (Fiscal Year) (\$ in millions)	\$1,865.7	\$1,767.7	\$1,744.4
Monthly Expenditures (\$ in millions)	\$98.0	\$136.4	\$80.2
Percentage of Budget Expended Year to Date	21.0%	35.2%	40.5%

- Capital Outlay expenditures for Mar-17 were \$80.2M which included Project Development (\$24.7M), Right-of-Way (\$11.5M), Design-Build Contract Work (\$22.5M), Rail Delivery Partner costs (\$4.0M), Program Construction Management and other expenses (\$17.5M).
- For YTD Mar-17, at 58.3% of the fiscal year completed, 29.4% of the Project Development Budget and 42.8% of the Construction Budget has been expended resulting in 40.5% expended overall.

**Note:** The FY2016-17 Cap Outlay Budget was reduced from \$1.768B to \$1.744B to align with a \$23M reduction in Cap and Trade for FY2016-17 in the Governor's Budget. The Total Program Budget was increased from \$9.1B to \$9.2B due to an increase in funding in the Governor's Budget.

## Total Project Expenditures with Forecasts

State Match to ARRA <sup>12</sup>	
FY2010-FY2013	\$ 102,100,000
FY2014-FY2015	\$ 171,286,474
FY2015-FY2016	\$ 6,411,319
FY2016-FY2017 <sup>10</sup>	\$ 13,291,394
TOTAL (to date)	\$ 293,089,188

Fund Type	State Match Liability		
	Spend To Date	Total Obligation	Remaining Balance
<b>Federal Funds<sup>13</sup></b>			
ARRA	\$ 2,258,442,349	\$ 2,552,556,231	\$ 294,113,882
FY10	\$ -	\$ 928,620,000	\$ 928,620,000
<b>Federal Funds Total</b>	<b>\$ 2,258,442,349</b>	<b>\$ 3,481,176,231</b>	<b>\$ 1,222,733,882</b>
<b>State and Local Funds<sup>12</sup></b>			
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
<b>State Funds Total</b>	<b>\$ 293,089,188</b>	<b>\$ 2,917,676,231</b>	<b>\$ 2,624,587,043</b>
<b>TOTAL</b>	<b>\$ 2,551,531,537</b>	<b>\$ 6,398,852,462</b>	<b>\$ 3,847,320,925</b>
<b>Tapered Federal Funds<sup>11</sup></b>	<b>\$ 1,965,353,161</b>		

- <sup>10</sup> The State Match to ARRA total for March FY2016-17 was updated to match ARRA Drawdown I6-093 for State amount previously billed. <sup>11</sup> 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. <sup>12</sup> State Funds include Prop IA, Public Transportation Account (PTA), State Highway funds, and Cap and Trade Funds. <sup>13</sup> Federal Funds since FY2010-11.
- The Federal Funds total as of January 31, 2017 is \$2.258B, a month-over-month increase of \$29.4M from \$2.229B in Dec-16. As a result, Tapered Federal Funds increased from \$1.936B in Dec-16 to \$1.965B in Jan-17.

**Note:** The ARRA Grant expires September 30, 2017. As of February 14, 2017, total ARRA expenditures and accruals are \$2.269B or 88.9% of the \$2.553B grant, resulting in \$283.7M or 11.1% of the grant remaining with approximately four and a half months before June 30, 2017, the deadline for the Authority to submit invoices so they can be processed prior to the grant's expiration. The Authority's average cash burn rate for the last three months (November \$76.9M, December \$107.9M and January \$29M) is \$71M, which is \$7.9M higher than the straight line basis burn rate of \$63.1M.

# Executive Summary for March 2017







## Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Mar-16	Feb-17	Mar-17
Number of Contracts	249	356	382
Total Value of Contracts (\$ in millions)	\$4,098.3	\$5,182.2	\$5,201.9
Small Business Utilization Rate	15.8%	17.1%	17.5%

- ▶ As of Mar-17, the Authority has 382 active contracts with a total value of over \$5.20B, an increase of 133 contracts and \$92M from the 249 contracts valued at \$4.10B at prior year Mar-16. Between Feb-17 and Mar-17, the Authority gained 26 net additional active contracts (from 356 to 382), increasing total value of contracts by \$19.7M (from \$5.18B to \$5.20B).
- ▶ 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 0.4% from 17.1% for the Feb-17 report to 17.5% for the Mar-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
	Mar-16	Feb-17	Mar-17
Satisfactory 	2	4	9
Caution 	1	6	18
Escalate 	0	11	11
On hold 	1	2	3
Completed  	0	5	6
n/a – Milestones TBD	0	5	5
Total	4	33	52

- ▶ Five projects were reported as complete in Feb-17. They are: 1. Infrastructure – Amazon Web Services (AWS), 2. Asset Management System – Maximo (AMO), 3. PMIS – Schedule Management System, 4. PMIS Risk Management System, and 5. Environmental Segment Central Region Interconnections (CV Electrical Connections). Completed projects are kept on the report for two months.
- ▶ 19 new projects (6 Satisfactory, 12 Caution, 1 Complete) have been added from the Project Management work plan. Please see the Projects & Initiative Report (pages 7-9) for more detail. The Completed project is ARRA Expenditures 2016 4<sup>th</sup> Quarter reporting.
- ▶ The Central Region Heavy Maintenance Facility (HMF) end date has been updated from 5/31/2017 to TBD and remains on hold.

Note: - The Financial Systems project (FIMS) is being put on hold since FI\$Cal is not ready to integrate with other systems at this point in time.  
 - Eleven projects continue as Escalate items including eight project development milestones, and three IT projects (PMIS – Cost Management System, PMIS–Contract Management System end date updated to 8/30/17, and PMIS – EDMS end date updated to 10/31/17).