



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

June 2017

# Executive Summary for June 2017

## Accounts Payable Aging Report

	Prior Year	Current Year	Current Year
	Jun-16	May-17	Jun-17
Total Aged Invoices (\$ in millions)	\$5.7	\$0	\$0
Forecast Balance Pending FRA Approval	\$0	\$0	\$0
Number of Invoices Paid *	**	429	371
Value of Invoices Paid (\$ in millions) *	**	\$102.9	\$96.9
Number of In-Process Invoices *	**	182	186
Value of In-Process Invoices (\$ in millions) *	**	\$88.5	\$70.6

- ▶ There were no aged invoices for Jun-17. There have been no aged invoices since the \$137K reported in the Jan-17 report.
- ▶ \* These new lines have been added to report on processing activity levels within the Financial Office Accounting Branch.
- ▶ \*\* Information for prior year Jun-16 is in Calstars, and unavailable since the Authority transitioned to FISCAL in Sep-16.
- ▶ Overall expenditures have increased significantly (54.8%) from the previous year. Last year's expenditures for Year-To-Date (YTD) Jun-16 were \$648.4M (\$24.4M for Administrative Expenditures and \$624M for Capital Outlay Expenditures). Expenditures for current YTD Jun-17 are \$1.004B (\$27M for Administrative Expenditures and \$977.2M 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%.

## Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jun-16	May-17	Jun-17
Prop IA Bond Fund Ending Cash Balance	\$48.7	\$80.8	\$1,321.4
Cap and Trade Ending Cash Balance	\$694.4	\$607.8	\$631.1

- ▶ On April 20, 2017, the State Treasurer's Office sold \$1.248B in Proposition IA construction bonds for Phase I planning and the Central Valley Segment. Bond proceeds were received on April 27, 2017. This is the first time in the Authority's history that Prop IA bonds for construction have been sold. These funds accrue interest at a rate of 0.769%.
- ▶ Prop IA cash balance is \$1.321B for the Jun-17 report, compared to \$80.8M for the May-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.
- ▶ Recent Prop IA bond proceeds are as follows: Apr-15 \$44.6M, Apr-16 \$56.5M, Nov-16 \$75.0M and Apr-17 \$1.248B.
- ▶ Bond sales for Prop IA occur in the spring and fall. The low burn rate for Prop IA cash was due to a focus on spending ARRA funds first. Prop IA utilization is expected to increase for the Administrative expenses, Phase I and Phase II Project Development, and construction related activities.
- ▶ Cap and Trade funds are primarily used for expenditures not covered under the ARRA grant agreement such as the financial advisors and federal contracts. Additionally, Cap and Trade is also used as a clearing account for all federal expenditures. As of 4/30/17, Cap and Trade has approximately \$252.5M in the clearing account and \$631.1M in cash on hand bringing the total cash balance to \$883.6M.

**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, Nov-16 \$91.1M, and Feb-17 \$2M (total \$552.5M).

# Executive Summary for June 2017

## Executive Budget Summary

	Prior Year	Current Year	Current Year
	Jun-16	May-17	Jun-17
Monthly Expenditures (\$ in thousands)	\$2,865	\$2,748	\$2,705
Percentage of Budget Expended YTD	59.0%	56.8%	63.1%
Percentage of Personal Services Budget Expended YTD	67.3%	63.4%	70.6%
Percentage of Operating Expenses and Equipment Expended	38.8%	37.4%	41.1%
Percentage of Fiscal Year Completed	83.3%	75%	83.3%
Total Authorized Positions	220	226	226
Vacancy Rate	12.3%	15.5%	15.0%

- ▶ At YTD Jun-17, with 83.3% of the fiscal year complete, 63.1% (\$27M) of the total Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been spent, compared to 59% (\$24.4M) for YTD Jun-16. The 4.1% year-over-year increase is primarily due to an increase in Personal Services spending. Monthly expenditures for Jun-17 were \$2.7M, a decrease of \$160K compared to the \$2.9M during Jun-16 the previous year.
- ▶ The Total Administrative Budget has increased by \$593K, from \$42.2M to \$42.8M due to increases in salaries and benefits (as reflected in the Governor's FY2017-18 Budget on January 10, 2017).
- ▶ The percentage of Personal Services Budget expended is 70.6% for YTD Jun-17, compared to 67.3% for the prior year YTD Jun-16. The Authority's vacancy rate of 15.0% is the primary driver for the underutilization. Comparatively, the Authority's vacancy rate is slightly higher than the statewide average of 12.96% as of April 28, 2017.
- ▶ The percentage of Operating Expenses and Equipment Budget expended is 41.1% for YTD Jun-17, a 2.3% increase over the 38.8% for the prior year YTD Jun-16.

**Issue:** Operating expenditures for YTD Jun-17, such as General Office Expense (15.5%), Board Costs (20.3%), Out-of-State Travel (10.4%), Training (15.0%), External Contract (7.9%) and Data Processing (18.8%) are underspent with 83.3% of the fiscal year completed. Additional expenditures in these categories are expected prior to year end.

# Executive Summary for June 2017

## Capital Outlay Budget Summary

	Prior Year	Current Year	Current Year
	Jun-16	May-17	Jun-17
Budget (Fiscal Year) (\$ in millions)	\$1,875.1	\$1,744.4	\$1,744.4
Monthly Expenditures (\$ in millions)	\$87.2	\$68.4	\$95.2
Percentage of Budget Expended Year to Date	33.3%	50.6%	56%
Percentage of Fiscal Year Completed	83.3%	75%	83.3%

- On March 3, 2017, the Authority received authorization of its Central Valley Segment Funding plan. As a result, a Prop IA construction budget for the remainder of the year needs to be developed. This budget is expected to be ready by the Jul-17 reporting cycle. Currently there is \$21M pending in Prop IA expenditures that will be reflected on the next report.
- As of March 31, 2017, the Authority has expended 100% of the ARRA Project Development Budget and 91.2% of the ARRA Construction Budget.
- Capital Outlay expenditures for Jun-17 were \$95.2M which are comprised of: Project Development (\$13.7M), Right-of-Way (\$7.4M), Design-Build Contract Work (\$40.7M), Rail Delivery Partner costs (\$9.2M), Program Construction Management and other expenses (\$24.2M).

**Issues:** For YTD Jun-17, at 83.3% of the fiscal year completed, 38.2% of the Project Development Budget and 59.8% of the Construction Budget have been expended, resulting in 56% expended overall. Project Development spending is behind schedule due to ROD date extensions. Construction budget spending is behind schedule due to ROW delivery and weather delays.

## Total Project Expenditures with Forecasts

State Match to ARRA <sup>8</sup>	
FY2010-FY2013	\$ 102,100,000
FY2014-FY2015	\$ 171,286,474
FY2015-FY2016	\$ 6,411,319
FY2016-FY2017 <sup>9</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>11</sup></b>			
ARRA	\$ 2,486,752,741	\$ 2,552,556,231	\$ 65,803,490
FY10	\$ -	\$ 928,620,000	\$ 928,620,000
<b>Federal Funds Total</b>	<b>\$ 2,486,752,741</b>	<b>\$ 3,481,176,231</b>	<b>\$ 994,423,490</b>
<b>State and Local Funds<sup>10</sup></b>			
ARRA State Match	\$ 293,089,188	\$ 2,453,671,231	\$ 2,160,582,043
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>\$ 2,865,576,231</b>	<b>\$ 2,572,487,043</b>
<b>TOTAL</b>	<b>\$ 2,779,841,929</b>	<b>\$ 6,346,752,462</b>	<b>\$ 3,566,910,533</b>
<b>Tapered Federal Funds<sup>9</sup></b>	<b>\$ 2,193,663,553</b>		

- The Federal Funds total as of Apr-17 is \$2.487B, a month-over-month increase of \$73M from \$2.414B in Mar-17. As a result, Tapered Federal Funds increased from \$2.122B in Mar-17 to \$2.194B in Apr-17.
- <sup>8</sup>FRA paid, approved, and pending subtotal reflects state match through draw 16-127. <sup>9</sup>Tapered Federal Funds is the amount the state will expend to meet the Federal requirements. This will be satisfied with Prop IA and/or Cap and Trade. <sup>10</sup>State Funds include Prop IA, Public Transportation Account (PTA), State Highway funds, and Cap and Trade Funds. <sup>11</sup>Federal Funds since FY2010-11.

**Note:** The ARRA Grant expires September 30, 2017. As of May 9, 2017, total ARRA expenditures and accruals are \$2.518B or 98.6% of the \$2.553B grant, resulting in \$34.6M or 1.4% of the grant remaining with approximately 1.75 months until June 30, 2017 (which is the target date all project expenditures are due to FRA). This equates to a required burn rate, on a straight line basis, of \$19.8M per month or \$4.4M per week to reach our goal of full utilization of the grant by June 30, 2017. The Authority's average cash burn rate for the last three and six months are \$75.7M and \$73.3M, respectively.

# Executive Summary for June 2017







## Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Jun-16	May-17	Jun-17
Number of Contracts and Purchase Orders	259	405	428
Total Value of Contracts and Purchase Orders (\$ in billions)	\$4.591	\$5.334	\$5.338
Small Business Utilization Rate	17.8%	18.8%	19%

- ▶ As of Jun-17, the Authority has 428 active contracts/purchase orders (PO's) with a total value of over \$5.338B. This is an increase of 169 net new contracts/PO's and \$746.9M from the 259 contracts/PO's valued at \$4.591B at prior year May-16. Between May-17 and Jun-17, the Authority gained 23 net new contracts/PO's (from 405 to 428), increasing the total value of net contracts/PO's by \$450K (from \$5.334B to \$5.338B).
- ▶ The Authority has a small business utilization goal of 30% 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 February-2015, which was the start of Small Business Utilization Rate reporting.
- ▶ The Small Business Utilization Rate increased to 19%, an increase of 0.2% from 18.8% for the May-17 report.

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

## Projects & Initiatives Report

Time Line	Prior Year	Current Year	Current Year
	Jun-16	May-17	Jun-17
Satisfactory 	2	9	6
Caution 	11	17	15
Escalate 	0	14	14
On hold 	0	3	3
Completed  	0	2	6
n/a – Milestones TBD	0	5	5
Total	13	50	49

- ▶ Four projects were reported as complete in Jun-17: 1) ARRA Expenditures 2017 1<sup>st</sup> Quarter, 2) Capital Cost Estimate for 2018 Business Plan, 3) Integrated Train Planning System Options Assessment Document, and 4) Records Management and Documentation Control Plan.
- ▶ One project, Central Region Construction Package 4 (CP4), changed status from Satisfactory to Caution.
- ▶ The project ,ARRA Expenditures 2016 4<sup>th</sup> Quarter, was reported Complete in Apr-17. It has been removed from the report as of Jun-17.

**Issue:** 1) Ten IT projects are currently under review for scope, functional and technical requirements, software/solution fit, and timeline. Updates are forthcoming.

2) Fourteen projects (8 Project Development Sections and 6 IT projects) continue as status Escalate.