



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

December 2017

Executive Summary for December 2017

Accounts Payable Aging Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Dec-16	Nov-17	Dec-17
Total Aged Invoices	\$0	\$0	\$0
Forecast Balance Pending FRA Approval	\$0	\$0	\$0
Number of Invoices Paid	372	338	335
Value of Invoices Paid	\$72.9	\$63.9	\$85.2
Number of In-Process Invoices	259	186	191
Value of In-Process Invoices	\$106.1	\$81.4	\$81.4

- ▶ The Authority had 335 paid invoices with a value of \$85.2M for the Dec-17 reporting cycle. This is a 0.8% decrease from the 338 paid invoices in the prior month; however, the value of invoices paid increased 33.3% or \$21.3M from Nov-17.
- ▶ There were 191 in-process invoices with a value of \$81.4M for the Dec-17 reporting cycle. This is a 2.7% increase from the prior month; the value remained steady from the \$81.4M reported in Nov-17.
- ▶ Year-over-year the total number invoices paid and in-process during the reporting period has decreased by 105 invoices or 16.6%. The value of invoices has also decreased by \$12.4M or 6.9% from the prior year.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Dec-16	Nov-17	Dec-17
Prop IA Bond Fund Ending Cash Balance	\$26.5	\$1,108.0	\$1,347.3
Cap and Trade Ending Cash Balance	\$672.8	\$949.9	\$947.4

- ▶ Cap and Trade funds are generally used for program priorities such as financial advisors, federal contracts, and other projects (e.g. San Mateo Grade Separation and Caltrain project). Cap and Trade auctions occur four times per year and cash becomes available generally within one month.
- ▶ Prop IA funds are generally used for program priorities including Administration, Project Development (environmental studies, planning, and preliminary engineering), Construction activities (civil works and ROW), and Local Assistance (Bookend projects).
- ▶ Bond sales are conducted twice per year by the State Treasurer's Office (STO) in the spring and fall; cash becomes available generally within one month.
- ▶ The Oct-17 Prop IA bond sale resulted in \$300M for the Authority which consists of: \$9.6M for Administration, \$216M for Construction and \$74M for Local Projects.
- ▶ During FY2016-17, Prop IA Bond proceeds totaled \$1.323B and Cap and Trade auction proceeds totaled \$223M.

Note: The Nov-17 Cap and Trade auction was conducted on November 14, 2017 and resulted in the highest quarterly proceeds to date. The Authority's Cap and Trade estimated share of auction proceeds is \$215.6M, \$90.6M over our quarterly projection of \$125M (pending resolution of currency exchange).

Executive Summary for December 2017

Executive Budget Summary

(\$ in millions)	Prior Year	Current Year	Current Year
	Dec-16	Nov-17	Dec-17
Monthly Expenditures	\$2.7	\$2.8	\$2.9
Percentage of Budget Expended YTD	24.5%	19.6%	26.1%
Percentage of Personal Services Budget Expended YTD	27.9%	22.7%	30.3%
Percentage of Operating Expenses and Equipment Expended YTD	14.9%	11.0%	14.8%
Percentage of Fiscal Year Completed	33.3%	25.0%	33.3%
Total Authorized Positions	226	226	226
Total Filled Positions	188	192.5	191
Vacancy Rate	16.8%	14.8%	15.5%

- ▶ At 33.3% of FY2017-18 completed, 26.1% or \$11.5M of the total Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been spent, compared to 24.5% or \$10.3M for YTD Dec-16.
- ▶ Monthly expenditures for Dec-17 were \$2.9M, an increase of \$125K over prior year's Dec-16 \$2.7M total, and a \$29K increase from prior month.
- ▶ The percentage of Personal Services Budget expended YTD for Dec-17 is 30.3%, a 2.4% increase from the 27.9% for the prior year Dec-16.
- ▶ The percentage of Operating Expenses and Equipment Budget expended YTD is 14.8% for Dec-17, a 0.1% decrease from the 14.9% spent in Dec-16.
- ▶ Authority's vacancy rate of 15.5% is slightly higher than the statewide average of 13.8% (statewide average rate as of October 31, 2017) and increased by 0.7% month-over-month from Nov-17.

Issue: The Authority's low Operating Expenses and Equipment spend (14.8% YTD) and vacancy rate (15.5%) are the primary drivers for the underutilization of the Administrative Budget.

Executive Summary for December 2017

Capital Outlay Budget Summary

(\$ in billions)

	Prior Year Dec-16	Current Year Nov-17	Current Year Dec-17
Budget (Fiscal Year)	\$1.718	\$1.647	\$1.648
Monthly Expenditures	\$85.3	\$93.7	\$81.2
Percentage of Budget Expended Year to Date	23.5%	16%	21%
Percentage of Fiscal Year Completed	33.3%	25%	33.3%

- ▶ The FY2017-18 budget of \$1.648B (including Board Resolution 17-17 from Nov-17 which increased the budget by \$8.3M) supports activities reflected within the 2016 Business Plan and is based on a prioritization of executed contracts necessary for Central Valley development and construction, Silicon Valley to Central Valley segment planning, and Bookend Corridor project construction. In addition, the FY2017-18 Budget prioritizes work related to completing Phase I Record of Decision and activities within the scope of the ARRA and FY10 grants.
 - ▶ Capital Outlay expenditures for Dec-17 were \$81.2M and were comprised of: \$8.8M Project Development, \$14.8M for Right-of-Way, \$38.2M for Design-Build Contract Work, \$7.8M for Rail Delivery Partner costs, and \$11.6M for other expenses. Dec-16 expenditures were \$85.3M, which is \$4.1M more than the current year. The year-over-year decrease is mostly attributed to lower ROW acquisition expenditures.
- Issue:** At 33% of the Fiscal Year completed, the Authority has expended 21% of the Capital Outlay budget for the year. Expenditures for CP 1 (DB contract work 15% of budget spent, Madera Extension 18% of budget spent, and Third Party Contract Work 15% of budget spent) and CP 4 (DB contract work 13% of budget spent) are the main drivers of low expenditures. Design-Build CPI expenditures are behind plan pending additional ROW required due to design updates and utility relocations

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	\$ 13,291,394
TOTAL (to date)	\$ 293,089,188

State Match Liability			
Fund Type	Total Obligation	Spend To Date	Remaining Balance
Federal Funds			
ARRA	\$ 2,552,556,231	\$ 2,552,556,231	\$ -
FY10	\$ 928,620,000	\$ -	\$ 928,620,000
Federal Funds Total	\$ 3,481,176,231	\$ 2,552,556,231	\$ 928,620,000
State and Local Funds			
State Match to ARRA Grant	\$ 2,453,671,231	\$ 293,089,188	\$ 2,160,582,043
State Match to FY10 Grant	\$ 359,805,000	\$ -	\$ 359,805,000
Local	\$ 52,100,000	\$ -	\$ 52,100,000
State Funds Total	\$ 2,865,576,231	\$ 293,089,188	\$ 2,572,487,043
Total	\$ 6,346,752,462	\$ 2,845,645,419	\$ 3,501,107,043

- ▶ Total Program Expenditures to date since inception are \$3.942B, comprised of \$182.3M for Administration and \$3.760B for Project Development and Construction.
- ▶ The ARRA and ARRA State Match spend to date reflects invoices submitted through Oct-2017 (Draw package 17-018). Once the Authority and FRA finalize the new process for State match submittals, subsequent reports will reflect the most current expenditure amounts. As of October 31, 2017, State match to ARRA has increased to \$631.8M (including invoices received and in-process, and Work-In-Progress).

Executive Summary for December 2017

Contracts and Expenditures Report







(\$ in billions)

	Prior Year Dec-16	Current Year Nov-17	Current Year Dec-17
Number of Contracts and Purchase Orders	314	411	421
Total Value of Contracts and Purchase Orders	\$4.958	\$5.595	\$5.621
Small Business Utilization Rate	16.2%	21%	20.3%

- As of October 31, 2017, the Authority has 421 active contracts/purchase orders (POs) with a total value of \$5.621B. This is an increase of 107 net new contracts/POs and \$663M from last year's total of 314 contracts/POs and \$4.958B. The Authority also had an increase of 10 contracts/POs compared to the 411 reported in the prior month (Nov-17). The total value of net contracts/POs increased by \$26.1M (from \$5.595B to \$5.621B).
- 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, and governmental entities are excluded. The percentage represents the total dollar amount that went to small businesses by vendor divided by the total invoices. Small business utilization percentages reflect invoices received and verified 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 decreased by 0.7% from the Nov-17 (21.0%) to Dec-17 (20.3%) reported utilization rates.

Note: Over time, the Small Business Utilization rate is expected to increase as construction activity progresses.

Projects & Initiatives Report

Time Line	Prior Year Dec-16	Current Year Nov-17	Current Year Dec-17
Satisfactory 	11	14	12
Caution 	10	6	6
Escalate 	4	6	5
On hold 	2	4	6
Completed  	0	1	2
n/a – Milestones TBD	5	5	5
Total	32	36	36

Escalated Items

- Administrative Records System (ARS) (kCura)
- PMIS – Contract Management System
- PMIS – Cost Management System
- PMIS – Enterprise Document Management System (EDMS) – Records Center
- PMIS – Schedule Management System

- Project Development scheduled dates for ROD have been rebaselined. As a result of the change, eight Projects were moved from Escalate to Satisfactory, as represented in the Nov-17 report. The eight projects include: 1) Northern CA Region San Francisco to San Jose, 2) Northern CA Region San Jose to Merced, 3) Central region Central Valley Wye (CVY), 4) Locally Generated Alternative (F-B), 5) Southern CA Region Bakersfield to Palmdale, 6) Southern CA Region Palmdale to Burbank, 7) Southern CA Region Burbank to Los Angeles, and 8) Southern CA Region Los Angeles to Anaheim.
- PMIS – Risk Management System has changed status from Escalate to Complete, with Final Closeout approval on October 25, 2017. Small Business Disadvantaged Business Program Management Plan, and Title VI Program Management Plan statuses have changed from Satisfactory to On Hold due to change orders being processed to extend project end dates. Project end dates will be determined upon execution of the change orders.