



CALIFORNIA
High-Speed Rail Authority

2018 Baseline

Path Forward to Implement the 2018 Business Plan

Russ Fong, Chief Financial Officer

Roy Hill, Chief Program Officer

June 19, 2018



AN IMPORTANT MILESTONE

- **Adoption of the Baseline is an important step to improve program delivery management**
 - » There is now a centralized database that captures all expenditures to date by transaction, schedules, delivery plan budgets aligned with 2018 Business Plan
 - » Integration of Baseline, Program Controls and IT will occur and will allow us to produce information quickly that provides early warning of trends
 - » This will enhance our ability to track risk registers, risk mitigation efforts and to retire risks as appropriate
 - » Program master plan supported by regional critical path schedules reports progress and informs key decisions
 - » Bottom line: 10+ years and over \$4B of program work has been loaded into a single program controls database with scope, schedule and budget path forward established

ALIGNING SCOPE, SCHEDULE AND BUDGET

- **The Baseline sets the scope, schedule and budget required to deliver the goals set in the 2018 Business Plan**
- **2018 Business Plan Priorities**
 - » Meet our commitments to our federal partner
 - » Extend the Silicon Valley to Central Valley Line to San Francisco and Bakersfield
 - » Invest funds to develop 224 miles of high-speed rail ready infrastructure on two lines
 - » Refine design, scope and cost for Pacheco Pass tunnels
 - » Invest in bookend projects in Northern and Southern California

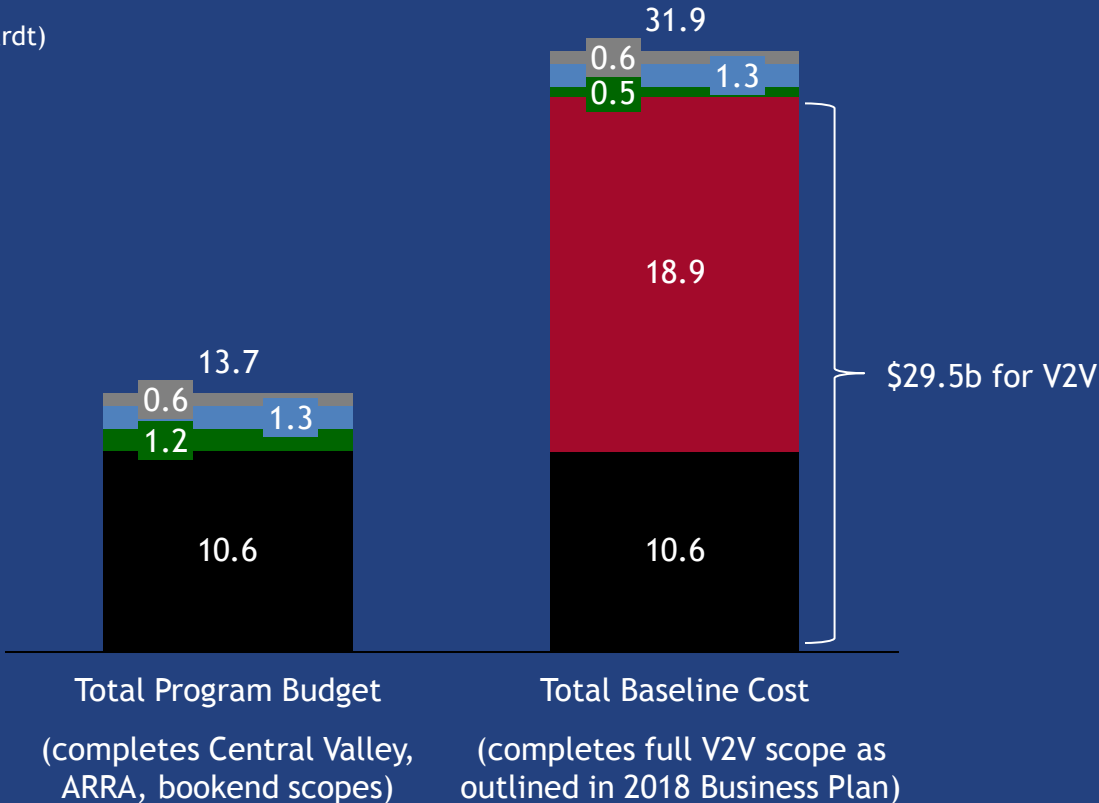
TODAY'S ACTIONS

- **There are four Board requests for consideration**
 - » Accept: Baseline delivery plan, including updated ROD schedule, as foundation for path forward to deliver 2018 Business Plan goals
 - » Action: Approve 9 contract amendments that have scope/time/cost impacts in FY18-19
 - All contract amendments fit under FY18-19 and total Program Budgets
 - » Accept: Total Program Budget (\$13.7B)
 - » Accept: FY18-19 Budget (\$1.8B)

BASELINE COST SUMMARY

- Unallocated Contingency/Interim Use
- Bookends and Early Investments
(Caltrain electrification, SoCal bookends,
San Mateo grade separations, Rosecrans/Marquardt)
- Remaining ARRA Scope (project development
costs outside of CV/V2V)
- Remaining V2V Scope
(remaining costs to deliver operations
between SF and Bakersfield by 2029)
- Central Valley Scope
(CP1-4, Track, Systems, Stations,
Interim HMF)

Total Cost (\$YOE billions)



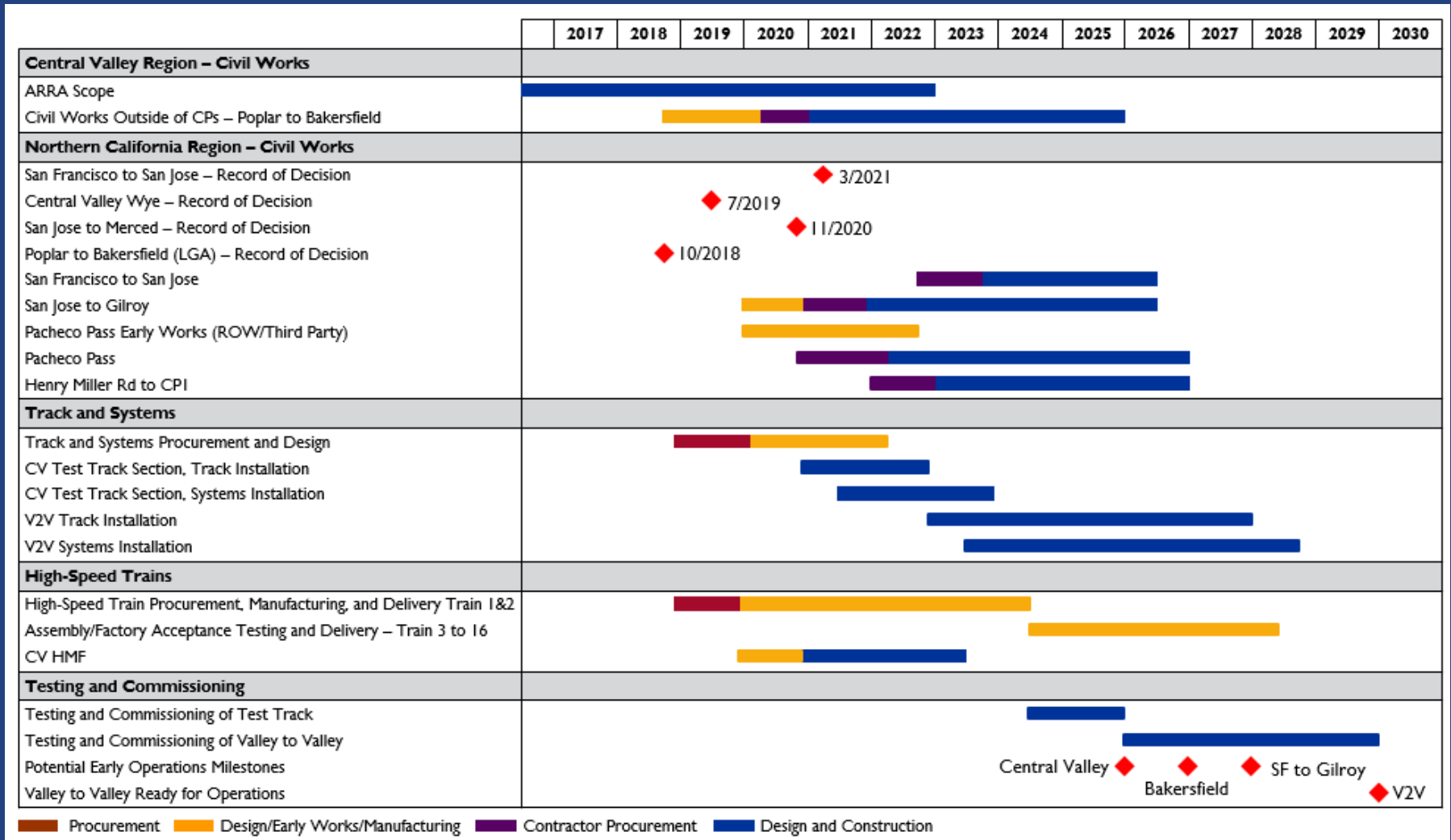
ROD SCHEDULES TO COMPORT WITH BASELINE

	Preferred Alternative (Baseline)	Circulation of Draft EIR/EIS (Baseline)	Existing FRA ROD Dates	Assumed Baseline ROD Dates
SF-SJ	Dec-19	Mar-20	Jan-20	Mar-21
SJ-M	Sep-19	Dec-19	Oct-19	Nov-20
CVY	Complete	Sep-18	Mar-19	Jul-19
LGA	Complete	Complete	Oct-18	Oct-18
B-P	Oct-18	Jul-19	Jun-19	Jun-20
P-B	Nov-18	Dec-19	Jan-20	Jan-21
B-LA	Nov-18	Sep-19	Feb-19	Jul-20
LA-A	Nov-18	Nov-18	Mar-19	Oct-19

Notes:

- 1) Dates subject to change
- 2) Pending NEPA assignment will help expedite ROD delivery dates

SILICON VALLEY TO CENTRAL VALLEY BASELINE SCHEDULE



CONTRACT AMENDMENTS FOR FY 18-19

There are nine contract amendments for FY18-19 needed to stay on Baseline schedule that require Board approval

Contract	Firm Name	Start Date	Original End Date	New End Date	Original Value	New Value	Delta	Baseline Budget	Comments
HSR14-39	STV	3/27/2015	1/31/2020	1/31/2021	\$51,000,000	\$63,483,097	\$12,483,097	\$63,483,097	Aligns HSR14-42 with updated Palmdale to Burbank ROD schedule. Updates reflect scope, schedule, budget, and expenditure forecasts
HSR14-42	Sener	4/24/2015	4/23/2020	12/31/2021	\$56,000,000	\$64,901,223	\$8,901,223	\$64,901,223	Aligns HSR14-39 with updated Burbank to LA, LA to Anaheim ROD schedule. Updates reflect scope, schedule, budget, expenditure forecast
HSR14-56	Westervelt Ecological Services	3/21/2016	2/28/2021	2/28/2025	\$48,895,000	\$73,955,943	\$25,060,943	\$75,895,000	Changes in anticipated impacts, mitigation requirements increase required compensatory mitigation. Funds for 1,688 acres of habitat for listed species to satisfy permit obligations
HSR14-63	UPRR	12/23/2014	9/30/2018	9/30/2020	\$39,400,000	\$69,400,000	\$30,000,000	\$69,400,000	Increase of contract value by \$30M due to design variance related to construction. Additional funds to complete work in CPI
HSR15-34	HNTB (ROD)	11/23/2015	11/18/2018	9/30/2021	\$46,000,000	\$75,600,000	\$29,600,000	\$75,600,000	Aligns HSR15-34 with updated ROD schedule for SF to SJ and SJ to Merced
HSR15-01	HNTB (PCM)	1/8/2016	11/25/2020	11/25/2020	\$30,064,017	\$42,864,017	\$12,800,000	\$42,864,017	No time impact, additional funding in FY18/19
HSR08-05	Parsons Transportation Group	12/9/2008	6/30/2019	12/31/2019	\$80,240,000	\$80,640,000	\$400,000	\$80,640,000	Increase of \$400K and 6 month time extension to accommodate potential delays in ROD for CVY. A contract amendment is not needed at this time but may be needed in FY18/19
HSR13-44	Ty-Lin International	2/20/2014	1/31/2019	1/31/2021	\$65,200,000	\$72,658,068	\$7,458,068	\$72,658,068	Aligns HSR13-44 with updated ROD schedule for Bakersfield to Palmdale. Updates reflect scope, schedule, budget, expenditure forecast
HSR12-03	California Department of Conservation	6/30/2013	9/30/2018	9/30/2021	\$19,993,339	\$35,993,339	\$16,000,000	\$35,993,339	Establishes agricultural conservation easements and facilitates compliance with Authority's environmental mitigation commitments for Merced to Fresno, Fresno to Bakersfield and San Jose to Merced project sections

BASELINE – KEY RISKS AND MITIGATIONS

- **CP Schedules - critical path to ARRA scope compliance**
 - » Mitigation: Prioritizing dispute resolution
 - » Mitigation: Added key resources to ROW and Third Party with focus on resolving critical issues
- **Pacheco Pass Tunnels - design must be progressed to refine scope and cost**
 - » Mitigation: Progressing design, incorporating ETO capital cost review findings
- **Silicon Valley to Central Valley Schedules - critical work (e.g., tunnels, track and systems) has been backloaded in schedule to create time to address funding needs**
 - » Mitigation: Developing strategy to access funding/financing sooner to start work earlier
- **Organizational Capability**
 - » Mitigation: Baseline, Program Management Plan (PMP) will set the path and re-structure the organization, refine roles and responsibilities, and improve governance to reflect Program needs
- **Contractor/Consultant Management**
 - » Mitigation: PMP definition of state/consultant roles and aligning staffing plans
- **Funding – accessing remaining Proposition 1A funds and potential litigation, C&T fluctuations, FY10 accessibility, financing and other potential sources remain critical to address over next few years**
 - » Mitigation: Identify timing needed for remaining Prop 1A and financing – must develop plan to access

BASELINE – NEXT STEPS

- **Baseline Update – Revision 1**
 - » Complete March 2019 Project Update Report with Baseline updates
 - » Update estimate-to-complete accounting for ETO capital cost review
 - » Concurrent risk analysis to identify risks and contingency requirements by individual scope items
 - » Integrate with regional and project schedules
 - » Completion of early interim services analysis with recommendation for strategic plan moving forward
- **Implement change control processes to approve or reject any proposed deviation from the Baseline plan**
- **Implement Program Management Plan (PMP) as the organizational approach/structure to deliver the Baseline**
- **Conduct risk analyses and recommend a “prudent reserve” on top of current Baseline cost estimates**

BUDGET SUMMARY

- **Capital Outlay Report - Total Program Budget**
- **Capital Outlay Report - Fiscal Year 18-19**
- **Executive Budget Summary**
 - » Office
 - » Activity
 - » Positions

CAPITAL OUTLAY AND EXPENDITURES REPORT – TOTAL PROGRAM

Capital Outlay Budget (\$ in millions)							FY17-18 to 18-19 Budget	
	Program Budget as of 2016-17	Program to Date Expenditures as of June-2017	Program Budget as of 2017-18	Program to Date Expenditures as of April 2018	Program Budget as of 2018-19	\$ Change increase/ (decrease)	% Change increase/ (decrease)	
	A	B	C	D	E	(E - C)	(E - C) / C	
Bond Fund (Prop 1A) - Project Dev. Phase I	\$ 524.7	\$ 302.4	\$ 523.6	\$ 362.3	\$ 526.3	\$ 2.7	0.5%	
Bond Fund (Prop 1A) - Project Dev. Phase II	\$ 50.1	\$ 35.7	\$ 51.2	\$ 41.7	\$ 48.5	\$ (2.7)	(5.3%)	
Federal Trust Fund (ARRA) - Project Dev	\$ 511.4	\$ 474.7	\$ 511.4	\$ 478.6	\$ 465.8	\$ (45.6)	(8.9%)	
Federal Trust Fund (Brownfields) - Project Dev	\$ -	\$ -	\$ 0.6	\$ -	\$ 0.6	\$ -	0.0%	
Cap and Trade - Project Dev	\$ 331.1	\$ 91.2	\$ 239.5	\$ 118.0	\$ 478.0	\$ 238.5	99.6%	
PROJECT DEVELOPMENT SUBTOTAL	\$ 1,417.3	\$ 904.0	\$ 1,326.3	\$ 1,000.6	\$ 1,519.2	\$ 192.9	14.5%	
Bond Fund (Prop 1A) - Construction	\$ 2,609.1	\$ 73.1	\$ 2,609.1	\$ 811.6	\$ 2,609.1	\$ (0.0)	(0.0%)	
Federal Trust Fund (ARRA/FY10) - Construction	\$ 2,969.8	\$ 2,077.9	\$ 2,969.8	\$ 2,068.9	\$ 3,015.4	\$ 45.6	1.5%	
Cap and Trade - Construction	\$ 1,568.1	\$ 385.4	\$ 1,675.2	\$ 458.1	\$ 5,420.9	\$ 3,745.7	223.6%	
CONSTRUCTION SUBTOTAL	\$ 7,147.0	\$ 2,536.4	\$ 7,254.1	\$ 3,338.6	\$ 11,045.3	\$ 3,791.2	52.3%	
Local Assistance (Bookends)	\$ 1,100.0	\$ -	\$ 1,100.0	\$ -	\$ 1,100.0	\$ -	0.0%	
Total Budget	\$ 9,664.3	\$ 3,440.4	\$ 9,680.4	\$ 4,339.2	\$ 13,664.5	\$ 3,984.1	41.2%	

- The Total Program Budget prioritizes the ARRA Grant Scope of work, completing the CVS, and Bookend Corridor projects, which is consistent with the previous methodologies for the Capital Outlay Report.
- The Cap and Trade Appropriation has been increased to a total of \$11.431 billion which reflects one-time 2014-15 Budget Act appropriations of \$650 million, auction proceeds to date of \$1.218 billion, and the forecasted Cap and Trade auction proceeds through December 2030, at \$750 million per year (\$9.563 billion), in line with the 2018 Business Plan.
- Final FY2017-18 spend and accruals may impact FY2017-18 YTD values and FY2018-19 budget if invoices are delayed due to SCO timelines.

CAPITAL OUTLAY AND EXPENDITURES REPORT – FISCAL YEAR 18-19

Capital Outlay Budget (\$ in millions)							
	FY2016-17 Budget	FY2016-17 Actual Expenditures as of June-2017	FY2017-18 Budget	FY2017-18 YTD Expenditures as of April 2018	FY2018-19 Budget	FY17-18 to FY18-19 Budget	
						\$ Change increase/ (decrease)	% Change increase/ (decrease)
	A	B	C	D	E	(E - C)	(E - C) / C
Bond Fund (Prop 1A) - Project Dev. Phase I	\$ 176.9	\$ 7.7	\$ 102.2	\$ 59.9	\$ 117.8	\$ 15.6	15.3%
Bond Fund (Prop 1A) - Project Dev. Phase II	\$ 12.6	\$ 7.0	\$ 5.8	\$ 6.0	\$ -	\$ (5.8)	(100.0%)
Federal Trust Fund (ARRA) - Project Dev	\$ 117.0	\$ 117.0	\$ -	\$ 3.9	\$ -	\$ -	0.0%
Federal Trust Fund (Brownfields) - Project Dev	\$ -	\$ -	\$ 0.6	\$ -	\$ 0.6	\$ -	0.0%
Cap and Trade - Project Dev	\$ 31.9	\$ 20.0	\$ 44.1	\$ 26.9	\$ 38.5	\$ (5.6)	(12.7%)
PROJECT DEVELOPMENT SUBTOTAL	\$ 338.5	\$ 151.8	\$ 152.7	\$ 96.7	\$ 156.9	\$ 4.2	2.8%
Bond Fund (Prop 1A) - Construction	\$ 73.2	\$ 73.2	\$ 1,113.3	\$ 738.4	\$ 1,343.5	\$ 230.2	20.7%
Federal Trust Fund (ARRA/FY10) - Construction	\$ 785.0	\$ 785.0	\$ -	\$ (9.0)	\$ -	\$ -	0.0%
Cap and Trade - Construction	\$ 1,014.9	\$ 236.2	\$ 145.5	\$ 72.7	\$ 94.0	\$ (51.5)	(35.4%)
CONSTRUCTION SUBTOTAL	\$ 1,873.1	\$ 1,094.4	\$ 1,258.8	\$ 802.1	\$ 1,437.4	\$ 178.6	14.2%
Local Assistance (Bookends)	\$ -	\$ -	\$ 226.1	\$ -	\$ 192.5	\$ (33.6)	(14.9%)
Total Budget	\$ 2,211.5	\$ 1,246.2	\$ 1,637.6	\$ 898.8	\$ 1,786.8	\$ 149.2	9.1%

- The Total Program Budget prioritizes the ARRA Grant Scope of work, completing the CVS, and Bookend Corridor projects, which is consistent with the previous methodologies for the Capital Outlay Report.
- The Cap and Trade Appropriation has been increased to a total of \$11.431 billion which reflects one-time 2014-15 Budget Act appropriations of \$650 million, auction proceeds to date of \$1.218 billion, and the forecasted Cap and Trade auction proceeds through December 2030, at \$750 million per year (\$9.563 billion), in line with the 2018 Business Plan.
- Final FY2017-18 spend and accruals may impact FY2017-18 YTD values and FY2018-19 budget if invoices are delayed due to SCO timelines.

EXECUTIVE BUDGET SUMMARY BY OFFICE

Administrative Budget (\$ in thousands)							FY17-18 to FY18-19 Budget	
	FY2016-17 Budget	FY2016-17 Actual Expenditures June-2017	FY2017-18 Budget	FY2017-18 YTD Expenditures as of April-2017	FY2018-19 Budget	\$ Change increase/ (decrease)	% Change increase/ (decrease)	
	A	B	C	D	E	(E - C)	(E - C) / C	
Executive Office	\$ 1,496	\$ 1,188	\$ 2,448	\$ 1,061	\$ 2,054	\$ (394)	(16.1%)	
Administration Office	\$ 10,303	\$ 8,840	\$ 8,300	\$ 5,791	\$ 6,757	\$ (1,543)	(18.6%)	
Communications Office	\$ 2,024	\$ 1,261	\$ 1,048	\$ 596	\$ 1,068	\$ 20	1.9%	
Financial Office	\$ 6,585	\$ 5,163	\$ 3,841	\$ 2,646	\$ 4,978	\$ 1,137	29.6%	
Legal Office	\$ 3,079	\$ 2,127	\$ 3,236	\$ 1,562	\$ 3,063	\$ (173)	(5.3%)	
Program Delivery Office	\$ 11,119	\$ 9,314	\$ 17,474	\$ 11,419	\$ 19,204	\$ 1,730	9.9%	
Audit Office	\$ 1,614	\$ 1,258	\$ 2,428	\$ 1,109	\$ 1,598	\$ (830)	(34.2%)	
Regional Directors Office	\$ 2,931	\$ 2,135	\$ -	\$ -	\$ -	\$ -	0.0%	
Government Relations Office	\$ 545	\$ 528	\$ 583	\$ 431	\$ 606	\$ 23	3.9%	
Strategic Initiatives Office	\$ 166	\$ 172	\$ -	\$ -	\$ -	\$ -	0.0%	
Risk Management & Project Controls Office	\$ 900	\$ 881	\$ 940	\$ 783	\$ 943	\$ 3	0.4%	
Rail Operations & Maintenance Office	\$ 2,020	\$ 1,563	\$ -	\$ -	\$ -	\$ -	0.0%	
Information Technology Office	\$ -	\$ -	\$ 4,102	\$ 3,132	\$ 4,303	\$ 201	4.9%	
External Affairs Office	\$ -	\$ -	\$ 967	\$ 439	\$ 820	\$ (147)	(15.2%)	
Total Budget	\$ 42,783	\$ 34,429	\$ 45,367	\$ 28,968	\$ 45,393	\$ 26	0.1%	
TOTAL POSITIONS	226		226		226	-	0.0%	

- Overall the budget is consistent with prior year levels. Shifts between offices are to address fiscal year priorities and are managed by the Financial Office.
- Statewide employee bargaining contracts are negotiated with the Administration on a periodic basis. Changes to these agreements impact the Authority's budget and updates to the budget are reflected subsequently at the appropriate reporting time.
- FY2017-18 expenditure data as of April 30, 2018

EXECUTIVE BUDGET SUMMARY BY ACTIVITY

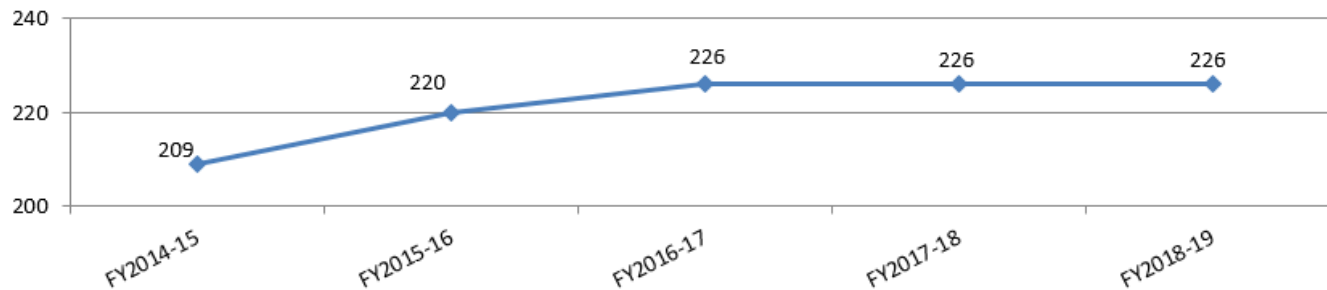
Administrative Budget (\$ in thousands)								
	FY2016-17 Actual				FY2017-18 YTD		FY17-18 to FY18-19 Budget	
	FY2016-17	Expenditures	FY2017-18	Expenditures as	FY2018-19	\$ Change	% Change	
	Budget	June-2017	Budget	of April-2017	Budget	increase/ (decrease)	increase/ (decrease)	
	A	B	C	D	E	(E - C)	(E - C) / C	
Salaries and Wages	\$ 21,919	\$ 18,889	\$ 22,887	\$ 16,689	\$ 22,734	\$ (153)	(0.7%)	
Benefits	\$ 9,987	\$ 8,517	\$ 10,701	\$ 7,705	\$ 10,951	\$ 250	2.3%	
General Office Expense	\$ 567	\$ 346	\$ 446	\$ 85	\$ 423	\$ (23)	(5.2%)	
Board Costs	\$ 176	\$ 44	\$ 176	\$ 31	\$ 176	\$ -	0.0%	
Printing	\$ 62	\$ 56	\$ 103	\$ 51	\$ 55	\$ (48)	(46.6%)	
Communications	\$ 204	\$ 164	\$ 145	\$ 110	\$ 145	\$ -	0.0%	
Postage	\$ 20	\$ 18	\$ 20	\$ 2	\$ 20	\$ -	0.0%	
Travel, In-State	\$ 703	\$ 438	\$ 564	\$ 299	\$ 551	\$ (13)	(2.3%)	
Travel, Out-Of-State	\$ 60	\$ 18	\$ 75	\$ 18	\$ 77	\$ 2	2.9%	
Training	\$ 191	\$ 43	\$ 236	\$ 106	\$ 238	\$ 2	0.8%	
Rent - Building And Grounds	\$ 1,760	\$ 1,655	\$ 1,860	\$ 1,272	\$ 1,552	\$ (308)	(16.6%)	
Consulting and Professional Services: Interdepartmental	\$ 3,556	\$ 2,624	\$ 3,476	\$ 1,070	\$ 3,391	\$ (85)	(2.5%)	
Consulting and Professional Services: External	\$ 1,695	\$ 162	\$ 2,856	\$ 66	\$ 3,034	\$ 178	6.2%	
Consolidated Data Centers	\$ 407	\$ 406	\$ 776	\$ 490	\$ 953	\$ 177	22.8%	
Data Processing	\$ 1,477	\$ 1,050	\$ 1,046	\$ 975	\$ 1,094	\$ 48	4.6%	
Total Budget	\$ 42,783	\$ 34,429	\$ 45,367	\$ 28,968	\$ 45,393	\$ 26	0.1%	
TOTAL POSITIONS	226		226		226	-	0.0%	

- Overall the budget is consistent with prior year levels. Shifts between offices are to address fiscal year priorities and are managed by the Financial Office.
- Statewide employee bargaining contracts are negotiated with the Administration on a periodic basis. Changes to these agreements impact the Authority's budget and updates to the budget are reflected subsequently at the appropriate reporting time.
- FY2017-18 expenditure data as of April 30, 2018

EXECUTIVE BUDGET SUMMARY- STATE POSITIONS BY OFFICE

Office	FY14-15	FY15-16	Change	% Change	FY16-17	Change	% Change	FY17-18	Change	% Change	FY18-19	Change	% Change
Executive Office	16.0	5.0	(11.0)	-68.8%	6.0	1.0	20.0%	7.0	1.0	16.7%	7.0	-	0.0%
Administration Office	26.0	31.0	5.0	19.2%	32.0	1.0	3.2%	37.0	5.0	15.6%	37.0	-	0.0%
Communications Office	-	11.0	11.0	100.0%	11.0	-	0.0%	7.0	(4.0)	-36.4%	7.0	-	0.0%
Financial Office	42.0	49.0	7.0	16.7%	49.0	-	0.0%	29.0	(20.0)	-40.8%	29.0	-	0.0%
Legal Office	6.0	9.0	3.0	50.0%	10.0	1.0	11.1%	10.0	-	0.0%	9.0	(1.0)	-10.0%
Program Delivery Office	76.0	65.0	(11.0)	-14.5%	64.0	(1.0)	-1.5%	95.0	31.0	48.4%	96.0	1.0	1.1%
Audit Office	-	7.0	7.0	100.0%	13.0	6.0	85.7%	13.0	-	0.0%	13.0	-	0.0%
Government Relations Office	-	4.0	4.0	100.0%	4.0	-	0.0%	4.0	-	0.0%	4.0	-	0.0%
Risk Management and Project Controls Office	-	4.0	4.0	100.0%	4.0	-	0.0%	4.0	-	0.0%	4.0	-	0.0%
Information Technology Office	-	-	-	-	-	-	0.0%	15.0	15.0	100.0%	15.0	-	0.0%
External Affairs Office	43.0	-	(43.0)	-100.0%	-	-	0.0%	5.0	5.0	100.0%	5.0	-	0.0%
Regional Director's Office	-	21.0	21.0	100.0%	20.0	(1.0)	-4.8%	-	(20.0)	-100.0%	-	-	0.0%
Strategic Initiatives	-	-	-	-	1.0	1.0	100.0%	-	(1.0)	-100.0%	-	-	0.0%
Rail Operations and Maintenance	-	14.0	14.0	100.0%	12.0	(2.0)	-14.3%	-	(12.0)	-100.0%	-	-	0.0%
Total Authorized Positions	209	220	11	5.3%	226	6	2.7%	226	-	0.0%	226	-	0.0%

State Authorized Positions



- Reallocation of positions varies year-to-year due to reorganizations to align with the Authority's long-term strategy.
- Historical fiscal year data is as of June in each respective fiscal year and FY2017-18 data is as of April 30, 2018.

THANK YOU

Comments and Questions

Headquarters

California High-Speed Rail Authority
770 L Street, Suite 800
Sacramento, CA 95814
www.hsr.ca.gov



facebook.com/CaliforniaHighSpeedRail



twitter.com/cahsra



youtube.com/user/CAHighSpeedRail