



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

July 2018

# Executive Summary for July 2018

## Accounts Payable Aging Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-17	Jun-18	Jul-18
Total Aged Invoices	\$0	\$0	\$0
Dispute Summary	\$14.6	\$21.8	\$23.6
Number of Invoices Paid	453	317	268
Value of Invoices Paid	\$161.5	\$71.7	\$72.9
Number of In-Process Invoices	177	105	112
Value of In-Process Invoices	\$104.4	\$40.0	\$62.0
Total Number of Invoices Paid and In Progress	622	422	380

- ▶ The Authority has not made a penalty payment in 15 months (Jan-17). In comparison, between FY2011-12 and FY2015-16 the Authority paid over \$1.0M in total penalty payments for aged invoices. This represents a 100% decrease in penalty payments while annual expenditures have increased 962.1%, from \$144.9M in FY2011-12 to \$1.539B projected in FY2017-18.
- ▶ Year-over-Year the value and total number of invoices paid and in-process has decreased primarily due to low ROW acquisition progress and prior year emphasis on ARRA fund spending.

**Issue:** The Authority currently has 301 disputed invoices with a total value of \$23.6M. This is a 9.8% or \$2.1M increase from the \$21.5M reported three months ago (Apr-18). Year-over-Year disputes have increased 61.6% or \$9M from the \$14.6M reported in Jul-17.

## Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-17	Jun-18	Jul-18
Prop IA Bond Fund Ending Cash Balance	\$1,310.2	\$1,268.6	\$1,186.2
Cap and Trade Ending Cash Balance	\$574.4	\$1,358.7	\$1,355.4

- ▶ 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). 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.

**Note:** A Cap and Trade auction occurred on May 15<sup>th</sup> and resulted in \$169.8M in proceeds for the Authority. The proceeds were received in Jun-18 and will be reflected in the Aug-18 Cash Management Report. The fall bond sale request for Prop IA bond cash was reduced to zero due to low utilization of Prop IA cash.

# Executive Summary for July 2018

## Executive Budget Summary

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-17	Jun-18	Jul-18
Monthly Expenditures	\$2.9	\$2.9	\$2.9
YTD Expenditures	\$29.9	\$29.0	\$31.8
Percentage of Budget Expended YTD	69.8%	63.9%	70.1%
Percentage of Personal Services Budget Expended YTD	78.2%	72.6%	80.7%
Percentage of Operating Expenses and Equipment Expended YTD	45.0%	38.8%	40.9%
Percentage of Fiscal Year Completed	91.7%	83.3%	91.7%
Total Authorized Positions	226	226	226
Total Filled Positions	193	185	189
Vacancy Rate	14.6%	18.1%	16.4%

- ▶ At 91.7% of FY2017-18 completed, 70.1% or \$31.8M of the total Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been spent, compared to 69.8% or \$29.9M for YTD Jul-17, an increase in budget utilization of 0.3% Year-over-Year.
- ▶ Monthly expenditures for Jul-18 were \$2.9M, which is no change from the prior year.
- ▶ The percentage of Personal Services Budget expended YTD for Jul-18 is 80.7%, an increase of 2.5% or \$1.9M from the prior year. The rise in budget utilization is largely attributed to salary increases.
- ▶ The percentage of Operating Expenses and Equipment Budget expended YTD for Jul-18 is 40.9%; this represents a nominal decrease of 4.1% from the prior year, however, YTD spending increased by \$28.2K in the same period. Low spending in Consulting and Professional Services: Interdepartmental (30.8%) and External (2.3%) are the primary drivers of underutilization.

**Issue:** The Authority's vacancy rate of 16.4% (37 vacancies out of 226 authorized positions) decreased 1.7% month-over-month from the 18.1% reported last month and is 2.7% higher than the statewide average of 13.7% (statewide average rate as of May 31, 2018).

# Executive Summary for July 2018

## Capital Outlay Budget Summary

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-17	Jun-18	Jul-18
Budget (Fiscal Year)	\$2,211.5	\$1,637.7	\$1,637.7
Monthly Expenditures	\$190.1	\$52.4	\$94.8
YTD Expenditures	\$1,167.3	\$898.8	\$993.7
Percentage of Budget Expended Year to Date	52.8%	54.9%	60.7%
Percentage of Fiscal Year Completed	91.7%	83.3%	91.7%

- ▶ The \$1.638B FY2017-18 budget 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.
- ▶ Monthly expenditures for Jul-18 were \$94.8M, which is a 80.9% or \$42.4M increase from the prior month. The month-over-month increase is primarily due to low spending in Real Property Acquisition in the prior month.
- ▶ The underutilization of budget for FY2017-18 is primarily due to low spending in Bookend Projects (0%), CPI DB Contract Work (66%) and Third Party Contract Work (34%), CP2-3 Real Property Acquisition (52%), and CP4 DB Contract Work (45%).
- ▶ At the Jun-18 Board Meeting, the Board approved a new Program Baseline to align with the 2018 Business Plan. The Program Baseline outlines individual projects for scope, schedule and cost in the FY2018-19 and Total Program budgets.

**Issue:** Issues within the Capital Outlay report are predominately line item expenditures under and/or over budget. These items are being reviewed and adjustments will be shown in the upcoming FY2018-19 and Total Program budget to align the report with the adopted 2018 Business Plan.

## Total Project Expenditures with Forecasts

Total Program Expenditures to Date (\$ in millions)	
Construction	\$ 3,212.6
Project Development	\$ 1,196.9
Administration	\$ 202.7
<b>Total Expenditures</b>	<b>\$ 4,612.1</b>

State Match Liability				
Fund Type (\$ in millions)	Total Match	Match to Date	Remaining Match	% Matched to Date
State and Local Funds	(A)	(B)	(A - B)	(B / A)
State Match to ARRA Grant	\$ 2,453.7	\$ 936.8	\$ 1,516.9	38.2%
Local Match to ARRA Grant	\$ 52.1	\$ 0.9	\$ 51.2	1.7%
<b>Total</b>	<b>\$ 2,505.8</b>	<b>\$ 937.7</b>	<b>\$ 1,568.1</b>	<b>37.4%</b>

- ▶ The Authority is ahead of the straight-line State Match liability schedule, which started on July 1, 2017 and has a completion date of December 31, 2022. The Authority is currently 16.4% through the schedule and has matched 37.4% of the total match requirement (\$937.7M matched out of the \$2.506B requirement).
- ▶ Total Program Expenditures to date since inception are \$4.612B, comprised of \$202.7M for Administration and \$4.409B for Project Development (\$1.197B) and Construction (\$3.213B).

# Executive Summary for July 2018

## Contracts and Expenditures Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jul-17	Jun-18	Jul-18
Number of Contracts	318	240	238
Total Value of Contracts	\$5,372.2	\$5,715.8	\$5,746.4
Number of Purchase Orders	82	82	103
Total Value of Purchase Orders	\$0.3	\$1.2	\$1.2
Total Value Contracts and Purchase Orders	\$5,372.6	\$5,717.0	\$5,747.6
Small Business Utilization Rate	19.0%	20.2%	20.4%

- As of May 31, 2018, the Authority had 238 active contracts and 103 active purchase orders (POs) with a total value of \$5.748B. The total net value of contracts/POs increased from prior month by \$30.6M, going from \$5.715B to \$5.748B. Purchase orders are generally used to acquire goods, while contracts are predominately issued for services.
- The Jul-18 report reflects a Small Business Utilization Rate (SBU) of 20.4%; a 1.4% increase from the 19% reported last year in Jul-17. The current rate also represents a 4.2% increase from the inception of SBU reporting in Feb-15 of 16.2%.
- The Authority anticipates SBU to increase as construction activity ramps up moving closer to the SBU goal of 30%, per the Small and Disadvantaged Business Enterprise Policy approved in Aug-12.
- As of May 30, 2018, there are 450 small businesses actively working on the high-speed rail project, including 149 DBEs and 52 Certified DVBEs.

## Projects & Initiatives Report

Time Line		Prior Year	Current Year	Current Year
		Jul-17	Jun-18	Jul-18
Satisfactory	■	6	12	12
Caution	◆	15	5	6
Escalate (red)	●	14	2	1
On hold	☆	3	5	5
Completed	▲ ▼	6	0	0
n/a – Milestones TBD		5	6	6
Total		49	30	30

## Projects Removed Since May-17

- |  |   |   |
|--|---|---|
| 1) Advanced Mitigation Planning                        | 7) ARRA Expenditures 2017 1st Quarter                 | 15) Integrated Train Planning System Options          |
| 2) Asset Management System – Maximo (AMO)              | 8) Compliance Verification Plan                       | 16) Aesthetics Guidelines                             |
| 3) PMIS - Enterprise Document Management System (EDMS) | 9) Master Quality Plan (MQP) for 2018 Business Plan   | 17) Configuration Management Plan                     |
| 4) PMIS - Risk Management System                       | 10) Risk Management Plan                              | 18) Program Interface Management Plan (IMP)           |
| 5) PMIS - Schedule Management System                   | 11) Capital Cost Estimate Plan for 2018 Business Plan | 19) Records Management and Documentation Control Plan |
| 6) ARRA Expenditures 2016 4 <sup>th</sup> Quarter      | 12) Program Controls Plan                             | 20) Administrative Records System (ARS) (kCura)       |
|  | 13) Resource Management Plan                          |   |
|  | 14) Work Plan Standards Guide                         |   |

- In Jul-18, the status of PMIS – Cost Management System was changed from Escalate to Satisfactory and Right of Way (ROW) Management System – geoAmps was changed from Satisfactory to Caution.

**Issue:** The remaining project in Escalate (red) status is PMIS - Contract and Document Management System.