



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

August 2018

Executive Summary for August 2018

Accounts Payable Aging and Disputes Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Aug-17	Jul-18	Aug-18
Total Aged Invoices	\$0	\$0	\$0
Dispute Summary	\$18.7	\$23.6	\$23.0
Number of Invoices Paid	322	268	295
Value of Invoices Paid	\$84.6	\$72.9	\$69.4
Number of In-Process Invoices	138	112	109
Value of In-Process Invoices	\$59.5	\$62.0	\$33.4
Total Number of Invoices Paid and In Progress	460	380	404

- ▶ The Authority has not made a penalty payment in 16 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 714%, from \$144.9M in FY2011-12 to \$1.180B in FY2017-18.
- ▶ The total number of invoices paid and in-process will fluctuate depending on the progress of the project.

Issue: The Authority currently has 304 disputed invoices with a total value of \$23.0M. This is a 7% or \$1.5M increase from the \$21.5M reported four months ago (Apr-18). Year-over-Year disputes have increased 23% or \$4.3M from the \$18.7M reported in Aug-17.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Aug-17	Jul-18	Aug-18
Prop IA Bond Fund Ending Cash Balance	\$1,250.7	\$1,186.2	\$1,113.6
Cap and Trade Ending Cash Balance	\$604.2	\$1,355.4	\$1,530.5

- ▶ 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: The May 15th Cap and Trade auction resulted in \$169.8M for the Authority and is now reflected in the Cap and Trade cash balance. The fall bond sale request for Prop IA bond cash was reduced to zero due to low utilization of Prop IA cash.

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Administrative Budget and Expenditures Report (previously Executive Budget Summary)

(\$ in millions)	Prior Year	Current Year	Current Year
	Aug-17	Jul-18	Aug-18
Monthly Expenditures	\$4.7	\$2.9	\$3.3
YTD Expenditures	\$34.4	\$31.8	\$35.1
Percentage of Budget Expended YTD	80.5%	70.1%	77.5%
Percentage of Personal Services Budget Expended YTD	85.9%	80.7%	88.3%
Percentage of Operating Expenses and Equipment Expended YTD	64.6%	40.9%	47.4%
Percentage of Fiscal Year Completed	100%	91.7%	100%
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Total Authorized Positions	226	226	226
Total Filled Positions	193	189	192
Vacancy Rate	14.6%	16.4%	15.0%

- ▶ At 100% of FY2017-18 completed, 77.5% or \$35.1M of the total Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been spent, compared to 80.5% or \$34.4M for FY2016-17, a decrease in budget utilization of 3.0% Year-over-Year.
- ▶ Monthly expenditures for Aug-18 were \$3.3M, which is a slight increase over the prior month due to year-end invoicing.
- ▶ The percentage of Personal Services Budget expended YTD for Aug-18 is 88.3%, an increase of 2.4% or \$2.0M from the prior year. The rise in budget utilization is largely attributed to increases in Personal Services costs (salaries and benefits) and accrued leave balance payments throughout the year.
- ▶ The percentage of Operating Expenses and Equipment Budget expended YTD for Aug-18 is 47.4%; this represents a decrease of 17.2% or \$1.3M from the prior year. Low spending in Consulting and Professional Services: Interdepartmental (34.6%) and External (5.3%) are the primary drivers of underutilization.

Issue: The Authority's vacancy rate of 15.0% (34 vacancies out of 226 authorized positions) decreased 1.4% from the 16.4% reported in the prior month, and is 1.4% higher than the statewide average of 13.6% (statewide average rate as of June 29, 2018).

Note: The FY2018-19 Total Administrative Budget is \$45.4M, a \$26K or 0.1% increase over FY2017-18.

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Capital Outlay Budget and Expenditures Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Aug-17	Jul-18	Aug-18
Budget (Fiscal Year)	\$2,211.5	\$1,637.7	\$1,637.7
Monthly Expenditures	\$78.9	\$94.8	\$150.7
YTD Expenditures	\$1,246.2	\$993.7	\$1,144.4
Percentage of Budget Expended Year to Date	56.3%	60.7%	69.9%
Percentage of Fiscal Year Completed	100%	91.7%	100%

- ▶ 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 Aug-18 were \$150.7M, which is a 59.0% or \$55.9M increase from the prior month. The month-over-month increase is primarily due to year end accruals.
- ▶ The underutilization of budget for FY2017-18 (70% of budget expended) is primarily due to low spending in: Bookend Projects (0%), CPI DB Contract Work (75%), Third Party Contract Work (52%), CP2-3 Real Property Acquisition (59%), and CP4 DB Contract Work (50%).

Issue: Issues within the Capital Outlay report are line item expenditures under or over budget.

Note: The FY2018-19 Capital Outlay Budget is \$1.787B, a \$149.2M or 9.1% increase over the FY2017-18 budget of \$1.638B. Total Program Budget increased from \$9.678B to \$13.665B, an increase of \$3.987B or 41%. Both budgets have been updated to reflect the Authority's 2018 Baseline.

Total Project Expenditures with Forecasts

Total Program Expenditures to Date (\$ in millions)	
Construction	\$ 3,350.8
Project Development	\$ 1,209.4
Administration	\$ 206.0
Total Expenditures	\$ 4,766.2

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%
Total	\$ 2,505.8	\$ 937.7	\$ 1,568.1	37.4%

- ▶ 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 18.2% through the schedule and has matched 37.4% of the total match requirement (\$937.7M matched out of the \$2.508B requirement).
- ▶ Total Program Expenditures to date since inception are \$4.766B, comprised of \$206.0M for Administration and \$4.560B for Project Development (\$1.209B) and Construction (\$3.351B).

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Contracts and Expenditures Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Aug-17	Jul-18	Aug-18
Number of Contracts	309	238	229
Total Value of Contracts	\$5,467.0	\$5,746.4	\$5,838.0
Number of Purchase Orders	105	103	81
Total Value of Purchase Orders	\$0.9	\$1.2	\$1.2
Total Value Contracts and Purchase Orders	\$5,467.9	\$5,747.6	\$5,839.2
Small Business Utilization Rate	19.7%	20.4%	20.9%

- ▶ As of June 30, 2018, the Authority had 229 active contracts and 81 active purchase orders (POs) with a total value of \$5.839B. The total net value of contracts/POs increased from prior month by \$91.6M, going from \$5.747B to \$5.839B. Purchase orders are generally used to acquire goods, while contracts are predominately issued for services.
- ▶ The Aug-18 report reflects a Small Business Utilization Rate (SBU) of 20.9%; a 1.2% increase from the 19.7% reported last year in Aug-17. The current rate also represents a 4.7% 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 June 30, 2018 there are 463 small businesses actively working on the high-speed rail project, including 154 DBEs and 52 Certified DVBEs.

Projects & Initiatives Report

Time Line		Prior Year	Current Year	Current Year
		Aug-17	Jul-18	Aug-18
Satisfactory	■	5	12	12
Caution	◆	8	6	6
Escalate (red)	●	14	1	1
On hold	★	4	5	5
Completed	▲ ▼	9	0	0
n/a – Milestones TBD		5	6	6
Total		45	30	30

Projects Removed Since May-17

- | | | |
|--|---|--|
| 1) Advanced Mitigation Planning | 7) ARRA Expenditures 2017 1st Quarter | 15) Integrated Train Planning System Options Assessment Document |
| 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 th 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 status is PMIS - Contract and Document Management System.