



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

September 2018

Executive Summary for September 2018

Accounts Payable Aging and Disputes Report

(\$ in millions)	Prior Year	Prior Year	Current Year
	Sep-17	Aug-18	Sep-18
Total Aged Invoices	\$0	\$0	\$0
Dispute Summary	\$20.3	\$23.0	\$27.5
Number of Invoices Paid	291	295	184
Value of Invoices Paid	\$70.2	\$69.4	\$65.8
Number of In-Process Invoices	321	109	165
Value of In-Process Invoices	\$116.4	\$33.4	\$53.7
Total Number of Invoices Paid and In Progress	612	404	349

- ▶ The Authority has not made a penalty payment in 18 months (Jan-17). In comparison, between FY2010-11 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 590%, from \$171M in FY2010-11 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 311 disputed invoices with a total value of \$27.5M, this is a Month-over-Month increase of 19.6% or \$4.5M. Year-over-Year disputes have increased 35.5% or \$7.2M from the \$20.3M reported in Sep-17.

Cash Management Report

(\$ in millions)	Prior Year	Prior Year	Current Year
	Sep-17	Aug-18	Sep-18
Prop IA Bond Fund Ending Cash Balance	\$1,225.2	\$1,113.6	\$1,044.3
Cap and Trade Ending Cash Balance	\$541.0	\$1,530.5	\$1,529.2

- ▶ 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 following the sale.

Note: A Cap and Trade auction occurred on Aug 14, 2018. The preliminary share of the auction proceeds for the Authority is estimated at \$199.7M and is subject to foreign exchange and state operations adjustments. At the \$500M (\$125M quarterly) and \$750M (\$187M quarterly) annual revenue targets the Authority received 159.7% and 106.7% of the quarterly goal, respectively.

Executive Summary for September 2018

Administrative Budget and Expenditures Report

(\$ in millions)	Prior Year	Prior Year	Current Year
	Sep-17	Aug-18	Sep-18
Monthly Expenditures	\$2.9	\$3.3	\$2.8
YTD Expenditures	\$2.9	\$35.1	\$2.8
Percentage of Budget Expended YTD	6.5%	77.5%	6.1%
Percentage of Personal Services Budget Expended YTD	7.5%	88.3%	7.6%
Percentage of Operating Expenses and Equipment Expended YTD	3.7%	47.4%	2.1%
Percentage of Fiscal Year Completed	8.3%	100%	8.3%
Total Authorized Positions	226	226	226
Total Filled Positions	185	192	193
Vacancy Rate	18.1%	15.0%	14.6%

- ▶ At 8.3% of FY2018-19 completed, 6.1% or \$2.8M of the total Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been spent, compared to 6.3% or \$2.9M for FY2017-18, a decrease in budget utilization of 0.2% Year-over-Year.
- ▶ Monthly expenditures for Sep-18 were \$2.8M, which is a slight decrease from the prior month (as the June month included year-end accruals).
- ▶ The percentage of Personal Services Budget expended YTD for Sep-18 is 7.6%, an increase of 0.1% or \$130.2K from the prior year.
- ▶ The percentage of Operating Expenses and Equipment Budget expended YTD for Sep-18 is 2.1%; this represents a decrease of 1.6% or \$197.2K from the prior year. Low spending in Consulting and Professional Services: Interdepartmental (1.0%) and External (0%) are the primary drivers of underutilization.

Issue: The Authority's vacancy rate of 14.6% (33 vacancies out of 226 authorized positions) decreased 0.4% from the 15.0% reported in the prior month, and is slightly higher (0.2%) than the statewide average of 14.4% (statewide average rate as of July 31, 2018).

Executive Summary for September 2018

Capital Outlay Budget and Expenditures Report

(\$ in millions)	Prior Year	Prior Year	Current Year
	Sep-17	Aug-18	Sep-18
Budget (Fiscal Year)	\$1,639	\$1,637.7	\$1,786.8
Monthly Expenditures	\$98.5	\$150.7	\$89.5
YTD Expenditures	\$98.5	\$1,144.4	\$89.5
Percentage of Budget Expended Year to Date	6.0%	69.9%	5.0%
Percentage of Fiscal Year Completed	8.3%	100%	8.3%

- ▶ The \$1.787B FY2018-19 budget supports activities reflected within the 2018 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 Sep-18 were \$89.5M, which is a 68.4% or \$61.2M decrease from the prior month (as the June month included year-end accruals).

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.

Issue: Expenditures for Sep-18 were \$89.5M, or 60.1% of the \$149M scheduled to be spent for the month. The underutilization of budget is primarily due to low spending in: Bookend Projects (0%), CPI Environmental Mitigation (0%), CP4 Design-Build Contract Work (1%), and CP4 Third Party Contract Work (0%).

Total Project Expenditures with Forecasts

Total Program Expenditures to Date (\$ in millions)	
Construction	\$ 3,614.4
Project Development	\$ 1,001.9
Administration	\$ 208.8
Total Expenditures	\$ 4,825.0

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	\$ 293.1	\$ 2,160.6	11.9%
Local Match to ARRA Grant	\$ 52.1	\$ 0.9	\$ 51.2	1.7%
Total	\$ 2,505.8	\$ 294.0	\$ 2,211.8	11.7%

- ▶ The Authority is currently 19.7% through the straight-line State Match liability schedule, which started on July 1, 2017 and has a completion date of December 31, 2022, and has matched 11.7% of the total match requirement (\$294M matched out of the \$2.506B requirement).
- ▶ Total Program Expenditures to date since inception are \$4.825B, comprised of \$208.8M for Administration, \$1.002B for Project Development and \$3.614B for Construction.

Executive Summary for September 2018

Contracts and Expenditures Report

(\$ in millions)	Prior Year	Prior Year	Current Year
	Sep-17	Aug-18	Sep-18
Number of Contracts	309	229	227
Total Value of Contracts	\$4,856.2	\$5,838.0	\$5,859.2
Number of Purchase Orders	84	81	70
Total Value of Purchase Orders	\$0.9	\$1.2	\$1.2
Total Value Contracts and Purchase Orders	\$5,563.2	\$5,839.2	\$5,860.4
Small Business Utilization Rate	20.3%	20.9%	20.7%

- ▶ As of July 31, 2018, the Authority had 227 active contracts and 70 active purchase orders (POs) with a total value of \$5.860B. The total net value of contracts/POs increased from prior month by \$21.2M, going from \$5.839B to \$5.860B. Purchase orders are generally used to acquire goods, while contracts are predominately issued for services.
- ▶ The Sep-18 report reflects a Small Business Utilization Rate (SBU) of 20.7%; a 0.4% increase from the 20.3% reported last year in Sep-17. The current rate also represents a 4.5% 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 July 31, 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	Prior Year	Current Year
		Sep-17	Aug-18	Sep-18
Satisfactory	■	6	12	12
Caution	◆	7	6	3
Escalate (red)	●	14	1	3
On hold	★	4	5	5
Completed	▲ ▼	9	0	1
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 Configuration Management Plan |
| 3) PMIS - Enterprise Document Management System (EDMS) | 9) Master Quality Plan (MQP) for 2018 Business Plan | 17) Program Interface Management Plan (IMP) |
| 4) PMIS - Risk Management System | 10) Risk Management Plan | 18) Records Management and Documentation Control Plan |
| 5) PMIS - Schedule Management System | 11) Capital Cost Estimate Plan | 19) Administrative Records System (ARS) (kCura) |
| 6) ARRA Expenditures 2016 4 th Quarter | 12) Program Controls Plan | |
| | 13) Resource Management Plan | |
| | 14) Work Plan Standards Guide | |

- ▶ In Sep-18, the status of PMIS – Contract and Document Management System was changed from Escalate (red) to Completed.
- ▶ In Sep-18, end dates for all Construction Packages (CP1, CP2-3, and CP4) were updated to align with the recently approved 2018 Baseline and the status for each was changed from Caution (yellow) to Escalate (red).