



# CALIFORNIA

High-Speed Rail Authority

## 2024-25 Fiscal Year Budget Request

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# Summary

In accordance with existing Board Policy HSRA11-001, which directs Board approval of the budget, Staff recommends Board approval of:

- The 2024-25 fiscal year Capital Budget of \$2.629 billion.
- The 2024-25 fiscal year Administrative Budget of \$111.9 million.

This presentation includes the following:

- Review of revenues available for 2024-25 expenditures.
- Proposed expenditure budgets for 2024-25.
- Draft Board resolution and action to approve the 2024-25 budget.

# January 2024 Expenditure Authorization

At the January 18, 2024 Board meeting, the Board approved an updated Expenditure Authorization of \$26.094 billion. Today's Board item does not modify that approval, rather it requests the 2024-25 fiscal-year slice of this program budget.

Current Expenditure Authorization (\$ in millions)	
	Amount
Project Development	\$ 1,942.1
Construction:	
CP1	\$ 6,043.1
CP2-3	\$ 5,001.7
CP4	\$ 1,425.3
Track and Systems / Trainsets	\$ 4,748.4
Stations	\$ 204.2
Extensions	\$ 2,999.1
System Wide	\$ 2,431.8
TOTAL Construction	\$ 22,853.6
Bookend Projects	\$ 1,297.9
<b>Total</b>	<b>\$ 26,093.6</b>

# Review of Revenues Available to Support 2024-25 Expenditures

## Cash Balances:

At the monthly Finance and Audit Committee meetings, Authority Staff report cash balances in each of our cash accounts. As of April 30, 2024, cash balances are as follows:

- Proposition 1A Bond Funds     \$ 871.5 million
- Cap-and-Trade Funds         \$ 3,051.6 million
- Property Funds                 \$ 12.1 million
- TOTAL                             \$ 3,935.3 million

## Grant Funds:

The Authority has been awarded over \$3.3 billion in new federal grants over the past three years and the capital budget assumes \$330 million of the 2024-25 budget will come from federal funds.

## Future Cap-and-Trade Proceeds and Proposition 1A Bond Sales

- The Authority anticipates receiving additional Cap-and-Trade revenues of about \$1.0 billion in 2024-25 (the revenue range cited in the 2024 Business Plan was \$750 million to \$1.25 billion per year).
- The Authority has approximately \$2.1 billion in Proposition 1A bond authority that remains available for future bond sales.

# Background on 2024-25 Capital Budget Estimate

## 2023-24 Budget:

The 2023-24 Capital Budget that was adopted by the Board was \$1.825 billion (that budget was subsequently increased by \$25 million through Board actions in January and February 2024 for Merced and Bakersfield final design work). This Budget was more constrained than prior years to bring the estimated budget closer to recent expenditure history. At this point, it appears the 2023-24 actual expenditures will be close to the forecast amount.

## Year-over-year Increase:

The proposed budget for 2024-25 of \$2.629 billion is about \$779 million higher than the 2023-24 budget due to the following major changes:

- The ROW budget is up \$252 million due to land acquisitions on Merced and Bakersfield Extensions.
- Final Design has been initiated on the Merced and Bakersfield extensions, adding \$94 million.
- The Track and Systems / Trainsets include a budget of \$139 million due to new contracts in those areas.
- Construction Package (CP) 1 and CP 2-3 are up about \$92 million compared to the mid-year 2023-24 budget reforecast, due to advancing work in the field.
- CP 4 is down by \$125 million due to substantial completion of the California Rail Builders work.
- The Fresno Historic Depot and Fresno Station budget is up \$9.0 million

# Capital Outlay Budget- Fiscal Year 2024-25

Capital Outlay Budget (\$ in millions) - FY 2024-25 BUDGET	
	Amount
Bond Fund (Prop 1A) - Phase I	\$ -
Bond Fund (Prop 1A) - Phase II	\$ -
Cap and Trade	\$ 133
Federal Trust Fund (ARRA)	\$ -
Federal Trust Fund (Brownfields EPA Grant)	\$ -
Federal Trust Fund (RAISE Merced Extension)	\$ 11
<b>PROJECT DEVELOPMENT SUBTOTAL</b>	<b>\$ 144</b>
Bond Fund (Prop 1A)	\$ 1,565
Cap and Trade	\$ 511
Federal Trust Fund (ARRA)	\$ -
Federal Trust Fund (FY10)	\$ -
Federal Trust Grant (RAISE SR-46)	\$ 2
Federal Trust Grant (Federal State Partnership)	\$ 301
Federal Trust Grant (CRISI Shafter Grade Separations)	\$ 14
Federal Trust Grant (RAISE Fresno Historic Depot)	\$ 1
Federal Trust Grant (Corridor ID)	\$ 1
<b>CONSTRUCTION SUBTOTAL</b>	<b>\$ 2,394</b>
Bond Fund (Prop 1A) - Bookends	\$ 91
Cap and Trade - Bookends	\$ -
<b>LOCAL ASSISTANCE SUBTOTAL</b>	<b>\$ 91</b>
<b>Budget</b>	<b>\$ 2,629</b>

# Background on 2024-25 Administrative Budget

## **2023-24 Budget:**

The 2023-24 Administrative Budget originally adopted by the Board was \$95 million; however, that budget was subsequently increased by the Department of Finance to \$98 million due to statewide budget adjustments.

## **Year-over-year Increase:**

- The proposed budget this year is about \$111.9 million, an increase of \$13.9 million. This increase is primarily due to the Legislature's approval of the "Form-to-Function" Budget Change Proposal to eliminate 62 consultant positions and replace them with 67 less-expensive State staff. While the Administrative Budget is higher, net savings are expected when consultant positions in the capital budget are eliminated.

## **Future Budget Adjustments Likely:**

- The proposed budget this year is expected to be reduced in the fall as the Department of Finance allocates various statewide budget savings measures related to budget savings from vacant positions and other state operations reductions.

# Administrative Budget- Summary by Office

Administrative Budget (\$ in millions) - FY 2024-25 BUDGET	
	Amount
Executive Office	\$ 2.1
Risk Management office	\$ 2.2
Administration Office	\$ 13.0
Strategic Communications Office	\$ 3.0
Financial Office	\$ 10.5
Legal Office	\$ 5.3
Program Delivery Office	\$ 50.2
Northern California Region Office	\$ 1.4
Central Valley Region Office	\$ 1.5
Southern California Region Office	\$ 1.7
Audit Office	\$ 2.1
Legislative Office	\$ 0.6
Information Technology Office	\$ 18.4
<b>Budget</b>	<b>\$ 111.9</b>
<b>POSITIONS</b>	<b>496</b>



# Concluding Remarks

In accordance with existing Board policies, Staff recommends Board approval of the attached draft resolution:

*The Board approves the FY 2024-25 Capital Budget of \$2.629 billion and the FY 2024-25 Administrative budget of \$111.9 million (subject to adjustments by the enacted State budget), that aligns spending for the next year with expected program revenues and spending priorities.*

# THANK YOU

Comments and Questions

