



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

June 2019

Executive Summary for June 2019

Accounts Payable Aging And Disputes Report

(\$ in millions)

	Prior Year	Prior Month	Current Month
	Jun-18	May-19	Jun-19
Total Aged Invoices	\$0	\$0	\$0
Dispute Summary	\$21.8	\$8.5	\$8.6
Number of Invoices Paid	317	245	253
Value of Invoices Paid	\$71.7	\$82.7	\$113.7
Number of In-Process Invoices	105	123	129
Value of In-Process Invoices	\$40.0	\$55.4	\$40.9
Total Number of Invoices Paid and In-Process	422	368	382

- ▶ The Authority has not had an aged invoice in 20 months and has not made a penalty payment in 27 months.
- ▶ The Authority currently has 168 disputed invoices with a total value of \$8.6M. This is a 1% or \$94K increase from the \$8.5M reported last month.
- ▶ The Authority's focused efforts to decrease disputes have resulted in a 69% or \$19M reduction from the Sep-18 reported total of \$28M.

Note: The total number of invoices paid and in-process will fluctuate depending on the progress of the project.

Cash Management Report

(\$ in millions)

	Prior Year	Prior Month	Current Month
	Jun-18	May-19	Jun-19
Prop IA Bond Fund Ending Cash Balance	\$1,267.7	\$440.8	\$919.4
Cap and Trade Ending Cash Balance	\$1,358.7	\$1,829.6	\$2,041.1

- ▶ Cap and Trade funds are used for various program priorities such as financial advisors, federal contracts, and other high priority projects (e.g. San Mateo Grade Separation). Cap and Trade auctions occur four times per year (Aug, Nov, Feb, May) and are subject to administrative adjustments by the Department of Finance (e.g. foreign exchange rate and state operation adjustments).
- ▶ Prop IA funds are used for Administrative costs, 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 and cash becomes available generally within one month.
- ▶ The Spring Prop IA Bond Sale resulted in \$600M in bonds sold for the Authority and are now reflected (net of expenditures) in the Prop IA Cash Balance.
- ▶ A Cap and Trade auction occurred on May 14, 2019, and the preliminary estimate for the Authority's share is \$186M. Including the May auction estimate, the last 4 auctions have resulted in \$783M for the Authority (Aug-18, \$170M; Nov-18, \$214M; Feb-19, \$213M; May-19 \$186M).

Note: The Cap and Trade cash balance will continue to increase until the Prop IA funds are exhausted. However, the Cap and Trade funds are encumbered by contracts with long lead times.

Executive Summary for June 2019

Administrative Budget and Expenditures Report

(\$ in millions)	Prior Year	Prior Month	Current Month
	Jun-18	May-19	Jun-19
Budget (Fiscal Year)	\$45.4	\$47.2	\$47.2
Monthly Expenditures	\$2.9	\$2.9	\$3.2
YTD Expenditures	\$29.0	\$26.9	\$30.1
Percentage of Budget Expended YTD	63.9%	57.0%	63.7%
Percentage of Personal Services Budget Expended YTD	72.6%	64.7%	71.9%
Percentage of Operating Expenses and Equipment Expended YTD	38.8%	33.3%	38.4%
Percentage of Fiscal Year Completed	83.3%	75.0%	83.3%
Total Authorized Positions	226	226	226
Total Filled Positions	185	180	182
Vacancy Rate	18.1%	20.4%	19.5%

- ▶ At 83.3% of the fiscal year completed, 63.7% or \$30.1M of the total Administrative Budget (\$47.2M) has been spent, which is slightly higher than prior year expenditures.
- ▶ As of April 30, 2019, the Authority's vacancy rate is 19.5%, which is 5.2% higher than the statewide vacancy rate average of 14.3% through the same period.

Issue: The Authority's vacancy rate has increased 3.6% over the past eight reporting months (from 15.9% reported in Dec-18 to 19.5% reported in Jun-19). Out of the total 44 vacant positions, 9 positions have been vacant for greater than a year.

Note: The Authority submitted a May Revise BCP for FY2019-20 requesting \$4.5M in Prop IA funding for 35 new state positions and Operational Expenses. The increase in positions and budget will be offset by a reduction in 35 consultant positions and \$5.3M, resulting in a net reduction of \$0.8M. The BCP has been approved by the Senate and Assembly subcommittees.

Executive Summary for June 2019

Capital Outlay Budget Summary

(\$ in millions)	Prior Year	Prior Month	Current Month
	Jun-18	May-19	Jun-19
Budget (Fiscal Year)	\$1,637.7	\$1,786.8	\$1,786.8
Monthly Expenditures	\$52.4	\$93.3	\$104.2
YTD Expenditures	\$898.8	\$655.5	\$759.8
Percentage of Budget Expended Year to Date	54.9%	36.7%	42.5%
Percentage of Fiscal Year Completed	83.3%	75.0%	83.3%

- ▶ The FY2018-19 budget supports activities reflected within the 2018 Business Plan and Baseline.
- ▶ Using the straight-line method, the Authority's monthly expenditures would have needed to equal \$149M in order to meet the FY2018-19 budget target of \$1.787B.
- ▶ Expenditures for Jun-19 were \$104.2M, which is 30% or \$45M less than the straight-line monthly expenditure goal of \$149M.

Issue: The underutilization of budget is primarily due to low spending within Project Development and the construction packages.

Note: At the May Board Meeting, the Authority's Board of Directors reviewed and approved an updated Total Program Budget of \$15.6B and a FY2019-20 Budget of \$2.255B.

Total Project Expenditures with Forecasts

Total Program Expenditures to Date (\$ in millions)	
Construction	\$ 4,141.0
Project Development	\$ 1,053.5
Administration	\$ 164.0
Local Assistance	\$ 36.6
Total Expenditures	\$ 5,395.2

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	\$ 2,496.4	\$ 476.7	\$ 2,019.7	19.1%
Local Match to ARRA Grant	\$ 4.1	\$ -	\$ 4.1	0.0%
Total	\$ 2,500.5	\$ 476.7	\$ 2,023.8	19.1%

- ▶ Total Program Expenditures to date (\$5.395B) are comprised of the following categories: Construction (77%), Project Development (20%), Administration (3%), and Local Assistance (1%).
- ▶ The State Match to ARRA and State Match Liability tables reflect invoices submitted to and approved by the FRA as of April 30, 2019. An additional \$579.4M is pending FRA approval, and \$393M is in-process at HSRA, resulting in \$1.449B (58%) approved by the FRA, pending approval by the FRA, and in-process at HSRA as of April 30, 2019. The Authority is through 33% of the schedule which covers July 1, 2017 to December 31, 2022.







Executive Summary for June 2019

Contracts and Expenditures Report

(\$ in millions)	Prior Year	Prior Month	Current Month
	Jun-18	May-19	Jun-19
Number of Contracts	240	199	197
Total Value of Contracts	\$5,715.8	\$6,615.0	\$6,625.0
Number of Purchase Orders	82	49	52
Total Value of Purchase Orders	\$1.2	\$0.6	\$0.6
Total Value Contracts and Purchase Orders	\$5,717.0	\$6,615.6	\$6,625.6
Small Business Utilization Rate	20.2%	21.1%	21.4%

- ▶ Contracts are predominately issued for services, while purchase orders are generally used to acquire goods.
- ▶ As of April 30, 2019, the Authority had 197 active contracts and 52 active purchase orders (POs) with a total value of \$6.626B.
- ▶ Month-over-Month the value of contracts increased \$10M, primarily due to a change order for Construction Package 2-3.
- ▶ The Jun-19 report reflects a Small Business Utilization Rate (SBU) of **21.4%**. The current rate represents a 5.2% 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 April 30, 2019 there are **507** small businesses actively working on the high-speed rail project, including **165** DBEs and **53** Certified DVBEs.

Projects & Initiatives Report

Time Line	Prior Year	Prior Month	Current Month
	Jun-18	May-19	Jun-19
Satisfactory 	12	7	7
Caution 	5	1	1
Escalate (red) 	2	6	6
On hold 	5	2	2
Completed  	0	2	1
n/a – Milestones TBD	6	6	6
Total	30	24	23

Projects Removed Since Dec-17

- 1) Advanced Mitigation Planning
- 2) Asset Management System – Maximo (AMO)
- 3) PMIS – Enterprise Document Management System (EDMS)
- 4) PMIS – Risk Management System
- 5) PMIS – Schedule Management System
- 6) Administrative Records System (ARS) (kCura)
- 7) Programming Plan
- 8) PMIS – Contract and Document Management System
- 9) RDP Work Plan 2C Ext and Work Plan 3
- 10) Programming Plan
- 11) PMIS – Business Intelligence
- 12) Right of Way (ROW) Management System – geoAmps
- 13) Environmental Mitigation Management and Assessment Application – EMMA 2.0

- ▶ In May-19, the status of the PMIS – Cost Management System was changed from Satisfactory (green) to Completed.
- ▶ Projects in Escalate status include: Construction Package 1, Construction Package 2-3, Construction Package 4, Central Valley Wye (CVY), Locally Generated Alternative (F-B), and Southern CA Region Los Angeles to Anaheim. The project in Caution status is Hiring and Staffing.