



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

June 2018

Executive Summary for June 2018

Accounts Payable Aging Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jun-17	May-18	Jun-18
Total Aged Invoices	\$0	\$0	\$0
Dispute Summary	\$18.5	\$23.1	\$21.8
Number of Invoices Paid	371	313	317
Value of Invoices Paid	\$96.9	\$66.9	\$71.7
Number of In-Process Invoices	186	110	105
Value of In-Process Invoices	\$70.6	\$50.0	\$40.0
Total Number of Invoices Paid and In Progress	557	423	422

- ▶ The Authority has not reported an aged invoice in the past 8 months (Oct-17). Between FY2011-12 and FY2015-16 the Authority paid over \$1.0M in total penalty payments for aged invoices, however, in the past year the Authority has not made a penalty payment. This represents a 100% decrease in penalty payments while annual expenditures have increased 954.5%, from \$144.9M in FY2011-12 to \$1.528B 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. Activity is expected to increase with the progression of construction.

Issue: The Authority currently has 288 disputed invoices with a total value of \$21.8M. This is a 0.2% or \$26K increase from the \$21.7M reported in the prior quarter (Mar-18). Year-over-Year disputes have increased 17.8% or \$3.3M from the \$18.5M reported in Jun-17.

Cash Management Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jun-17	May-18	Jun-18
Prop IA Bond Fund Ending Cash Balance	\$1,321.4	\$827.1	\$1,267.7
Cap and Trade Ending Cash Balance	\$631.1	\$1,368.4	\$1,358.7

- ▶ 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 Authority received \$500M in Prop IA Bond proceeds in Apr-18 and is reflected in the ending cash balance. A Cap and Trade auction occurred on May 15th and the preliminary estimate of proceeds for the Authority is \$170.3M. Actual results will be available in June and proceeds should be received and reported within 45 days.

Executive Summary for June 2018

Executive Budget Summary

(\$ in millions)	Prior Year	Current Year	Current Year
	Jun-17	May-18	Jun-18
Monthly Expenditures	\$2.7	\$2.9	\$2.9
Percentage of Budget Expended YTD	63.1%	57.5%	63.9%
Percentage of Personal Services Budget Expended YTD	70.6%	65.4%	72.6%
Percentage of Operating Expenses and Equipment Expended YTD	41.1%	35.0%	38.8%
Percentage of Fiscal Year Completed	83.3%	75.0%	83.3%
Total Authorized Positions			
Total Authorized Positions	226	226	226
Total Filled Positions			
Total Filled Positions	191	187	185
Vacancy Rate			
Vacancy Rate	15.5%	17.3%	18.1%

- ▶ At 83.3% of FY2017-18 completed, 63.9% or \$29M of the total Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been spent, compared to 63.1% or \$27M for YTD Jun-17, an increase in budget utilization of 0.8% Year-over-Year.
- ▶ Monthly expenditures for Jun-18 were \$2.9M, an increase of 6% or \$160K from the prior year.
- ▶ The percentage of Personal Services Budget expended YTD for Jun-18 is 72.6%, an increase of 2.0% 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 Jun-18 is 38.8%; this represents a nominal decrease of 2.3% from the prior year, however, YTD spending increased by \$106K 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 18.1% (41 vacancies out of 226 authorized positions) increased .8% month-over-month from the 17.3% reported last month and is 4.0% higher than the statewide average of 14.1% (statewide average rate as of April 30, 2018).

Executive Summary for June 2018

Capital Outlay Budget Summary

(\$ in millions)	Prior Year	Current Year	Current Year
	Jun-17	May-18	Jun-18
Budget (Fiscal Year)	\$1,744	\$1,648	\$1,638
Monthly Expenditures	\$95.2	\$70.7	\$52.4
Percentage of Budget Expended Year to Date	56.0%	51.4%	54.9%
Percentage of Fiscal Year Completed	83.3%	75.0%	83.3%

- ▶ 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.
- ▶ The June 2018 Capital Outlay report reflects a \$9.95M decrease to the FY2017-18 budget primarily related to environmental review schedule extensions for Bakersfield – Palmdale and CP4 DB work schedule changes.
- ▶ On May 15, 2018, the draft 2018 Business Plan was adopted by the Board, incorporating edits and other recommended changes as a result of public comments. The Authority will submit the updated Business Plan to the Legislature by June 1, 2018.

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	\$ 3,126.0
Project Development	\$ 1,188.7
Administration	\$ 199.8
Total Expenditures	\$ 4,514.5

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 predominately started on July 1, 2017 and has a completion date of December 31, 2022. The Authority is currently 15% 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 \$4.515B, comprised of \$199.8M for Administration and \$4.31B for Project Development (\$1.189B) and Construction (\$3.126B).

Executive Summary for June 2018

Contracts and Expenditures Report

(\$ in millions)	Prior Year	Current Year	Current Year
	Jun-17	May-18	Jun-18
Number of Contracts	318	252	240
Total Value of Contracts	\$5,337.9	\$5,676.3	\$5,715.8
Number of Purchase Orders	109	112	82
Total Value of Purchase Orders	\$0.5	\$1.4	\$1.2
Total Value Contracts and Purchase Orders	\$5,338.3	\$5,677.7	\$5,717.0
Small Business Utilization Rate	19.0%	19.4%	20.2%

- ▶ As of April 30, 2018, the Authority had 240 active contracts and 80 active purchase orders (POs) with a total value of \$5.717B. The total net value of contracts/POs increased from prior month by \$39.3M, going from \$5.678B to \$5.717B. Purchase orders are generally used to acquire goods, while contracts are predominately issued for services.
- ▶ The Jun-18 report reflects a Small Business Utilization Rate (SBU) of 20.2%; a 1.2% increase from the 19% reported last year in Jun-17. The current rate also represents a 4% 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 March 21, 2018, there are 437 small businesses are actively working on the high-speed rail project, including 142 DBEs and 52 Certified DVBEs.

Projects & Initiatives Report

Time Line		Prior Year	Current Year	Current Year
		Jun-17	May-18	Jun-18
Satisfactory	■	6	12	12
Caution	◆	15	5	5
Escalate	●	14	2	2
On hold	☆	3	5	5
Completed	▲ ▼	6	1	0
n/a – Milestones TBD		5	6	6
Total		49	31	30

Projects Removed Since May-17

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

- ▶ The Authority has decreased its number of Escalated Items from 14 in Jun-17, to two reported in Jun-18, showing progress in project delivery efficiency.
- ▶ The Administrative Records System (ARS) (kCura) project has been removed from the Jun-18 Projects and Initiatives Report as it has been shown as complete for two months.
- ▶ PMIS – Enterprise Document Management System (EDMS) – Records Management System was cancelled in Feb-18 because current tools have been deemed adequate at this time. This item is counted as N/A in the above table.