



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

May 2019

Executive Summary for May 2019

Accounts Payable Aging And Disputes Report

(\$ in millions)	Prior Year	Prior Month	Current Month
	May 18	Apr 19	May 19
Total Aged Invoices	\$0	\$0	\$0
Dispute Summary	\$23.1	\$8.3	\$8.5
Number of Invoices Paid	313	247	245
Value of Invoices Paid	\$66.9	\$45.3	\$82.7
Number of In-Process Invoices	110	118	123
Value of In-Process Invoices	\$50.0	\$36.0	\$55.4
Total Number of Invoices Paid and In-Process	423	365	368

- ▶ The Authority has not had an aged invoice in 19 months and has not made a penalty payment in 26 months.
- ▶ The Authority currently has 180 disputed invoices with a total value of \$8.5M. This is a 2% or \$135K increase from the \$8.3M reported last month.
- ▶ The Authority's focused efforts to decrease disputes have resulted in a 70% 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
	May 18	Apr 19	May 19
Prop IA Bond Fund Ending Cash Balance	\$827.1	\$516.1	\$440.8
Cap and Trade Ending Cash Balance	\$1,368.4	\$1,843.0	\$1,829.6

- ▶ 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.
- ▶ A Cap and Trade auction occurred on February 20, 2019, and the preliminary estimate for the Authority's share is \$213M. When including the February estimate, the last 4 auctions have resulted in \$768M for the Authority (May-18, \$170M; Aug-18, \$170M; Nov-18, \$214M; Feb-19, \$213M).

Note: On March 26, 2019, the State Treasurer's Office held the spring bond sale which resulted in \$600M in bonds sold for the Authority. The proceeds were received in April and will be reflected in the June 2019 Cash Management Report (April reporting data).

Executive Summary for May 2019

Administrative Budget and Expenditures Report

(\$ in millions)	Prior Year	Prior Month	Current Month
	May 18	Apr 19	May 19
Budget (Fiscal Year)	\$45.4	\$47.2	\$47.2
Monthly Expenditures	\$2.9	\$2.9	\$2.9
YTD Expenditures	\$26.1	\$24.1	\$26.9
Percentage of Budget Expended YTD	57.5%	51.0%	57.0%
Percentage of Personal Services Budget Expended YTD	65.4%	57.7%	64.7%
Percentage of Operating Expenses and Equipment Expended YTD	35.0%	30.1%	33.3%
Percentage of Fiscal Year Completed	75.0%	66.7%	75.0%
Total Authorized Positions	226	226	226
Total Filled Positions	187	179	180
Vacancy Rate	17.3%	20.8%	20.4%

- ▶ At 75.0% of the fiscal year completed, 57.0% or \$26.9M of the total Administrative Budget (\$47.2M) has been spent, which is slightly higher than prior year expenditures.
- ▶ As of March 31, 2019, the Authority's vacancy rate is 20.4%, which is 6% higher than the statewide vacancy rate average of 14.4% through the same period.

Issue: The Authority's vacancy rate has increased 6.2% over the past seven reporting months (from 14.2% reported in Nov-18 to 20.4% reported in May-19). Out of the total 46 vacant positions, 8 positions have been vacant for greater than a year.

Note: Included in the Governor's Proposed Budget for FY2019-20 were two IT Budget Change Proposals requesting \$4.4M in Prop IA funding and 10 new IT positions for IT security and IT transition.

Executive Summary for May 2019

Capital Outlay Budget Summary

(\$ in millions)	Prior Year	Prior Month	Current Month
	May 18	Apr 19	May 19
Budget (Fiscal Year)	\$1,647.6	\$1,786.8	\$1,786.8
Monthly Expenditures	\$70.7	\$52.0	\$93.3
YTD Expenditures	\$846.5	\$562.2	\$655.5
Percentage of Budget Expended Year to Date	51.4%	31.5%	36.7%
Percentage of Fiscal Year Completed	75.0%	66.7%	75.0%

- ▶ The FY2018-19 budget supports activities reflected within the 2018 Business Plan and Baseline. A project update report is expected to be released in the coming months and may include adjustments to the budget.
- ▶ 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 May-19 were \$93.3M, which is 37% or \$56M 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. The FY2018-19 forecast was decreased by \$355M (from \$1.457B to \$1.102B) due to expenditures progressing slower than initially planned.

Total Project Expenditures with Forecasts

Total Program Expenditures to Date (\$ in millions)	
Construction	\$ 4,053.6
Project Development	\$ 1,116.7
Administration	\$ 161.0
Local Assistance (Bookend Projects)	\$ 28.6
Total Expenditures	\$ 5,359.9

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 (\$5.360B) are comprised of the following categories: Construction (76%), Project Development (20%), Administration (3%), and Local Assistance (Bookend Projects) (1%).
- ▶ As of March 31, 2019, the FRA has approved \$477M or 19.1% of the ARRA State Match requirement. An additional \$532M is pending FRA approval, and \$328M is in-process at HSRA, resulting in \$1.337B or 53% approved, pending approval by the FRA, and in-process at HSRA. In comparison, the Authority is 32% through the straight-line State Match liability schedule, which started on July 1, 2017 and has a completion date of December 31, 2022.

Executive Summary for May 2019

Contracts and Expenditures Report

(\$ in millions)	Prior Year	Prior Month	Current Month
	May 18	Apr 19	May 19
Number of Contracts	252	196	199
Total Value of Contracts	\$5,676.3	\$6,573.5	\$6,615.0
Number of Purchase Orders	112	50	49
Total Value of Purchase Orders	\$1.4	\$0.5	\$0.6
Total Value Contracts and Purchase Orders	\$5,677.7	\$6,574.2	\$6,615.6
Small Business Utilization Rate	19.4%	20.9%	21.1%

- ▶ Contracts are predominately issued for services, while purchase orders are generally used to acquire goods.
- ▶ As of March 31, 2019, the Authority had 199 active contracts and 49 active purchase orders (POs) with a total value of \$6.616B.
- ▶ Month-over-Month the value of contracts increased \$41.4M, primarily due to a change order for Construction Package 4 (agreement increased CP4 contract by \$40.5M).
- ▶ The May-19 report reflects a Small Business Utilization Rate (SBU) of **21.1%**. The current rate represents a 4.9% 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 December 31, 2018 there are **500** small businesses actively working on the high-speed rail project, including **164** DBEs and **53** Certified DVBEs.

Projects & Initiatives Report

Time Line		Prior Year	Prior Month	Current Month
		May 18	Apr 19	May 19
Satisfactory	■	12	8	7
Caution	◆	5	1	1
Escalate (red)	●	2	6	6
On hold	★	5	2	2
Completed	▲ ▼	1	1	2
n/a – Milestones TBD		6	6	6
Total		31	24	24

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

- ▶ In May-19, the status of the PMIS – Cost Management System was changed from Satisfactory (green) to Completed. The Environmental Mitigation Management and Assessment Application – EMMA 2.0 project is also in Completed status from the prior month (Apr-19).
- ▶ Projects in Escalate status include: Construction Package 1 (CP1), Construction Package 2-3 (CP2-3), Construction Package 4 (CP4), 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.