



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

July 2016

Executive Summary for July-2016

Accounts Payable Aging Report

| | Prior Year | Current Year | Current Year |
|---------------------------------------|------------|--------------|--------------|
| | July-2015 | June-2016 | July-2016 |
| Total Aged Invoices (\$ millions) | \$15.7 | \$5.7 | \$0 |
| Forecast Balance Pending FRA Approval | \$0 | \$0 | \$0 |

- ▶ Overall expenditures have increased significantly from the previous year. Last year's expenditures for Year To Date (YTD) July-2015 were \$23M for Administrative Budget and \$273M for Capital Outlay Budget. Expenditures for current year YTD July-2016 are \$24M for Administrative Budget and \$761M for Capital Outlay Budget.
- ▶ HSR has had no aged invoices in 9 of the last 11 months.

Issue: None

Cash Management Report

| | Prior Year | Current Year | Current Year |
|---------------------------------------|------------|--------------|--------------|
| (\$ millions) | July-2015 | June-2016 | July-2016 |
| Prop IA Bond Fund Ending Cash Balance | \$5 | \$49 | \$33 |
| Cap and Trade Ending Cash Balance | N/A | \$694 | \$637 |

- ▶ Bond sales for Proposition IA occur in Spring and Fall. HSR received \$45M from the April-2015 bond sale and \$56M from the April-2016 bond sale. The low burn rate for Proposition IA cash is due to a focus on spending Federal Funds first for Project Development. Uses of Proposition IA include the Administrative Budget and Project Development costs not eligible for Federal Funds such as Phase II and Federal entities.
- ▶ Prop IA cash balance is \$33M for the July-2016 report, compared to \$49M for the June-2016 report. Commercial paper was issued on April 6, 2016 for \$10M. Proposition IA cash needs can be met by commercial paper, which is issued by the State Treasurer's Office (STO) the last week of each month. The requesting agency must request commercial paper from STO at least one week before that last week.
- ▶ The June-2016 Cap and Trade cash balance was \$694M. The July-2016 Cap and Trade cash balance of \$637M reflects \$124M in expenditures, and \$64M in reimbursements from FRA.

Issue: None

Executive Summary for July-2016

Executive Budget Summary

| | Prior Year | Current Year | Current Year |
|---|------------|--------------|--------------|
| | July-2015 | June-2016 | July-2016 |
| Monthly Expenditures (\$ thousands) | \$2,100 | \$2,865 | \$2,964 |
| Percentage of Budget Expended Year to Date (YTD) | 72% | 59% | 66% |
| Percentage of Personal Services Budget Expended YTD | 83% | 67% | 75% |
| Total Positions Authorized | 209 | 220 | 220 |
| Vacancy Rate | 26.1% | 12.3% | 14.1% |

- ▶ For YTD July-2016, 66% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 92% of the Fiscal Year completed, compared to 59% the previous month. This is lower than the previous year's 72% due to a lag in submitted invoices for Interagency work and the timing of budget increases for new positions.
 - ▶ The percentage of Personal Services Budget Expended is 75% for Year to Date (YTD) July-2016, lower than the 83% for prior year YTD July-2015 since the budget increased at a faster rate than expenditures between years due to the methodology of adding budget for new positions.
 - ▶ The Personal Services budget for FY 15/16 includes budget for 219 positions (174 + 35 + 10 positions full year). The Personal Services budget for FY 14/15 included budget for 182.8 positions (174 + 8.8 equivalent positions due to mid year implementation), although the Authority recognized the full 35 positions in the position count (174 + 35 = 209).
 - ▶ Vacancy rate history:
 - ▶ July-2015 vacancy rate was 26.1% (54.5 vacant positions out of 209 total positions). The 26.1% vacancy rate was due to 35 new positions added in March-2015. (Prior to the new positions, February-2015 vacancy rate was 14.9%).
 - ▶ June-2016 vacancy rate is 12.3% (27 vacant positions out of 220 total positions); 1 of the 27 vacancies is a new position.
 - ▶ July-2016 vacancy rate is 14.1% (31 vacant positions out of 220 total positions); all new positions have been filled.
 - ▶ The statewide vacancy rate is 13.6%.
- Issue:** The Administrative budget is at 66% of budget expended with 92% of the Fiscal Year completed due to a lag in submitted invoices for Interagency work and the timing of budget increases for new positions.

Executive Summary for July-2016

Capital Outlay Budget Summary

| | Prior Year July-2015 | Current Year June-2016 | Current Year July-2016 |
|--|-------------------------|---------------------------|---------------------------|
| Budget (Fiscal Year) (\$ millions) | \$479 | \$1,875 | \$1,875 |
| Monthly Expenditures (\$ millions) | \$55 | \$87 | \$151 |
| Percentage of Budget Expended Year to Date | 57% | 33% | 41% |

- ▶ Capital Outlay expenditures were \$151M for July 2016 which included Project Development (\$11M), Right of Way (\$24M), Design Build Contract Work (\$51M), Third Party Contract Work (\$2M), Project Reserve/Unallocated Contingency (\$54M), Program Management and other expenses (\$9M). The Project Reserve/Unallocated Contingency expenditures (\$54M) was for radio spectrum acquired per board approval at the Feb 16, 2016 board meeting.
- ▶ The current Capital Outlay budget for FY 2015-16 is \$1.875B, compared to the \$479M budget for FY 2014-15. The budget increase was due to Right of Way acquisition and construction activities.

Issue: At 92% of the Fiscal Year complete, HSR is at 41% of Capital Outlay Budget expended.

Total Project Expenditures with Forecasts

| Program Total by Fund Type | 2006-2016 |
|----------------------------|----------------|
| State Funds ¹ | \$705 |
| Federal Funds ² | \$1,272 |
| TOTAL | \$1,977 |

(\$ millions)

| State Match to ARRA (Federal Funds) | |
|-------------------------------------|--------------|
| FY2010 - FY2013 ³ | \$102 |
| FY2014 - FY2015 ⁵ | \$171 |
| FY2015-FY2016 | \$6 |
| TOTAL (to date) ⁴ | \$280 |

(\$ millions)

| State Match Liability | |
|---|--------------|
| Federal Funds | \$1,272 |
| State Match to ARRA | \$280 |
| Tapered Federal Funds ⁶ | \$992 |

(\$ millions)

- ▶ ¹ Prop IA, Public Transportation Account (PTA), State Highway, Cap and Trade funds; ² Federal funds since FY 2010-11;
- ▶ ³ State paid amount as of FY 2013-14; ⁴ State-match to ARRA funds; ⁵ The State Match to ARRA total for FY2014-15;
- ▶ ⁶ Tapered Federal Funds is the amount that the state will expend to meet the Federal requirements. This will be satisfied with Proposition IA and Cap and Trade expenditures.
- ▶ The Federal Funds total for July-2016 is \$1.272B, an increase of \$109M from the \$1.163B for June-2016. As a result, Tapered Federal Funds increased from \$883M in June-2016 to \$992M in June-2016.
- ▶ **Issue:** The ARRA Grant expires 9/30/2017. 54% of the ARRA grant (\$1.39B of \$2.55B total) has been spent.

Executive Summary for July-2016

Contracts and Expenditures Report

| | Prior Year July-2015 | Current Year June-2016 | Current Year July-2016 |
|--|-------------------------|---------------------------|---------------------------|
| Number of Contracts | 275 | 259 | 278 |
| Total Value of Contracts (\$ millions) | \$2,505 | \$4,591 | \$4,611 |
| Small Business Utilization Rate | 18.92% | 17.81% | 18.72% |

- ▶ The Small Business Utilization Rate was 16.19% in Feb-2015, which was the start of Small Business Utilization Rate reporting. The Small Business Utilization Rate increased from 17.81% from the June-2016 report to 18.72% for the July-2016 report.
- ▶ The Authority has a small business utilization goal of 30% per the Small and Disadvantaged Business Enterprise Policy from Aug-2012 . All subsequent contracts and amendments include the small business goal. Small business utilization percentages reflect invoices received to date. Exempt contracts such as Third Party utilities or interagency agreements are excluded. This percentage represents the monthly total dollar amount that went to small business divided by the monthly invoice total.

Issue: Over time, the small business utilization rate is expected to increase as construction activity progresses.

Projects & Initiatives Report

| | Prior Year July-2015 | Prior Month June-2016 | Current Month July-2016 |
|----------------|-------------------------|--------------------------|----------------------------|
| ■ Satisfactory | 7 | 2 | 15 |
| ◆ Caution | - | 11 | 16 |
| ● Escalate | - | - | 0 |
| ★ On hold | 1 | - | 1 |
| Total | 8 | 13 | 32 |

Issue: The Projects and Initiatives Report was originally focused on IT, Admin, and Finance. 19 new projects for Program Delivery and Program-Wide have been added to report on Capital Outlay projects in the same manner.