



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

May 2017

# Executive Summary for May 2017

## Accounts Payable Aging Report

|   | Prior Year<br>May-16 | Current Year<br>Apr-17 | Current Year<br>May-17 |
|---|----------------------|------------------------|------------------------|
| Total Aged Invoices                             | \$0                  | \$0                    | \$0                    |
| Forecast Balance Pending FRA Approval           | \$0                  | \$0                    | \$0                    |
| Number of Invoices Paid *                       | **                   | 424                    | 429                    |
| Value of Invoices Paid (\$ in millions) *       | **                   | \$145.2                | \$102.9                |
| Number of In-Process Invoices *                 | **                   | 193                    | 182                    |
| Value of In-Process Invoices (\$ in millions) * | **                   | \$87.1                 | \$88.5                 |

- ▶ There were no aged invoices for May-17. There have been no aged invoices since the \$137K reported in the Jan-17 report.
- ▶ \* These new lines have been added to report on processing activity levels within the Financial Office Accounting Branch.
- ▶ \*\* Information for prior year May-16 is in Calstars, and unavailable since the Authority transitioned to FISCAL in Sep-16.
- ▶ Overall expenditures have increased significantly (62.3%) from the previous year. Last year's expenditures for Year-To-Date (YTD) May-16 were \$558.4M (\$21.6M for Administrative Expenditures and \$536.8M for Capital Outlay Expenditures). Expenditures for current YTD May-17 are \$906.3M (\$24.3M for Administrative Expenditures and \$882M for Capital Outlay Expenditures).

**Note:** Regarding prompt payment penalties, the Authority has gone from paying a high of \$295K in FY2011-12 to a low of \$28K in FY2015-16, a decrease of 90.5%. In the same time frame, annual expenditures went from \$144.9M in FY2011-12 to \$968.3M in FY2015-16, an increase of 568.3%.

## Cash Management Report

|                                       | Prior Year<br>May-16 | Current Year<br>Apr-17 | Current Year<br>May-17 |
|---------------------------------------|----------------------|------------------------|------------------------|
| (\$ in millions)                      |                      |                        |                        |
| Prop IA Bond Fund Ending Cash Balance | \$4.3                | \$78.7                 | \$80.8                 |
| Cap and Trade Ending Cash Balance     | \$728.4              | \$602.0                | \$607.8                |

- ▶ On April 20, 2017, the State Treasurer's Office sold \$1.2B in Proposition IA construction bonds for the Central Valley Segment. This is the first time in the Authority's history that construction Prop IA bonds have been sold. The cash should be available within 30 days of the date of sale.
- ▶ Prop IA cash balance is \$80.8M for the May-17 report, compared to \$78.7M for the Apr-17 report. If needed, Prop 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. Requests for commercial paper are due two weeks prior to month end. Commercial paper was last issued on April 6, 2016 for \$10M.
- ▶ Prop IA bond proceeds are as follows: Apr-15 \$44.6M, Apr-16 \$56.5M, and Nov-16 \$75.0M.
- ▶ Bond sales for Prop IA occur in the spring and fall. The low burn rate for Prop IA cash is due to a focus on spending ARRA funds first. Prop IA funds are used for the Administrative budget, Phase I and Phase II Project Development, and construction related activities.
- ▶ Cap and Trade funds are primarily used for expenditures not covered under the ARRA grant agreement such as the financial advisors and federal contracts. Additionally, Cap and Trade is also used as a clearing account for all federal expenditures. As of 3/31/17, Cap and Trade has approximately \$293M in the clearing account and \$607.8M in cash on hand, bringing the total cash balance to \$901M.

**Note:** Proceeds from the Cap and Trade auctions are as follows: Aug-15 \$161.3M, Nov-15 \$164.2M, Feb-16 \$129.2M, May-16 \$2.5M, Aug-16 \$2.1M, Nov-16 \$91.1M, and Feb-17 \$2M (total \$552.5M).

# Executive Summary for May 2017

## Executive Budget Summary

|   | Prior Year | Current Year | Current Year |
|---|------------|--------------|--------------|
|   | May-16     | Apr-17       | May-17       |
| Monthly Expenditures (\$ in thousands)              | \$2,685    | \$2,746      | \$2,748      |
| Percentage of Budget Expended YTD                   | 52.1%      | 50.3%        | 56.8%        |
| Percentage of Personal Services Budget Expended YTD | 60.0%      | 56.0%        | 63.4%        |
| Percentage of Fiscal Year Completed                 | 75.0%      | 66.7%        | 75.0%        |
| Total Authorized Positions                          | 220        | 226          | 226          |
| Vacancy Rate  | 13.2%      | 14.6%        | 15.5%        |

- ▶ Monthly expenditures for May-17 were \$2.8M, an increase of \$110K over the \$2.7M during the previous year, May-16. For YTD May-17, \$24.3M or 56.8% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 75% of the fiscal year completed, which is a 4.7% increase over the 52.1%, or \$21.6M, for YTD May-16.
- ▶ The Total Administrative Budget has increased by \$593K, from \$42.2M to \$42.8M in salaries and benefits as reflected in the Governor's FY2017-18 Budget on January 10, 2017.
- ▶ The percentage of Personal Services Budget expended is 63.4% for YTD May-17, compared to 60.0% for the prior year YTD May-16. The Authority's vacancy rate of 15.5% is the primary driver for the underutilization. Comparatively, the Authority's vacancy rate is slightly higher than the statewide average of 13.14% (Apr-17).
- ▶ The percentage of Operating Expenses and Equipment Budget expended is 37.4% for YTD May-17, compared to 32.9% for the prior year YTD May-16.

**Issue:** Operating expenditures for YTD May-17, such as General Office Expense (14.3%), Board Costs (19.8%), Out-of-State Travel (10.4%), Training (12.4%), External Contract (6.1%) and Data Processing (18.6%) are underspent with 75% of the fiscal year completed. Additional expenditures in this category are expected prior to year end.

# Executive Summary for May 2017

## Capital Outlay Budget Summary

|  | Prior Year | Current Year | Current Year |
|--|------------|--------------|--------------|
|  | May-16     | Apr-17       | May-17       |
| Budget (Fiscal Year) (\$ in millions)      | \$1,875.1  | \$1,744.4    | \$1,744.4    |
| Monthly Expenditures (\$ in millions)      | \$83.5     | \$106.9      | \$68.4       |
| Percentage of Budget Expended Year to Date | 28.6%      | 46.6%        | 50.6%        |
| Percentage of Fiscal Year Completed        | 75.0%      | 66.7%        | 75.0%        |

- As of March 31, 2017, the Authority has expended 100% of the ARRA Project Development Budget and 83.2% of the ARRA Construction Budget.
- Capital Outlay expenditures for May-17 were \$68.4M which included Project Development (\$12.3M), Right-of-Way (\$8.2M), Design-Build Contract Work (\$26.8M), Rail Delivery Partner costs (\$7.7M), Program Construction Management and other expenses (\$13.4M).

**Issues:** The total FY2016-17 forecast has been reduced by \$250M, from \$1.41B to \$1.16B, primarily due to ROD date extensions into FY2017-18. However, the Total Program Budget of \$9.197B remains the same.

- For YTD May-17, at 75% of the fiscal year completed, 33.7% of the Project Development Budget and 54.1% of the Construction Budget have been expended, resulting in 50.6% expended overall. Project Development spending is behind schedule due to ROD date extensions. Construction budget spending is behind schedule due to ROW delivery and weather delays.

## Total Project Expenditures with Forecasts

| State Match to ARRA <sup>8</sup> |                |
|----------------------------------|----------------|
| FY2010-FY2013                    | \$ 102,100,000 |
| FY2014-FY2015                    | \$ 171,286,474 |
| FY2015-FY2016                    | \$ 6,411,319   |
| FY2016-FY2017 <sup>9</sup>       | \$ 13,291,394  |
| TOTAL (to date)                  | \$ 293,089,188 |

| Fund Type                           | State Match Liability |                  |                   |
|-------------------------------------|-----------------------|------------------|-------------------|
|                                     | Spend To Date         | Total Obligation | Remaining Balance |
| Federal Funds <sup>11</sup>         |                       |                  |                   |
| ARRA                                | \$ 2,414,275,771      | \$ 2,552,556,231 | \$ 138,280,460    |
| FY10                                | \$ -                  | \$ 928,620,000   | \$ 928,620,000    |
| Federal Funds Total                 | \$ 2,414,275,771      | \$ 3,481,176,231 | \$ 1,066,900,460  |
| State and Local Funds <sup>10</sup> |                       |                  |                   |
| ARRA State Match                    | \$ 293,089,188        | \$ 2,453,671,231 | \$ 2,160,582,043  |
| FY10 State Match                    | \$ -                  | \$ 359,805,000   | \$ 359,805,000    |
| Local                               | \$ -                  | \$ 52,100,000    | \$ 52,100,000     |
| State Funds Total                   | \$ 293,089,188        | \$ 2,865,576,231 | \$ 2,572,487,043  |
| TOTAL                               | \$ 2,707,364,959      | \$ 6,346,752,462 | \$ 3,639,387,503  |
| Tapered Federal Funds <sup>9</sup>  | \$ 2,121,186,584      |                  |                   |

- The Federal Funds total as of Mar-17 is \$2.414B, a month-over-month increase of \$64.0M from \$2.350B in Feb-17. As a result, Tapered Federal Funds increased from \$2.056B in Feb-17 to \$2.122B in Mar-17.
- <sup>8</sup>FRA paid, approved, and pending subtotal reflects state match through draw 16-114. This subtotal excludes draw 16-108 and 16-110 and includes - \$4.2M ROW refund. <sup>9</sup>Tapered Federal Funds is the amount the state will expend to meet the Federal requirements. This will be satisfied with Prop 1A and/or Cap and Trade. <sup>10</sup>State Funds include Prop 1A, Public Transportation Account (PTA), State Highway funds, and Cap and Trade Funds. <sup>11</sup>Federal Funds since FY2010-11.

**Note:** The ARRA Grant expires September 30, 2017. As of April 11, 2017, total ARRA expenditures and accruals are \$2.412B or 94.5% of the \$2.553B grant, resulting in \$141M or 5.5% of the grant remaining with approximately 2.75 months until June 30, 2017 (which is the date all project expenditures are due to FRA). The Authority's average cash burn rate for the last three months (January \$29M, February \$91M, and March \$65M) is \$61.7M, which is \$10.4M higher than the straight line basis. The Authority's average cash burn rate for the last six months (October \$81M, November \$76M, December \$108M, January \$29M, February \$91M, and March \$65M) is \$75M, which is \$23.7M higher than the straight line basis.

# Executive Summary for May 2017







## Contracts and Expenditures Report

|   | Prior Year<br>May-16 | Current Year<br>Apr-17 | Current Year<br>May-17 |
|---|----------------------|------------------------|------------------------|
| Number of Contracts                       | 247                  | 389                    | 405                    |
| Total Value of Contracts (\$ in millions) | \$4,146.5            | \$5,239.1              | \$5,333.8              |
| Small Business Utilization Rate           | 16.9%                | 18.8%                  | 18.8%                  |

- ▶ As of May-17, the Authority has 405 active contracts with a total value of over \$5.334B, an increase of 158 net new contracts and \$1.187B from the 247 contracts valued at \$4.166B at prior year May-16. Between Apr-17 and May-17, the Authority gained 16 net new active contracts (from 389 to 405), increasing total value of contracts by \$94.7M (from \$5.239B to \$5.334B).
- ▶ The Authority has a small business utilization goal of 30% per the Small and Disadvantaged Business Enterprise Policy from Aug-12. All subsequent eligible contracts and amendments include the small business goal. Exempt contracts, such as third party utilities, interagency agreements, governmental entities and leveraged procurements are excluded. The percentage represents the total dollar amount that went to small business by vendor divided by the total invoices. Small business utilization percentages reflect invoices received to date.
- ▶ The Small Business Utilization Rate was 16.2% in February-2015, which was the start of Small Business Utilization Rate reporting.
- ▶ The Small Business Utilization Rate remained constant month-over-month, from 18.8% for the Apr-2017 report to 18.8% for the May-17 report.

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

## Projects & Initiatives Report

| Time Line   | Prior Year<br>May-16 | Current Year<br>Apr-17 | Current Year<br>May-17 |
|---|----------------------|------------------------|------------------------|
| Satisfactory   | 2                    | 9                      | 9                      |
| Caution    | 11                   | 18                     | 17                     |
| Escalate   | 1                    | 14                     | 14                     |
| On hold    | 0                    | 3                      | 3                      |
| Completed   | 0                    | 1                      | 2                      |
| n/a – Milestones TBD  | 0                    | 5                      | 5                      |
| Total   | 14                   | 50                     | 50                     |

- ▶ One project, Programs Controls Plan, has changed status from Caution to Complete in May-17.
- ▶ The project ARRA Expenditures 2016 4<sup>th</sup> quarter was reported Complete in Apr-2017. It is being reported Complete a second month, and will come off the report next month.

**Issue:** 1) Eleven IT projects are currently under review for scope, functional and technical requirements, software/solution fit, and timeline. Updates are forthcoming.

2) Fourteen projects (8 Project Development Sections and 6 IT projects) continue as status Escalate.