

**California High-Speed Rail Authority**  
**BRIEFING: July 27, 2023, Board Meeting Agenda Item #2**

**TO:** Board Chair Richards and Board Members  
**FROM:** Brian Annis, Chief Financial Officer  
**DATE:** July 27, 2023  
**RE:** Consider Accepting the 2023-24 Fiscal Year Budget Request

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**Summary**

In accordance with existing Board Policy HSRA11-001, which directs Board approval of the budget, staff recommends Board approval of:

- 2023-24 fiscal year Capital Budget of \$1.825 billion.
- 2023-24 fiscal year Administrative Budget of \$95.2 million.

**Background**

In June 2022, the Legislature and the Governor reached a budget agreement on a transportation funding package, which included new appropriations for the Authority including the new Proposition 1A (Prop 1A) capital outlay appropriation to spend the remaining the \$4.2 billion of bond authority.

In addition to the new Prop 1A funding outlined above, the 2023-24 budget also utilizes Cap-and-Trade auction revenue. Revenue from this funding source has been robust over the past year, with proceeds of \$906.4 million for the Authority.

At the March 16, 2023 Board meeting, the Board approved an updated Expenditure Authorization of \$20.010 billion which was an increase of \$2.073 billion from the previously approved Expenditure Authorization of \$17.937 billion.

(see next page)

A Summary of the current Board approved Expenditure Authorization is as follows:

Current Expenditure Authorization (\$ in millions)	
	Amount
Project Development	\$ 1,888.7
Construction:	
CP1	\$ 5,981.5
CP2-3	\$ 4,981.0
CP4	\$ 1,397.5
Track and Systems / Stations	\$ 2,265.4
System Wide	\$ 2,197.7
TOTAL Construction	\$ 16,823.1
Bookend Projects	\$ 1,298.0
<b>Total</b>	<b>\$ 20,009.8</b>

Cash Balances:

- At the monthly Finance and Audit Committee meetings, Authority Staff report cash balances in each of our cash accounts. As of May 31, 2023, cash balances are as follows:
  - Proposition 1A Bond Funds      \$ 793.6 million
  - Cap-and-Trade Funds            \$ 2,381.2 million
  - Property Funds                    \$ 11.6 million
  - TOTAL                                \$ 3,186.4 million

Awarded Federal RAISE Grants:

- The 2023-24 budget projects the Authority will expend about \$13 million of the total \$69 million the Authority has been awarded from the three Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grants.

Future Cap-and-Trade Proceeds and Proposition 1A Bond Sales:

- The Authority anticipates receiving additional Cap-and-Trade revenues in the range of \$750 million to \$1.0 billion in 2023-24.
- The Authority has approximately \$3.4 billion in Proposition 1A bond authority that remains available for future bond sales.

**Prior Board Action**

At its August 17, 2022, meeting, the Authority’s Board adopted the fiscal year 2022-23 Capital Outlay Budget of \$2.303 billion and the Administrative Budget of \$93.3 million (subject to adjustments by the Department of Finance to the enacted State budget).

At the March 16, 2023 Board meeting, the Board approved an updated Expenditure

Authorization of \$20.010 billion which was an increase of \$2.073 billion from the previously approved Expenditure Authorization of \$17.937 billion.

**Legal Approval**

The Legal Office has reviewed this item and finds that it meets the legal requirements for the action sought.

**Budget and Fiscal Impact**

The 2023-24 budgets reflect programmed and funded projects necessary to progress the Authority’s commitments and priorities. This fiscal-year slice of planned expenditures is consistent with the multi-year Expenditure Authorization adopted by the Board in March 2023. The tables below reflect the proposed 2023-24 budgets for capital outlay and administration.

<b>Capital Outlay Budget (\$ in millions) – FISCAL YEAR 2023-2024 PROGRAM BUDGET</b>					
	FY2022-2023 Budget	FY2022-2023 Expenditures as of May 2023	FY2023-2024 Budget	FY22-23 to FY23-24	
				\$ Change increase/ (decrease)	% Change increase/ (decrease)
	A	B	C	(C-A)	(C-A)/A
Bond Fund (Prop 1A) - Project Dev. Phase I	\$ -	\$ -	\$ -	\$ -	0.0%
Bond Fund (Prop 1A) - Project Dev. Phase II	\$ -	\$ -	\$ -	\$ -	0.0%
Federal Trust Fund (ARRA) - Project Dev	\$ -	\$ -	\$ -	\$ -	0.0%
Federal Trust Fund (Brownfields) - Project Dev	\$ 0.10	\$ 0.10	\$ -	\$ (0.10)	(100.0%)
Cap and Trade - Project Dev	\$ 177	\$ 62	\$ 160	\$ (17)	(9.5%)
Federal RAISE Grant – Merced Extension Design	\$ -	\$ -	\$ 7	\$ 7	100.0%
<b>PROJECT DEVELOPMENT SUBTOTAL</b>	<b>\$ 177</b>	<b>\$ 62</b>	<b>\$ 167</b>	<b>\$ (10)</b>	<b>(5.5%)</b>
Bond Fund (Prop 1A) - Construction	\$ 1,876	\$ 835	\$ 1,282	\$ (594)	(31.7%)
Federal Trust Fund (ARRA/FY10) - Construction	\$ -	\$ -	\$ -	\$ -	0.0%
Cap and Trade - Construction	\$ 7	\$ 145	\$ 171	\$ 164	2282.0%
Federal RAISE Grant - Construction	\$ -	\$ -	\$ 6	\$ 6	100.0%
<b>CONSTRUCTION SUBTOTAL</b>	<b>\$ 1,883</b>	<b>\$ 981</b>	<b>\$ 1,459</b>	<b>\$ (424)</b>	<b>(22.5%)</b>
Bond Fund (Prop 1A) - Bookend Projects	\$ 243	\$ 45	\$ 199	\$ (44)	(18.2%)
Cap and Trade - Bookend Projects	\$ -	\$ 0.08	\$ -	\$ -	0.0%
<b>LOCAL ASSISTANCE SUBTOTAL</b>	<b>\$ 243</b>	<b>\$ 45</b>	<b>\$ 199</b>	<b>\$ (44)</b>	<b>(18.2%)</b>
<b>Budget</b>	<b>\$ 2,303</b>	<b>\$ 1,088</b>	<b>\$ 1,825</b>	<b>\$ (478)</b>	<b>(20.8%)</b>

<b>Administrative Budget (\$ in millions) – FISCAL YEAR 2023-2024 BUDGET</b>						
	FY 2022-2023 Budget	FY2022-2023 Expenditures as of May 2023	FY2023-2024 Budget	FY22-23 to FY23-24		
				\$ Change increase/ (decrease)	% Change increase/ (decrease)	
	A	B	C	(C-A)	(C-A)/A	
Executive Office	\$ 1.4	\$ 1.0	\$ 1.4	\$ -	0.0%	
Risk Management Office	\$ 1.5	\$ 1.0	\$ 1.5	\$ -	0.0%	
Administrative Office	\$ 11.0	\$ 8.9	\$ 11.0	\$ -	0.0%	
Strategic Communications Office	\$ 2.4	\$ 1.8	\$ 2.4	\$ -	0.0%	
Financial Office	\$ 9.7	\$ 7.2	\$ 9.7	\$ -	0.0%	
Legal Office	\$ 4.3	\$ 2.9	\$ 4.3	\$ -	0.0%	
Program Delivery Office	\$ 42.7	\$ 24.1	\$ 41.4	\$ (1.3)	(3.1%)	
Northern California Region Office	\$ 1.3	\$ 1.1	\$ 1.3	\$ -	0.0%	
Central Valley Region Office	\$ 1.4	\$ 1.1	\$ 1.4	\$ -	0.0%	
Southern California Region Office	\$ 1.0	\$ 0.9	\$ 1.0	\$ -	0.0%	
Audit Office	\$ 2.0	\$ 1.7	\$ 2.0	\$ -	0.0%	
Legislative Office	\$ 0.6	\$ 0.4	\$ 0.6	\$ -	0.0%	
Information Technology Office	\$ 17.3	\$ 11.0	\$ 17.3	\$ -	0.0%	
<b>Budget</b>	<b>\$ 96.5</b>	<b>\$ 63.1</b>	<b>\$ 95.2</b>	<b>\$ (1.3)</b>	<b>(1.4%)</b>	
POSITIONS	429		429	-	0.0%	

<b>REVIEWER INFORMATION</b>	
Reviewer Name and Title: <b>Brian Annis</b> <b>Chief Financial Officer</b>	Signature verifying budget analysis:  Signed 7/19/23
Reviewer Name and Title: <b>Alicia Fowler</b> <b>Chief Counsel</b>	Signature verifying legal analysis:  Signed 7/19/23

### **Recommendations**

In accordance with existing Board policies, Staff recommends Board approval of the fiscal year 2023-24 budget as follows:

#### **Budgets:**

- The fiscal year 2023-24 Capital Budget is \$1.825 billion.
- The fiscal year 2023-24 Administrative Budget is \$95.2 million (subject to adjustments by the Department of Finance to the enacted State budget)

### **Attachments**

- Powerpoint Presentation
- Draft Board Resolution