



California High-Speed Rail
BRIEFING: June 26, 2024, Board Meeting
Agenda Item #4

TO: Chairman Richards and Board Members
FROM: Brian Annis, Chief Financial Officer
DATE: June 26, 2024
RE: Consider Accepting the 2024 – 2025 Fiscal Year Budget

Summary

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

- The 2024-25 fiscal year Capital Budget of \$2.629 billion.
- The 2024-25 fiscal year Administrative Budget of \$111.9 million.

The 2024-25 Capital Budget allocation is a \$779 million increase over the prior year due to advancement of work, such as final design and right-of-way on the Merced and Bakersfield extensions, and advancement of Track and Systems and Trainset work. This request is for the fiscal year allocation and does not impact the approved Expenditure Authorization of \$26.094 billion approved at the January Board meeting.

Background on Current Multi-year Expenditure Authorization

The current Board-approved Expenditure Authorization is \$26.094 million with the following allocation:

Current Expenditure Authorization (\$ in millions)	
	Amount
Project Development	\$ 1,942.1
Construction:	
CP1	\$ 6,043.1
CP2-3	\$ 5,001.7
CP4	\$ 1,425.3
Track and Systems / Trainsets	\$ 4,748.4
Stations – Primarily the Fresno Station	\$ 204.2
Extensions	\$ 2,999.1
System Wide	\$ 2,431.8
TOTAL Construction	\$ 22,853.6
Bookend Projects	\$ 1,297.9
Total	\$ 26,093.6

Background on 2024-25 Capital Budget Estimate

The proposed \$2.629 billion budget for 2024-25 includes an allocation for activities associated with the recent Federal grant awards and ongoing project work.

The 2023-24 Capital Budget that was adopted by the Board was \$1.850 billion (\$1.825 billion original budget adjusted by an additional \$25 million approved by Board actions in January and February 2024). This Budget was more constrained than prior years to bring the estimated budget closer to recent expenditure history. At this point, it appears the 2023-24 actual expenditures will be close to the forecast amount.

The proposed budget for 2024-25 is about \$779 million higher than the 2023-24 budget due to the following major changes:

- The ROW budget is up \$252 million due to land acquisitions on Merced and Bakersfield Extensions.
- Final Design has been initiated on the Merced and Bakersfield extensions, adding \$94 million.
- Track and Systems / Trainsets include a budget of \$139 million due to new contracts in those areas.
- Construction Package (CP) 1 and CP 2-3 are up about \$92 million compared to the mid-year 2023-24 budget reforecast, due to advancing work in the field.
- CP 4 is down by (\$125) million due to substantial completion of the California Rail Builders work.
- The Fresno Historic Depot and Fresno Station budget is up \$9.0 million.

Background on 2024-25 Administrative Budget

The proposed budget this year is about \$111.9 million, an increase of \$13.9 million. This increase is primarily due to the Legislature's approval of the "Form-to-Function" Budget Change Proposal to eliminate 62 consultant positions and replace them with 67 less-expensive State staff. While the Administrative Budget is higher, net savings are expected when consultant positions funded the Capital Budget are eliminated.

The proposed Administrative Budget for 2024-25 is expected to be reduced in the fall as the Department of Finance allocates various statewide budget savings measures related to budget savings from vacant positions and other state operations reductions.

Prior Board Action

At its July 27, 2023, meeting, the Authority's Board adopted the fiscal year 2023-24 Capital Outlay Budget of \$1.825 billion (that budget was subsequently increased by \$25 million through Board actions in January and February 2024 for Merced and Bakersfield final design work). At the July 27, 2023 meeting, the Board also adopted an Administrative Budget of \$95 million (that budget was subsequently increased by the Department of Finance to \$98 million due to statewide budget adjustments).

At the January 18, 2024 Board meeting, the Board approved an updated Expenditure Authorization of \$26.094 billion which was an increase of \$6.084 billion from the previously approved Expenditure Authorization of \$20.010 billion. The increase was primarily due to the award of about \$3.3 billion in new federal grants in 2023.

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 2024-25 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 January 2024. The budget is funded from Proposition 1A bonds, Cap-and-Trade proceeds, and Federal Trust Fund reimbursements that come from awarded grants. The Authority's cash balance as of April 30, 2024, is about \$3.9 billion.

The tables below and on the next page reflect detail for the proposed 2024-25 budgets for capital outlay and administration.

Capital Outlay Budget (\$ in millions) – FISCAL YEAR 2024-2025 PROGRAM BUDGET					
	FY2023-2024 Budget	FY2023-2024 Expenditures as of April 2024	FY2024-2025 Budget	FY23-24 to FY24-25	
				\$ Change increase/ (decrease)	% Change increase/ (decrease)
				(C-A)	(C-A)/A
	A	B	C	(C-A)	(C-A)/A
Bond Fund (Prop 1A) - Phase I	\$ -	\$ -	\$ -	\$ -	0.0%
Bond Fund (Prop 1A) - Phase II	\$ -	\$ -	\$ -	\$ -	0.0%
Cap and Trade	\$ 163	\$ 92	\$ 133	\$ (29)	(18.0%)
Federal Trust Fund (ARRA)	\$ -	\$ -	\$ -	\$ -	0.0%
Federal Trust Fund (Brownfields EPA Grant)	\$ -	\$ -	\$ -	\$ -	0.0%
Federal Trust Grant – (Raise Merced Extension)	\$ 7	\$ 5	\$ 11	\$ 4	56.5%
PROJECT DEVELOPMENT SUBTOTAL	\$ 170	\$ 96	\$ 144	\$ (25)	(15.0%)
Bond Fund (Prop 1A)	\$ 1,290	\$ 1,191	\$ 1,565	\$ 275	21.3%
Cap and Trade	\$ 184	\$ 96	\$ 511	\$ 327	177.6%
Federal Trust Fund (ARRA)	\$ -	\$ -	\$ -	\$ -	0.0%
Federal Trust Fund (FY10))	\$ -	\$ -	\$ -	\$ -	0.0%
Federal Trust Fund (RAISE SR-46))	\$ -	\$ -	\$ 2	\$ 2	100.0%
Federal Trust Fund (Federal State Partnership))	\$ 19	\$ -	\$ 301	\$ 282	1484.3%
Federal Trust Grant (CRISI Shafter Grade)	\$ 6	\$ -	\$ 14	\$ 8	135.6%
Federal Trust Grant (RAISE Fresno Historic Depot)	\$ -	\$ -	\$ 1	\$ 1	100.0%
Federal Trust Grant (Corridor ID)	\$ -	\$ -	\$ 1	\$ 1	100.0%
CONSTRUCTION SUBTOTAL	\$ 1,499	\$ 1,287	\$ 2,394	\$ 895	59.7%
Bond Fund (Prop 1A) - Bookend Projects	\$ 181	\$ 23	\$ 91	\$ (91)	(50.0%)
Cap and Trade - Bookend Projects	\$ -	\$ -	\$ -	\$ -	0.0%
LOCAL ASSISTANCE SUBTOTAL	\$ 181	\$ 23	\$ 91	\$ (91)	(50.0%)
Budget	\$ 1,850	\$ 1,406	\$ 2,629	\$ 779	42.1%

Administrative Budget (\$ in millions) – FISCAL YEAR 2024-2025 BUDGET						
	FY 2023-2024 Budget	FY 2023-2024 Expenditures as of April 2024	FY2024-2025 Budget	FY23-24 to FY24-25		
				\$ Change increase/ (decrease)	% Change increase/ (decrease)	
	A	B	C	(C-A)	(C-A)/A	
Executive Office	\$ 2.1	\$ 1.4	\$ 2.1	\$ 0.0	0.8%	
Risk Management Office	\$ 1.5	\$ 1.0	\$ 2.2	\$ 0.7	44.9%	
Administrative Office	\$ 11.1	\$ 9.0	\$ 13.0	\$ 1.9	16.7%	
Strategic Communications Office	\$ 2.5	\$ 1.7	\$ 3.0	\$ 0.5	21.4%	
Financial Office	\$ 9.9	\$ 7.0	\$ 10.5	\$ 0.7	6.9%	
Legal Office	\$ 4.4	\$ 2.7	\$ 5.3	\$ 0.9	21.6%	
Program Delivery Office	\$ 42.2	\$ 24.6	\$ 50.2	\$ 7.9	18.7%	
Northern California Region Office	\$ 1.4	\$ 1.0	\$ 1.4	\$ 0.0	0.3%	
Central Valley Region Office	\$ 1.5	\$ 1.0	\$ 1.5	\$ 0.0	0.5%	
Southern California Region Office	\$ 1.1	\$ 0.9	\$ 1.7	\$ 0.5	45.6%	
Audit Office	\$ 2.1	\$ 1.6	\$ 2.1	\$ 0.0	0.4%	
Legislative Office	\$ 0.6	\$ 0.4	\$ 0.6	\$ 0.0	2.2%	
Information Technology Office	\$ 17.7	\$ 12.2	\$ 18.4	\$ 0.7	4.1%	
Budget	\$ 98.0	\$ 64.6	\$ 111.9	\$ 13.9	14.2%	
POSITIONS	429		496	67	15.6%	

REVIEWER INFORMATION	
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis:
Reviewer Name and Title: Alicia Fowler Chief Counsel	Signature verifying legal analysis:

Recommendations

In accordance with existing Board policies, Staff recommends Board approval of the fiscal year 2024-25 budget as follows:

- The fiscal year 2024-25 Capital Budget is \$2.629 billion.
- The fiscal year 2024-25 Administrative Budget is \$111.9 million (subject to adjustments by the Department of Finance to the enacted State budget)

Attachments

- PowerPoint Presentation
- Draft Board Resolution