California High-Speed Rail: Financial Reports Executive Summary

April 2019

Executive Summary for April 2019

Accounts Payable Aging And Disputes Report

($ in millions)	Prior Year Apr 18	Prior Month Mar 19	Current Month Apr 19
Total Aged Invoices	$0	$0	$0
Dispute Summary	$21.5	$13.0	$8.3
Number of Invoices Paid	335	263	247
Value of Invoices Paid	$73.9	$63.6	$45.3
Number of In-Process Invoices	131	148	118
Value of In-Process Invoices	$54.5	$36.5	$36.0
Total Number of Invoices Paid and In-Process	466	411	365

▸ The Authority has not had an aged invoice in 18 months and has not made a penalty payment in 25 months.
▸ The Authority currently has 203 disputed invoices with a total value of $8.3M. This is a 36% or $4.7M decrease from the $13.0M reported last month, the decrease is primarily due to $5M in dispute resolutions with WSP.
▸ 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 Apr 18	Prior Month Mar 19	Current Month Apr 19
Prop 1A Bond Fund Ending Cash Balance	$880.3	$564.5	$516.1
Cap and Trade Ending Cash Balance	$1,183.9	$1,852.8	$1,843.0

▸ 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 1A 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 preliminary estimates 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 cash should become available in late spring to support operations from July 2019 to December 2019.

CALIFORNIA
High-Speed Rail Authority

Executive Summary for April 2019

Administrative Budget and Expenditures Report

($ in millions)	Prior Year Apr 18	Prior Month Mar 19	Current Month Apr 19
Budget (Fiscal Year)	$45.4	$47.2	$47.2
Monthly Expenditures	$2.7	$3.2	$2.9
YTD Expenditures	$23.2	$21.2	$24.1
Percentage of Budget Expended YTD	51.1%	44.9%	51.0%
Percentage of Personal Services Budget Expended YTD	57.8%	50.8%	57.7%
Percentage of Operating Expenses and Equipment Expended YTD	31.9%	26.8%	30.1%
Percentage of Fiscal Year Completed	66.7%	58.3%	66.7%
Total Authorized Positions	226	226	226
Total Filled Positions	192	180	179
Vacancy Rate	15.0%	20.4%	20.8%

‣ At 66.7% of the fiscal year completed, 51.0% or $24.1M of the total Administrative Budget ($47.2M) has been spent, which is slightly higher than prior year expenditures.

‣ As of February 28, 2019, the Authority's vacancy rate is 20.8%, which is 6.2% higher than the statewide vacancy rate average of 14.6%.

Issue: The Authority's vacancy rate has increased 6.6% over the past six reporting months (from 14.2% reported in Nov-18 to 20.8% reported in Mar-19). Out of the total 47 vacant positions, 9 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.

CALIFORNIA
High-Speed Rail Authority

Executive Summary for April 2019

Capital Outlay Budget Summary

($ in millions)	Prior Year Apr 18	Prior Month Mar 19	Current Month Apr 19
Budget (Fiscal Year)	$1,647.6	$1,786.8	$1,786.8
Monthly Expenditures	$79.6	$52.5	$52.0
YTD Expenditures	$775.8	$510.2	$562.2
Percentage of Budget Expended Year to Date	47.1%	28.6%	31.5%
Percentage of Fiscal Year Completed	66.7%	58.3%	66.7%

▸ 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 must equal $149M in order to meet the FY2018-19 budget target of $1.787B.
▸ Expenditures for Apr-19 were $52M, which is 65% or $97M less than the straight-line monthly expenditure goal of $149M.

Issue: The underutilization of budget is primarily due to low spending within Project Development, the construction packages, and bookend projects.

Total Project Expenditures with Forecasts

Total Program Expenditures to Date ($ in millions)	
Construction	$ 4,028.5
Project Development	$ 1,045.7
Administration[1]	$ 230.1
Total Expenditures	**$ 5,304.2**

1. Does not include the re-categorization of Administration expenses to Project Development.

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 ($5.304B) are comprised of the following categories: Construction (76%), Project Development (20%), and Administration (4%).
▸ As of February 28, 2019, the FRA has approved $477M or 19.1% of the ARRA state match requirement and has an additional $466M pending their review for a combined total match to the ARRA grant of $943M or 38%. In addition, the Authority is 30% 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 April 2019

Contracts and Expenditures Report

($ in millions)	Prior Year Apr 18	Prior Month Mar 19	Current Month Apr 19
Number of Contracts	250	194	196
Total Value of Contracts	$5,643.1	$5,914.1	$6,573.5
Number of Purchase Orders	113	47	50
Total Value of Purchase Orders	$1.2	$0.6	$0.5
Total Value Contracts and Purchase Orders	$5,644.3	$5,914.7	$6,574.2
Small Business Utilization Rate	19.7%	21.2%	20.9%

‣ Contracts are predominately issued for services, while purchase orders are generally used to acquire goods.

‣ As of February 28, 2019, the Authority had 196 active contracts and 50 active purchase orders (POs) with a total value of $6.574B.

‣ Month-over-Month the value of contracts increased $655.5M, primarily due to the execution of the Peninsula Corridor Joint Powers Board (Caltrain) contract amendment ($600M or 91.5% of the increase).

‣ The Apr-19 report reflects a Small Business Utilization Rate (SBU) of **20.9%**. The current rate represents a 4.7% 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 **488** small businesses actively working on the high-speed rail project, including **159** DBEs and **53** Certified DVBEs.

Projects & Initiatives Report

Time Line		Prior Year Apr 18	Prior Month Mar 19	Current Month Apr 19
Satisfactory	■	12	9	8
Caution	♦	5	1	1
Escalate (red)	●	2	6	6
On hold	★	6	2	2
Completed	▲▼	1	0	1
n/a – Milestones TBD		6	6	6
Total		32	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 Apr-19, the status of the Environmental Mitigation Management and Assessment Application – EMMA 2.0 was changed from Satisfactory (green) to Completed.

‣ 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.