



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

February 2016

Executive Summary for February-2016

Accounts Payable Aging Report

(\$ thousands)	Prior Year	Current Year	Current Year
	Feb-2015	Jan-2016	Feb-2016
Total Aged Invoices	\$207	\$0	\$0
Forecast Balance Pending FRA Approval	\$0	\$0	\$0

- ▶ Total Accounts Payable aging for the February-2016 report was \$0. For the previous year, February-2015 total Accounts Payable aging was \$207k. For September-2015 to February-2016, the \$0 aging total was due to the use of Cap and Trade funds, which allows the Authority to pay contractors prior to FRA reimbursement.
- ▶ Disputes that do not appear in the aging (total \$2.1M) include CA DOT (\$163k), HMM (\$645k), PB (\$984k), and other vendors (\$328k).

Issue: None

Cash Management Report

(\$ millions)	Prior Year	Current Year	Current Year
	Feb-2015	Jan-2016	Feb-2016
Prop IA Bond Fund Ending Cash Balance	\$2	\$31	\$25
Cap and Trade Ending Cash Balance	N/A	\$330	\$489

- ▶ Prop IA cash balance was \$25M for the February-2016 report, compared to \$31M for the January-2015 report.

Issue: The January-2016 Cap and Trade cash balance was \$330M. The February-2016 Cap and Trade cash balance of \$489M reflects \$164M in proceeds from the November-2015 auction. The Cap and Trade cash balance does not reflect transactions pending FRA approval.

Executive Summary for February-2016

Executive Budget Summary

	Prior Year	Current Year	Current Year
	Feb-2015	Jan-2016	Feb-2016
Monthly Expenditures (\$ thousands)	\$2,524	\$2,587	\$2,390
Percentage of Budget Expended Year to Date (YTD)	42%	28%	33%
Percentage of Personal Services Budget Expended YTD	48%	33%	39%
Total Positions Authorized	174	219	220
Vacancy Rate	14.9%	18.9%	16.6%

- ▶ The FY 2015-16 Support budget increased from \$40.3M to \$41.4M due to:
 - a General Salary Increase (GSI) amounting to \$951k which became effective on July 1, 2015 and was approved in the Governor’s budget on January 1, 2016 (released on January 7, 2016).
 - One GHGRF position has been added per Senate Bill No.101, Ch.321, Section 5, funded from Cap & Trade (Associate Governmental Program Analyst position under Program Management/Transportation Commercial Planning Division). This increased the budget \$103K for salary, benefits, and operating expenses.
- ▶ Percentage of Personal Services Budget Expended is 39% for Year to Date (YTD) February-2016, lower than the 48% for prior year YTD February-2015 due to position vacancies:
 - ▶ February-2015 vacancy rate was 14.9% (26 vacant positions out of 174 total positions)
 - ▶ January-2016 vacancy rate was 18.9% (41.5 vacant positions out of 219 total positions)
 - ▶ February-2016 vacancy rate is 16.6% (36.5 vacant positions out of 219 total positions). 9 of the 36.5 vacancies are new positions.
- ▶ For YTD February-2016, 33% of the budget has been expended with 50% of the Fiscal Year completed, compared to 45% of budget expended for prior year YTD February-2015. As of YTD February-2016, Caltrans has unbilled invoices for \$1M. Also, in FY 15-16 Financial Advisor expenditures of \$1.5M are accounted for in Capital Outlay. In FY 14-15, Financial Advisor expenditures were in External Contracts (Support). Including \$1M in unbilled invoices and Financial Advisor expenditures of \$1.5M, YTD February-2016 percentage of budget expended would have been 40%, compared to the 33% of Budget Expended YTD Feb-2016.

Issue:

- ▶ The Administrative Division is \$229k over its General Office Expense annual budget of \$100k due to the purchase of the Team Insights Online Portal software subscription for \$240k. Although General Office Expense is over budget, the Administrative Division expense forecast of \$6.7M for the year is within the budget of \$7.0M for FY 2015-16.
- ▶ The External Affairs Division expense forecast of \$2.1M is \$100k over the budget of \$2.0M for the year due to two full time blanket positions filled in order to meet Personal Services needs.

Executive Summary for February-2016

Capital Outlay Budget Summary

	Prior Year	Current Year	Current Year
	Feb-2015	Jan-2016	Feb-2016
Budget (Fiscal Year) (\$ millions)	\$858.8	\$1,747.7	\$1,810.7
Monthly Expenditures (\$ millions)	\$54.0	\$73.2	\$58.5
Percentage of Budget Expended Year to Date	20.1%	13.4%	16.2%

- ▶ The Authority has issued a conditional Notice to Proceed (NTP) to Parsons Brinckerhoff, the Rail Delivery Partner (RDP), for the work plan for January-June 2016 under Annual Work Plan 2 (total budget for January-December 2016 of \$134M plus conditional amounts estimated at \$6M). The budgeted amount for January-June 2016 is \$63M. As a result, the Capital Outlay budget for FY 2015-16 increases from \$1.75B to \$1.81B. Work Plan 2 is a work authorization of the RDP contract that the Authority Board of Directors approved on June 10, 2015 (term through 2022, total contract value up to \$700M).
- ▶ Capital Outlay expenditures were \$58.5M for February-2016, and \$292.4M for Year to Date February-2016.

Issue: The current Capital Outlay budget for FY 2015-16 is \$1.81B, compared to the \$859M budget for FY 2014-15. The budget increase was due to Right of Way acquisition and construction activities. The program will rebase the budget in the coming months.

- ▶ The rebase is expected to address line items that are over budget due to funding or budget allocation issues. (See Capital Outlay Report, page 3)

Total Project Expenditures with Forecasts

Program Total by Fund Type	2006-2016
State Funds ¹	\$705
Federal Funds ²	\$855
TOTAL	\$1,560

(\$ millions)

State Match to ARRA	
FY2010 - FY2013 ³	\$102
FY2014 - FY2015 ⁵	\$171
TOTAL (to date) ⁴	\$273

(\$ millions)

State Match Liability	
Federal Funds	\$855
State Match to ARRA	\$273
Tapered Federal Funds ⁶	\$582

(\$ millions)

- ▶ ¹ Prop IA, Public Transportation Account (PTA), and State Highway funds 1996-2009; 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-FY2015 is \$171M; ⁶ Tapered Federal Funds is the amount that the state will expend to meet the ARRA grant match requirement. This will be satisfied with Proposition IA and Cap and Trade expenditures.
- ▶ **Issue:** The Federal Funds total for February-2016 is \$855M, an increase of \$30M from the \$825M for January-2016. As a result, Tapered Federal Funds increased from \$552M for January-2016 to \$582M for February-2016.

Executive Summary for February 2016

Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	Feb-2015	Jan-2016	Feb-2016
Number of Contracts	174	253	276
Total Value of Contracts (\$ millions)	\$2,280.7	\$4,620.0	\$4,047.9
Small Business Utilization Rate	16.19%	20.89%	15.11%

- ▶ The Small Business Utilization Rate was 16.19% in February-2015, which was the start of Small Business Utilization rate reporting.
- ▶ The Authority has a small business utilization goal of 30%. Older contracts did not include a small business goal. 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.

Issue: Small Business Utilization decreased from 20.89% for the January-2016 report to 15.11% for the February-2016 report. The decrease was due to the receipt of the final invoice for several large contracts including AECOM, HMM, PB, and URS. Those contracts represented \$591M of actual expenditures including Small Business expenditures of \$137M. This compares to actual expenditures of \$575M for the February-2016 report. Over time, the small business utilization rate is expected to increase due to increased construction activity.

Projects & Initiatives Report

	Prior Year	Prior Month	Current Month
	Feb-2015	Jan-2016	Feb-2016
■ Satisfactory	6	4	2
◆ Caution	1	1	1
● Escalate	-	-	-
★ On hold	1	1	1
Total	9	6	4

- ▶ Identify Right-of-Way Management System and Document Management System Projects were completed as reported last month.
- ▶ Hiring and Staffing for FY 15/16 continues as a Caution item.

Issue: Financial System update (currently on hold) - The Authority and Parsons Brinckerhoff, the Authority's Rail Delivery Partner, are in the process of completing negotiations for Work Plan 2, which will cover the work performed for January-December 2016, including resources for the implementation of a financial system.