Capital Program Realignment

05/28/20
Why we are here

Informational only, no Board action

• Describe past priorities and criteria for adjusting voter-approved plans and provide a financial update.
Sept. 2010 Board workshop

Project realignment – high priorities

• Achieve goals of voter-approved System Plan.

• Preserve projects underway or near completion.

• Maintain current assets.
Sept. 2010 Board workshop

Project realignment – lower priorities

• Projects meeting fewer System Plan goals.
• Discretionary programs.
• Maintaining project reserves.
• Projects with undefined scope or uncertain partner commitments.
• Projects or services with low ridership.
ST2 project realignment categories

- Design & construct as planned.
- Continue with schedule and affordability risk.
- Retain limited funding to develop future options.
- Suspend indefinitely and remove from finance plan.
- Delete project from program entirely.
Realignement status per corridor (2010)

North/Central Corridors

- University Link
- Mountlake Terrace Freeway Station
- Northgate Link
- Edmonds Permanent Station

- Northgate-Lynnwood HCT
- Mukilteo Station South Platform

- Edmonds ST2 Station
Realignment status per corridor (2010)

South Corridor

- D St to Lakewood
  Sounder easements

- Link S. 200th (accelerated)
  Tacoma Link Extension
  Sounder track work
  Tukwila Sounder Station

- Link South of 200th
  PE/ROW 272–Tac. Dome
  South King Sounder Access

- Sounder platform extension
Realignment status per corridor (2010)

**East Corridor**

- Kirkland Transit Center
  - R8A
- East Link
- Overlake–Redmond PE
- Eastside rail corridor partnership
- Renton HOV direct access
- Bothell TC
Realignment status per corridor (2016)

North/Central Corridors

- University Link
- Mountlake Terrace Freeway Station
- Northgate Link
- Edmonds Permanent Station
- Northgate-Lynnwood HCT
- Mukilteo Station South Platform

- Edmonds ST2 Station
Realignment status per corridor (2016)

South Corridor

- D St to Lakewood
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- Link S. 200th (accelerated)
- Tacoma Link Extension
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- Tukwila Sounder Station

New Category

- Kent/Des Moines – Fed Way
- Fed Way – Tacoma Dome
- Sounder Platform Extension

Link South of 200th
- South King Sounder Access
Realignment status per corridor (2016)

**East Corridor**

- Kirkland Transit Center, R8A
- East Link
- Bothell TC
- Overlake–Redmond PE
- Eastside rail corridor partnership
- Renton HOV direct access
Three levels of evaluation

Summary of ST2 & ST3 development and ST2 realignment

• Program affordability.

• Project – core principles.

• Project – other considerations.
Economic & Financial Update
Economic and Financial update

- 16.4% April national retail sales decline.
- 43% in WA work in high job loss industries.
- WA unemployment rate reached historic high of 15.4%
- March sales tax down 25% over 2019.
- April MVET down 25%.
- Rental Car Tax down 87%.
- ST Ridership down 86%.
Economic and Financial update

• Actual tax receipts for April, May.
• Duration of the recession.
• Depth of the recession.
• What recovery may look like.
## Current Recession Scenarios

### Moderate Recession Scenario

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2020&amp;2021 Revenue Loss</th>
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</thead>
<tbody>
<tr>
<td>Sales Tax Loss</td>
<td>-26%</td>
<td>-27%</td>
<td>$ (766,210,083)</td>
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<tr>
<td>Total Tax and Fares Loss</td>
<td>-23%</td>
<td>-21%</td>
<td>$ (908,870,557)</td>
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<tr>
<td>CARES ACT</td>
<td></td>
<td></td>
<td>$ 166,000,000</td>
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<tr>
<td>Net Revenue Loss</td>
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<td></td>
<td>$ (742,870,557)</td>
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### Severe Recession Scenario

<table>
<thead>
<tr>
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<th>2020</th>
<th>2021</th>
<th>2020&amp;2021 Revenue Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax Loss</td>
<td>-31%</td>
<td>-35%</td>
<td>$ (975,969,211)</td>
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<tr>
<td>Total Tax and Fares Loss</td>
<td>-27%</td>
<td>-27%</td>
<td>$ (1,118,629,851)</td>
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<tr>
<td>CARES ACT</td>
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<td></td>
<td>$ 166,000,000</td>
</tr>
<tr>
<td>Net Revenue Loss</td>
<td></td>
<td></td>
<td>$ (952,629,851)</td>
</tr>
</tbody>
</table>
Program affordability

Major affordability considerations:

- Revenues.
- Capital, operating and other costs.
- Debt payment.
- Borrowing capacity.
- Cash flow timing.
- Duration of the program.
Affordability Illustration – Affordable Scenario
Fall 2019 Projections

Available debt
Capital Expenses
Available Revenue
Operating Expenses
Debt payment
Other Expenses
Borrowing Capacity driven by 3 measures

• **Legal debt capacity**
  1.5% of ST’s assessed property value. This limit will change as property values change.

• **Financial Policy - Net Coverage Ratio:**
  Ensure ability to pay for operations and to bondholders.

• **Bond Covenants - Gross Coverage Ratios & Add Bond Tests**
  Ensure bondholder protection.
Legal debt capacity

Fall 2019 Projections vs. Severe Recession Scenario

Program cuts and delays required

1.5% of AV - Legal

$-
$5
$10
$15
$20
$25
$30
$35
$40

Principal Balance, YOE$ in Billions

Severe Recession Scenario

Fall 2019 Forecast

2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041
Affordability Illustration – Unaffordable Scenario

- Expenditures funded by debt
- Unaffordable expenditures
- Available debt
- Expenditures funded by available revenues
- Available Revenue
- Excess Capacity
ST Board’s Core Priorities for ST3

- Completing the Link Light Rail Spine
- Ridership
- Connecting the Region’s Designated Centers with HCT
- Socio-Economic Equity
- Advancing ‘Logical Next Steps’ Projects Beyond the Spine; Within Financial Capacity
- Integration with Other Transit Operators/Transportation Systems
- Multi-Modal Access
- Promoting Transit Supportive Land Use and TOD

Elements of good design
Project level – core principles

Drawn from ST3 core priorities

Does the project:

• Help complete the regional Link light rail spine?
• Connect regional centers?
• Have good ridership potential?
• Equitably serve the region’s population?
• Advance logically beyond the spine?
Project level – other considerations

• Are other projects dependent on this project’s completion?
• Can the project be built and opened in increments?
• What is the project’s state of readiness to open?
• Is the project necessary to operate the expanded system?
• How long have voters been waiting for the project?
• Do affected communities have other transit options?
Design considerations

Built into all projects

• Safety
• Multimodal access
• Transit system integration
• Transit-supportive land use and TOD opportunities
## Capital projects

<table>
<thead>
<tr>
<th>North/Central Corridor</th>
<th>East Corridor</th>
<th>South Corridor</th>
<th>Bus Reliability</th>
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</thead>
<tbody>
<tr>
<td>Northgate Link</td>
<td>East Link</td>
<td>Hilltop Tacoma Link</td>
<td>RapidRide C/D &amp; Madison BRT</td>
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<tr>
<td>Lynnwood Link</td>
<td>Downtown Redmond Link</td>
<td>Federal Way Link</td>
<td>SR-7/Pacific BRT</td>
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<tr>
<td>SR 522/NE 145th BRT</td>
<td>OMF East</td>
<td>Puyallup Access</td>
<td>Bus-on-Shoulder</td>
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<tr>
<td>NE 130th St. Infill Station</td>
<td>BRT Maintenance Base</td>
<td>Tacoma Dome Link</td>
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<tr>
<td>Everett Link</td>
<td>I-405 BRT</td>
<td>OMF South</td>
<td></td>
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<tr>
<td>OMF North</td>
<td>Issaquah-S Kirkland Link</td>
<td>Sounder Maintenance Base</td>
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<tr>
<td>Sounder North Parking/Access</td>
<td>N Sammamish P&amp;R</td>
<td>Sounder South Capital</td>
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<tr>
<td>West Seattle Link</td>
<td></td>
<td>Sounder Access Program</td>
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<td>Ballard Link &amp; 2nd Tunnel</td>
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<td>Sumner Access</td>
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<tr>
<td>Graham S&amp; BAR Infill Stations</td>
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<td>Auburn Access</td>
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<td></td>
<td></td>
<td>Kent Access</td>
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<tr>
<td><strong>Under construction</strong></td>
<td></td>
<td>DuPont Sounder Extension</td>
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<tr>
<td></td>
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<td>TCC Tacoma Link</td>
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Board tools to manage affordability

• Extend the time to complete the system.
• Modify project scope.
• Secure new grant funding or funding partners.
• Suspend or delete projects.
• Request a further tax increase from the legislature and voters.
Next steps

- Wed, June 3rd - Program Realignment Board Workshop (finance plan, schedules, tools)
- Thurs, June 4th - Executive Committee Meeting (criteria)
- Thurs, June 25th - Board Meeting (criteria)
Thank you.

soundtransit.org