

Responding to the recession

Capital program realignment

Partnering for the future – A Sound Transit Contracting Expo

12/11/2020

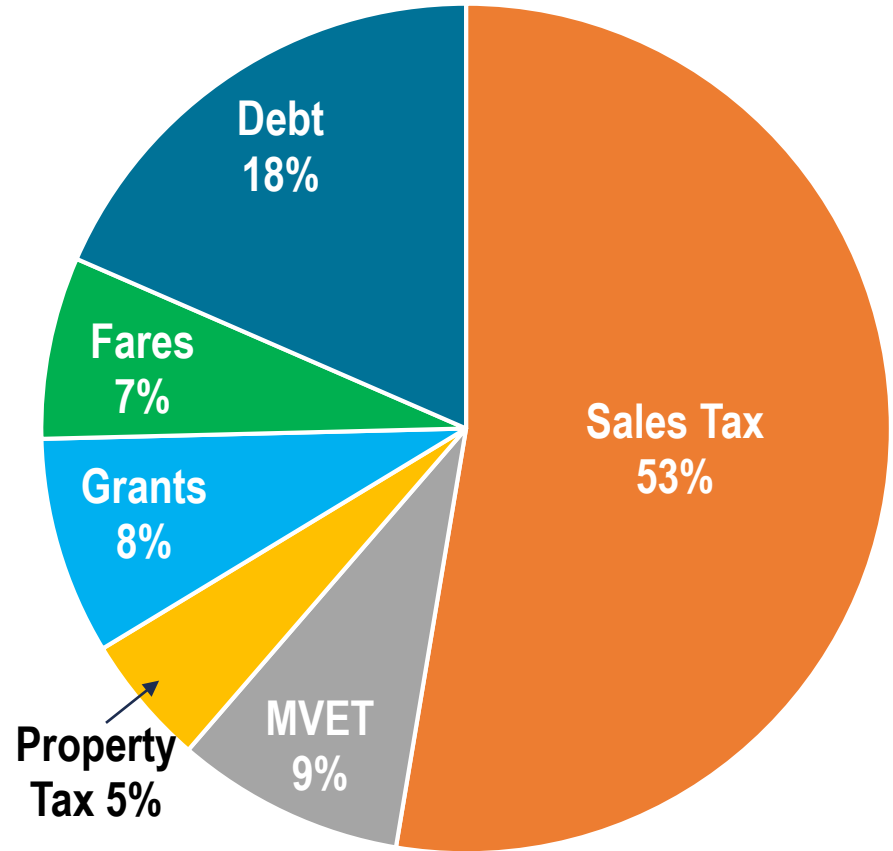


Financial environment



Revenue sources

- Tax revenues fund 66%.
- Debt funds 18%.
- Fares fund 7%.



Revenue loss projections

- Recession likely to reduce tax revenues \$300-\$450 million by 2020-2021
- Current estimate is greater than \$6 billion in reduced tax revenues through 2041
- Estimates are changing often as recession comes into clearer focus

Revenue loss and debt limits

- Lower near-term revenues have large long-term financial impacts on our ability to complete the system on the timelines promised to voters
- A key limitation is our statutory debt limit. We must reduce spending anytime our current projections show us breaching that limit within the next 25 years

Economic uncertainties

What we do not know

- Longer term stimulus package and economic support
- Recession duration and depth
- Long term social and economic impacts

Program realignment



Approach

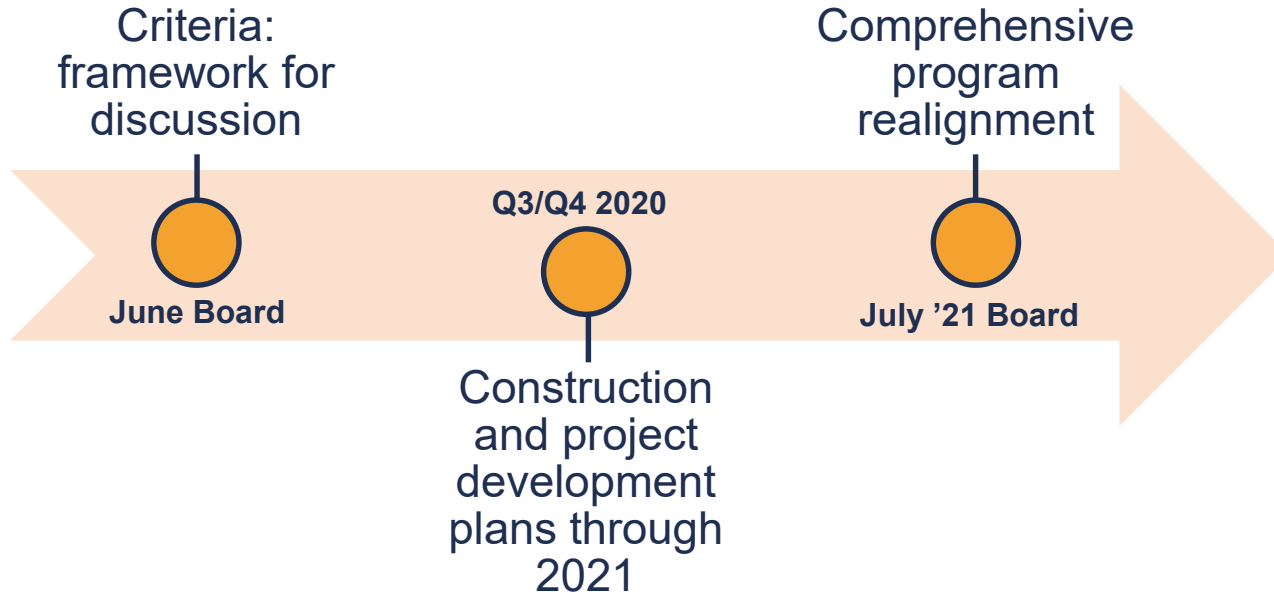
Flexibility and readiness for uncertain future

- Continue construction for projects in construction
- Continuing design for project phases that have already been awarded
- Subject all other projects to a 'realignment' process to achieve an affordable program
- Make realignment decisions by July 2021

Board tools to manage affordability

- Delay project completion
- Deliver projects in phases
- Modify project scope (alignments/stations, etc.)
- Secure new funding (e.g. grants) or funding partners
- Suspend or eliminate projects

Path forward



Board criteria for re-evaluating projects

Criterion	Concept
Ridership potential	How many daily riders is the project projected to serve?
Socio-economic equity	How well does the project expand mobility for transit-dependent, low-income, and/or diverse populations?
Connecting centers	Does the project connect designated regional centers?
Tenure	How long have voters been waiting for the project?
Outside funding	Are other funding sources available, secured or at risk?
Completing the spine	Does the project advance development of the regional HCT spine?
Advancing logically beyond the spine	Is the project a 'logical next step' beyond the spine and within financial capacity?
Phasing compatibility (constructability)	Can the project be constructed and opened for service in increments?

Recent actions: September & October

Project Name	Project Board Action(s)
Madison BRT Agreement	Authorize agreement with City of Seattle for contribution to project
Kent, Auburn, Sumner Station Parking and Access Improvements	Execute DBPM consultant contract with focus on cost savings alternatives
I-405 BRT North & I-405 BRT South	Authorize Phase 3: Preliminary Engineering (PE) consultant contract
Everett Link and OMF North	Authorize consultant contract to start Alternatives Development and project development
Everett Parking Agreement	Authorize agreement with City of Everett for contribution to project

Recent actions: November

Project Name	Project Board Action(s)
I-405 BRT & SR 522 BRT	Authorize General Engineering consultant (GEC)
South Tacoma and Lakewood Station Parking and Access Improvements	South Tacoma: Budget amendment to start project development
	South Tacoma and Lakewood: Authorize Phase 1: Alternatives Development consultant contract
RapidRide C Agreement	Authorize agreement with King County Metro and City of Seattle for speed and reliability improvements

Board realignment process & schedule

Jan	Board workshop
Feb	Discuss realignment approaches
Mar	Define approach for public engagement
Apr	Public engagement
May	Discuss the realignment plan
Jun	Draft realignment plan
Jul	Adopt realignment plan

Questions and Answers

We welcome questions from the audience at this time.

Please use the stage chat function to the right of the screen to enter your question.

Thank you.



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