

Capital Program Realignment Project Next Steps

*August Board Meeting
August 27, 2020*



Why we are here

System Expansion Project Overview

- Financial update
- Expansion program and paused action considerations
- No actions today; discussion Only

***Economic and financial
impact of COVID-19***

Economic update

What we know

- US economy suffered its sharpest downturn in Q2, annualized GDP shrank at record 32.9% pace.
- US Coronavirus cases passed 5.8 million and continue to surge.
- WA unemployment rate near historical high. Enhanced unemployment benefits ended on July 31.
- YTD (Jan-June) taxes significantly below budget: -11% sales tax, -5% on MVET, and -49% Rental Car Tax.

Economic and financial update

What we do not know

- Longer term stimulus package and economic support
 - Enhanced unemployment benefit reduced from \$600/week to \$300/week, and fund could run out in 5 weeks.
 - 23 states have been approved for the temporary increase in unemployment benefits. WA is not one of them.
- Recession duration and depth.
- Long term social and economic impacts.

Revenue loss projections

Moderate recession scenario

- \$656 million (-19%) in 2020 and 2021.
- \$7.2 billion (-11%) through 2041.

	2020 - 2021	2020 - 2041	2020 - 2041 (%)
Sales Tax	\$ (735,396,920)	\$ (6,119,918,364)	-13%
All Tax and Fare Revenues	\$ (822,146,155)	\$ (7,312,833,770)	-11%
Net Loss After CARES Act	\$ (656,146,155)	\$ (7,146,833,770)	-11%

Revenue loss projections

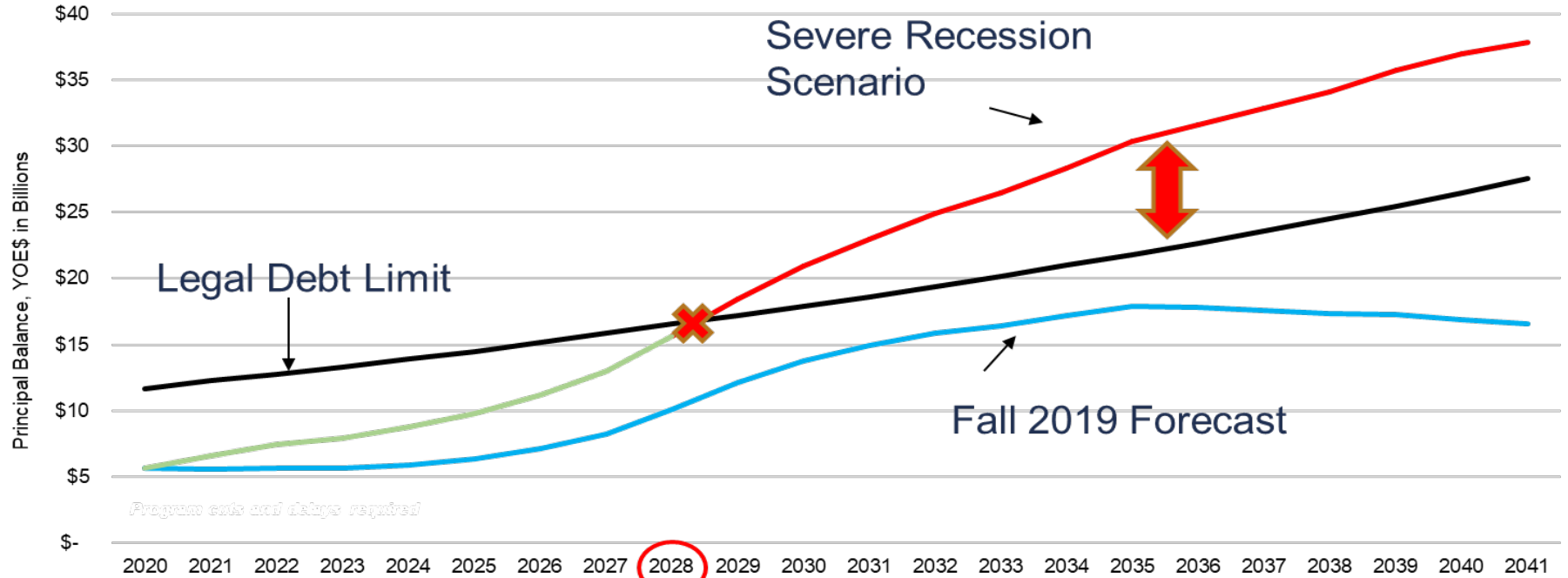
Severe recession scenario

- \$921 million (-26%) in 2020 and 2021.
- \$11.9 billion (-18%) through 2041.

	2020 - 2021	2020 - 2041	2020 - 2041 (%)
Sales Tax	\$ (1,000,406,173)	\$ (10,893,385,566)	-23%
All Tax and Fare Revenues	\$ (1,087,155,409)	\$ (12,086,300,972)	-18%
Net Loss After CARES Act	\$ (921,155,409)	\$ (11,920,300,972)	-18%

Statutory debt limits and program affordability

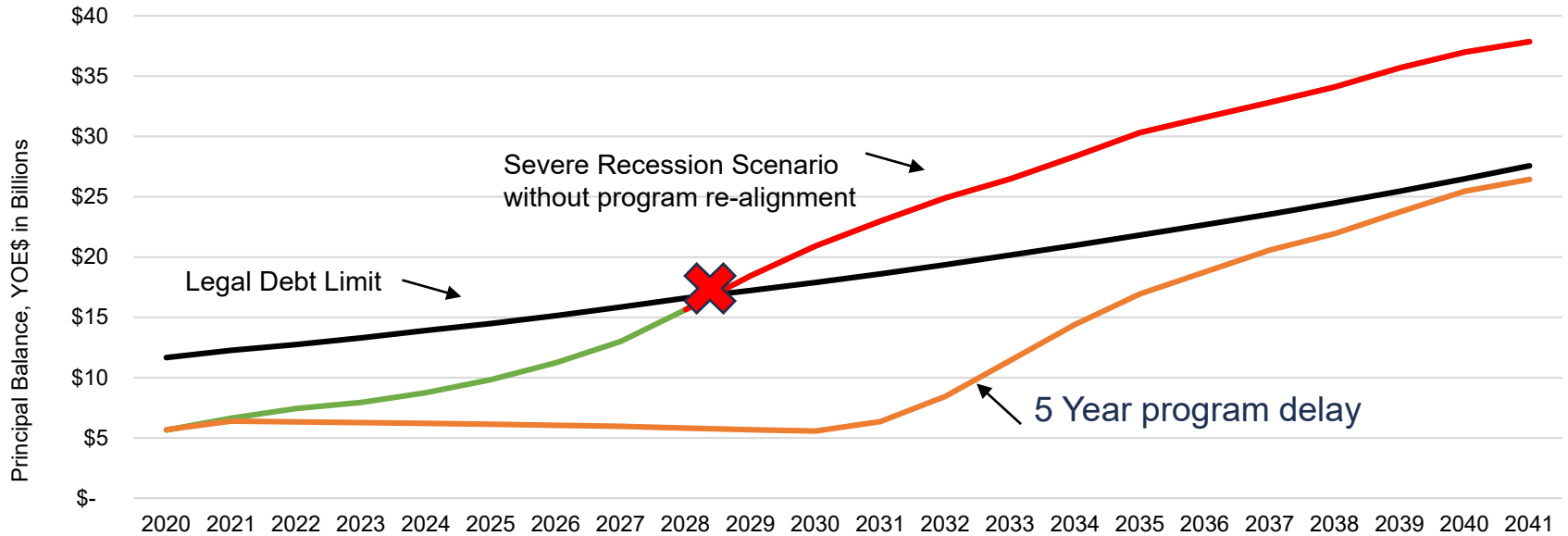
Fall 2019 projections vs. severe recession scenario



**In addition to legal debt capacity, debt capacity constraints also include financial policy and debt covenants.*

Statutory debt limits and program affordability

A realigned program could be affordable under the severe recession scenario



**In addition to legal debt capacity, debt capacity constraints also include financial policy and debt covenants.*

Current financial planning and budget efforts

- Instead of annual Financial plan update pre-COVID, Financial plan is being updated on a monthly basis to capture new data.
- Actively pursuing additional federal funding opportunities.
- Reductions and discipline on 2020 spending and 2021 budget development.

Additional Information available for October Board

- Updated key financial plan assumptions such as federal funding and borrowing rate
- New Construction Cost Index
- New Consumer Price Index
- Updated long term tax revenue forecasts
- 2-3 additional months of tax revenues
- Updated ridership forecasts

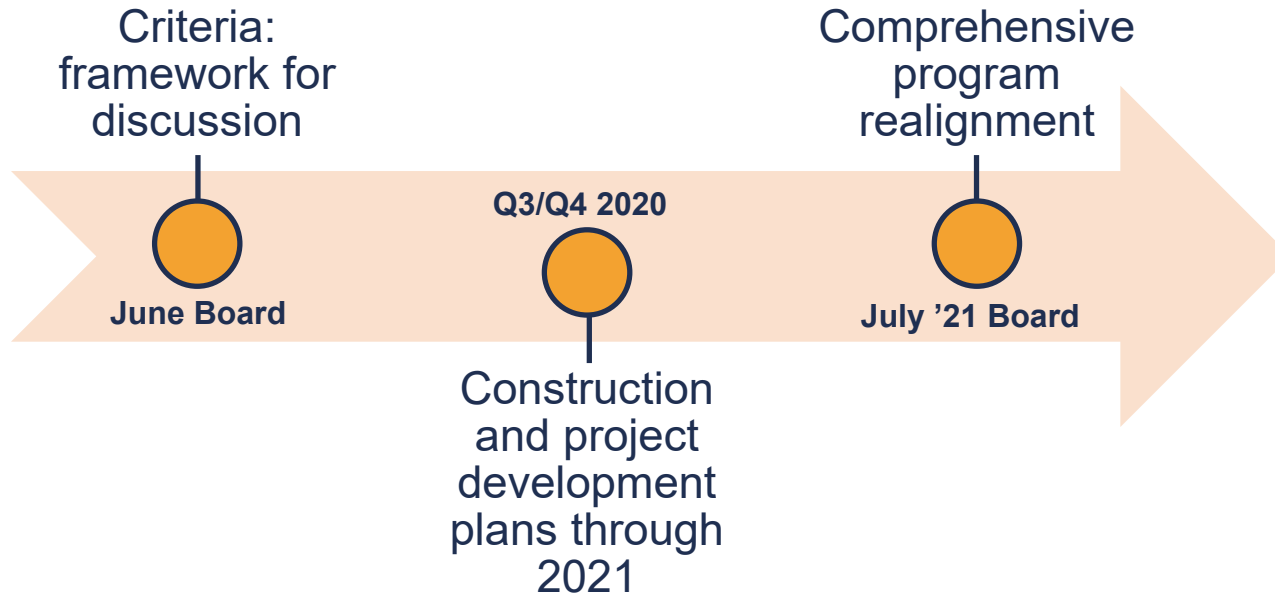
Capital Program Realignment

Capital program realignment

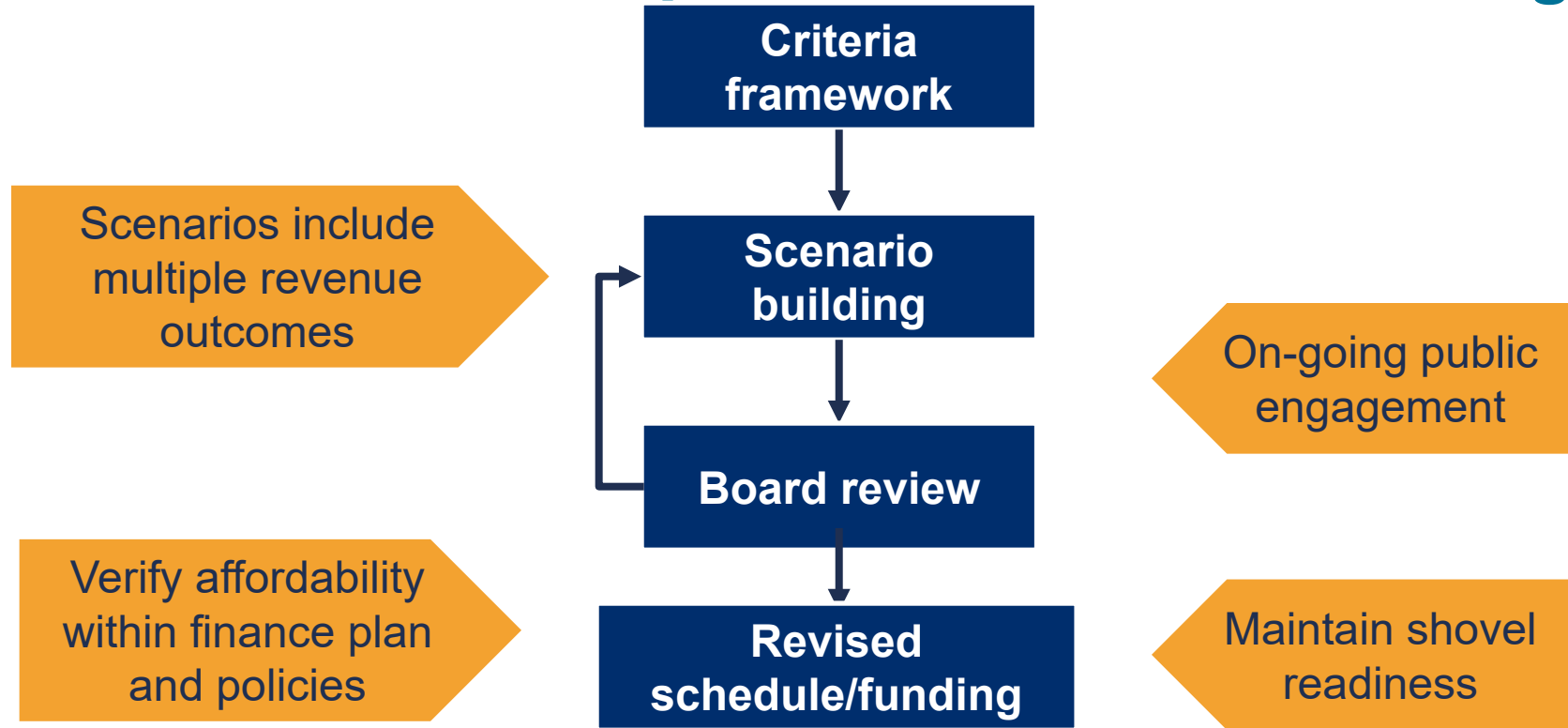
Board project discussions to date

April	ST2 approach and near-term project approach
May	Past criteria
June	Held workshop & Established criteria and path forward
July	Review of paused projects
Aug	Program/project briefings

Path forward



Program realignment will reprogram projects to best meet ST2/ST3 plan intent within funding



Near-term approach

Maintain Board's flexibility and readiness for uncertain future

Keep construction going safely

- Northgate, East Link, Lynnwood, Federal Way, Downtown Redmond, Hilltop Tacoma Link, OMF East, Puyallup

Continue work in planning and final design

- Maintain readiness for variable revenue/grant scenarios.
- Slower, more incremental approach in some instances as longer-term realignment takes shape.

Hold on moving further projects into project development, final design or construction

- Avoid over-commitment until Board fully briefed and articulates priorities

Project schedule Impacts

COVID-19 impacts on environmental review

- FTA focused on CARES Act grant awards
- Tribal nations focused on health and safety

Project pause impacts

- System expansion schedules pre-COVID-19 were aggressive

Staff assessing combined impacts on schedules

- Mitigation options will be explored as projects advance
- Low likelihood of fully recovering pre-COVID-19 schedules
- Forecast completion for some projects shifting from end of one calendar year to beginning of next

Today's workshop

Review near-term approach to projects

Overview of capital projects

- Review by mode
- Project status
- Focus on near-term, paused actions
- Project readiness information

Purpose: Provide information for Fall 2020 near-term decisions

Elements to consider

Will advancing the paused actions:

Support project readiness while maintaining Board's flexibility and avoiding over-commitments?

Provide an opportunity to:

- Review scope?
- Gain more information on partner plans/capacity?
- Examine contract packaging options?
- Explore program phasing options?

Focus on next steps that have low impacts to overall financial plan?

Sounder Projects Overview

Souder Projects

- ◆ Souder South Platform Extensions (Tukwila to Tacoma Dome)
- ◆ South Tacoma and Lakewood Station Parking and Access Improvements
- ▲ Edmonds & Mukilteo Station Parking and Access Improvements
- ▲ Kent and Auburn Station Parking and Access Improvements
- Sumner Station Parking and Access Improvements
- Souder Maintenance Base
- Puyallup Parking and Access Improvements



Souder Projects

- *◆ Souder South Platform Extensions (Tukwila to Tacoma Dome)
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- *● Sumner Station Parking and Access Improvements
- *● Souder Maintenance Base
- *■ Puyallup Parking and Access Improvements



Souder Projects

◆ Souder South Platform Extensions

Project status	Paused before starting planning
Paused action	<ul style="list-style-type: none">• Budget amendment to start project development• Authorize Phase 1: Alternatives Development consultant contract
Amount of action	\$3 million
Focus of action	Begin project development and examine design options
Considerations	<ul style="list-style-type: none">• Most cost effective way to add capacity• Future ridership patterns unclear, especially for commuter-based service• Potentially eligible for federal grants

Sounder Projects

◆ South Tacoma and Lakewood Station Parking and Access Improvements

Project status	Paused before starting Planning
Paused action	<ul style="list-style-type: none">• South Tacoma: Budget amendment to start project development• South Tacoma and Lakewood: Authorize Phase 1: Alternatives Development consultant contract
Amount of actions	\$4 million
Focus of action	Identify and evaluate potential parking and access improvements
Considerations	<ul style="list-style-type: none">• ST2 projects• Lower parking demand, future ridership and parking for commuter-based service demand unclear• City of Lakewood conducting station sub-area plan

Souder Projects

▲ Edmonds & Mukilteo Station Parking and Access Improvements

Project status	<ul style="list-style-type: none">• Completed Phase 1: Alternatives Development• Range of multimodal access options and non-structured, leased parking
Paused action	Authorize Phase 2: Environmental review/conceptual engineering consultant contract
Amount of action	\$2 million
Focus of action	Refine list of potential improvements to fit within available funding and complete environmental review
Considerations	<ul style="list-style-type: none">• Lower parking demand, future ridership and parking for commuter-based service demand unclear• Improvements have relatively short lead time

Souder Projects

▲ Kent and Auburn Station Parking and Access Improvements

● Sumner Station Parking and Access Improvement

Project status	<ul style="list-style-type: none">• Kent/Auburn: Paused at end of Planning/PE• Sumner: Paused after Final Design• Design build project delivery• Design Build Project Manager (DBPM) action already approved by Board
Paused actions	Execute DBPM consultant contract
Amount of action	<ul style="list-style-type: none">• Kent and Auburn: \$4 million• Sumner: \$6 million
Focus of action	Begin project requirements needed for DB procurement
Considerations	<ul style="list-style-type: none">• Project estimate currently over TIP budget• DBPM review scope and cost estimates, examine contract packaging strategy

Sounder Projects

● Sounder Maintenance Base

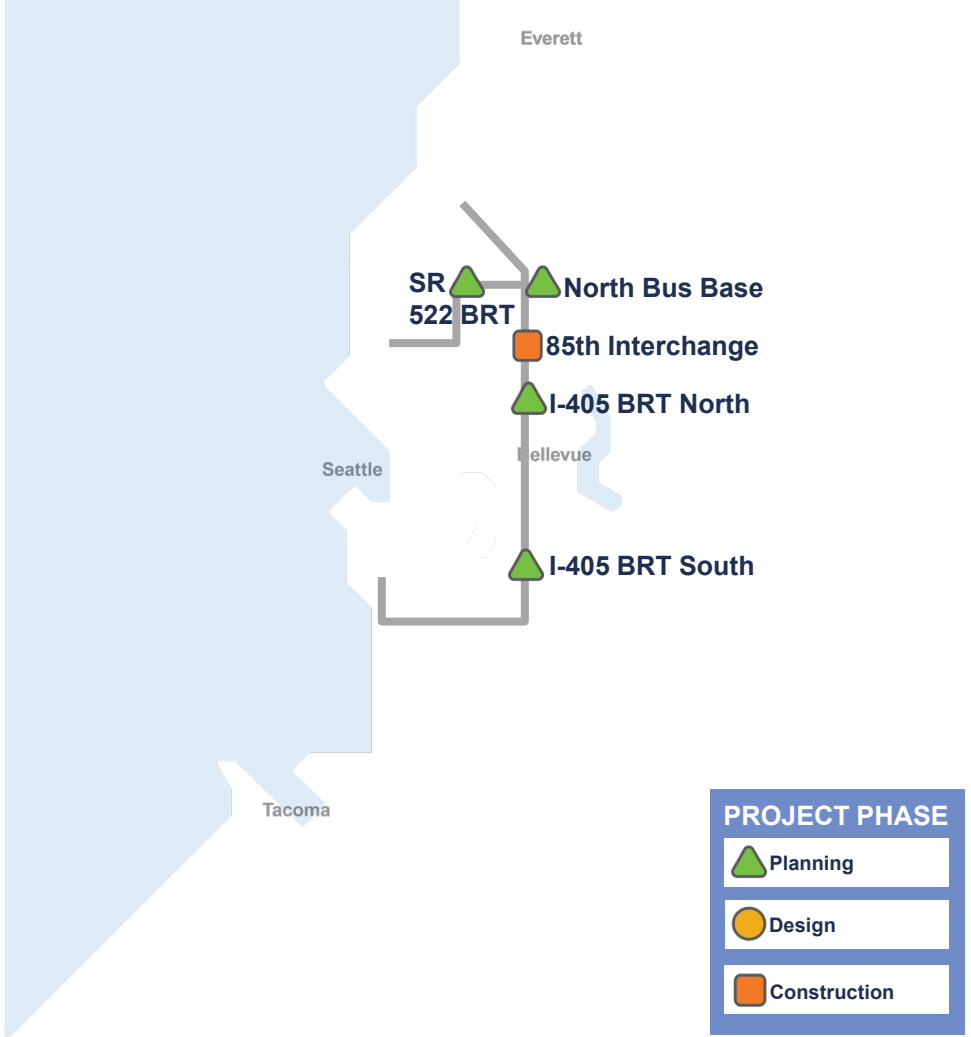
Project status	<ul style="list-style-type: none">• Completed Final Design phase• Paused before advancing baseline action• Design build project delivery• Design Build Project Manager (DBPM) already approved by Board
Paused actions	Execute DBPM consultant contract
Amount of action	\$2 million
Focus of action	Begin project requirements needed for DB procurement
Considerations	<ul style="list-style-type: none">• Facility likely provides long term savings opportunity• Existing maintenance agreement set to expire 12/24• Limited scope of work for DBPM without advancing baseline decision (\$210 million).

Discussion

Bus Rapid Transit Overview

Bus Rapid Transit: Stride

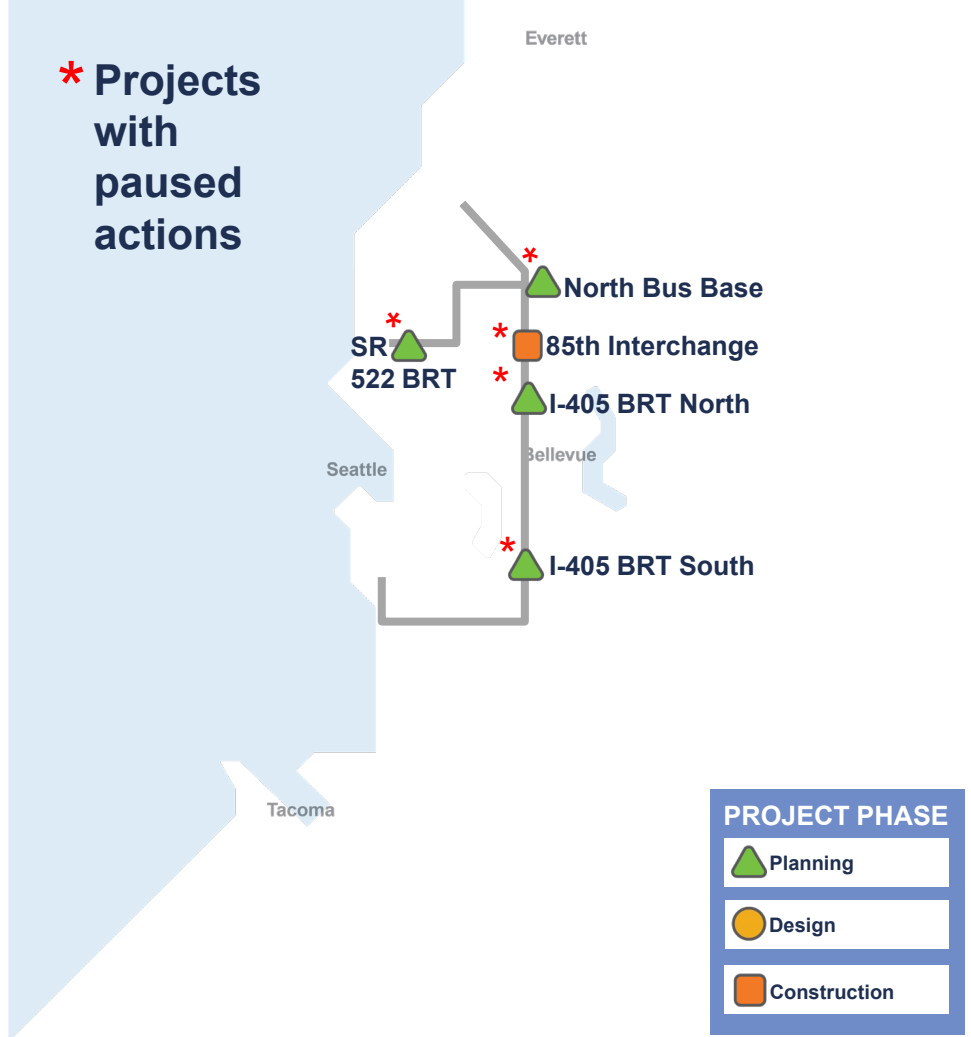
- ▲ I-405 BRT North
- ▲ I-405 BRT South
- ▲ SR 522 BRT
- ▲ North Bus Base
- NE 85th St. Interchange Agreement



Bus Rapid Transit: Stride

- *  I-405 BRT North
- *  I-405 BRT South
- *  SR 522 BRT
- *  North Bus Base
- *  NE 85th St. Interchange Agreement

* Projects with paused actions



Bus Rapid Transit

▲ I-405 BRT North & I-405 BRT South

Project Status	<ul style="list-style-type: none">• Two separate lines• Environmental review to be completed 9/2020
Paused actions	<ul style="list-style-type: none">• Authorize Phase 3: Preliminary Engineering (PE) consultant contract• Authorize General Engineering consultant (GEC)
Amount of actions	\$13 million
Focus of actions	<ul style="list-style-type: none">• Complete PE, finish Planning phase• GEC: Coordinate complex program; review scope, phasing, contract packaging options, and partner capacity
Considerations	<ul style="list-style-type: none">• I-405 South: Express tolls lanes under construction• I-405 North: Contingent on WSDOT's north end Express Toll Lanes project schedule• Projects can advance separately following PE phase

85th Interchange St. Agreement: I-405 BRT North

■ NE 85th Interchange St. Agreement

Project status	<ul style="list-style-type: none">• Part of I-405 North project• Paused before completing agreement
Paused action	Authorize agreement with WSDOT
Amount of action	~\$275 million
Focus of action	Agreement to complete interchange project
Considerations	<ul style="list-style-type: none">• Contingent on WSDOT's north end Express Toll Lanes project schedule• Agreement could be completed in 2021 and still support 2025 I-405 North delivery• Would benefit from review by the GEC for phasing and scope

Bus Rapid Transit

▲ SR 522 BRT

Project Status	<ul style="list-style-type: none">• Environmental review complete 11/2020• Completing Preliminary Engineering
Paused actions	Authorize General Engineering consultant (GEC)
Amount of action	\$1 million
Focus of action	<ul style="list-style-type: none">• GEC: Coordinate complex program; review scope, phasing, contract packaging options, and partner capacity• Coordination with I-405 BRT and Bus Base North
Considerations	<ul style="list-style-type: none">• NE 145th Coordination: Opportunity for scope and costs savings• Joint development opportunities not ready to advance

Bus Rapid Transit

▲ North Base

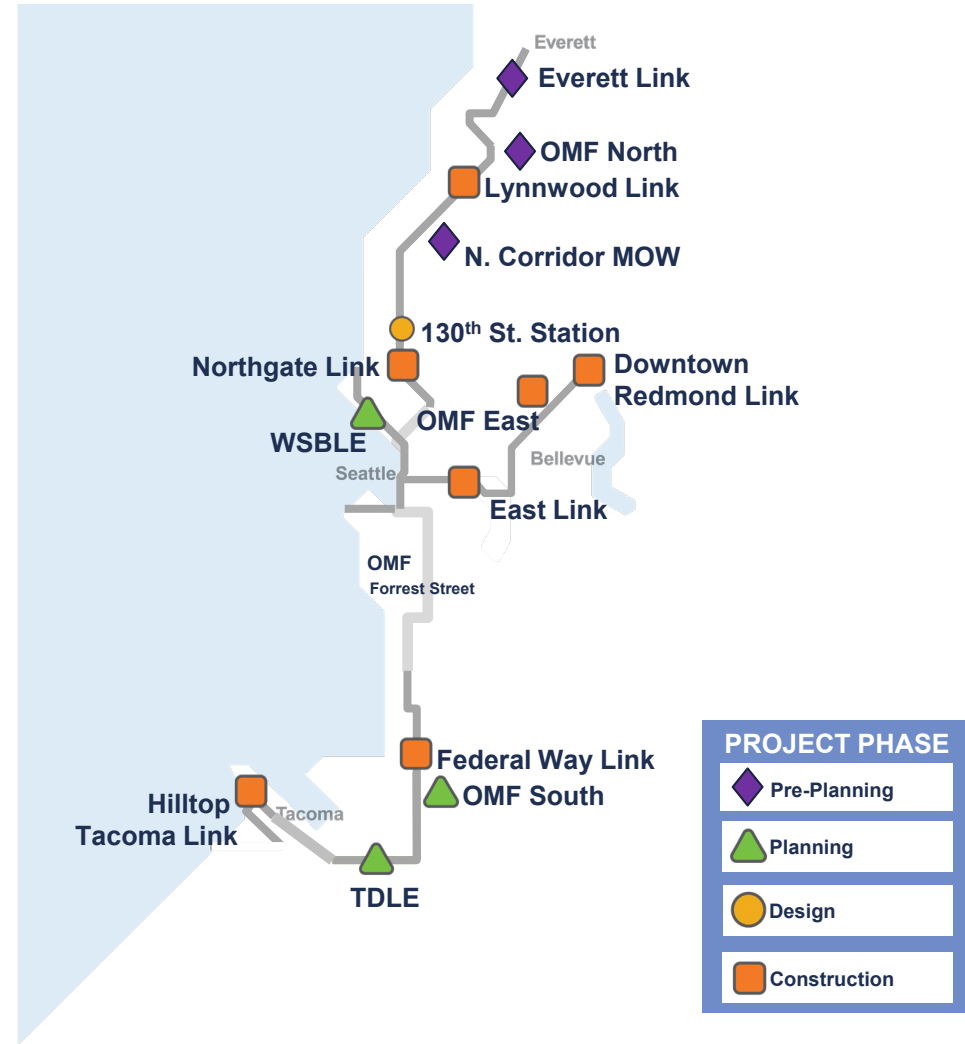
Project Status	<ul style="list-style-type: none">• Environmental review complete 9/2020• Design build project delivery• Design Build Project Manager (DBPM) action already approved by Board
Paused actions	Execute DPBM
Amount of action	\$12 million
Focus of action	Begin project requirements needed for DB procurement
Considerations	<ul style="list-style-type: none">• Sound Transit owns site• Site complexity with local jurisdiction• Base supports entire BRT program

Discussion





Link Light Rail Projects

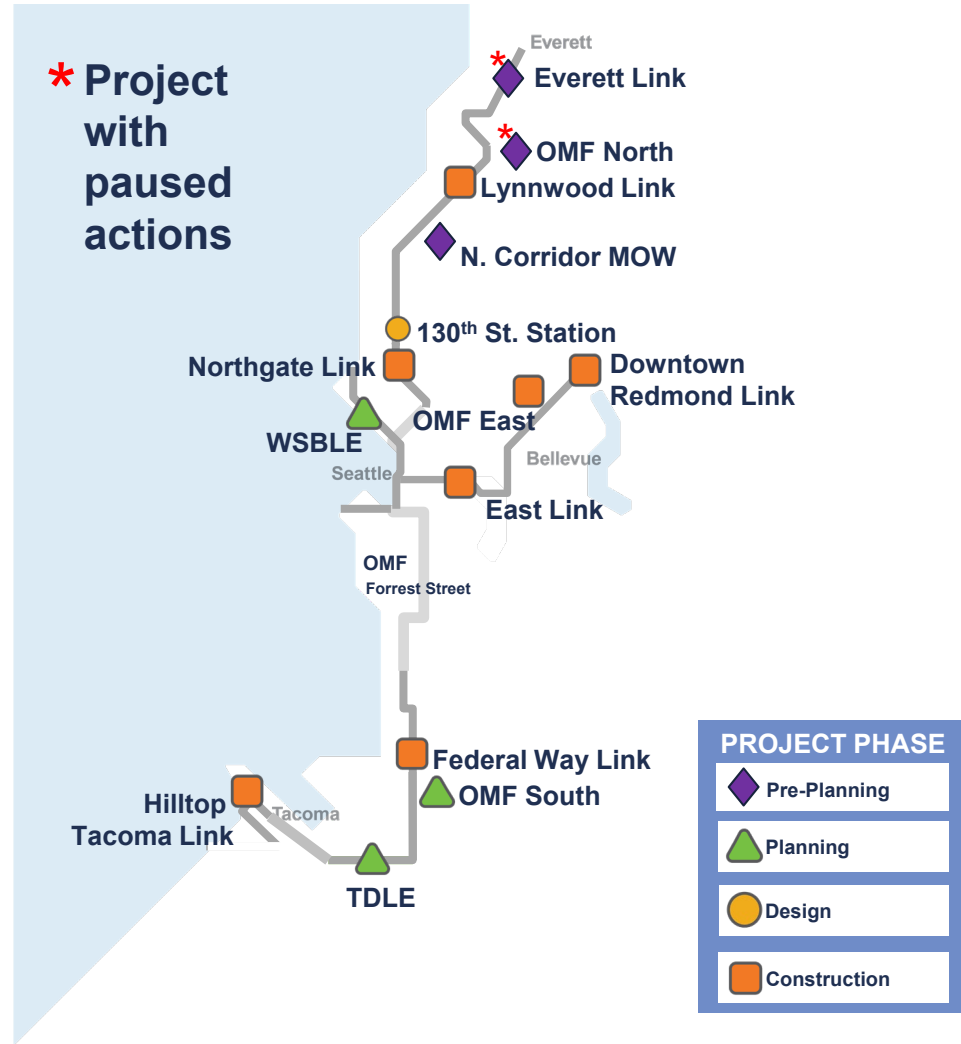
Link Projects

- ◆ Everett Link and OMF North
- ◆ North Corridor Maintenance of Way (MOW)
- ▲ Tacoma Dome Link (TDLE) and OMF South
- ▲ West Seattle/Ballard (WSBLE)
- 130th St. Station
- Federal Way Link
- Northgate Link
- East Link
- Downtown Redmond Link
- Lynnwood Link
- OMF East
- Hilltop Tacoma Link



Link Projects

- *  Everett Link and OMF North
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Link Light Rail

◆ Everett Link and OMF North

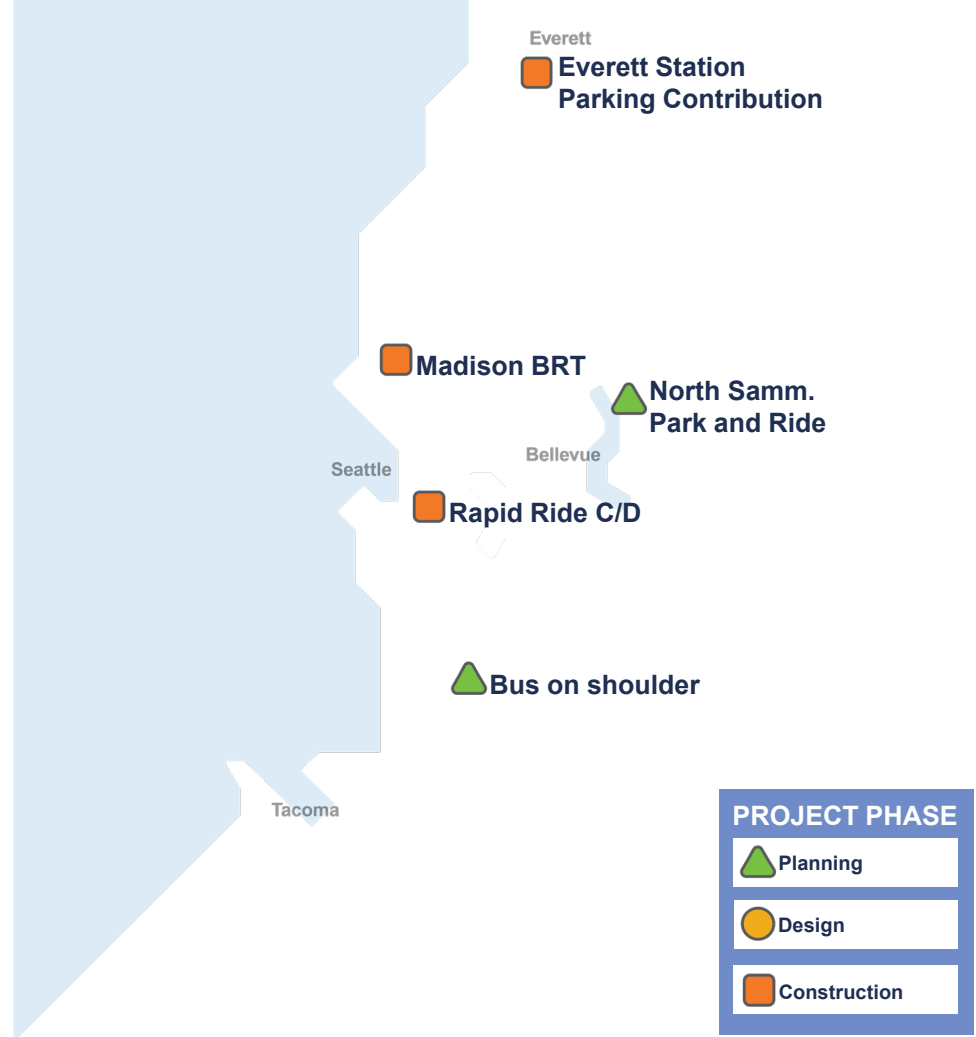
Project status	Paused before starting Planning
Paused actions	Authorize consultant contract to start Alternatives Development and project development
Amount of action	\$16 million
Considerations	<ul style="list-style-type: none">• Consultant contract procurement process complete and ready for Board action• OMF North supports multiple alignments• Information from Planning phase could better inform Realignment process, including potential phasing options

Discussion

***Additional Projects and Third
Party Agreements***

Additional Projects/ Third Party Agreements

- ▲ North Sammamish Park and Ride
- ▲ Bus on Shoulder
- Everett Station Parking Contribution
- Madison BRT Funding Agreement
- Rapid Ride C/D Funding Agreement



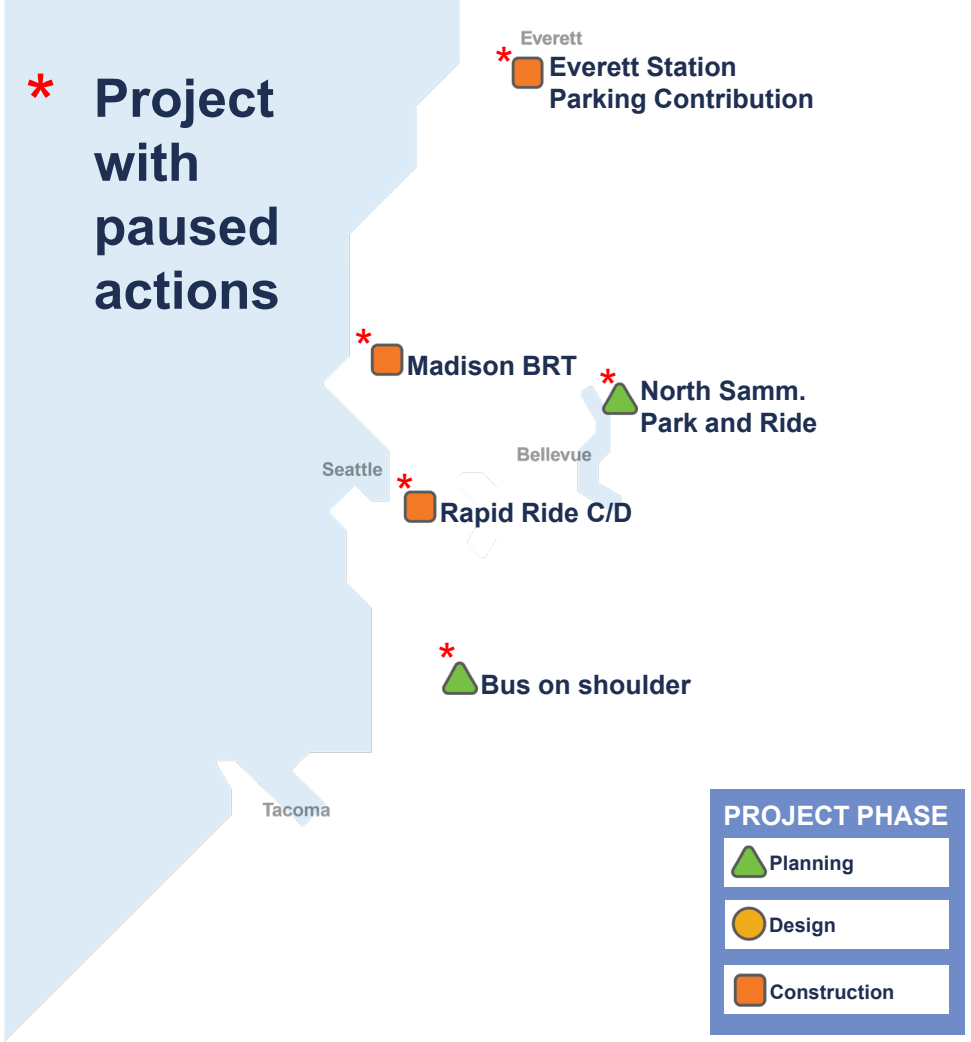
PROJECT PHASE

- ▲ Planning
- Design
- Construction

Additional Projects/ Third Party Agreements

- *  North Sammamish Park and Ride
- *  Bus on Shoulder
- *  Everett Station Parking Contribution
- *  Madison BRT Funding Agreement
- *  Rapid Ride C/D Funding Agreement

* Project with paused actions



Additional Projects

▲ North Sammamish Park and Ride

Project status	Completed Phase 1: Alternatives Development
Paused actions	Authorize Phase 2: Environmental Review and Conceptual Engineering
Amount of action	\$2 million
Focus of action	Complete environmental review and advance parking lot design
Considerations	Further work at risk until City Council identifies preferred site

Additional Project

▲ Bus on Shoulder

Project status	Completed Phase 1: Alternatives Development
Paused actions	Phase 2: Environmental Review and Conceptual Engineering
Amount of action	\$1 million
Focus of action	Finalize list of projects and complete environmental review
Considerations	Initial project development identified few opportunities, limited benefit

Third Party Agreements

■ Everett Parking Agreement

Project status	Agreement for construction of 90 parking stalls at Everett station
Paused action	Authorize agreement with City of Everett
Amount of action	~\$0.7 million
Focus of action	Reimbursement only; Construction complete
Consideration	<ul style="list-style-type: none">• Cost effective• Supports Everett Link Extension

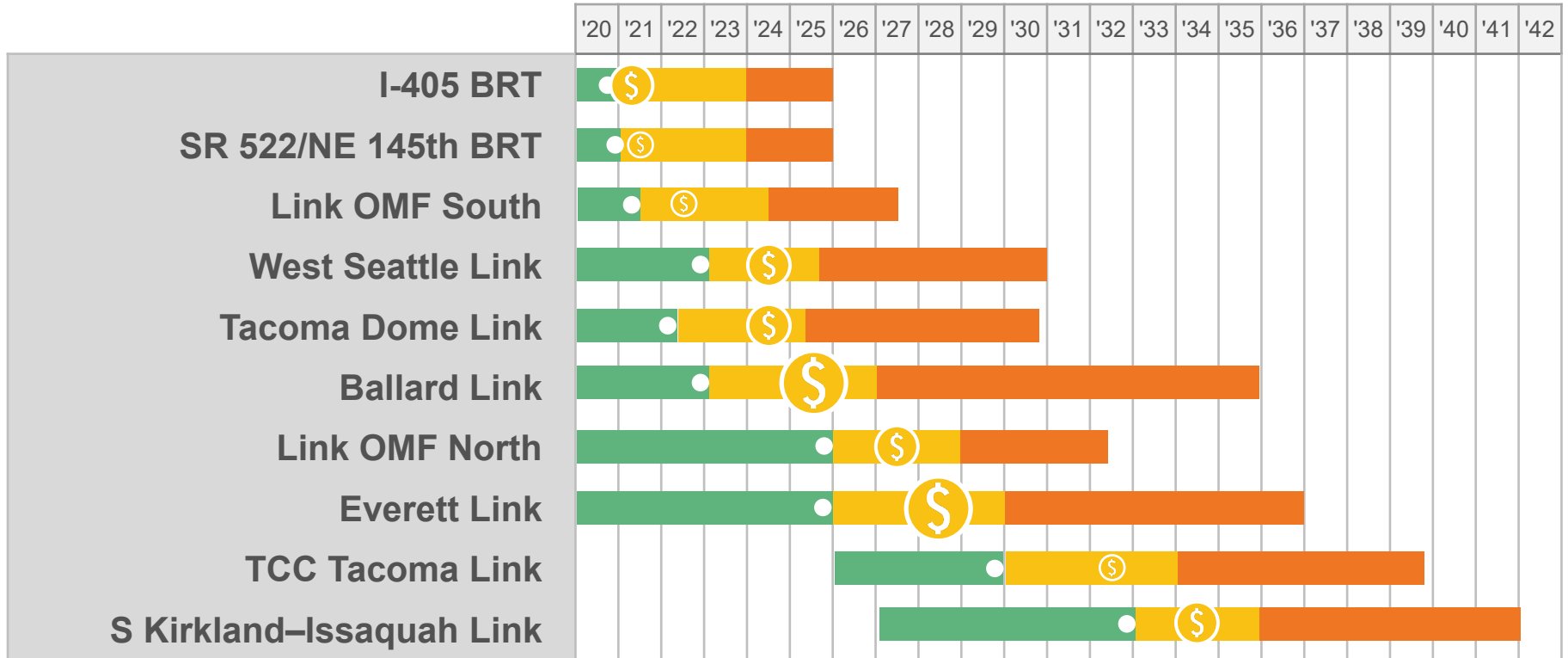
Third Party Agreements

- Madison BRT Funding Agreement
- Rapid Ride C/D Funding Agreement

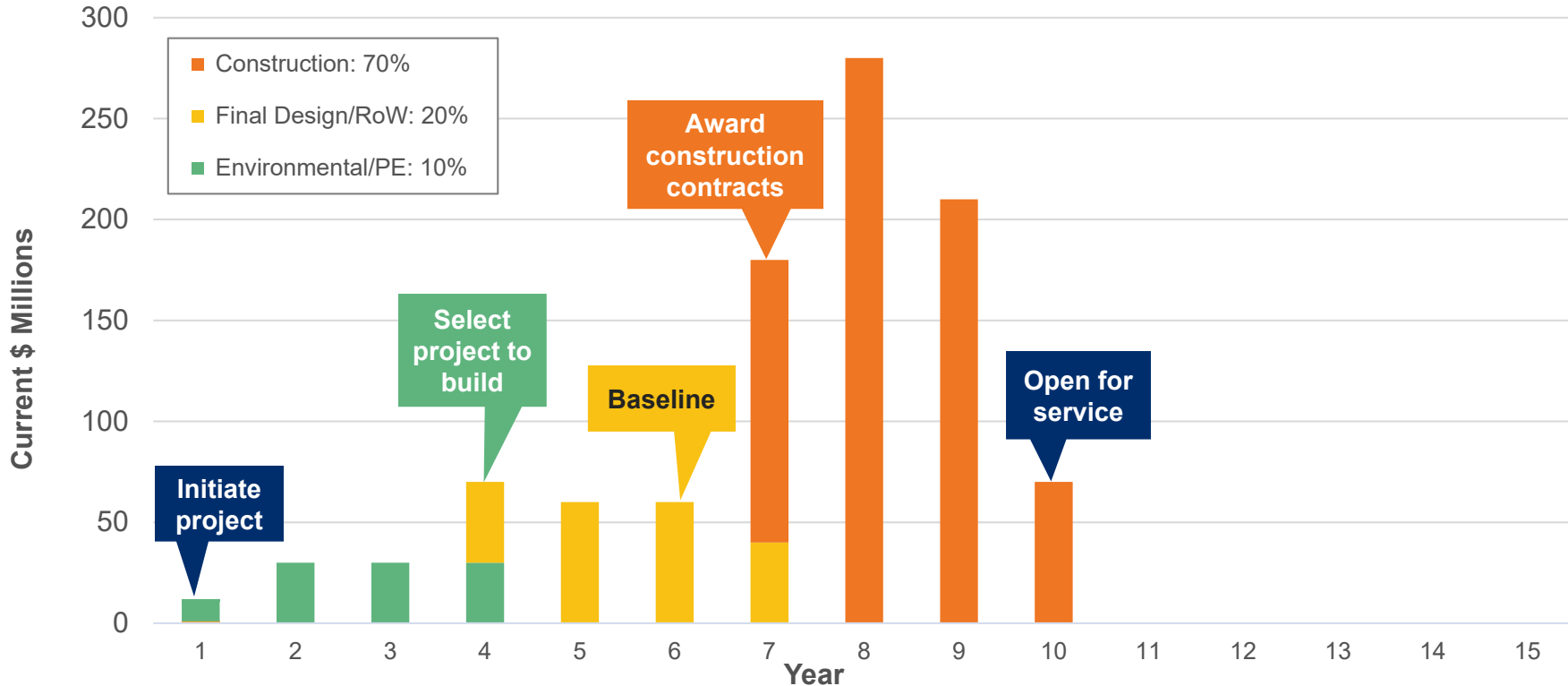
Project status	<ul style="list-style-type: none">• Separate agreements• Paused before completing agreements
Paused actions	Authorize agreements
Amount of action	<ul style="list-style-type: none">• Madison BRT: \$35.8 million• Rapid Ride C/D: ~\$25 million
Focus of action	Madison BRT: Provide funding for construction Rapid Ride C/D: Funding for project development, design, and construction
Considerations	Madison BRT: <ul style="list-style-type: none">• Madison BRT has completed FTA readiness review but is awaiting a Federal funding allocation Rapid Ride C/D: Not all project elements defined

Discussion

Spending decisions happen over time

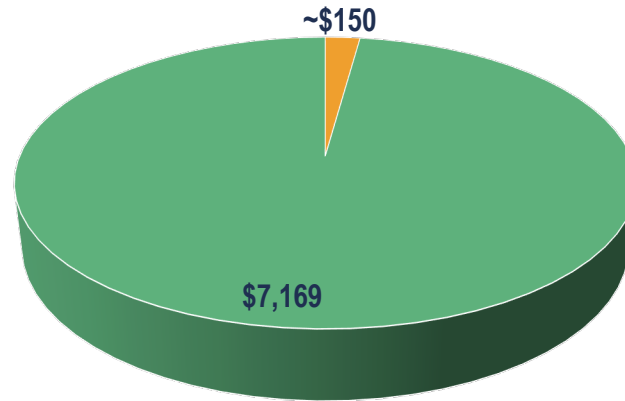


Construction is greatest portion of project costs



Cost of authorizing all 15 paused development, design, and third party projects

Paused actions total approximately \$150 million which is 2% of the total costs of those projects

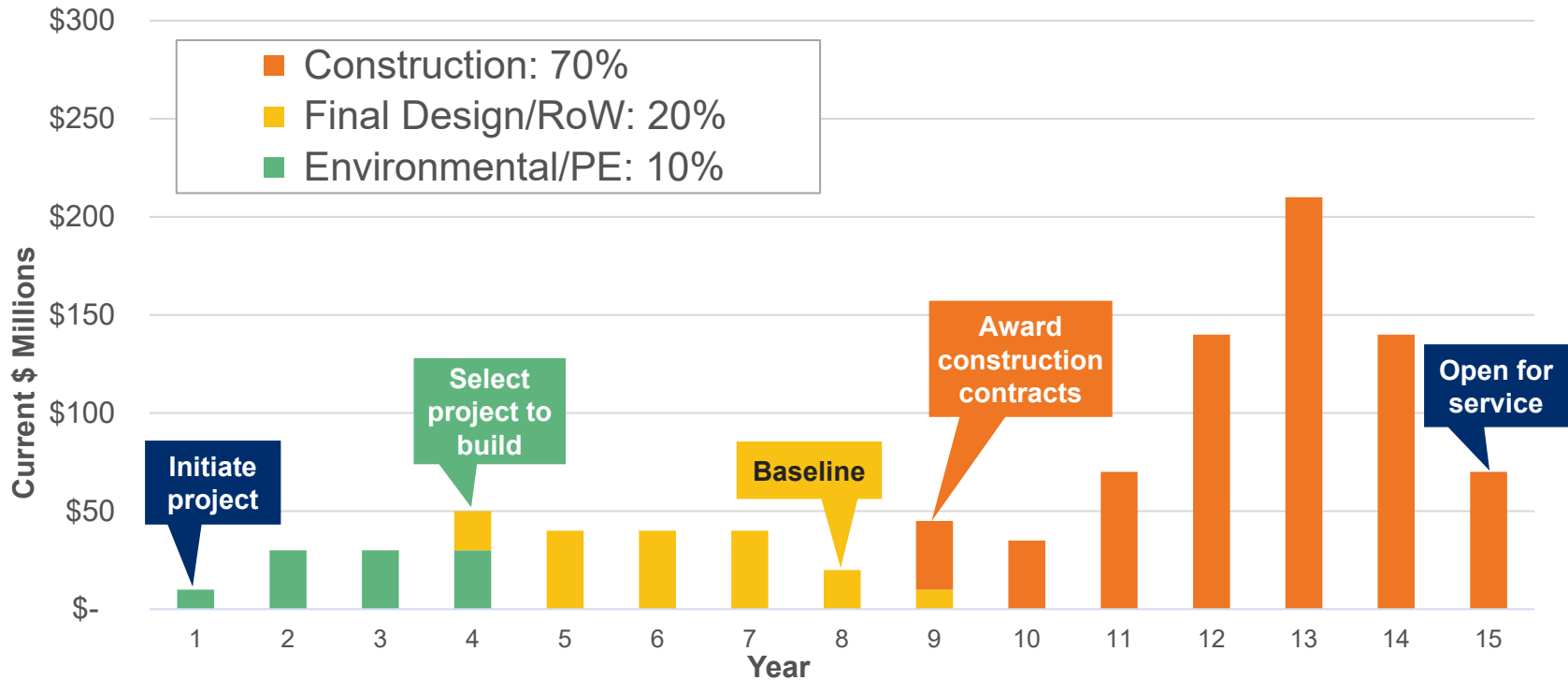


■ Action Values ■ Other project costs
Current \$M

Advancing all \$7.1B of these projects into construction on pre-Covid schedules is unaffordable and they will all still be subject to realignment.

Project readiness for delayed projects

Protective ROW acquisition, permits, etc



Board realignment process & schedule

	Near-term Decisions	Full Program Realignment
September	Direct which paused actions to consider	
October	Consider & possibly approve paused actions	Review update Financial Plan
November	Consider & possibly approve paused actions	
December	Consider adoption of 2021 Budget & TIP	Establish 2021 schedule for completion of realignment process
Q1 2021	Consider further short-term actions, including any results from advancing paused actions.	Determine realignment scenarios; gather public feedback
Q2 2021		Develop Draft realigned program
July 2021		Adopt Final realigned program and consider any budget revisions

Thank you.



 [soundtransit.org](https://www.soundtransit.org)

