

Capital Program Realignment Project Next Steps

Sound Transit Executive Committee

8/6/2020



Agenda

Financial Update

Capital Program Realignment

- Review paused project actions
- Recap realignment path forward
- Next steps for paused actions

Financial outlook

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 4.8 million and continue to surge. WA state reopening paused indefinitely.
- WA unemployment rate near historical high. Enhanced unemployment benefits ended on July 31.
- 11% YTD (Jan-May) loss on sales tax revenue.

Economic and financial update

What we do not know

- If the extra unemployment benefit will be extended. Impact on the economy if there is no new stimulus package.
- Recession duration and depth.
- What recovery will look like.
- Long term financial impact.

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

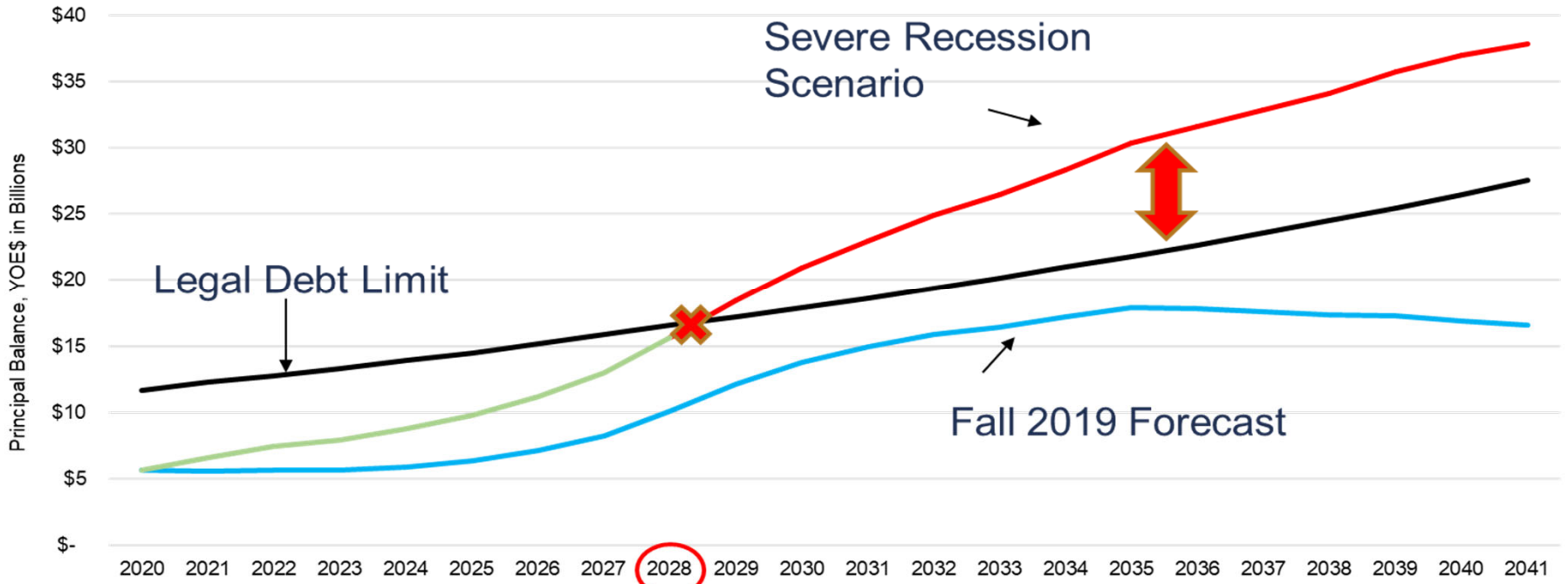
Severe recession scenario

- \$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.*

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.

Capital program realignment

Capital program realignment

Board project discussions to date

April	ST2 approach and near-term project approach
May	Past criteria
June	Workshop, criteria & path forward

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

Near-term approach

Maintain Board's flexibility and readiness for uncertain future

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.

Near-term approach

Maintain Board's flexibility and readiness for uncertain future

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

- Avoid over-commitment until Board priorities become clearer.

Capital projects under construction

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

Projects with development phase actions paused

- Sounder platform extensions
- Everett Link and Operations and Maintenance Facility - North
- Sounder access projects at Edmonds, Mukilteo, South Tacoma and Lakewood
- North Sammamish Park and Ride
- Bus on Shoulder

Projects with final design phase actions paused

- Kent and Auburn parking and access
- I-405 & SR 522 BRT
- BRT bus base

Projects with funding agreement actions paused

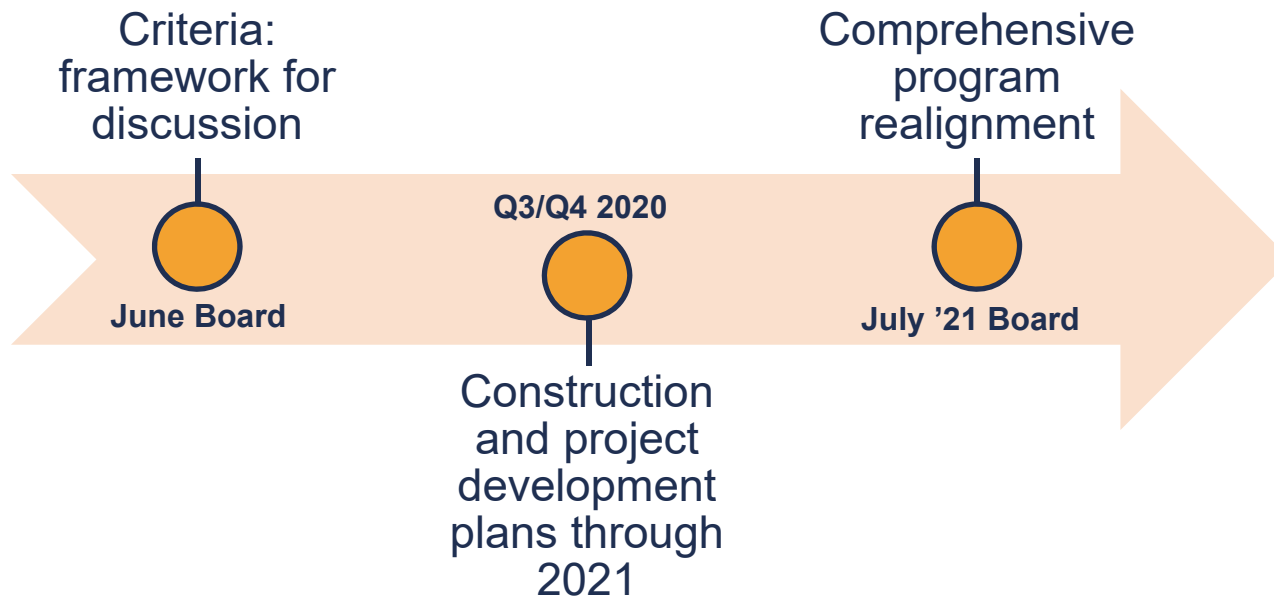
- Everett Station parking
- Madison BRT
- RapidRide C&D improvements
- 85th station and direct access (I-405 BRT)

Projects with construction actions paused

Establish baseline budget and schedule for ST delivery

- Souder maintenance base
- Sumner parking and access

Path forward



August-November

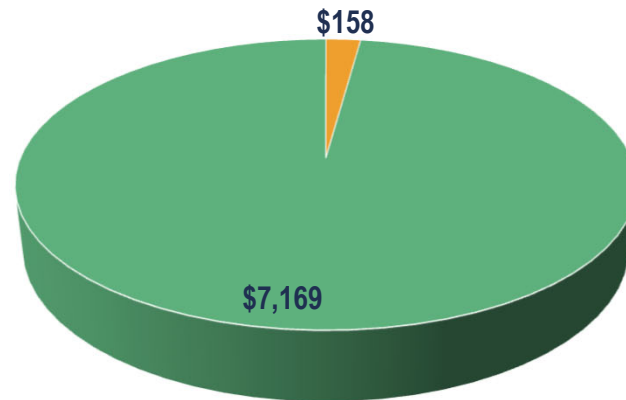
Consider 15 paused actions for project development, design, and agreements

What project actions make sense to advance this fall to:

- Engage consultants, contractors and stakeholders for cost savings in scope review, contract packaging, and program phasing
- Support project readiness while maintaining Board's flexibility and avoiding over commitments
- Focusing on next steps with low impacts to overall financial plan

Cost of authorizing all 15 paused development, design, and agreement actions

Paused actions total \$158 million which is 2% of the total costs of those projects



■ Action Values
■ Other project costs
Current \$M

What may make a project ready for further development?

Ridership demand

- Strong demand pre-COVID

Scope certainty

- Projects with well defined scope and partner concurrences

Alignment of partner resources

- Public and private partners able to support project

External engagement

Stakeholder outreach- through 2020

- Completed over 20 engagements with jurisdictions, major employers and stakeholders.
- Conversation this week with key health care providers throughout the region.
- Tracking key takeaways from this engagement to report to the Board later this year

Public outreach- Q1/Q2 2021

- Currently planning engagement with the public in early 2021.

Board briefings and proposed actions

Ongoing

Financial updates

August Board

Modal program & project briefings

September

Discuss schedule for paused actions

October-November

Consider approving paused project actions

December

Prepare for 2021 project actions & full realignment

Thank you.



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