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.

<table>
<thead>
<tr>
<th></th>
<th>2020 - 2021</th>
<th>2020 - 2041</th>
<th>2020 - 2041 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$(735,396,920)</td>
<td>$(6,119,918,364)</td>
<td>-13%</td>
</tr>
<tr>
<td>All Tax and Fare Revenues</td>
<td>$(822,146,155)</td>
<td>$(7,312,833,770)</td>
<td>-11%</td>
</tr>
<tr>
<td>Net Loss After CARES Act</td>
<td>$(656,146,155)</td>
<td>$(7,146,833,770)</td>
<td>-11%</td>
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</tbody>
</table>
Revenue loss projections

Severe recession scenario

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

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<th></th>
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<th>2020 - 2041</th>
<th>2020 - 2041 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$ (1,000,406,173)</td>
<td>$ (10,893,385,566)</td>
<td>-23%</td>
</tr>
<tr>
<td>All Tax and Fare Revenues</td>
<td>$ (1,087,155,409)</td>
<td>$ (12,086,300,972)</td>
<td>-18%</td>
</tr>
<tr>
<td>Net Loss After CARES Act</td>
<td>$ (921,155,409)</td>
<td>$ (11,920,300,972)</td>
<td>-18%</td>
</tr>
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</table>
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**

<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>
</tr>
<tr>
<td>OMF North</td>
<td>Issaquah-S Kirkland Link</td>
<td>Sounder Maintenance Base</td>
<td></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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<tr>
<td>Ballard Link &amp; 2nd Tunnel</td>
<td></td>
<td>Sumner Access</td>
<td></td>
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<tr>
<td>Graham S&amp; BAR Infill Stations</td>
<td></td>
<td>Auburn Access</td>
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<td></td>
<td></td>
<td>Kent Access</td>
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<td>DuPont Sounder Extension</td>
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<td>TCC Tacoma Link</td>
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</table>

*Under construction*
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

- Sounder maintenance base
- Sumner parking and access
Path forward

Criteria: framework for discussion
- June Board
  - Construction and project development plans through 2021
  
Comprehensive program realignment
- July ’21 Board
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.
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**

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Description</th>
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<tbody>
<tr>
<td>Ongoing</td>
<td>Financial updates</td>
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<tr>
<td>August Board</td>
<td>Modal program &amp; project briefings</td>
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<tr>
<td>September</td>
<td>Discuss schedule for paused actions</td>
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<tr>
<td>October-November</td>
<td>Consider approving paused project actions</td>
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<tr>
<td>December</td>
<td>Prepare for 2021 project actions &amp; full realignment</td>
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Thank you.

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