

Program Realignment

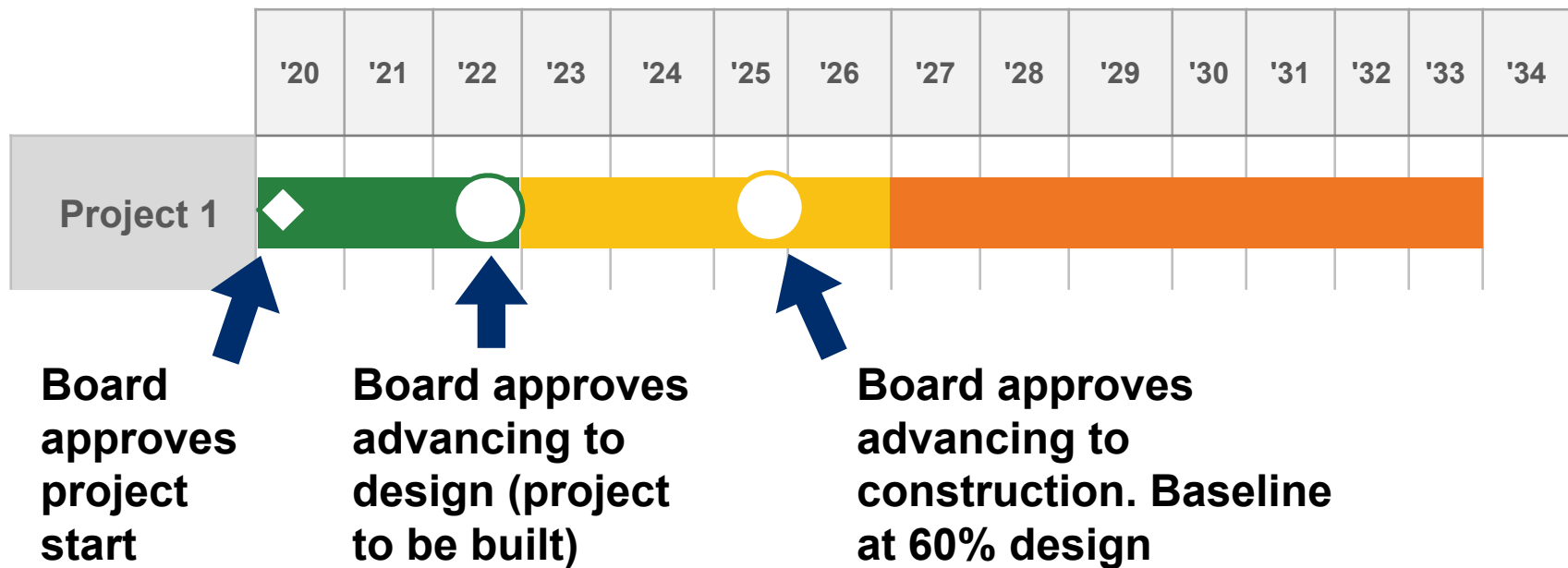
Board of Directors

4/22/21



Framework for Decision-Making

Board decision points for projects



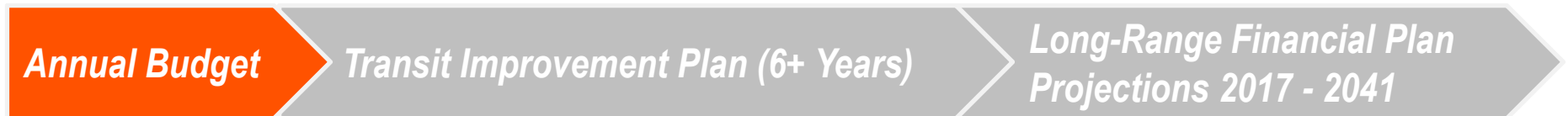
Financial plan informs affordability for each decision

Three principle financial tools that inform financial plan:



Annual Budget

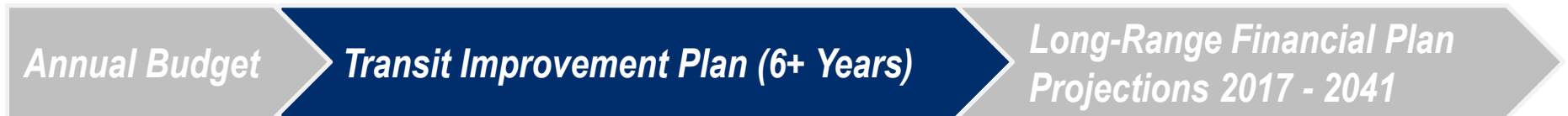
BOARD APPROVES



- Detailed, balanced revenue and expenditure budget for 2020

Transit Improvement Plan

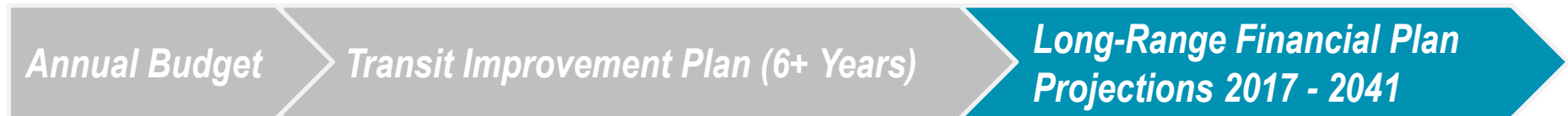
BOARD APPROVES



- Detailed phase level spending for active projects for the next 6 years
- Required by law for every transit agency, every year

Long-Range Financial Plan

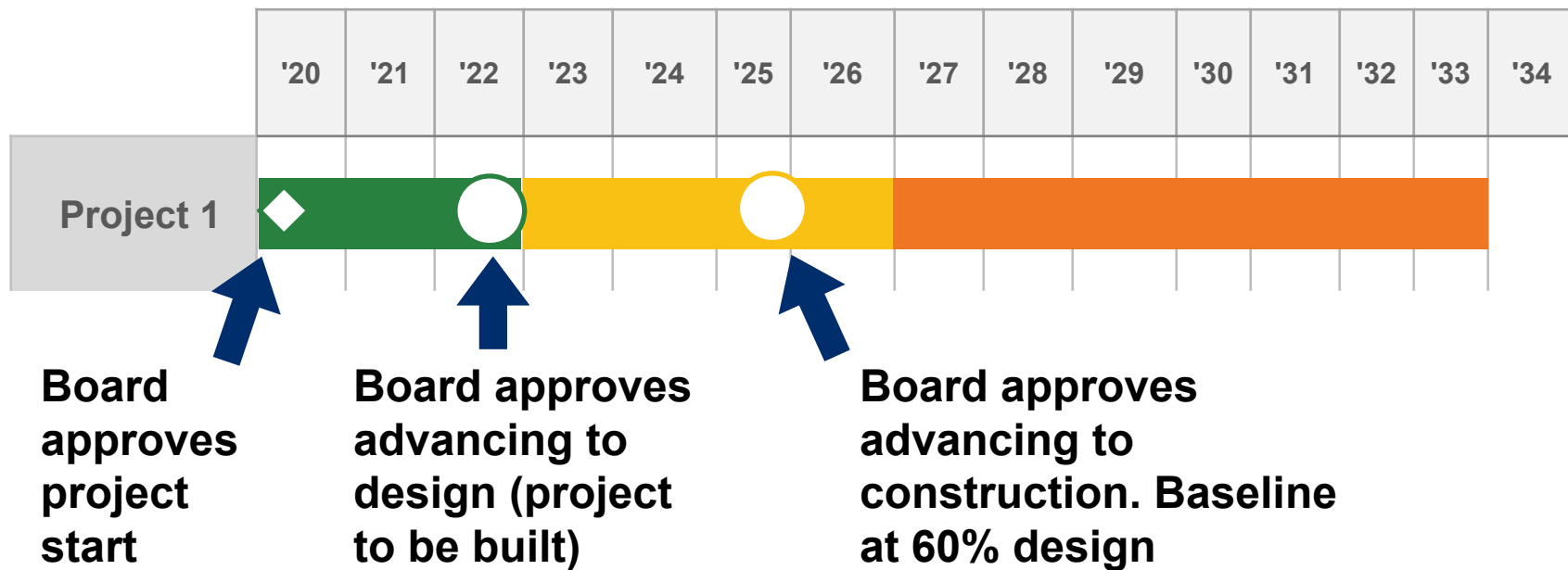
BOARD BRIEFED



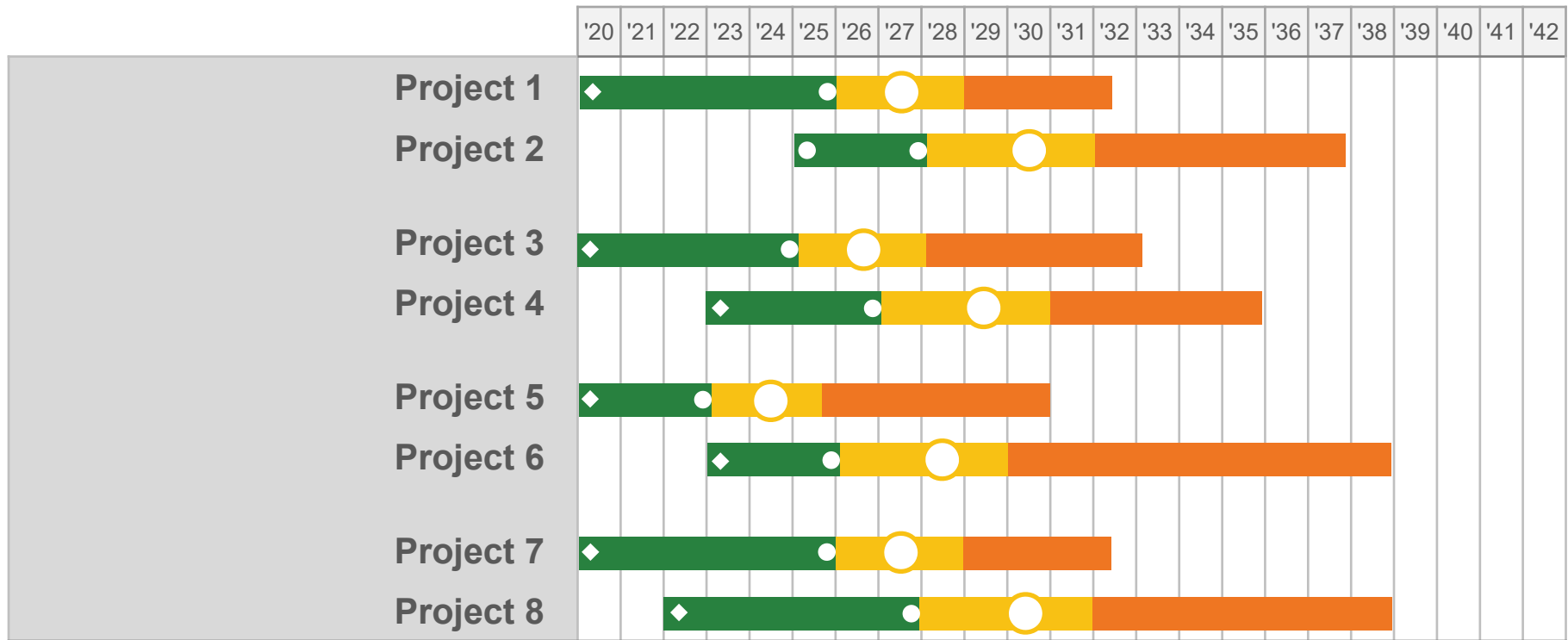
- Representative financial forecast of voter-approved SM/ST2/ST3 plan
- Updated with latest Board-approved TIP and annual budget
- Required by FTA
- Used by FTA and Build America Bureau to determine grant and TIFIA loan worthiness, and evaluate bond ratings

Board decision points for projects

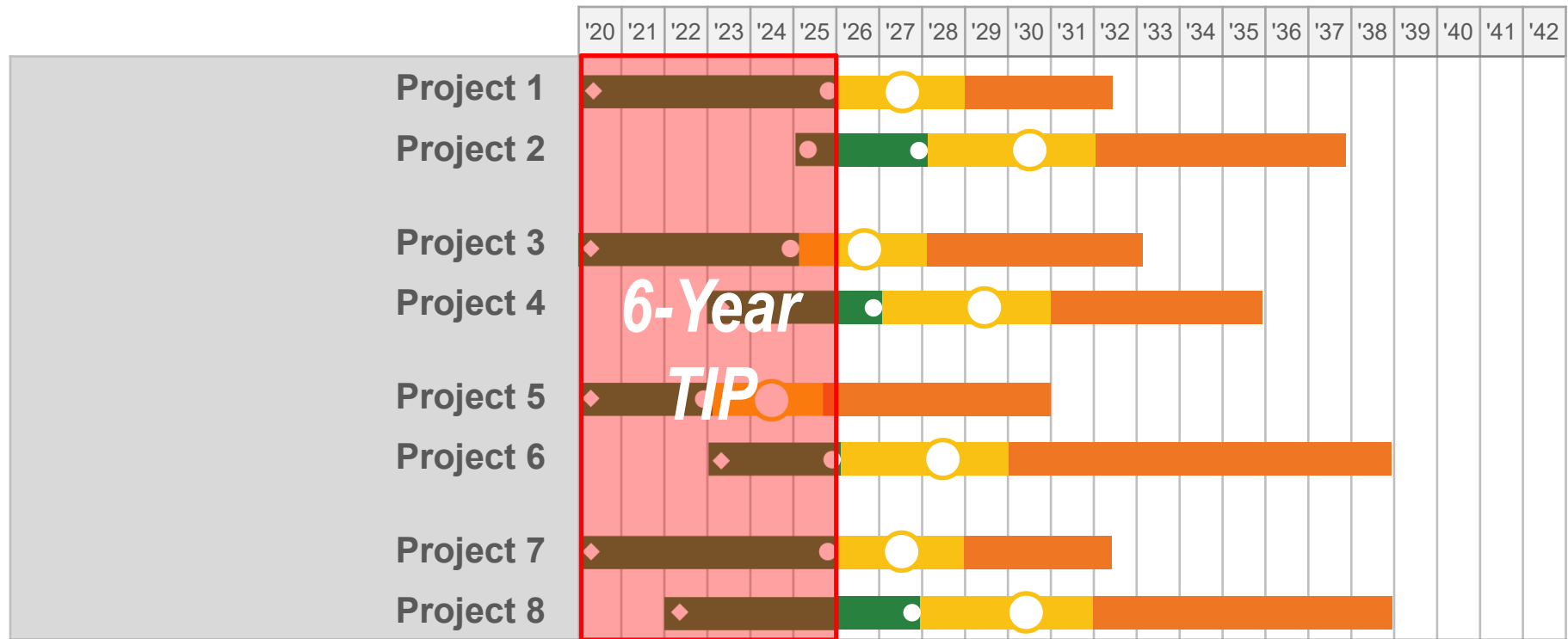
Financial plan informs affordability of each action



Multiple decision points for multiple projects



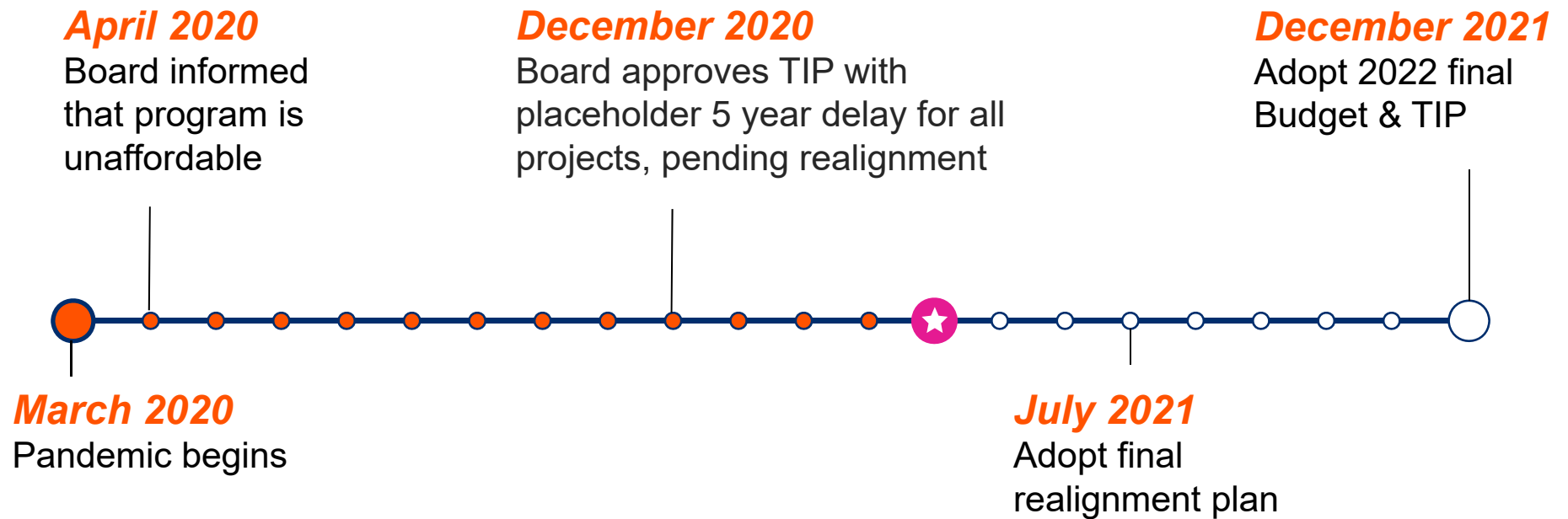
TIP includes Board authorized spending



6-Year
TIP

Where are we now?

Realignment timeline overview



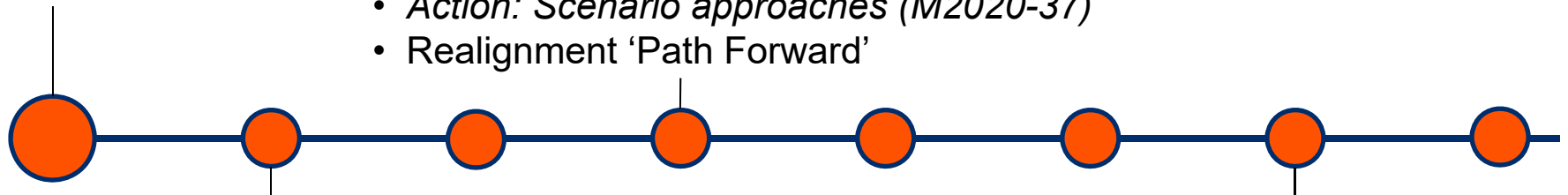
Realignment timeline

March 2020

- Pandemic starts
- Recession begins

June

- 1st Board workshop
- *Action: Realignment criteria (M2020-36)*
- *Action: Scenario approaches (M2020-37)*
- Realignment 'Path Forward'



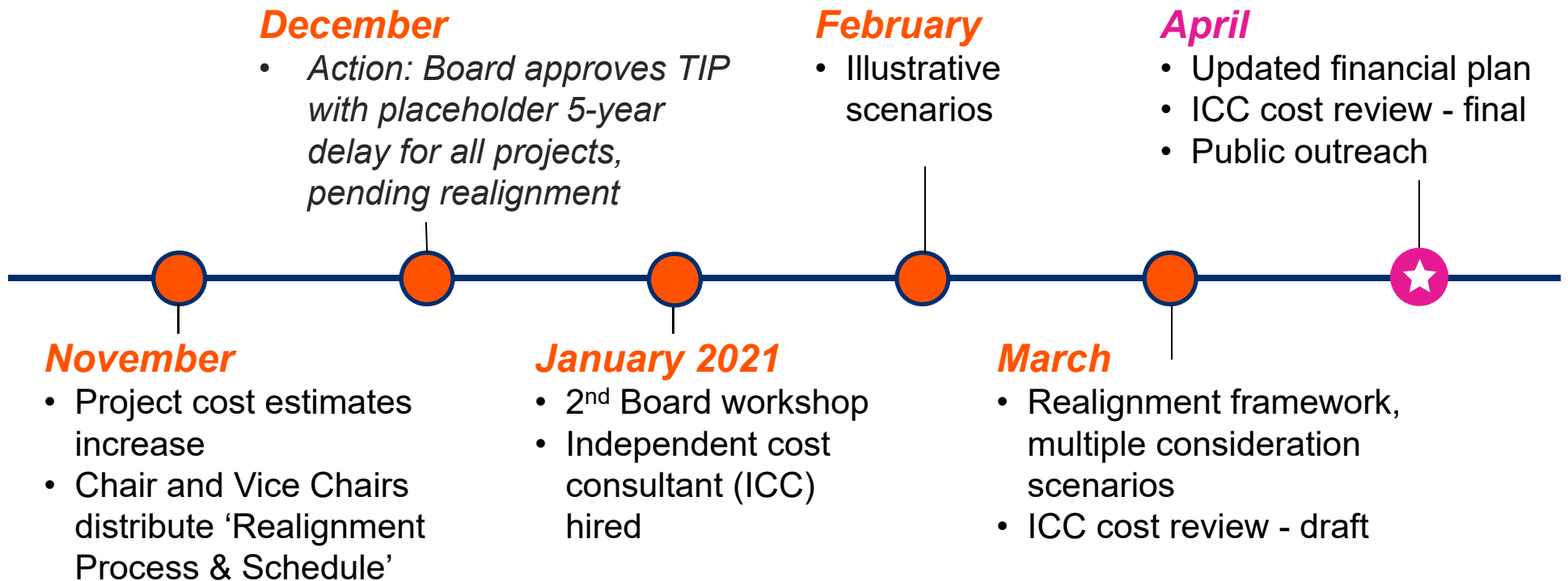
April

- Program becomes unaffordable
- Actions for projects not in construction paused

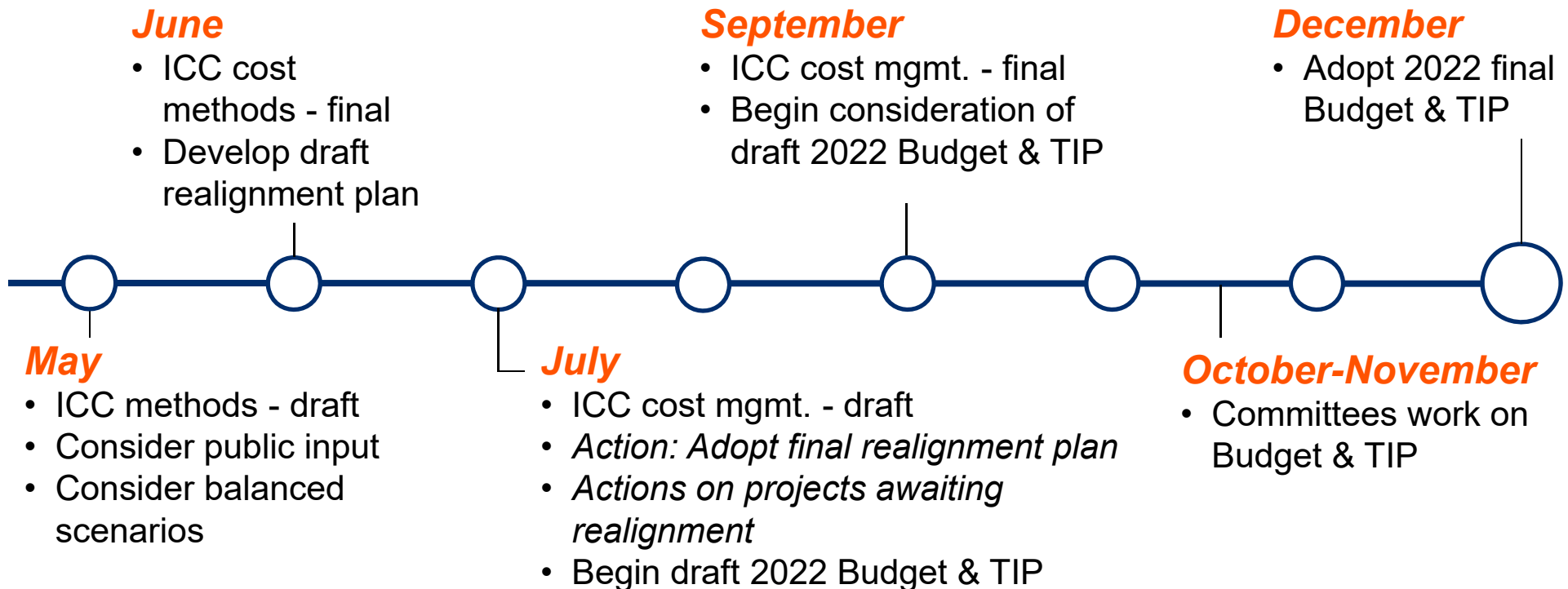
September

- *Action: Some project actions un-paused (M2020-55)*

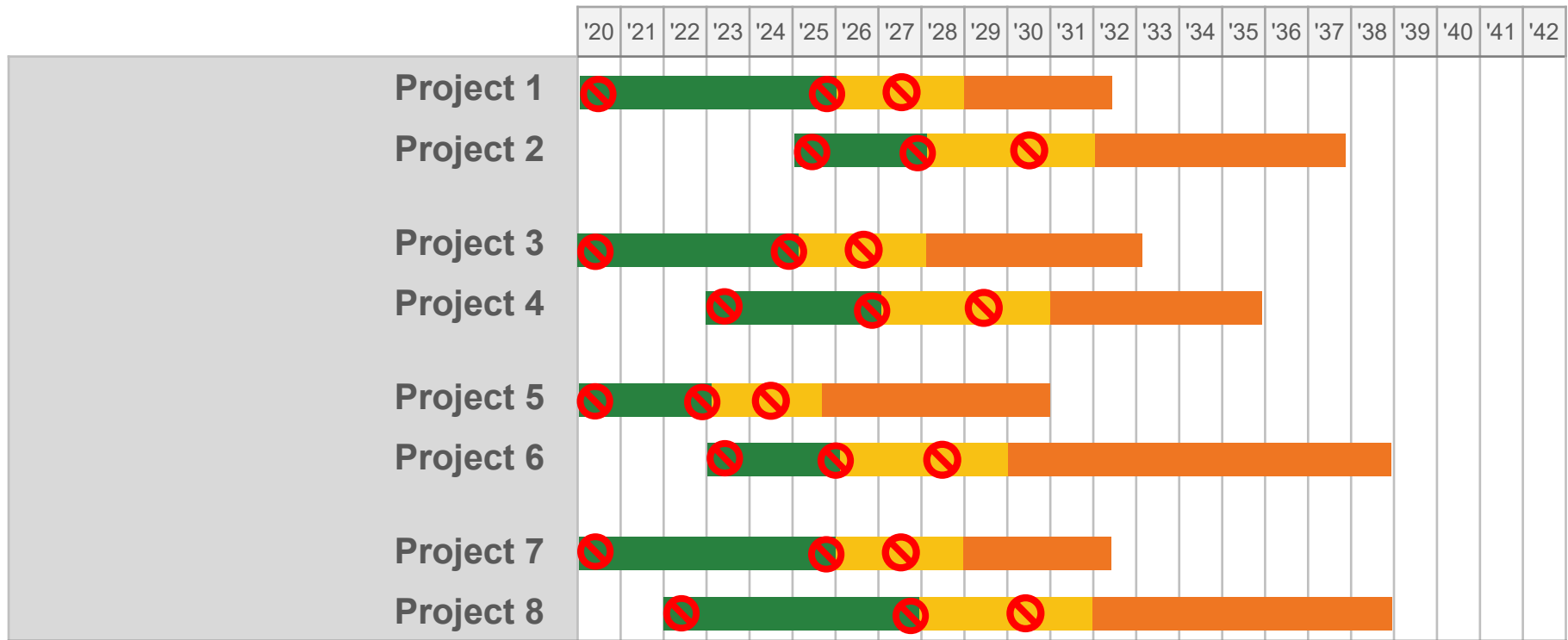
Realignment timeline



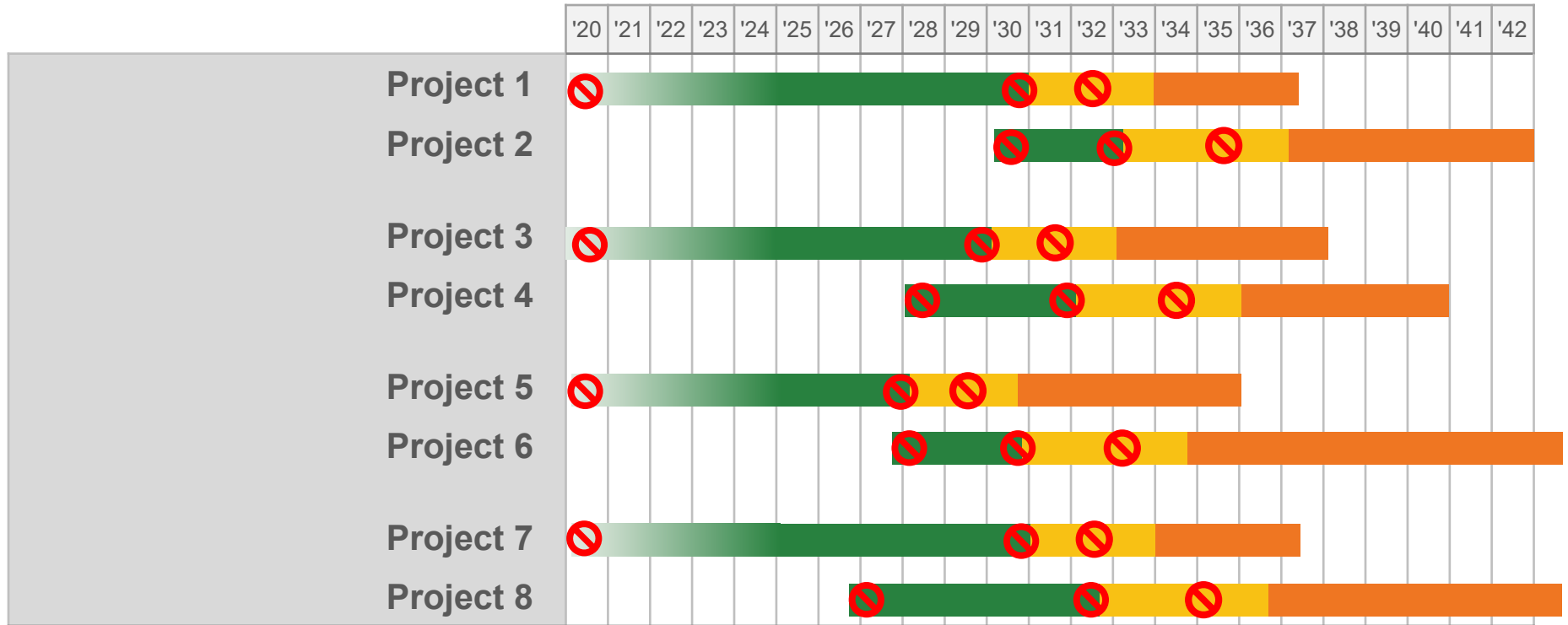
Realignment timeline



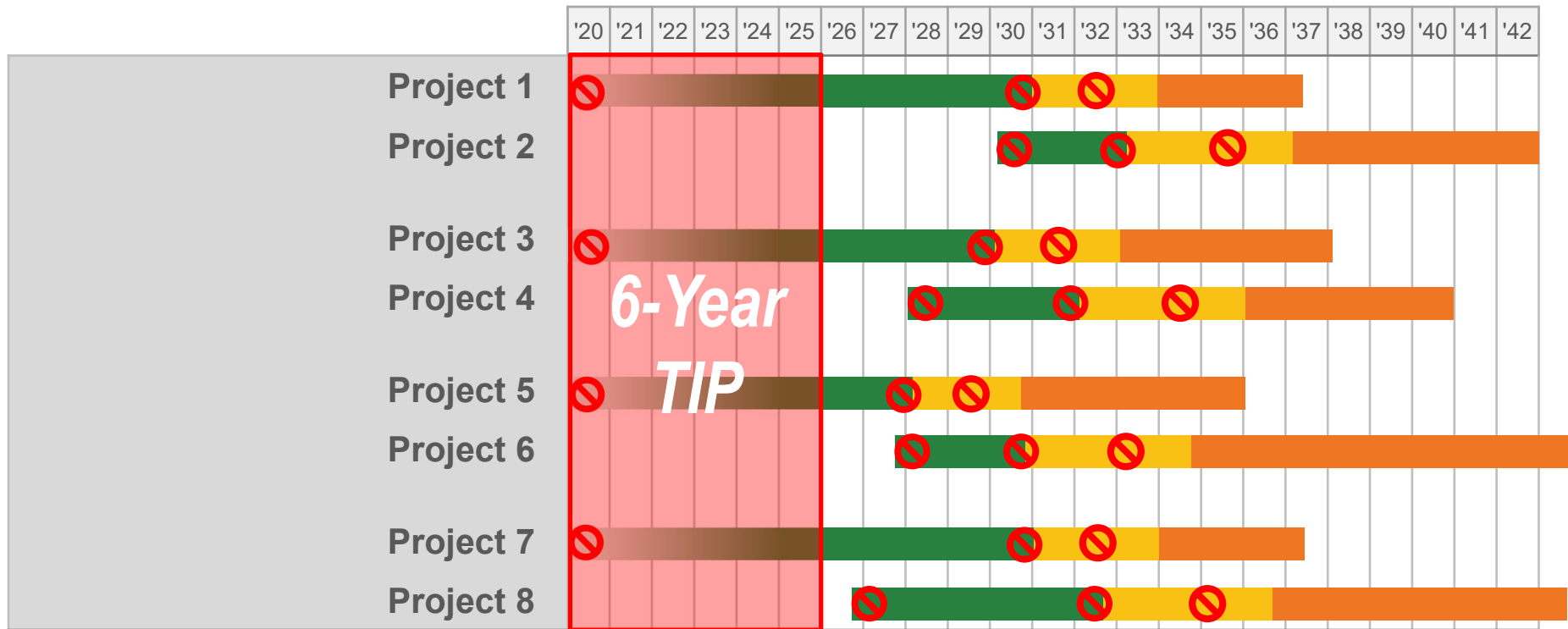
Response to affordability gap: projects paused



Financial plan placeholder: 5 year delay



Financial plan placeholder: 5 year delay









Board adjusts project schedules to become affordable again



***Envisioned realignment
actions***

Potential ST3 program realignment tiers

-  **Build** baselined projects.
-  **Tier 1: Develop** for construction.
-  **Tier 2: Plan & Prepare**— 2nd up for construction funding.
-  **Tier 3: Plan** – 3rd up for construction funding.
-  **Tier 4: Keep Ready** – 4th up for construction funding.
-  **Suspend** project.

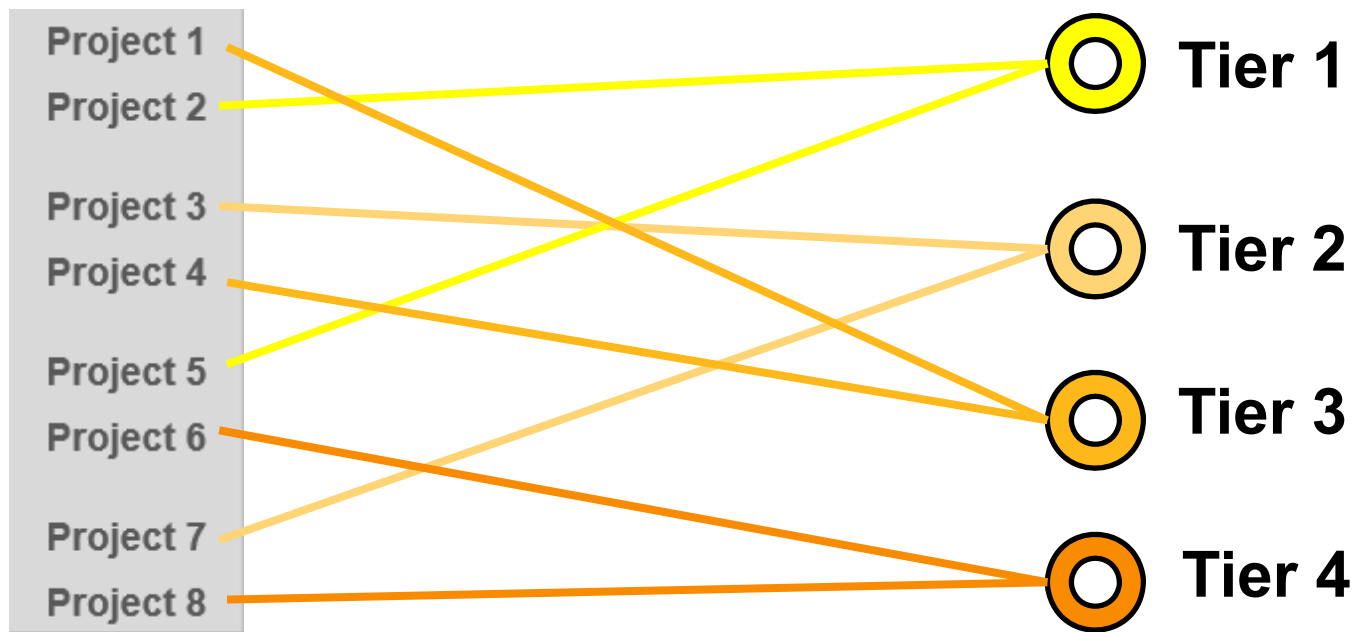
Prioritize projects into tiers

Board groups projects based on criteria & financial capacity

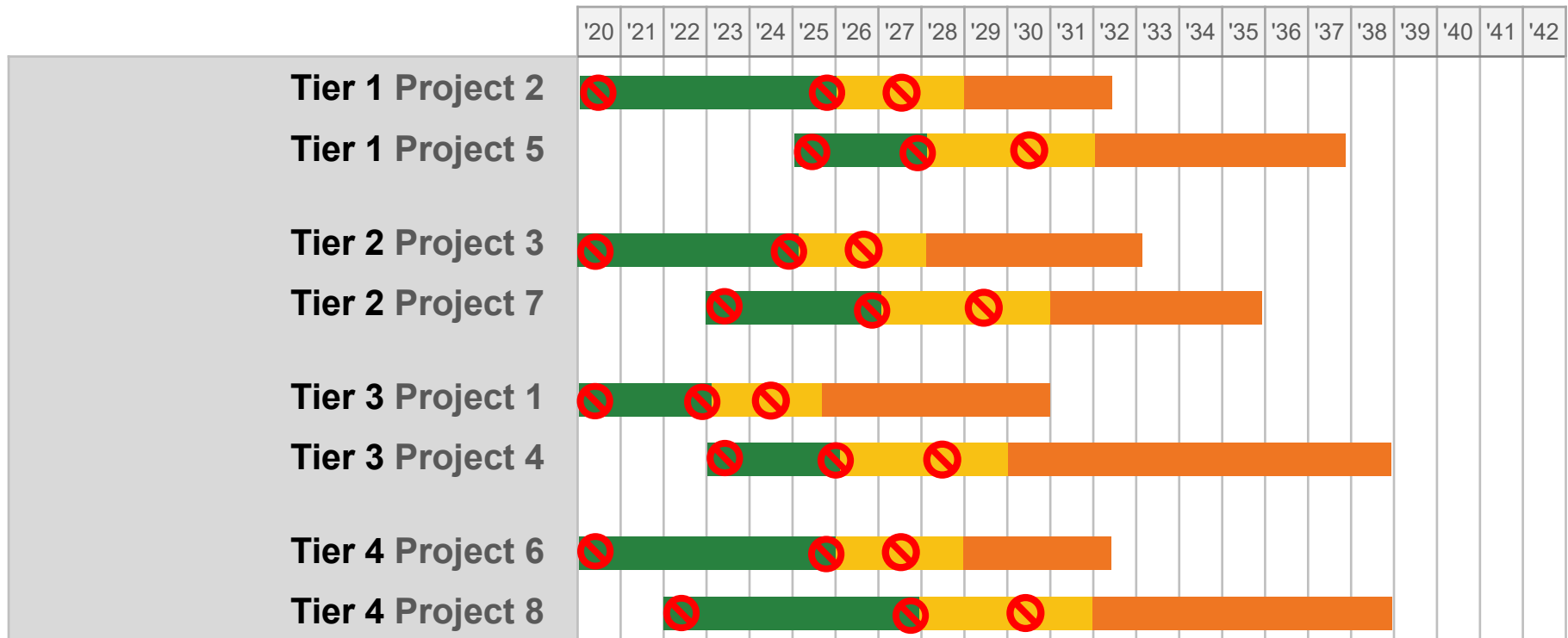
- Tiers allow concurrent progress in all subareas as we monitor financial capacity
- Continue pursue expanded financial capacity
- CFO provides regular updates on ability to deliver each tier

Prioritize projects into tiers

Board groups projects based on criteria & updated financial plan

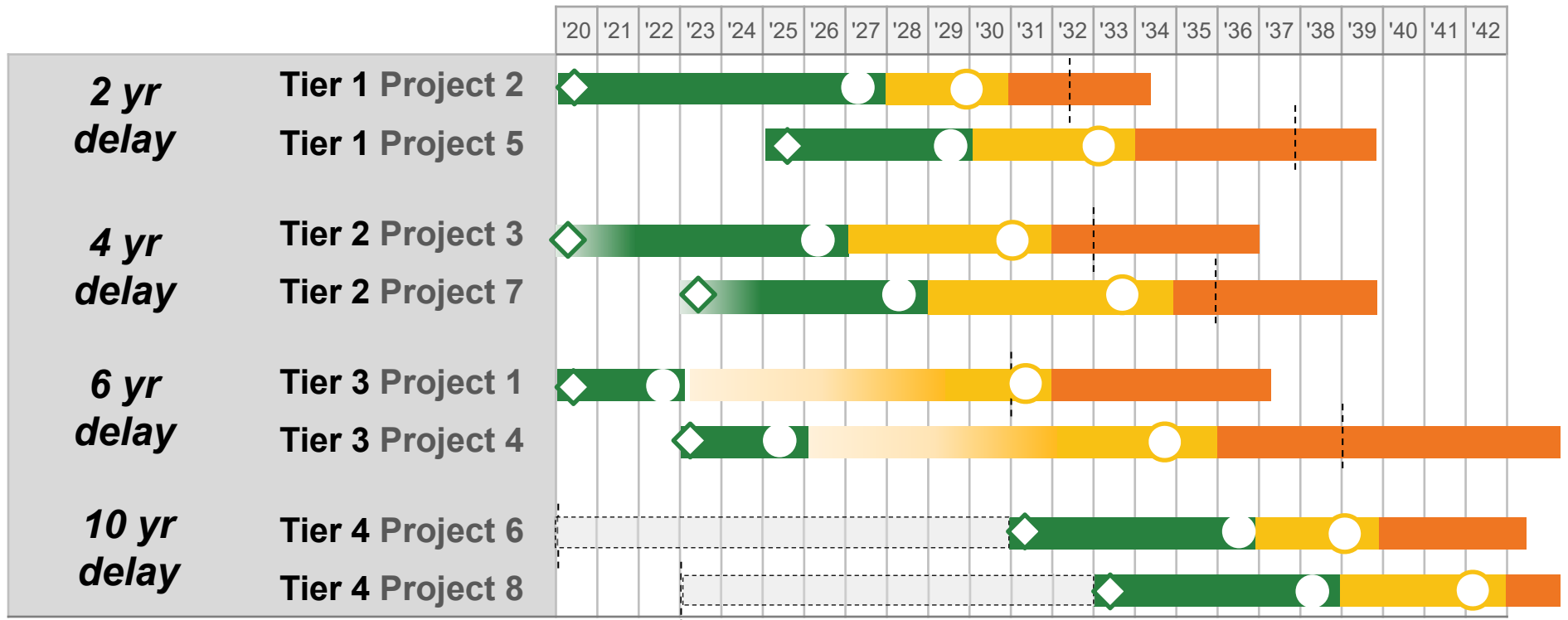


Board adopts framework; projects are tiered...

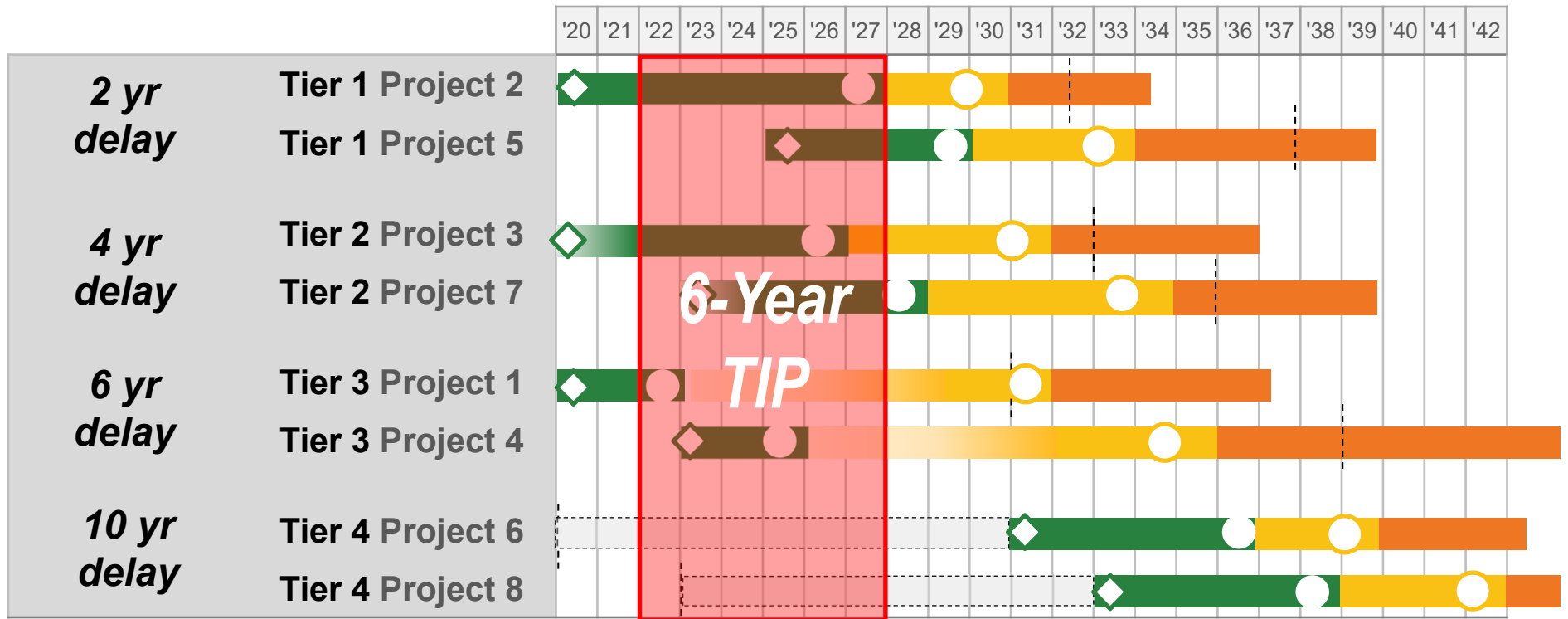


...and then scheduled to be affordable

Projects un-paused; Board actions proceed as before



TIP updated to reflect new timing



New annual program review

BOARD APPROVES

BOARD APPROVES

BOARD BRIEFED



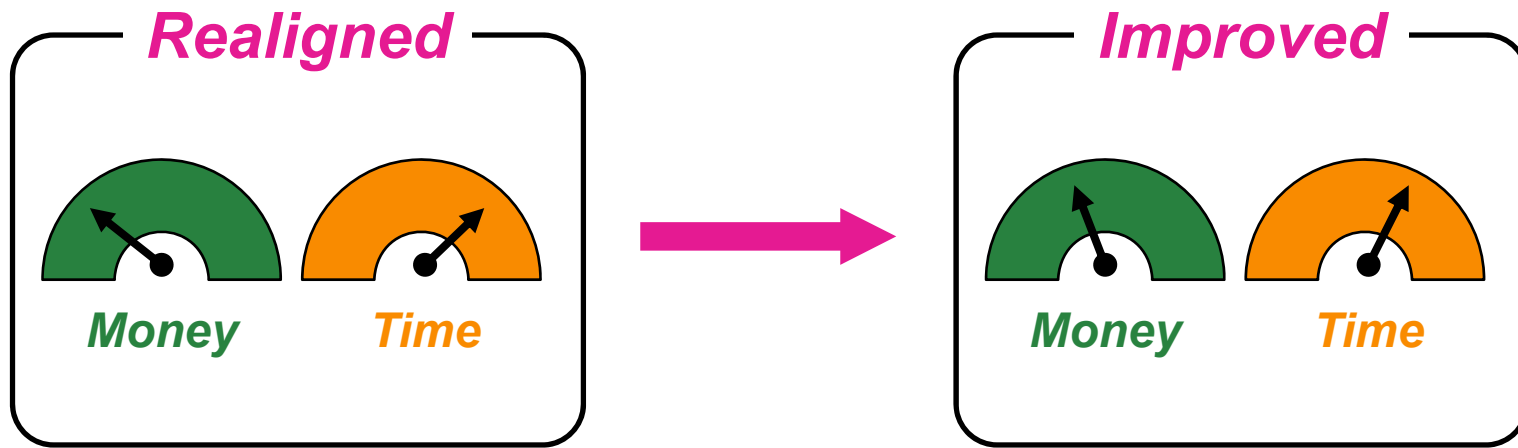
Annual Budget

Transit Improvement Plan (6+ Years)

*Long-Range Financial Plan
Projections 2017 - 2041*

- **New** annual program review to evaluate shifts in financial capacity and opportunities to advance tiers of projects, prior to budget and TIP preparation

Board retains ability to adjust program as financial capacity changes



Next Steps

Next steps

Anticipated realignment work through July

Ongoing public engagement

- May** Discuss Board priorities.
- June** Develop realignment plan(s).
- July** Consider potential action to adopt realignment plan(s).

Thank you.



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