

# *Financial Plan Update*

*Board of Directors*

*April 22, 2021*

# *Why we are here*

*No action requested today; information only*

- *Long-Range Financial Plan projections*
- *Updated affordability gap projections*

# Executive Summary

*Program remains unaffordable without realignment, updated affordability gap projected at \$7.9B, down from \$11.5B, mainly due to:*

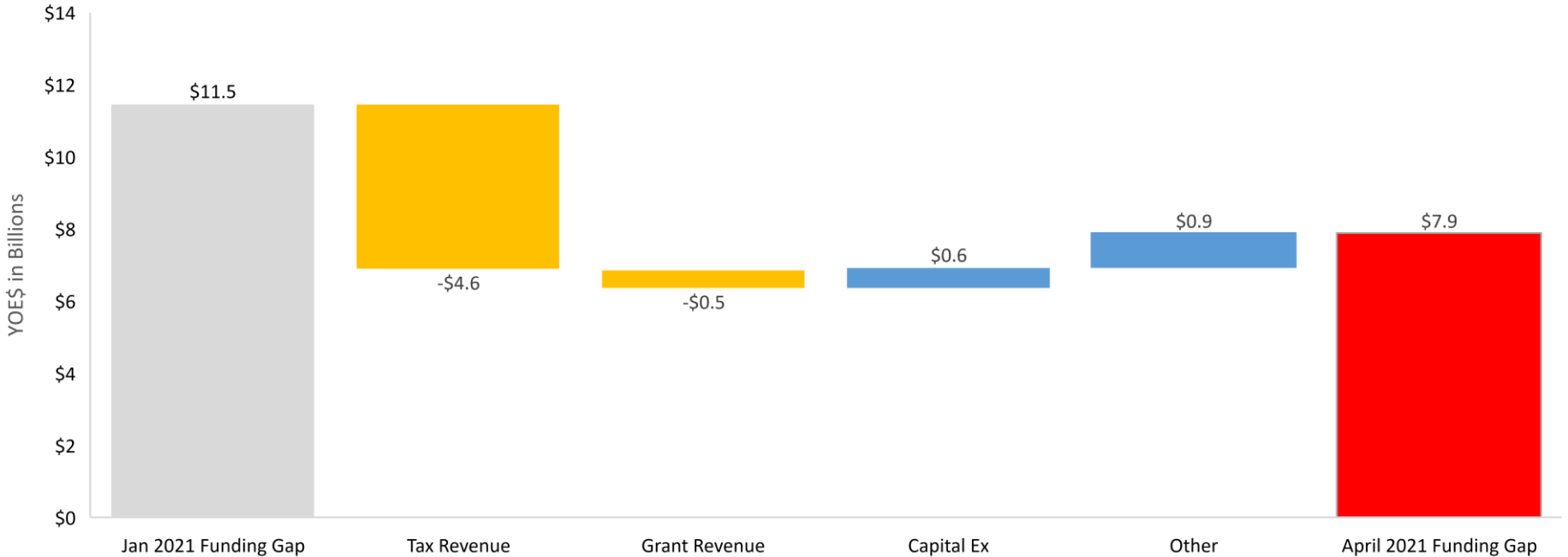
- *\$4.6B increase in projected tax revenue through 2041, uncertainty remains high (long term revenue loss projected at \$1.5B)*
- *\$527M increase in American Rescue grants*
- *\$595M higher projected capital cost mainly due to updated capital cost inflation, project cashflow, and infill stations cost estimates*

# *Key Takeaway*

*Updated affordability gap projected at \$7.9B,  
down from \$11.5B, program remains unaffordable  
without realignment*

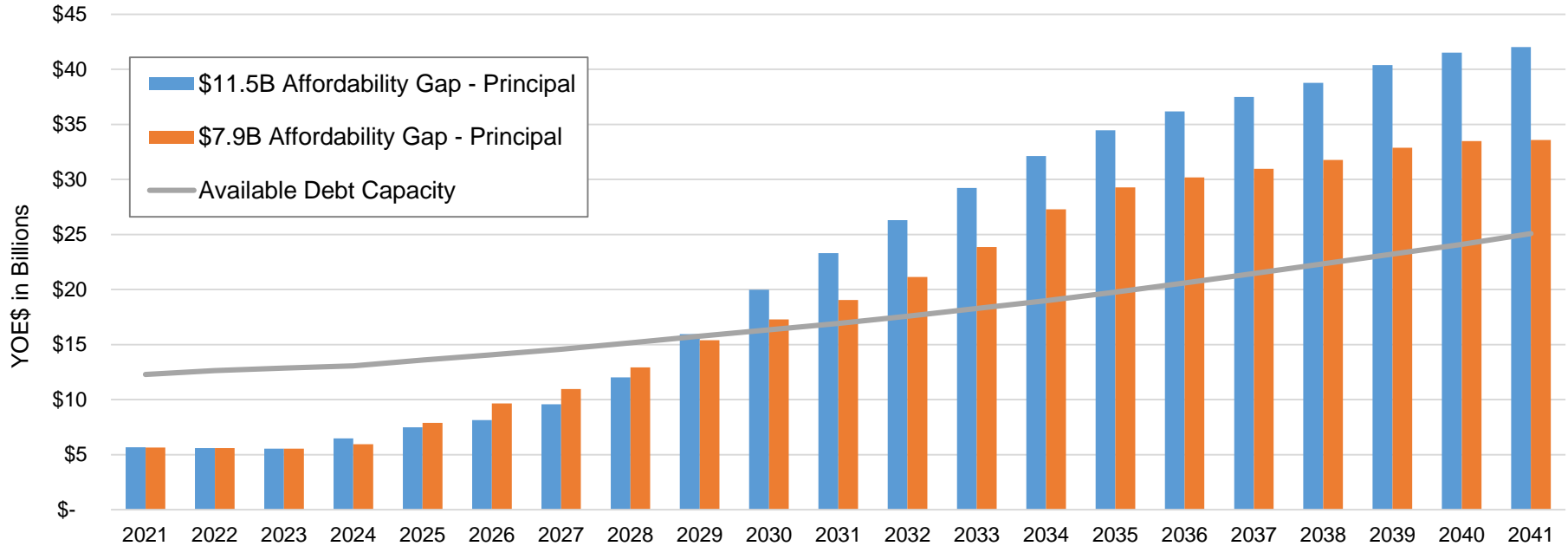
# Major Changes in Plan Assumptions

Jan 2021 vs April 2021  
Change 2017-2041



# Affordability gap narrower; Program Remains Unaffordable

Affordability Gap Comparison  
\$11.5B vs \$7.9B



# *Tax Revenues*

*\$4.6B increase in projected tax revenue through 2041, uncertainty remains high (long term revenue loss projected at \$1.5B)*

# *Improved tax revenue outlook*

- *Additional Stimulus Funding - Dec 2020 & March 2021 stimulus.*
- *Vaccine availability/economic reopening moved forward from mid-2022 to mid-2021.*
- *5 additional months of actual tax collection data since fall 2020 update.*
- *Latest national and regional economic indicators.*



# ***\$1.5B projected long term tax revenue loss***

- ***Tax revenue loss projection improved by \$4.6B (from Fall 2020 forecast of \$6.1B, to \$1.5B).***
- ***Revenue trend is consistent with what is being forecasted by the State and other local jurisdictions.***
- ***Long term forecast still below pre-COVID levels, uncertainty remains.***

# *Grants*

*\$527M increase in assumed American  
Rescue grants*

# *Update on Additional Revenue Pursuit*

## *April 2021 Federal Grant Updates*

- **\$527M American Rescue Plan funding**
  - \$275M formula
  - \$253M for Federal Way and Lynnwood Extensions

## *State Grant Updates*

- **No new revenue from State**

# *Capital Costs*

*\$595M higher projected capital cost mainly due to updated capital cost inflation, project cashflow, and infill stations cost estimates*

# *Inflation and Project Cashflow Update main driver for Capital Cost forecast Changes*

- *\$1.2B increase from updated inflation adjustment – +\$1.2B*
  - *Construction Cost Index: +\$1.03B*
  - *Consumer Price Index: +\$0.13B*
- *\$716 decrease from project cashflow updates*
  - 2020 year end spending
  - More precise project cashflow

# ***\$154M increase in infill Station cost estimates***

## ***NE 130<sup>th</sup> Street Station (\$64M estimate increase)***

**Design progression from 30% to 60%, higher estimate mainly due to:**

- Cost premium for construction around live rail operations
- Desired choices to improve rider experience

**Similar cost pressures anticipated, and assumed on other infill stations:**

## ***Graham Street Station (\$12M estimate increase)***

## ***Boeing Access Road Station (\$78M estimate increase)***

***Key takeaways,  
Risks, and  
Management Considerations***

# Key Takeaways and Risks

- 1. *Affordability gap narrowed from \$11.5 to \$7.9B. Program remains unaffordable without realignment.***
- 2. *Long-range financial projections remain uncertain:***
  - *Tax revenue forecast fluctuates with economic cycles.***
  - *Capital projects not in construction are at very early stage.***
  - *Purchased transportation cost growth consistently higher than the rate assumed in the ST2/3 plan. It could add \$1B additional cost to the plan if cost growth not contained.***



# Key Considerations

- *Project scope discipline remains imperative.*
- *Contain purchased transportation cost growth to ensure long term affordability.*
- *Continue to pursue additional Federal, State and local funding and financing opportunities to increase financial capacity.*

*Thank you.*



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