

Realignment Workshop

01/21/2021



Purpose & Overview

Agenda

- Purpose
- Review: Two approaches for realignment
- Background for Board realignment decisions under plan-required approach
- Background for Board realignment decisions under the expanded capacity approach
- Review project evaluations
- Next steps

Plan-Required Approach

Plan-Required

- Relies on authorized, reasonably expected revenues
- M2020-36 establishes criteria “to help inform the Board on how to best achieve the objectives of the Sound Transit 2 and Sound Transit 3 plans when making upcoming realignment decisions.”

Expanded Capacity Approach

Expanded Capacity

- M2020-37 directs development of alternative scenarios “that would utilize a variety of tools which could include but are not limited to state funds, additional federal funds and increased debt capacity”

Board discussion

- ***What are the opportunities and challenges of each approach to realignment?***

Plan Requirements

Requirements

Resolution No. R2016-17 provides the Board's authority for addressing unaffordability of ST3 Plan.

The ST3 Plan provides that available revenue must be used:

“to pay for the cost of those improvements, or portions thereof, contained in the Plan, or in ST-2 or Sound Move, that the Board deems, in its discretion, to be most necessary and in the best interests of Sound Transit after consideration of the Plan and the financial policies adopted as part of the Plan.”

Financial Situation

Financial projections key takeaways

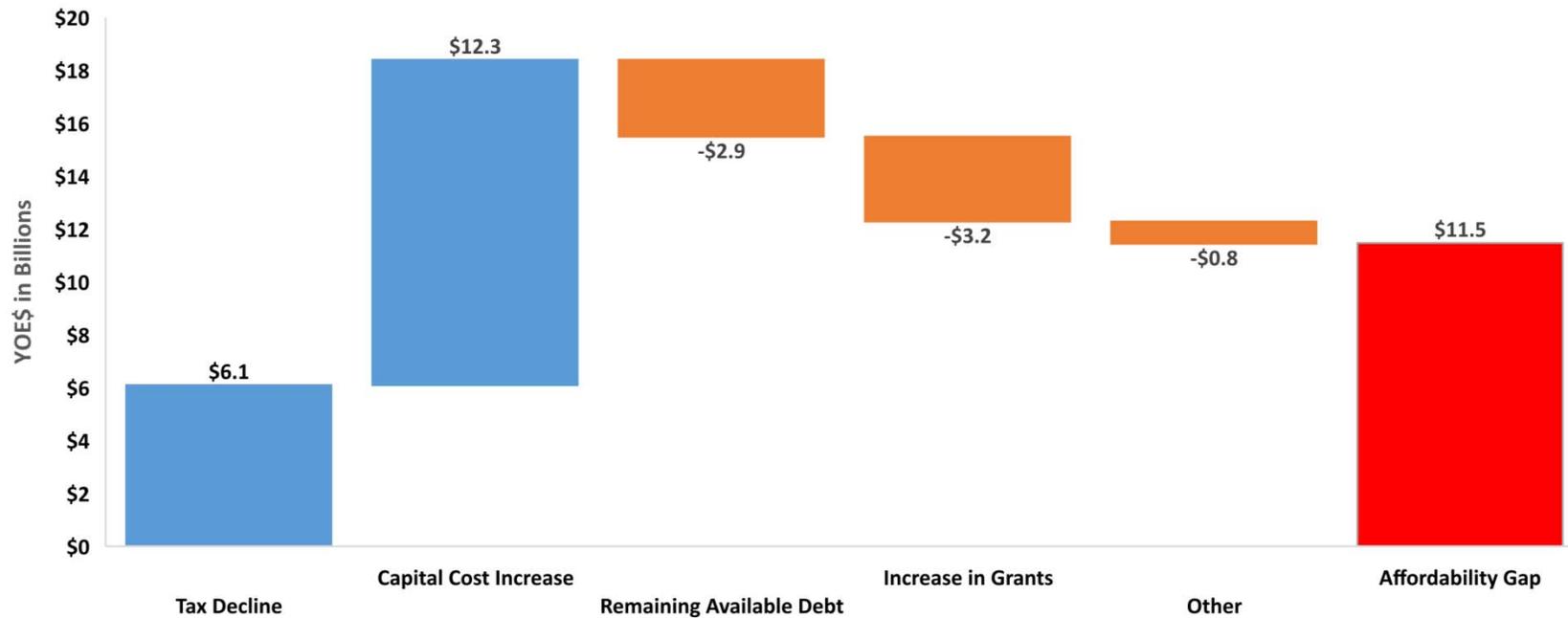
- ***Current forecasts render the program unaffordable without realignment.***
- ***Insufficient funds to pay for expenditures starting in 2029 based on current project schedules and budgets.***
- ***Total expenditures (Capital and Operations) exceed available funds yielding affordability gap of \$11.5B through 2041.***

Affordability gap is projected to be \$11.5B, or 11% of the remaining program through 2041



Major update in plan assumptions

Fall 2019 vs Jan 2021
Change 2017-2041
(In Billions)



Major update #1: Tax revenue projections decreased by \$6.1 Billion through 2041

- Long term trend highly uncertain***

Decrease in Projected Tax Revenues		
	2020 - 2041	2020 - 2041 (%)
Sales Tax	\$ (5,428,424)	-11.5%
MVET	\$ (606,513)	-8.1%
Property Tax	\$ (33,849)	-0.8%
Rental Car Tax (RCT)	\$ (39,050)	-46.2%
Total Tax Revenues	\$ (6,107,835)	-10.3%

Main update #2: Capital cost estimate increased by \$12 Billion through 2041

\$12 billion in Year of Expenditure dollars (or \$8 billion in 2019\$) increase to capital cost estimates, to be adjusted through ongoing design and independent cost estimate review.

- West Seattle and Ballard
- Tacoma Dome
- OMF South and North
- Everett
- South Kirkland/Issaquah
- Tacoma Community College

Main update #3: Projected grants increased by \$3.2 billion through 2041

- ***Increase in grants assumption based on historical performance and latest project cost estimates***
- ***\$3.2 billion in increased grant assumptions***
- ***Original ST3 plan assumed 16.0% of capital program funded through grants, updated assumption increase the federal share to 17.5%***

Main update #4: \$2.9 billion increase in assumed net debt through 2041

- **All remaining available debt capacity is projected to be used to partially bridge the funding and expenditure gap.**
- **However, debt capacity is constrained resulting in \$11.5 billion affordability gap.**

***Tools: Plan-Required
Approach***

Realignment tools: Plan-Required approach

Currently available revenue tools

- Remaining tax authority (rental car tax)
- Fares & fees (e.g. parking, advertising)

Realignment tools: Plan-Required approach

Expenditure tools

- Delay project delivery
 - Delay projects in their entirety
- Deliver projects in phases
 - Deliver some portions earlier and some portions later
 - Examples: Deliver LRT in segments, open LRT/BRT service but delay parking
- Reduce project scopes
 - Remove elements of projects, or constrain available budget
 - Examples: LRT alignment choices, surface rather than structured parking
- Suspend or delete projects
 - Remove projects from the plan temporarily or permanently

Board discussion

- ***What revenue tools are needed?***
- ***What cost savings measures should be considered?***
- ***What phasing options should be explored?***

***Expanded Capacity
Background***

Potential expanded funding capacity

- *State*
- *Federal*
- *Third Party*
- *Debt Capacity*

State funding: Current status

- ST currently prohibited from receiving State transportation funds
- Direct appropriation for public transit is rare but not prohibited
- Washington State has traditionally provided very limited funding for public transit outside of ferries

State funding: 2021 session

Legislature addressing Washington State revenue losses due to the pandemic

Three transportation packages under development:

1. House Transportation Committee Chair Fey Package
2. Senate Transportation Chair Hobbs' Forward Washington Package
3. Senate Transportation Vice Chair Saldana's Evergreen Transportation Package

State funding & policy changes

Possible offsets, exemptions and new authority

- Exempt Sound Transit from State sales tax on construction and/or rolling stock purchases
- Seek waiver of repayment for federal share of WSDOT rights-of-way

State funding & policy changes

Seek regulatory relief

- Exempt ST from local permitting requirements
 - Eliminate the need for city-by-city code and design review negotiations
 - For example, give ST projects same permitting status as WSDOT projects

Federal funding current status: Grants

- Based on historical performance and recent capital cost estimates, the Finance Plan has been updated to assume 17.5% (vs. 16% assumed in the ST3 plan) of the capital program is funded by grants.
- Most significant federal funding comes from the FTA's Capital Investment Grant (CIG) program. To date, ST has received 4 Full Funding Grant Agreements in the total amount of \$ 3.3 billion.
- Federal Way FFGA continues through 2026; Lynnwood FFGA continues through 2028

Federal funding current status: Loans

- ST is the largest recipient of federal TIFIA loans in the country, with 5 loans worth \$3.3 billion, 4 under first and only Master Credit Agreement
- ST currently seeking to expand the scope of the East Link TIFIA loan to include Redmond Extension and refinance all loans in the existing TIFIA portfolio.
- Scope expansion and refinance outcome is uncertain.

Federal pandemic relief: 2020 and looking ahead

Congress has approved two relief packages

- First package in Spring 2020, “CARES Act” provided:
 - \$25B for public transit, including \$166M for ST
- Second package in December 2020 provided:
 - \$14B for public transit, ST expected to receive ~\$180M (assuming CARES Act formula is used)

Biden Administration proposing third relief package

- \$20B proposed for public transit

Federal opportunities ahead

117th Congress and Biden Administration

- House-passed provision that would provide ST's current CIG grants with higher federal share
- Reauthorization proposals: Current authorization expires Sep. 2021
- Recovery efforts - Infrastructure investments – “Build Back Better”
- Biden Team

Third party contributions

Leverage 3rd party investments through binding agreements

- Enter into partnerships to deliver infrastructure at lower cost
 - *WSDOT partnership for I-405 NE 44th BRT station*
 - *Use already-programmed local CIP \$ to offset ST costs, e.g. Bothell BAT lanes*
- Local funding or delivery of scope elements
- Use host jurisdiction property at no cost
- Embed utility relocation requirements in ST agreements with cities

Agency's legal debt capacity

- Current limit is 1.5 % of assessed property value within the RTA District
- District voters could increase the 1.5 % up to 5 % of assessed value
- 60 % voter approval required

Board discussion

- ***What opportunities should be pursued at the state level?***
- ***What opportunities should be pursued at the federal level?***
- ***What 3rd party opportunities should be pursued?***
- ***Should we consider a vote to increase the agency's debt capacity?***

Project Evaluations

Board-adopted Evaluation Criteria

Criterion	Concept
Ridership potential	How many daily riders is the project projected to serve?
Socio-economic equity	How well does the project expand mobility for transit-dependent, low-income, and/or diverse populations?
Connecting centers	Does the project connect designated regional centers?
Tenure	How long have voters been waiting for the project?
Outside funding	Are other funding sources available, secured or at risk?
Completing the spine	Does the project advance development of the regional HCT spine?
Advancing logically beyond the spine	Is the project a 'logical next step' beyond the spine and within financial capacity?
Phasing compatibility (constructability)	Can the project be constructed and opened for service in increments?

Ridership Potential

Criterion	Methodology	Performance Indicator
<i>How many daily riders is the project projected to serve?</i>	The measure uses outputs from ridership forecasts based on the Sound Transit ridership model to assess the number of projected daily riders.	More than 45,000 daily riders
		Between 5,000 and 45,000 daily riders
		Less than 5,000 daily riders

Project Evaluations begin on page 17 of the Briefing Book

Ridership Potential

More than 45,000 daily riders

- Downtown Tunnel
- Ballard Link

Between 5,000 and 45,000 daily riders

- Everett Link
- Tacoma Dome Link
- West Seattle Link
- Sounder South
- Tacoma Link Extension
- Issaquah-Kirkland Link
- I-405 BRT North
- I-405 BRT South
- SR 522 BRT

Less than 5,000 daily riders

- NE 130th Infill Station
- Graham St Infill Station
- Boeing Access Rd Infill Station
- Sounder South Extension
- Kent, Auburn, Sumner, Tacoma Dome, S. Tacoma, Lakewood Stations Access
- Edmonds & Mukilteo Access
- N. Sammamish Park & Ride
- SR 162 Improvements

Socio-Economic Equity

Criterion	Methodology	Performance Indicator
<p><i>How well does the project expand mobility for transit-dependent, low-income, and/or diverse populations?</i></p>	<p>The measure identifies how well each project serves key populations based on a demographic analysis within a one-mile radius of station areas. Key populations include: 1) Black and Indigenous populations; 2) non-Black, non-Indigenous populations of color; 3) limited English proficiency populations; 4) low income populations; 5) very low income seniors; 6) populations with a disability.</p>	High
		Medium-high
		Medium-low
		Low

Socio-Economic Equity

High

- Graham St Infill Station
- Boeing Access Rd Infill Station
- Kent Station Access
- Tacoma Dome Station Access
- Sounder South Platforms & Service

Medium-high

- Everett Link
- I-405 BRT South
- Auburn Station Access
- S. Tacoma Station Access
- Tacoma Dome Link
- Tacoma Link Extension

Socio-Economic Equity

Medium-low

- West Seattle Link
- Downtown Tunnel
- SR 522 BRT
- NE 130th Infill Station
- Sounder South Extension

Low

- Edmonds & Mukilteo Access
- Ballard Link
- I-405 BRT North
- Issaquah-Kirkland Link
- N. Sammamish Park & Ride
- Sumner Station Access
- SR 162 Improvements

Connecting Centers

Criterion	Methodology	Performance Indicator
<i>Does the project connect designated regional centers?</i>	The measure identifies the number of Puget Sound Regional Council-designated regional growth and manufacturing/ industrial centers served by the project.	More than One
		One
		None

Connecting Centers

More than One

- Sounder South
- I-405 BRT North
- RapidRide C&D
- Everett Link
- Ballard Link
- I-405 BRT South
- Tacoma Dome Link
- Downtown Tunnel
- Issaquah-Kirkland Link

One

- West Seattle Link
- Boeing Access Rd Infill Station
- Kent Station Access
- Auburn Station Access
- Tacoma Dome Station Access
- Lakewood Station Access
- Sounder South Extension
- Tacoma Link Extension

None

- SR 522 BRT
- Edmonds & Mukilteo Access
- NE 130th Infill Station
- Graham St Infill Station
- N. Sammamish Park & Ride
- Sumner Station Access
- S. Tacoma Station Access
- SR 162 Improvements

Tenure

Criterion	Methodology	Performance Indicator
<i>How long have voters been waiting for the project?</i>	The measure identifies which voter-approved capital program the project was originally a part of.	Sound Move
		ST2
		ST3

Tenure

Sound Move

- Boeing Access Rd Infill Station

ST2

- Kent, Auburn, Sumner, Tacoma Dome, S. Tacoma, and Lakewood Access
- System Access Program

ST3

- Everett Link
- SR 522 BRT
- Edmonds & Mukilteo Access
- NE 130th Infill Station
- West Seattle Link
- Downtown Tunnel
- Ballard Link
- RapidRide C&D
- Graham St Infill Station
- Issaquah-Kirkland Link
- N. Sammamish Park & Ride
- I-405 BRT North
- I-405 BRT South
- Sounder South
- Sounder South Extension
- Tacoma Dome Link
- Tacoma Link Extension
- SR 162 Improvements
- Bus on Shoulder
- Innovation Program

Outside Funding

Criterion	Methodology	Performance Indicator
<p><i>Are other funding sources available or secured?</i></p>	<p>The measure identifies if Sound Transit plans to pursue outside funding for the project and if the project is expected to be competitive for a significant portion of outside funding.</p>	<p>Yes, competitive for >25% of project cost</p>
		<p>Yes, competitive for <25% of project cost</p>
		<p>No, not planning to pursue</p>

Outside Funding

Yes, competitive for >25% of project cost

- Everett Link
- West Seattle Link
- Downtown Tunnel
- Ballard Link
- Issaquah-Kirkland Link
- Sounder South Platforms
- Sounder South Extension
- Tacoma Dome Link
- Tacoma Link Extension

Yes, competitive for <25% of project cost

- SR 522 BRT
- NE 130th Infill Station
- Graham St Infill Station
- Boeing Access Rd Infill Station
- I-405 BRT North
- I-405 BRT South
- Auburn Station Access
- S. Tacoma Station Access
- Lakewood Station Access
- Sounder South Access
- System Access Program

No, not planning to pursue

- Edmonds & Mukilteo Access
- RapidRide C&D
- North Sammamish Park & Ride
- Kent Station Access
- Sumner Station Access
- Tacoma Dome Station
- Sounder South Service
- SR 162 Improvements
- Bus on Shoulder
- Innovation Program

Completing the HCT Spine

Criterion	Methodology	Performance Indicator
<i>Does the project advance development of the regional HCT spine?</i>	The measure identifies whether the project contributes to the completion of the regional HCT spine*.	Yes
		No

**defined in the Long-Range Plan as Everett-Seattle-Tacoma + Seattle-Redmond*

Completing the HCT Spine

Yes	No		
<ul style="list-style-type: none"> • Everett Link • Tacoma Dome Link 	<ul style="list-style-type: none"> • SR 522 BRT • Edmonds & Mukilteo Access • NE 130th Infill Station • West Seattle Link • Downtown Tunnel • Ballard Link • RapidRide C&D • Graham St Infill Station • Boeing Access Rd Infill Station 	<ul style="list-style-type: none"> • Issaquah-Kirkland Link • N. Sammamish P&R • I-405 BRT North • I-405 BRT South • Kent, Auburn, Sumner, Tacoma Dome, S. Tacoma, Lakewood Access • Sounder South • Sounder South Extension • Tacoma Link Extension 	<ul style="list-style-type: none"> • SR 162 Improvements • Bus on Shoulder • System Access Program • Innovation Program

Advancing Logically Beyond the Spine

Criterion	Methodology	Performance Indicator
<i>Is the project a “logical next step” beyond the spine and within financial capacity?</i>	The measure identifies whether the project advances logically beyond the spine. Because all projects were included in a voter-approved system plan, all projects that don’t complete the spine are assumed to advance logically beyond the spine.	Yes
		N/A

Phasing Compatibility

Criterion	Methodology	Performance Indicator
<i>Can the project be constructed and opened for service in increments?</i>	The measure identifies whether a project can be constructed and opened for service in increments.	Yes
		No

Phasing Compatibility

Yes

- Everett Link
- SR 522 BRT
- NE 130th Infill Station
- West Seattle Link
- Ballard Link
- RapidRide C&D
- Issaquah-Kirkland Link
- I-405 BRT North
- I-405 BRT South
- Tacoma Dome, S. Tacoma, Lakewood Stations Access
- Sounder South
- Sounder South Extension
- Tacoma Dome Link
- Tacoma Link Extension
- Bus on Shoulder
- System Access Program
- Innovation Program

No

- Edmonds & Mukilteo Access
- Downtown Tunnel
- Graham St Infill Station
- Boeing Access Rd Infill Station
- N. Sammamish Park & Ride
- Kent, Auburn, Sumner Stations Access
- SR 162 Improvements

Board discussion

- ***How should project evaluations inform realignment decision-making?***

Next Steps

Next steps

Anticipated realignment work through July

February	Discuss realignment approaches
March	Define approaches for public engagement
April	Seek public feedback; discuss cost review results
May	Discuss public feedback and Board priorities
June	Develop realignment plan(s)
July	Take final action to adopt realignment plan(s)

Board discussion

- ***What additional information would the Board like to see to support deliberations on each approach?***

Thank you.



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