Program Realignment

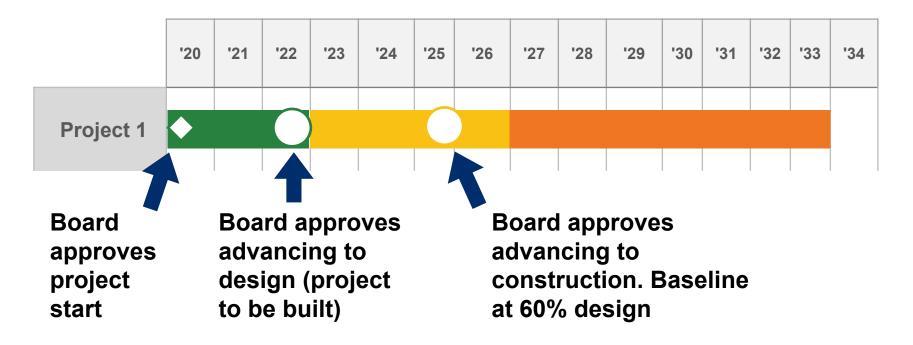
Board of Directors

4/22/21





Board decision points for projects





Financial plan informs affordability for each decision

Three principle financial tools that inform financial plan:

Annual Budget

Transit Improvement Plan (6+ Years)

Long-Range Financial Plan Projections 2017 - 2041



Annual Budget

BOARD APPROVES

Annual Budget

Transit Improvement Plan (6+ Years)

Long-Range Financial Plan Projections 2017 - 2041

Detailed, balanced revenue and expenditure budget for 2020



Transit Improvement Plan

BOARD APPROVES

Annual Budget

Transit Improvement Plan (6+ Years)

Long-Range Financial Plan Projections 2017 - 2041

- 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

Annual Budget

Transit Improvement Plan (6+ Years)

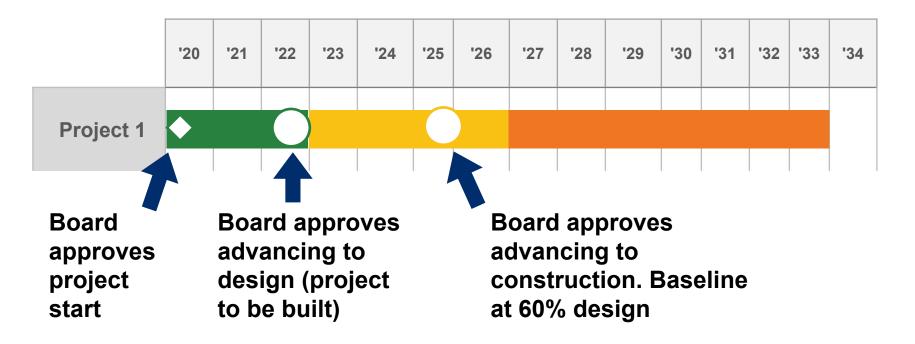
Long-Range Financial Plan Projections 2017 - 2041

- 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

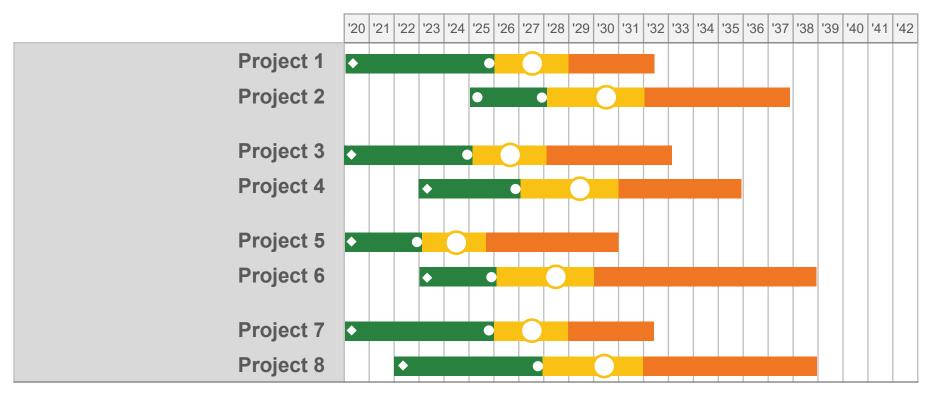


Board decision points for projects

Financial plan informs affordability of each action

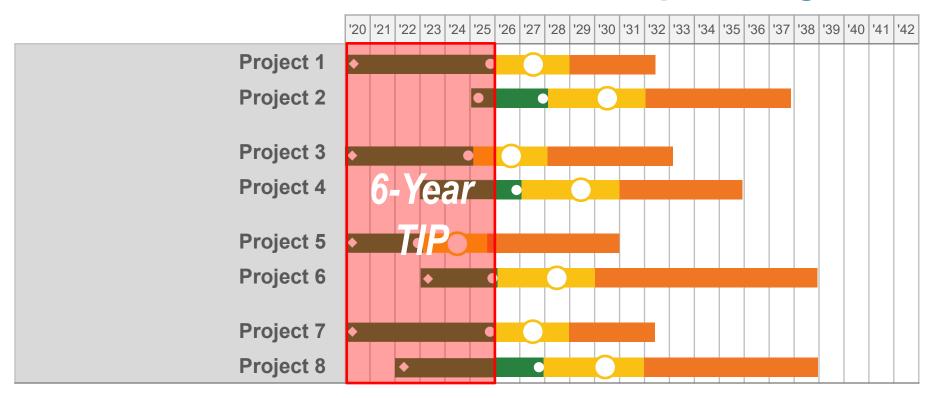


Multiple decision points for multiple projects





TIP includes Board authorized spending



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

December

 Action: Board approves TIP with placeholder 5-year delay for all projects, pending realignment

February

• Illustrative scenarios

April

- Updated financial plan
- ICC cost review final
- Public outreach

November

- Project cost estimates increase
- Chair and Vice Chairs distribute 'Realignment Process & Schedule'

January 2021

- 2nd Board workshop
- Independent cost consultant (ICC) hired

March

- Realignment framework, multiple consideration scenarios
- ICC cost review draft



Realignment timeline

June

- ICC cost methods - final
- Develop draft realignment plan

September

- ICC cost mgmt. final
- Begin consideration of draft 2022 Budget & TIP

December

 Adopt 2022 final Budget & TIP

May

- ICC methods draft
- Consider public input
- Consider balanced scenarios

July

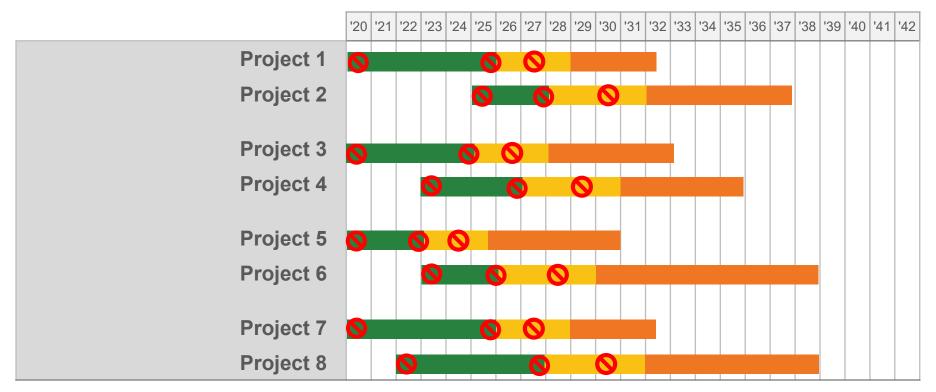
- ICC cost mgmt. draft
- Action: Adopt final realignment plan
- Actions on projects awaiting realignment
- Begin draft 2022 Budget & TIP

October-November

 Committees work on Budget & TIP



Response to affordability gap: projects paused

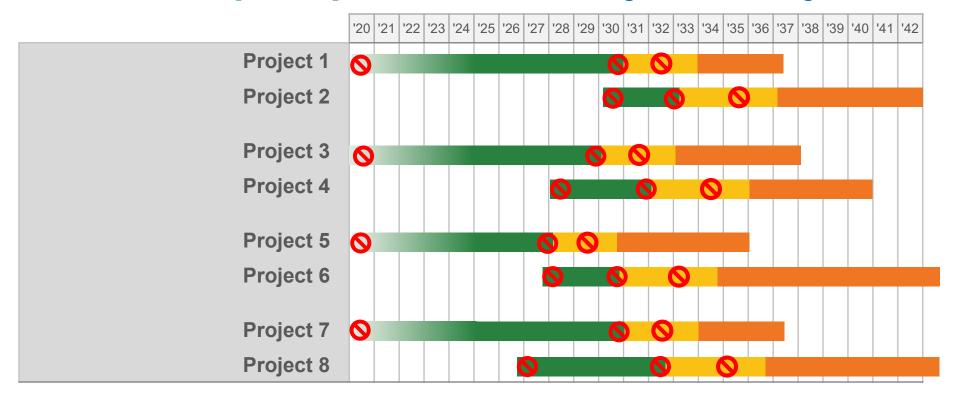




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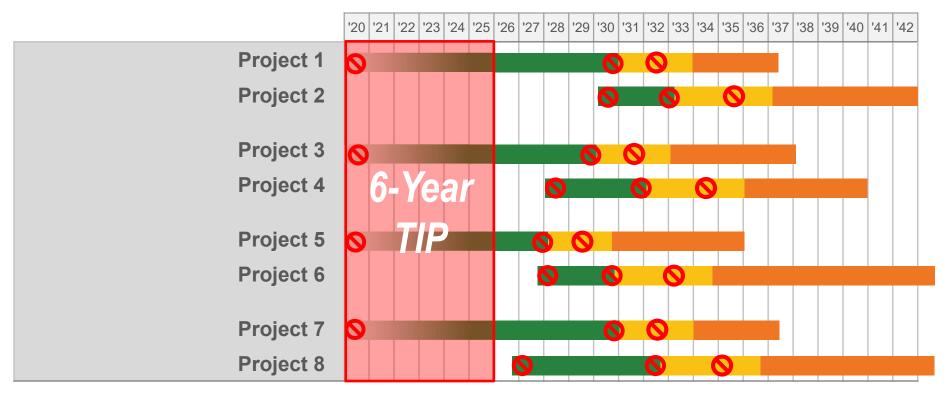


Financial plan placeholder: 5 year delay



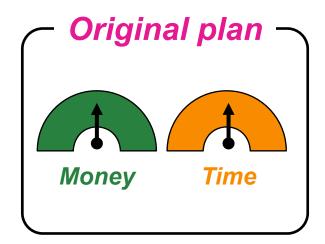


Financial plan placeholder: 5 year delay

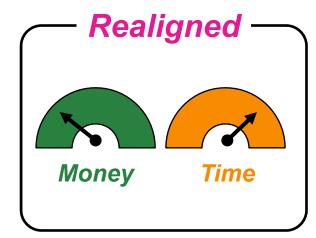




Board adjusts project schedules to become affordable again









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

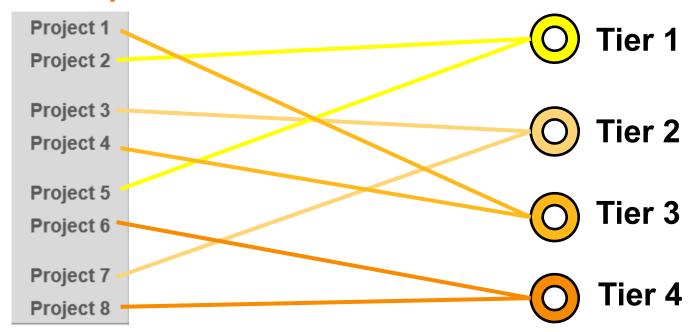
Board groups projects based on criteria & financial capacity

- 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



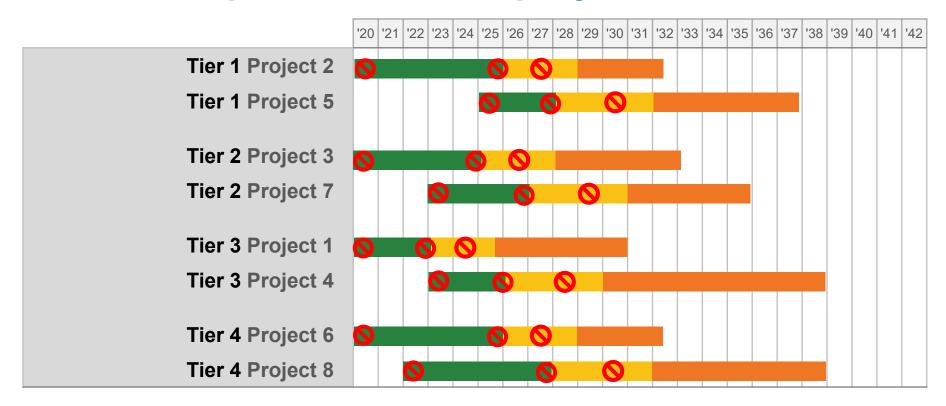
Prioritize projects into tiers

Board groups projects based on criteria & updated financial plan





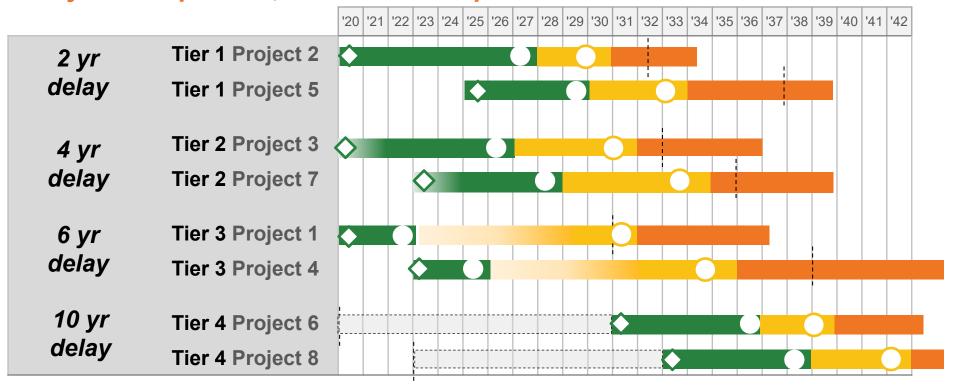
Board adopts framework; projects are tiered...





...and then scheduled to be affordable

Projects un-paused; Board actions proceed as before

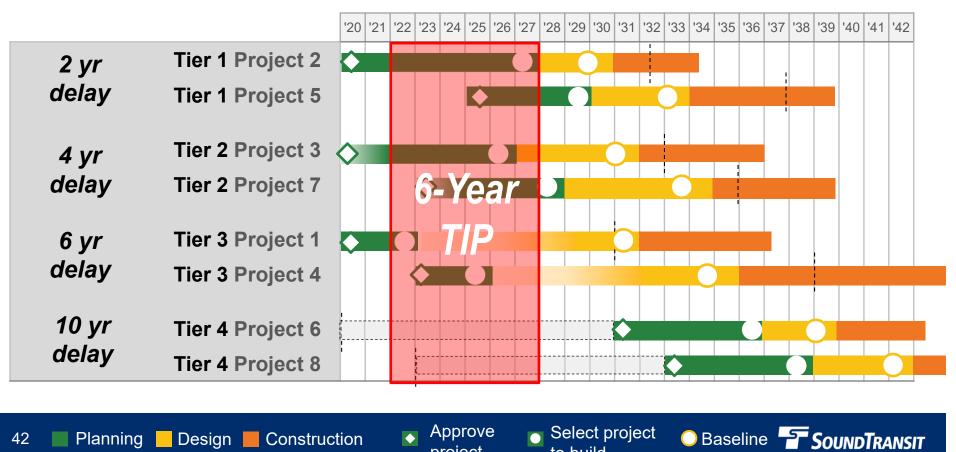








TIP updated to reflect new timing



project

to build

New annual program review

BOARD APPROVES

BOARD APPROVES

BOARD BRIEFED



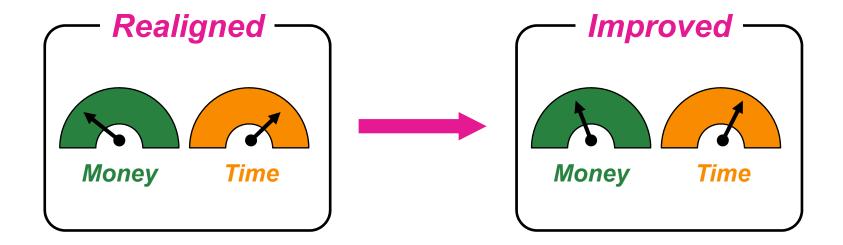
Transit Improvement Plan (6+ Years)

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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