



2023 Annual Program Review

*Board of Directors
06/22/23*



Why we're here

- Review key takeaways:
 - Financial capacity
 - Cost drivers
 - Portfolio performance
- Address feedback received to date
- Share additional initiatives underway or planned

Information only — no Board action at this time

Key takeaways



ST's program remains affordable on the “affordable schedule,” and the “target schedule” remains unaffordable. ST's ability to issue debt has increased, and its ability to pay back debt has not improved.



Inflation is coming down off historical highs; however, operations and maintenance costs continue to rise.

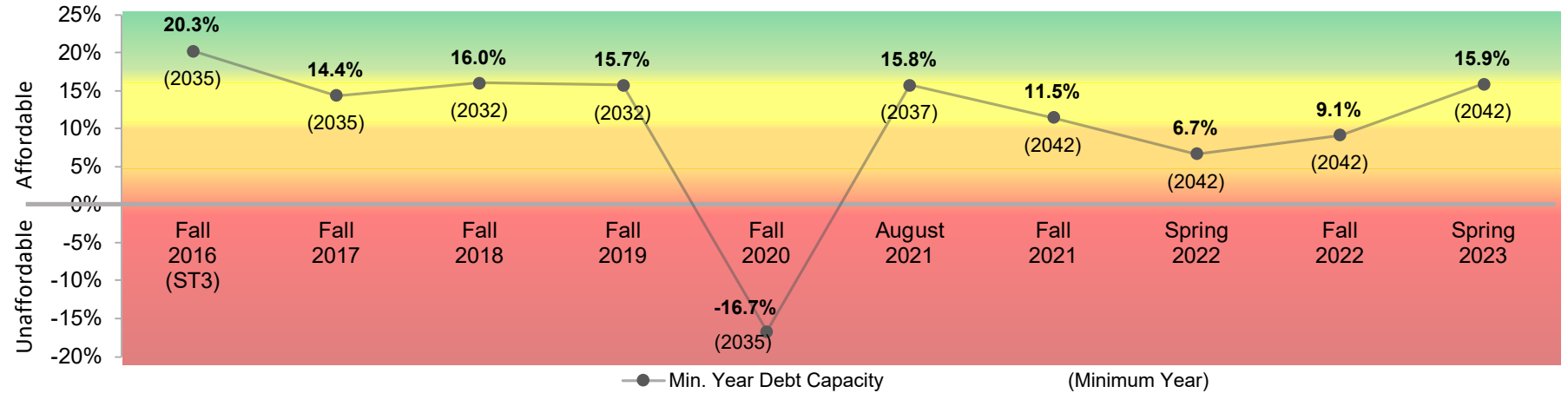
Project costs are trending higher, and schedules are trending longer.



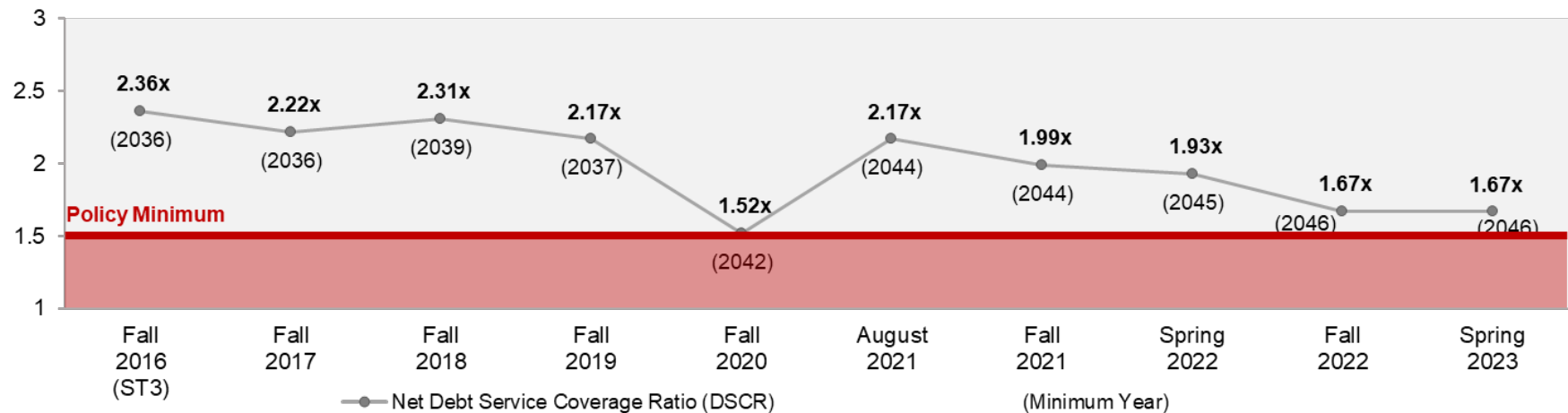
- *Changes to the Ballard (schedule delay) and Tacoma Dome Link extensions (schedule and cost increase) have increased capital costs.*
- *Stride BRT cost estimates are trending high.*

Unpacking debt capacity historical trends and net debt service coverage ratio

Debt Capacity



Net Debt Service Coverage Ratio (DSCR)



Additional initiatives

Strategies to manage cost and schedule impacts:

- Continue to look for **additional federal funds**, including loans and grants
- Continue to look at strategies of **buying construction materials in advance** and consider **early real property acquisitions, where permitted**
- Continue to review **operating and administrative costs**, including resourcing
- **Be clearer and more explicit** around project actions and programmatic initiatives that can have potential impacts to the financial plan and schedules
- Perform a **review of cost estimate methodology** to assess deviations and improve forecasting
- **Seek input from AGC Chief Economist** to assess agency's condition
- **Incorporate** recommendations from the Board's Technical Advisory Group

Thank you.



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