



Status Report on Financial Forecast to Deliver Twenty-Eight by '28

*Construction Committee
Executive Management Committee
May 16, 2019*



Metro

Key Assumptions

- Cost of each pillar project as estimated in Measure M Expenditure Plan
- Local sales tax funding limited by respective Expenditure Plan
- Use of funds consistent with Board policy
- State and federal funding limited to existing programs and estimated availability
- New revenues and financing include toll revenues from Express Lanes and value capture
- New revenues exclude local return, congestion pricing, TNC fees, tax credits bonds, and new federal funding that could be incorporated in future funding plans as realized
- No cost savings are assumed as part of the efficiencies of P3 delivery

Metro Board Policies

- **Fiscal Responsibility Policy** (May 2011) – Interest from debt issued for Measure R projects accelerated in comparison to 2010 LRTP schedule is allocated to the project as a cost.
- **Early Project Delivery Strategy Policy** (November 2017) – Measure M projects may be accelerated for delivery before their Expenditure Plan schedule as long as other projects are not negatively impacted. Board is to consider additional criteria including use of new revenues, partnering, and innovation.

Potential Financial Forecast Results

- Acceleration of pillar projects will reduce inflation costs, but also reduce opportunity for state/federal grant funding as well as Measure M inflation adjustment funding.
- Acceleration of pillar projects will result in operating costs starting in FY 2028 and FY 2029 adding \$200 million to \$300 million of additional costs each year paid 5 to 13 years earlier than planned for in the LRTP financial forecast.
- Overall, acceleration of pillar projects will require funding for capital, debt service, and operations much sooner than currently planned and will create a funding shortfall absent new revenues, revenues diverted from other Metro uses or the deferral of projects.

Next Steps – July Board Report

- Initial Pillar Projects Financial Forecast.
- Constructability Analysis.
- Opportunities to reduce project schedules.
- Opportunities to seek the creation of new funding sources for incorporation into future funding plans.