



Twenty-Eight by '28 Financial Forecast and Constructability Analysis

July 18, 2019



Metro

Overview

- Motion 32.4 (Feb 2019) directs staff to prepare a financial forecast and constructability analysis:
 - prioritize 4 “pillar projects”
 - new public and private financing
 - P3 efficiencies

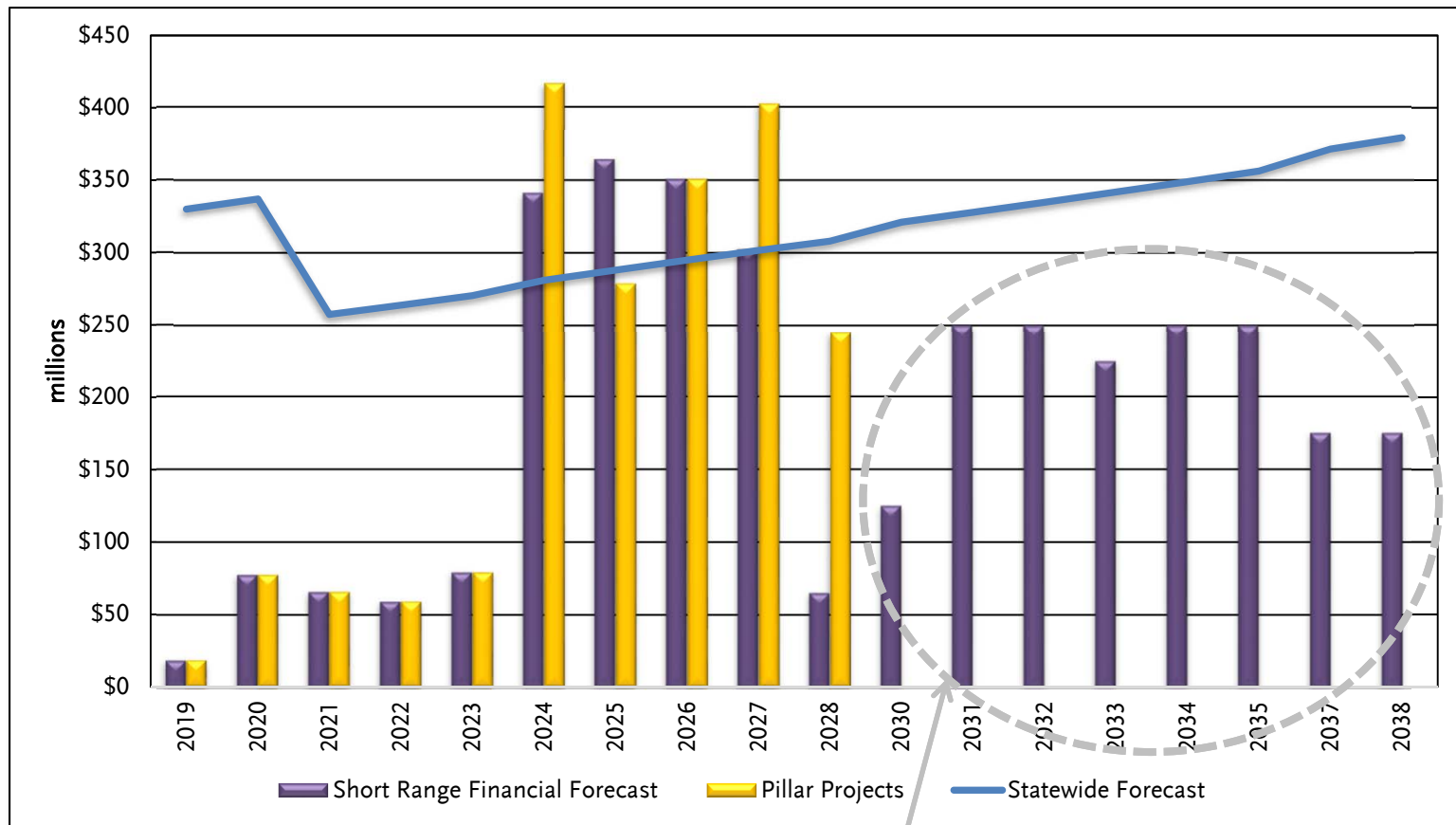
Financial Forecast Results – Capital Costs

Estimated Accelerated Capital Cost and Available Funding “Pillar Projects” (\$ in millions)				
Pillar Projects	Total Capital Cost	Metro Local Funding	State and Federal Funding	Funding Surplus/ (Shortfall)
Gold Line Eastside Extension Phase 2	\$3,637.7	\$2,179.8	\$385.7	\$(1,072.2)
Green Line Extension to Torrance	1,086.0	854.7	231.3	-
Sepulveda Transit Corridor	8,572.6	3,448.6	3,748.1	(1,376.0)
West Santa Ana Branch to Downtown LA	5,565.6	2,513.4	2,155.5	(896.7)
TOTAL	\$18,862.0	\$8,996.5	\$6,520.7	\$(3,344.8)

Financial Forecast Results – Operating Costs

- Opening of pillar projects in FY 2028:
 - higher operating costs of \$300 million per year
 - estimated shortfall of \$1.2 billion over next 10 years (FY 2029 to FY 2038)
- Funding for operations limited by each ordinance

Reduction in Funding from Acceleration

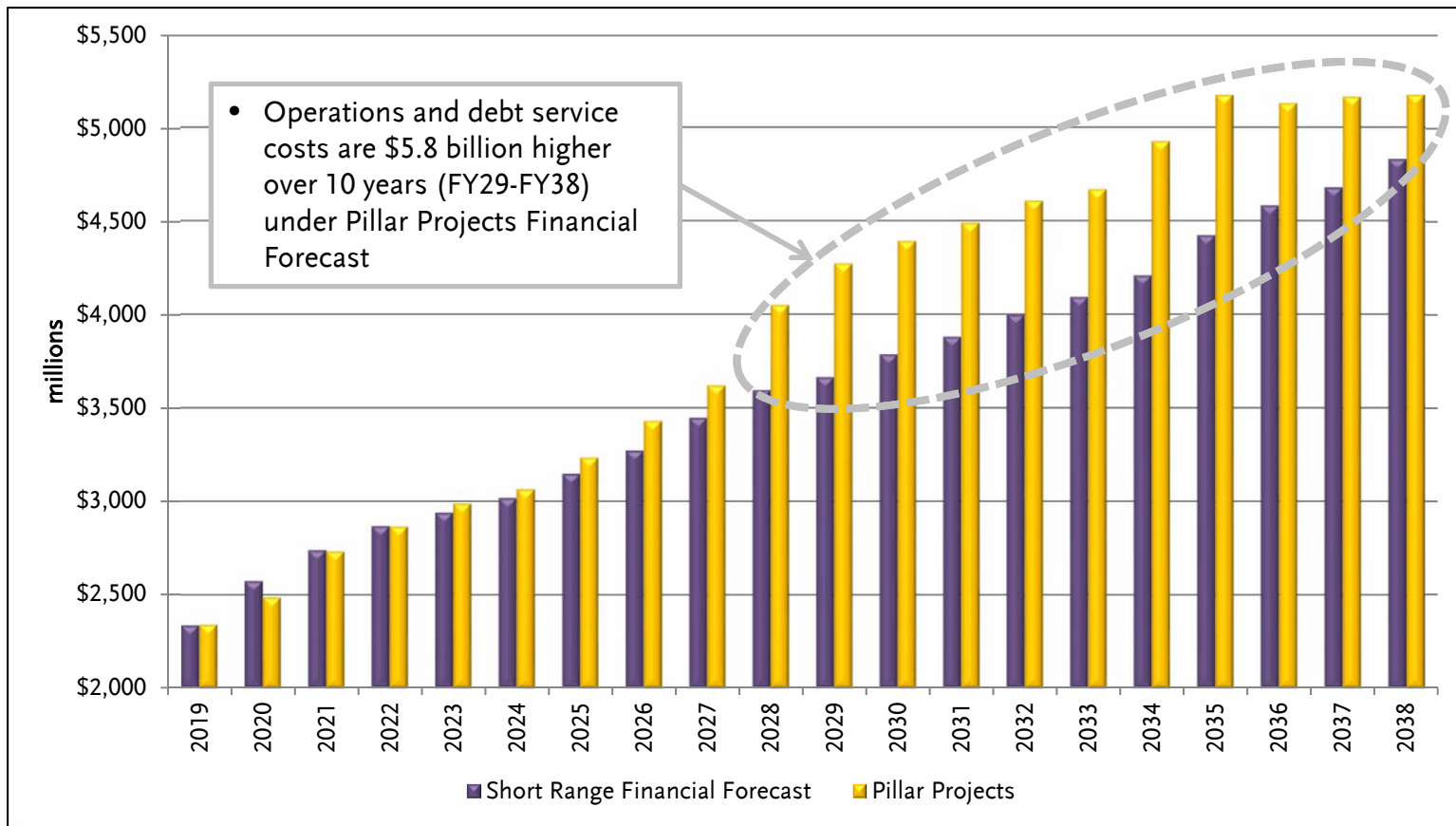


• Not possible to accelerate; Metro must apply for future grant cycles.

Increased Debt Financing

- The amount of debt financing is \$10.0 billion greater
- This occurs because:
 - Metro receives a limited amount of sales tax each year
 - Planned new federal grants payout a limited amount each year
- Subordinate debt would be required

Operations and Debt Service Comparison



Constructability Analysis

- Environmental and engineering work must be accelerated
- Construction must begin by 2023
- Faster regulatory review and approval is key
- Current market conditions are increasing pricing

Actions That Metro Can Take

- Pursue new revenue
- Reevaluate Board policy
- Change project delivery process
- Change regulatory process