

Twenty-Eight by '28 Pillar Projects

Quarterly Update

Agenda Item #5

Planning and Programming
November 20, 2019



Overview

This is the third quarterly status report to the Board on the financial forecast and constructability analysis of the four pillar projects

- Task force**
- Value capture strategy**
- What is feasible and does not usurp?**
- Project development process**
- Impact on bond rating**
- Accessibility to and from Olympic venues**
- Financial feasibility**

Pillar Projects Update

Establish a Task Force

- Cross-departmental staff have met, identified action items, and reported strategies to accelerate the pillar projects

Update on Value Capture Strategy

- Staff is hiring market experts to identify value capture opportunities

Where projects cannot be accelerated/What is feasible?

- Pillar projects must begin no later than 2023
- Capital and operating funding shortfall

Pillar Projects Update (cont.)

Expediting project development process

- Using phased strategies; integrating project development/engineering and environmental schedules for each project
- Engaging technical advisors for design and procurement; financial advisors for alternative project delivery and financing

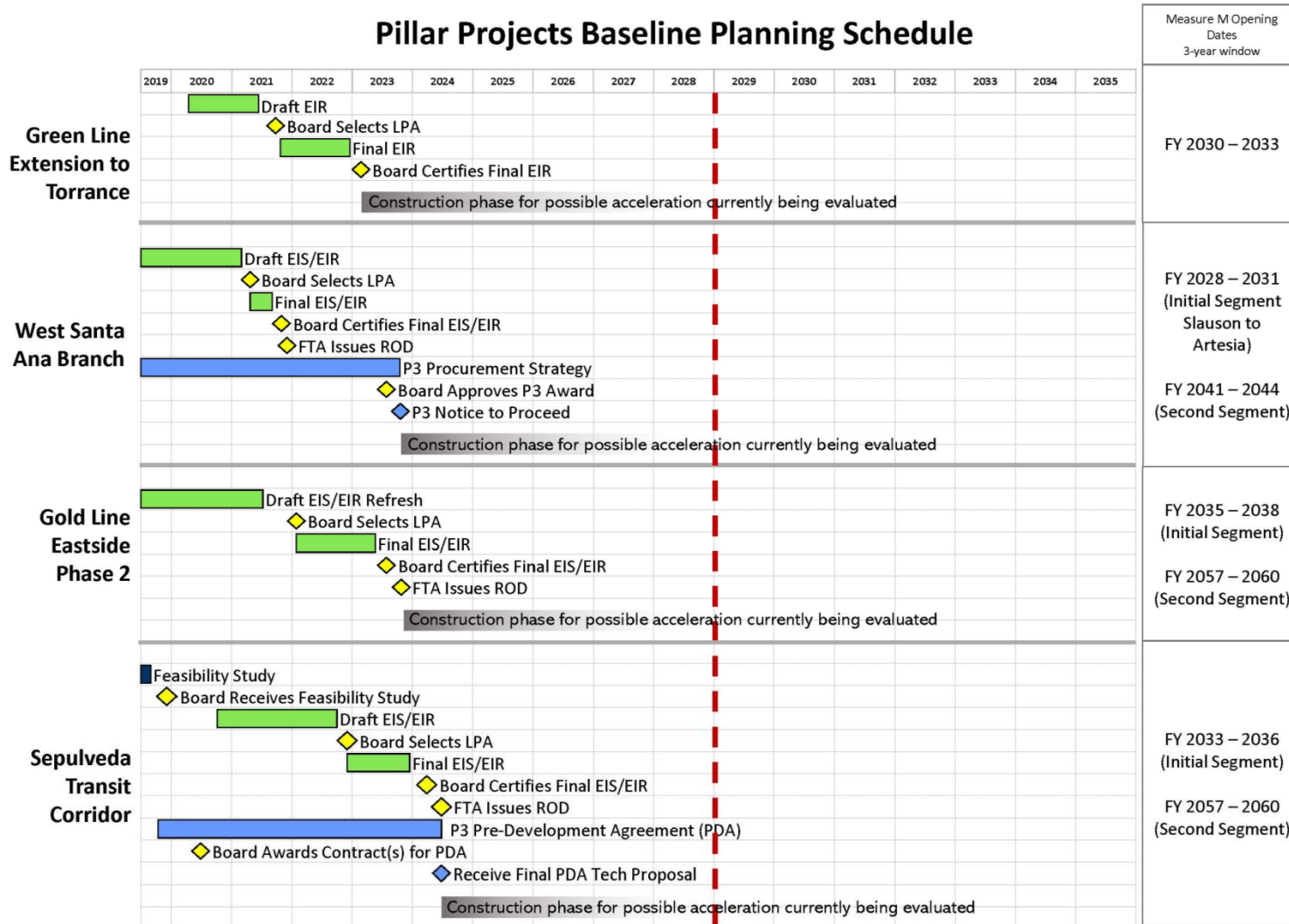
Impact on bond rating

- Current senior-lien bond issues carry AAA and AA1 ratings and debt service coverage of 3x to 4x
- Under the pillar projects financial plan, debt service coverage would be 2.5x in FY 2028



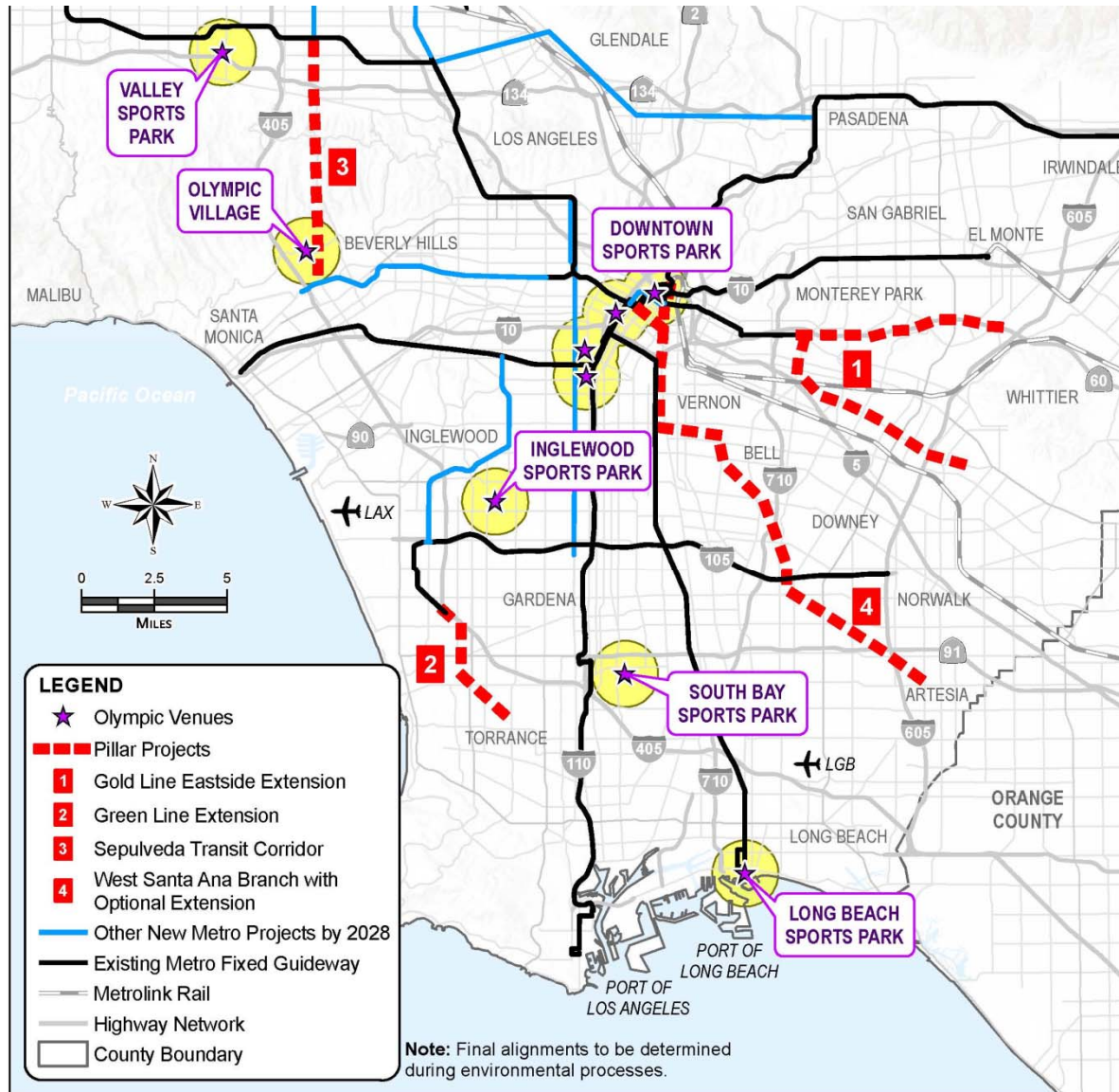
Pillar Projects Update (cont.)

Pillar Projects Baseline Planning Schedule



28x28 Target

Pillar Projects Update (cont.)



Summary

- **Staff has implemented several initiatives to accelerate the pillar projects and will pursue an action plan on additional steps**
- **Any acceleration will require that the pillar projects begin construction in 2023**
- **There is a funding shortfall for the capital and operating cost of the pillar projects, based on Expenditure Plan cost estimates**
- **The higher amount of debt used to accelerate the projects may impact the ratings on Metro senior lien bonds**

