



2023 Annual Program Review

Affordability snapshot

As of April 2023, the ST2/ST3 program is still affordable, but the target schedule remains unaffordable. The agency measures affordability through its ability to both issue and repay debt. While the agency's debt capacity (see below) has increased, net debt service coverage ratio (at right) has not improved.



Debt capacity

Ability to take out loans/bonds

Minimum: 0%

Fall 2022: 9.1%

Spring 2023: 15.9%



Net debt coverage

Ability to pay back debt

Minimum: 1.5x

Fall 2022: 1.67x

Spring 2023: 1.67x

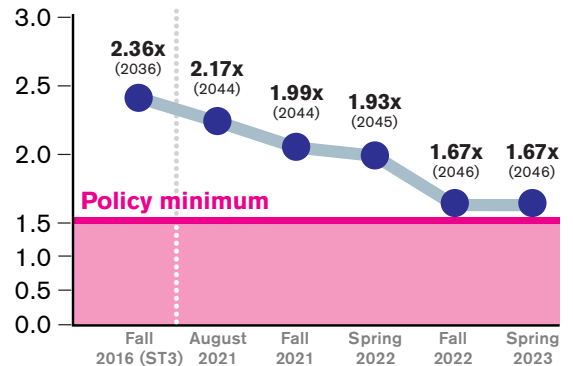


Traffic light colors

- = Beneficial to program affordability
- = Risk to plan affordability
- = Unaffordable program

Net debt service coverage ratio

Total revenue, minus operations costs, divided by debt service. This ratio ensures enough revenue to pay back debt.



KEY

● Net debt service coverage ratio (Year of maximum constraint)

2023 KEY TAKEAWAYS



Financial Capacity

The 2017-2046 forecast for revenues and costs.

- Capital expenditures increased, due to the estimated increase of Tacoma Dome Link Extension project cost and the impact of inflation on project delays.
- Operating costs increased due to higher staffing needs for upcoming service openings and improving existing service standards. Increased O&M cost drivers will continue to be a risk to the agency's ability to repay debt.
- Tax revenues decreased, primarily due to declines in motor vehicle excise tax revenue as vehicle sales and real household income forecasts slow.



Cost Drivers

Market factors threatening affordability or delivery.

- Historically high construction costs expected to slow due to a stabilizing economy
- Real estate values remaining higher than pre-pandemic levels but cooling due to higher interest rates and other market factors
- Increased construction labor costs due to limited availability
- Increasing operations and maintenance needs and costs (systemwide cleaning and upkeep, emerging and growing costs as operations expand)



Portfolio Performance

The current status of planning and construction.

- Costs are trending higher, and schedules trending longer.
- Projects in planning are experiencing scoping changes, environmental review and other permitting constraints by agency partners, and extensive work along with local jurisdictions on requirements and agreements.
- Projects in construction are experiencing quality and construction challenges delaying key Link openings, competing activation resources limiting ability to complete safety and reliability testing faster, and systemwide operational impacts due to East Link delays.

At a glance



We're building a system with

252
TOTAL MILES

of regional transit service

80+
light rail stations

CONNECTING

16 cities across
3 counties

Voter-approved projects are forecasted to support more than

323,000 JOBS
through 2046



\$145.6B

total program spending*



* At year of expenditure

America's first major light rail system to run on

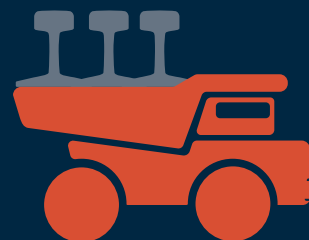
100%
carbon-free electricity



Capital projects spending

\$1.6B or more per year

for the last 3 years



2023 Project openings



Puyallup

Parking & Access Improvements

Opened in March

UPCOMING



Hilltop Tacoma

Link Extension

This summer