

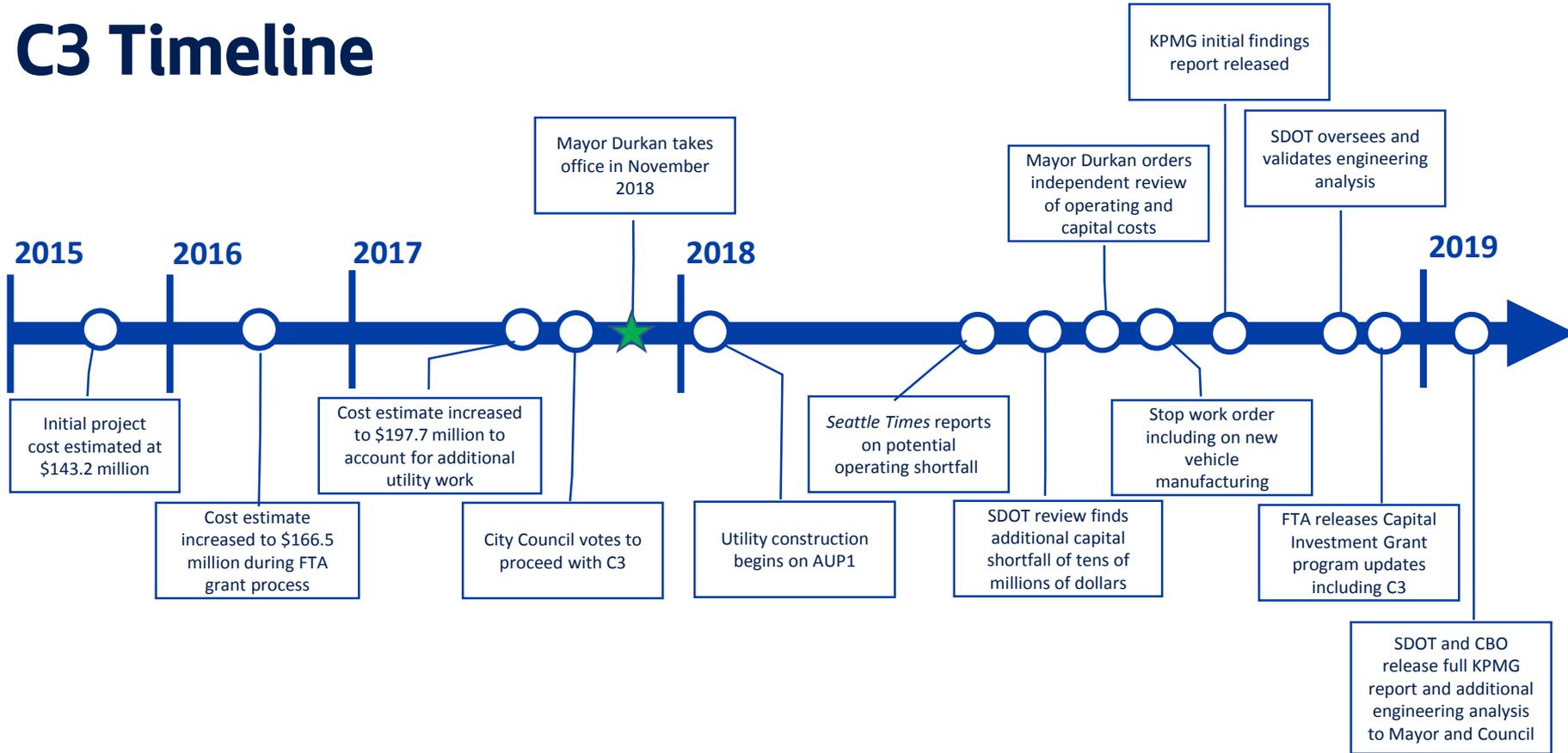


Center City Connector

Capital and Operating Cost Update

January 2019

C3 Timeline



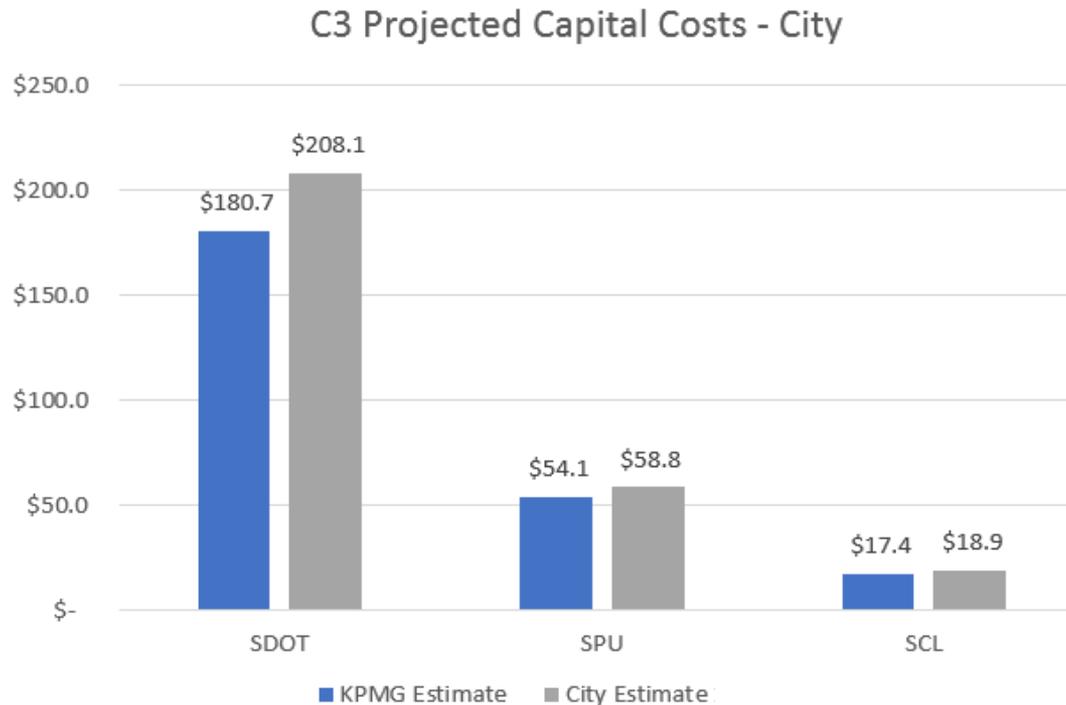
Additional Engineering Analysis Summary

Preliminary analysis identified feasible solutions and cost estimates to accommodate CAF vehicles on existing facilities on the South Lake Union and First Hill streetcar lines.

Vehicle Interface Costs	\$11.0 million – \$17.4 million
Platform and Tail-track modifications	\$1.0 million– \$1.3 million
Maintenance Facility	\$5.6 million – \$5.8 million
Bridge Strengthening	\$4.4 million – \$10.3 million

Additional engineering and design work would be required to verify results and refine project cost estimate.

C3 Capital Cost - Updated Projections With Updated Timeline and Engineering Analysis



City Estimate (total cost in 2015): \$143.2 million

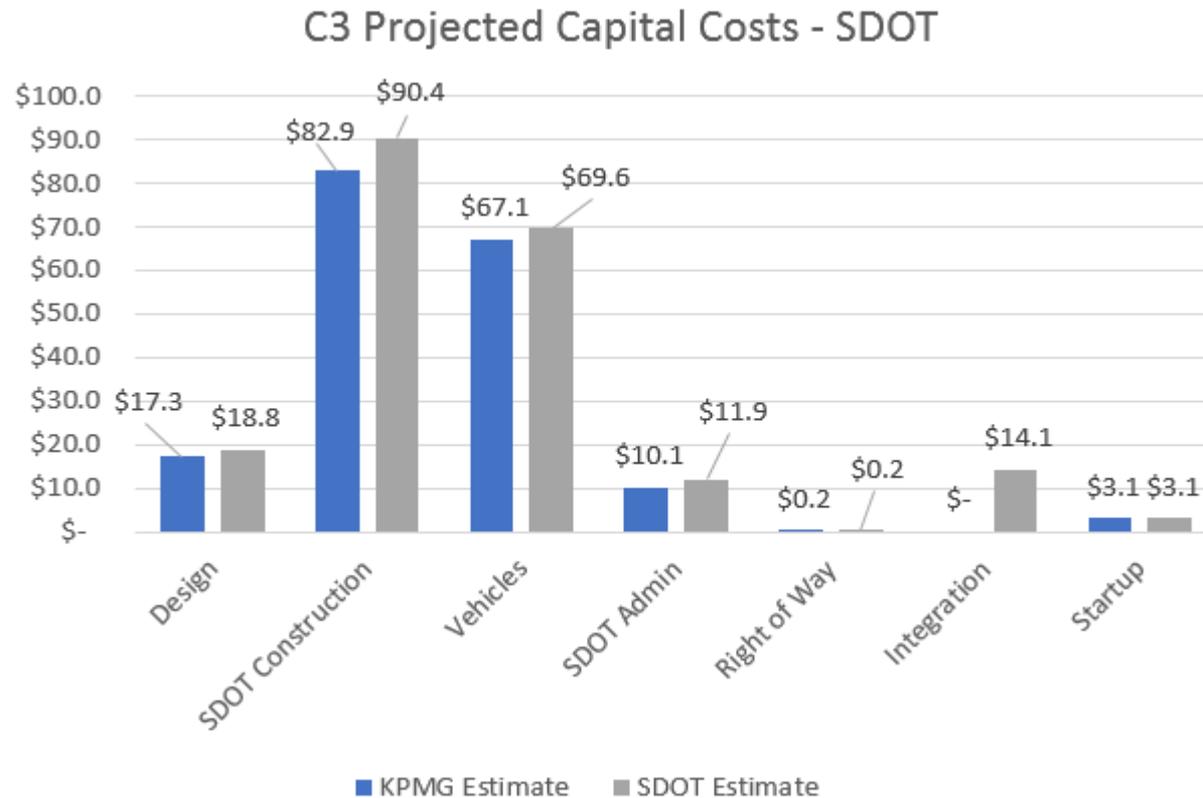
City Estimate (total cost in 2017): \$197.7 million

KPMG Estimate (total cost in August 2018): \$252.2 million

City Estimate (total cost in January 2019): \$285.8 million

**Potential costs associated with vehicle procurement contract renegotiation or cancellation are not included in either the KPMG or City Estimate shown above*

C3 Capital Cost for SDOT



KPMG Estimate (SDOT costs in August 2018): \$180.7M

City Estimate (January 2019): \$208.1M

**Potential costs associated with vehicle procurement contract renegotiation or cancellation are not included in either the KPMG or City Estimate shown above*

C3 Capital Cost for SDOT

KPMG capital cost estimate:	\$180.7M
Additional engineering analysis:	+\$17.4M
Additional SDOT construction costs:	<u>+\$10.0M</u>
Jan 2019 estimate:	\$208.1M

- After a series of discussions with the FTA on their estimated review timeline, SDOT increased the time the project will be under review, which subsequently escalated construction costs.
- These estimates will be further refined based on additional design and engineering work and on the timeline to achieve a full funding package.
- The capital estimate does not include potential costs associated with vehicle procurement contract renegotiation or cancellation.

C3 SDOT and Utility Capital Cost Shortfall

SDOT Costs (\$ in M)	\$ 208.1
Expended Funds	
Grants (non Small Starts)	\$ 0.9
Local Funds	\$ 9.4
Bonds	\$ 4.7
Identified Budgeted Funds Not Yet Expended	
Grants (non Small Starts)	\$ 7.3
Local Funds - CPT, 2019	\$ 0.5
CPT Backed Bonds - 2020/2021	\$ 45.0
Total Identified and Expended Funds	\$ 67.8
Required Funds	\$ 140.3
Anticipated FTA Small Starts	\$ 75.0
Gap	\$ 65.34

- The total cost to build the C3 line, including utility work, is now estimated to be \$285.8 million, which includes additional construction, design, contingency for vehicles, track and rail and maintenance. Costs for SDOT are estimated \$208.1 million and the critical and long overdue utility work is estimated at \$77.7 million.
- In 2017, the City estimated the project would cost **\$197.7 million**, which was part of the 2018 budget passed by City Council in November 2017. The budget plan utilized a variety of revenue sources. Currently, SDOT is facing a **\$65 million** capital shortfall on C3, and the utilities have approximately **\$23 million** difference from the 2018 budget, for a total of **\$88 million**.
- If FTA funding is not secured or if the City is required to demonstrate full funding, total funding gap of \$140M for SDOT.

Revised Estimated C3 Timeline

- The 2015 FTA Small Starts grant application had an aggressive schedule, estimating the streetcar would be in construction in early 2017 and would open for revenue service in late 2018.
- While advance utility construction began in 2017, SDOT did not have a signed grant agreement or a letter of no prejudice to proceed with full construction.
- Issues raised by SDOT and for which the Mayor paused the project, including the vehicle interface and integration, would have also caused the FTA to extend their review.
- At the start of the KPMG review, KPMG did not have access to the updated FTA timeline so assumed a construction start in 2020.
- Given the latest estimated FTA review time, SDOT assumes a three year construction start in 2022 with full revenue service in 2026, however this could change depending on identification of a full funding package and FTA review.

Streetcar Operating Subsidy for FHS and SLU

	Current Two Lines (SLU and FH)					
	2019	2020 ⁽¹⁾	2021	2022	2023	2024 ⁽²⁾
Operating Costs	(\$13.06M)	(\$13.74M)	(\$14.39M)	(\$15.07M)	(\$15.78M)	(\$16.53M)
Capital Reserve	(\$0.6M)	(\$0.6M)	(\$0.6M)	(\$0.6M)	(\$0.6M)	(\$0.6M)
Farebox Revenue*	\$1.96M	\$2.2M	\$2.43M	\$2.68M	\$2.96M	\$3.27M
Sponsorship	\$0.31M	\$0.32M	\$0.33M	\$0.34M	\$0.35M	\$0.36M
External Contributions**	\$7.22M	\$5.68M	\$5.68M	\$5.69M	\$5.7M	\$0.7M
Required City Subsidy	\$4.17M	\$6.14M	\$6.55M	\$6.95M	\$7.37M	\$12.8M
⁽¹⁾ Reflects potential discontinuation of \$1.5M annual KCM contribution at the end of current agreement (2019)						
⁽²⁾ Reflects potential discontinuation of \$5M annual ST contribution at the end of current agreement (2023)						
*Based on updated ridership projections using 2017 NTD data						
** External Contributions include contributions from King County Metro and Sound Transit						
Estimated Ridership (combined SLU and FH))	1,503,833	1,548,948	1,595,417	1,643,279	1,692,577	1,743,355

Following KPMG’s report, SDOT worked with King County Metro to reconcile costs for existing lines. These updated costs projections are based off of 2018 reimbursements as well as potential operating hours and staffing. As part of the Mayor’s budget, she identified additional resources to cover current operating costs until 2024, assuming no discontinuation of external contributions. Instead, internal loans had been used to fund operating shortfalls. The Mayor’s budget also identified funding sources to repay those loans.

Estimated Operating Cost with C3

	First Year of Operations	Second Year of Operations
Operating Costs	(\$27.71M)	(\$28.54M)
Capital Reserve	(\$0.6M)	(\$0.6M)
Farebox Revenue	\$8.5M	\$8.5M
Sponsorship	\$1.0M	\$1.0M
External Contributions*	\$0.72M	\$0.73M
Required City Subsidy	\$18.09M	\$18.91M
Estimated Annual Ridership	7.1 Million ¹	7.4 Million ¹

* Reflects potential discontinuation of \$1.5M annual KCM contribution (2019) and \$5M annual ST contribution (2023)

¹ Based on recalibrated STOPS model estimate of 2019 ridership escalated to 2025/2026.

In 2019, Mayor Durkan’s budget included additional resources to cover ongoing operating costs of approximately \$4 million as well as repayment of capital loans.

The required operating City subsidy in the first and second year of operations for the C3 line could be approximately **\$18-\$19 million** depending on farebox revenue and contributions from Sound Transit and King County Metro. The City will continue to work King County Metro and Sound Transit to discuss external contributions.

Potential Cost of Key Capital Transit Needs in Seattle

Move Seattle (Project shortfalls based on original Levy to Move Seattle projections)

- Transit Plus Multi-modal Corridor Improvements: \$137M
- Bicycle & Pedestrian Improvements: \$37M

Seattle Streetcar

- Center City Connector: \$65M (assumes \$75M FTA grant)

Sound Transit Seattle Alignments (possible enhancements)

- West Seattle
 - Ballard
 - Chinatown International District
- } Up to \$1.6 billion

POTENTIAL CAPITAL COSTS: \$239 million to \$1.8 billion

Next Steps

- Public Outreach and Engagement (January-February)
 - A series of meetings with stakeholders and community organizations to seek feedback on project and potential revenue sources to close the shortfall.
- Council Consideration (January – TBD)
 - As part of the 2019-2020 budget process, City Council imposed a budget proviso requiring Council approval of Center City Connector construction.
- FTA (2018-2019)
 - Mayor Durkan has continued to move forward on the FTA application for \$75 million in federal funding.