

STAFF REPORT SOUND TRANSIT MOTION NO. M2000-100 Exchanging Sound Transit Local Funds with WSDOT Federal Funds For improvements to King Street Station

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	10/5/00	Discussion/Possible Action	Leslie Rathbun, Grant Program Manager	(206) 689-4939
			Hugh Simpson, Finance Director	(206) 398-5082

PROPOSED ACTION

Authorizes the Executive Director to execute an agreement with Washington State Department of Transportation (WSDOT) to exchange up to \$4.04 million of WSDOT’s federal Section 5307 Formula Funding currently programmed for improvements to King Street Station for an equivalent amount of Sound Transit local funds. This exchange will enable WSDOT to finance the King Street Station in a manner that otherwise would be cost prohibitive under federal rules. It would allow WSDOT to create a pool of funding, unrestricted by federal interest, against which it can bond for construction of improvements at King Street Station.

KEY FEATURES

Highlights of Proposed Action:

- Exchanges ST local funding for WSDOT federal Section 5307 grants currently programmed in the Transportation Improvement Program (TIP) under project # SEA-7 for King Street Station.
- The total amount of all Sound Transit local funds exchanged with WSDOT is up to \$4.04 million, minus administrative and financing fees as appropriate.
- Establishes financing costs at State Investment Pool rate and administrative costs at 1% of the amount provided to the local jurisdictions and transit agencies.
- The agreement will incorporate provisions for full repayment of Sound Transit local funds by 2002.
- The agreement will incorporate provisions that require WSDOT to amend the TIP to reallocate its federal funds to an eligible project(s) of Sound Transit’s choice.
- Authorization to enter into this agreement will expire on December 31, 2001.
- Execution of the agreement is contingent upon WSDOT’s receiving State legislative approval to create a funding pool against which it can bond for construction of King Street Station.

Discussion of Proposed Action:

Earlier this year, the Washington State Department of Transportation approached Sound Transit to exchange a portion of its federal funding programmed for King Street Station improvements for Sound Transit local funding. This exchange will enable WSDOT to finance the King Street Station in a manner that otherwise would be cost prohibitive under federal rules. It would allow WSDOT to create a pool of funding, unrestricted by federal interest, against which it can bond for construction of

improvements at King Street Station. This exchange is contingent upon state legislative approval for creation of the funding pool.

The amount of ST local funding made available to WSDOT would be repaid from federal Section 5307 grant funds currently programmed for WSDOT's King Street station by the Seattle-Everett FTA Caucus from 1999-2002. The agreement would include language that in consideration of receiving Sound Transit local funds, WSDOT would agree to amend the TIP to reallocate these grant funds to Sound Transit projects. The amount of Sound Transit local funds provided WSDOT will equal the amount of funds reallocated to Sound Transit in the TIP, less an administrative fee equal to one percent of the TIP reallocation and less interest costs at a rate equal to the yield on the Washington State Treasurer's Local Government Investment Pool at the time of the initiation of the transaction, where applicable. Language in the agreement with WSDOT will provide assurances for full repayment of Sound Transit local funds from federal funds or other funding sources.

BUDGET

1. There will be no significant impact on the Sound Transit financial plan for this proposal. The action is providing Sound Transit local dollars to be repaid from federal funds. Sound Transit financing and administrative costs would be addressed by the action.
2. There have been zero funds budgeted for this action.
3. There have been zero funds spent or committed for this action.
4. The amount requested for this action is up to \$4.04 million in local funds (minus applicable administrative and finance fees) with Sound Transit being reimbursed by 2002 with federal funding.
5. There is no funding shortfall or surplus for this action.

Alternatives

The Finance Committee could delay or not approve this action, which would require WSDOT to develop a different strategy or exchange partner for creation of its investment pool.

Consequences of Delay

Approval of this action would allow Sound Transit to assist WSDOT in the creation of an investment pool thus allowing for bonding of the construction phase of the project. If the Finance Committee delays this action, it may inhibit WSDOT's timing to seek legislative approval for establishment of the investment pool.

Regional Partnership and Cooperation

This action was developed in cooperation with WSDOT and the Seattle-Everett FTA Caucus.

Public Involvement

N/A

Legal Review

MBL 10/2/2000

SOUND TRANSIT

MOTION NO. M2000-100

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute an agreement with Washington State Department of Transportation (WSDOT) to exchange up to \$4.04 million of WSDOT's federal Section 5307 Formula Funding currently programmed for improvements to King Street Station for an equivalent amount of Sound Transit local funds.

Background:

Earlier this year, the Washington State Department of Transportation (WSDOT) approached Sound Transit to exchange a portion of its federal funding programmed for King Street Station improvements for Sound Transit local funding. This exchange will enable WSDOT to finance the King Street Station in a manner that would be cost prohibitive under federal rules. It would allow WSDOT to create a pool of funding, unrestricted by federal interest, against which it can bond for construction of improvements at King Street Station. This exchange is contingent upon State legislative approval for creation of the funding pool. Federal funding identified for this exchange is currently programmed in the Regional Transportation Improvement Program.

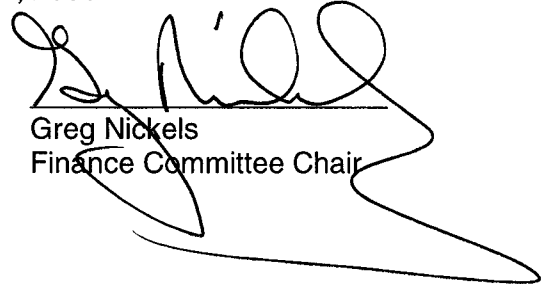
Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that:

1. The Executive Director is authorized to negotiate and execute an agreement with WSDOT to exchange Sound Transit local funds for WSDOT federal Section 5307 grants programmed in the Transportation Improvement Program under project # SEA-7 for King Street Station.
2. The amount of Sound Transit local funds provided to WSDOT shall equal the amount of funds reallocated to Sound Transit in the TIP, less an administrative fee equal to one percent of the TIP reallocation and less interest costs at a rate equal to the yield on the Washington State Treasurer's Local Government Investment Pool at the time of the initiation of the transaction, where appropriate.
3. The total amount of all Sound Transit local funds exchanged with WSDOT shall not exceed \$4.04 million, minus administrative and financing fees as appropriate.
4. The agreement shall provide assurances for full repayment of Sound Transit local funds.
5. The agreement shall require that WSDOT amend the TIP to reallocate its federal funds to an eligible project(s) of Sound Transit's choice.
6. Authorization to enter into this agreement shall expire on December 31, 2001.

7. Execution of such an agreement is contingent upon WSDOT's receiving State legislative approval to create a funding pool against which it can bond for construction of King Street Station.

ADOPTED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 5th day of October, 2000.



Greg Nickels
Finance Committee Chair

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator