

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2002-16

**Contract for Start-up Tasks and Interim Funding for Rainier Valley
Community Development Fund**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	10/3/02	Discussion/Possible Action to Recommend Board Approval Action	Ahmad Fazel, Link Director	(206) 398-5389
Board	10/10/02		Ron Lewis, Link Deputy Director Hugh Simpson, Chief Financial Officer	(206) 689-4905 (206) 398-5082

Contract/Agreement Type:	Requested Action:	
Competitive Procurement	Execute New Contract/Agreement	3
Sole Source	Amend Existing Contract/Agreement	
Memorandum of Agreement	Contingency Funds Required	
Purchase/Sale Agreement	Budget Amendment Required	

- Applicable to proposed transaction.

Objective of Action

- Authorize the Executive Director to execute an interim service agreement from October through December 2002 with the Rainier Valley Community Development Fund (CDF) for operations start-up.
- Approve an interim start-up budget so that preliminary work needed to successfully administer Sound Transit's Supplemental Mitigation Account of the Community Development Fund (the "Fund") may continue prior to Sound Transit Board approval of the CDF Operating Plan, which is anticipated to occur by December 31, 2002.
- Authorize the Executive Director to begin negotiations with the CDF for a long-term service agreement that would be concurrently considered and approved with the CDF operating plan prior to December 31, 2002.

Action

- Authorize the Executive Director to execute an interim service agreement from October through December 2002 with the CDF for operations start-up.
- Amend the 2002 Budget to establish the CDF Operating Business Expense Unit with an interim start-up budget in the amount of \$196,130.
- Authorize the Executive Director to begin negotiations with the CDF for a long-term service agreement that would be concurrently considered with the Operating Plan for the Fund prior to December 31, 2002.

KEY FEATURES

- Authorizes the Executive Director to execute an interim service agreement through December 31, 2002, with a budget not to exceed \$196,130. This dollar amount includes a 10% contingency.
- All payments made by Sound Transit under the interim agreement will be reimbursed to Sound Transit from the Fund.
- Requires the CDF to perform preliminary work necessary for the new entity to put in place the business organization in anticipation of the long-term service agreement that includes transaction processing.
- Provides funding for critical interim staff and funding for executive search services for a CDF Executive Director.
- Authorizes the Executive Director to begin negotiations with the CDF for a long-term service agreement that will be considered concurrently with the CDF Operating Plan prior to December 31, 2002.
- Payments for services beyond December 31, 2002, will be addressed within the 2003 annual budget process and added to the 2003 proposed budget through amendment, prior to the Board's final adoption of the budget.

BUDGET IMPACT SUMMARY

Project Description: CDF Operating Expenses

Current Status: Interim Start-up Funding

Projected Completion Date: December 31, 2002

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	Y	Requires setup of new business unit for CDF operating expenses. Payments will be reimbursed to Sound Transit.
This Project		
This Phase		
This Task		
Budget amendment required	Y	Requires operating expense budget amendment
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required		
Subarea impacts		
Funding required from other parties other than what is already assumed in financial plan		

N = Action assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

This action requires a budget amendment establishing the CDF Operating Expense Business Unit within Sound Transit's financial structure. \$196,130 will be disbursed to the CDF for purpose of start-up of operations consistent with the parameters outlined in the interim service agreement over a three-month period in equal installments. At year-end, reconciliation with actual CDF operating expense disbursements will be performed with resulting adjustments occurring.

During the 2003 budget process, an amendment will be introduced to incorporate the operating budget needs of the CDF related to its services for Sound Transit and the dedicated Sound Transit resources required during 2003. Costs incurred by Sound Transit related to the CDF will be reimbursed to Sound Transit in the same calendar year in which they occurred.

Review of 2002 Link CDF Activity

In the Adopted 2001 Budget, a budget was established for the Fund. The purpose of that budget was to provide support for consultant services to develop a draft operating plan. The total budget that was established for this activity (as amended in the 2002 Adopted Budget) was \$424,000. Expenditures plus contractual commitments to date are \$330,744.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

All disbursements to the CDF for operating expenses will be reimbursed to Sound Transit thirty days after the initial funding payment included in Motion No. M2002-46. Thus, this action will have no adverse impact on the fiscal condition of Sound Transit as defined in the financial plan.

HISTORY OF THE PROJECT

On November 18, 1999, by Resolution No. R99-34, the Sound Transit Board directed staff to establish a \$50 million (YOES) Transit-Oriented Community Development Fund to be available to mitigate impacts of the construction and operation of light rail in Southeast Seattle. In August of 2000, by Motion No. M2000-72, the Sound Transit Board directed staff to establish a steering committee for the \$50 million Transit Oriented Community Development fund for Southeast Seattle, providing for associated tasks and procedures. In spring 2002, the Steering Committee submitted a draft operating plan to the Sound Transit Board. On September 19, 2002, the CDF Founding Board submitted the CDF Operating Plan to the Sound Transit Board for consideration. The proposed operating plan contemplates that Sound Transit will contract with a newly formed non-profit entity to administer Sound Transit's Supplemental Mitigation Account of the Fund. On September 6, 2002 the Rainier Valley Community Development Fund officially incorporated as a non-profit corporation of the State of Washington.

One of the major and imminent goals of the Fund is the disbursement of supplemental mitigation funds to impacted parties in the Rainier Valley in tandem with Sound Transit's property acquisition and occupant relocation program currently underway.

In order for the new CDF entity to be prepared to successfully administer Sound Transit's Supplemental Mitigation Account of the Fund under a long-term service agreement with Sound Transit, the CDF needs interim staffing to carry out work now performed by part time volunteers, including retention of the services of an executive search firm to find an executive director for

the CDF and the establishment of an office, furnished, equipped and ready to receive customers.

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2002-46	Authorized the Executive Director to execute an agreement with the City of Seattle to establish, oversee and fund the City of Seattle's portion of the Transit-Oriented Community Development Fund for Southeast Seattle, and to provide funding support for certain aspects of the Central Link Light Rail Project	5/9/02
M2002-34	Authorized the Executive Director to execute an amendment to a \$99,900 sole source contract with Paige Chapel (Solutions in Community Development and Finance) to assist the Steering Committee in completing the Draft Community Development Fund (CDF) Operating Plan and provide near term staffing to the CDF Founding Board (pending approval of the CDF Operating Plan) in the amount of \$57,250 with a 10% contingency of \$5,725, for a total of \$62,975 and for a new total authorized contract amount not to exceed \$162,875.	3/28/02
M2002-35	Authorized the Executive Director to execute an amendment to a \$99,900 sole source contract with Patty Grossman (Good Management, Inc.) to assist the Steering Committee in completing the Draft Community Development Fund (CDF) Operating Plan and provide near term staffing to the CDF Founding Board (pending approval of the CDF Operating Plan) in the amount of \$54,000 with a 10% contingency of \$5,400, for a total amount of \$59,400 and for a new total authorized contract amount not to exceed \$159,300.	3/28/02
M2000-72	Established a steering committee for the \$50 million Transit-Oriented Community Development fund for Southeast Seattle, providing for associated tasks and procedures, and directed staff to develop Memoranda of Understanding with the City of Seattle and King County identifying their offsetting contributions to the Link Light Rail program.	8/10/00
R99-34	(R99-34 Sound Transit shall establish within the North King County sub-area budget a \$50 million (YOES) Transit-Oriented Community Development Fund ("The Fund") to be available to mitigate impacts of the construction and operation of light rail in Southeast Seattle.	11/18/99

CONSEQUENCES OF DELAY

- Delay in the execution of an interim agreement with the CDF and provision of a start-up budget would delay the distribution of supplemental mitigation funds to impacted parties in the Rainier Valley.

Regional Partnership and Cooperation

- Sound Transit, the City of Seattle, King County and the CDF Steering Committee, Founding Board and Rainier Valley community members have partnered throughout the CDF process to develop an operating plan so that implementation of the CDF can continue.

Public Involvement

During the summer of 2000, the Rainier Valley community developed criteria for community representatives who would serve on the Steering Committee, the nominating and election process. Twenty community members volunteered to serve on the Steering Committee. A community election was held on September 11, 2000, resulting in the nomination of ten community members for the Steering Committee. The Steering Committee also included representatives from Sound Transit, the City of Seattle and King County.

The Steering Committee held its first meeting at a daylong retreat, on October 14, 2000. Since that first meeting, the Steering Committee has:

- Held 27 meetings (open to the public) to work through the details of the operating plan;
- Met more than 65 times in various sub-committees;
- Met twice in full-day summits to discuss and finalize decisions on critical aspects of the CDF structure, operation, and launch;
- Held three community forums attended by a total of 96 community members to review the Steering Committee's work plan and timeline; to solicit feedback on the proposed mission, principles, and funding priorities; to review the supplemental mitigation products and services; to solicit input on the use of the CDF's funds; and to ask for nominees to the CDF's Founding Board;
- Held two focus groups attended by 32 impacted businesses to discuss and evaluate proposed CDF financial assistance;
- Met one-on-one with an additional 33 impacted businesses to review their needs and to discuss whether proposed CDF financial products and technical assistance will be useful and sufficient;
- Met with 32 community stakeholders to discuss their opinions regarding the CDF's structure, governance, staffing, and non-mitigation activities;
- Made five presentations to Sound Transit's Central Link Task Force to discuss and seek approval on the CDF's proposed mission statement, guiding principles, and funding priorities, and to introduce the proposed supplemental mitigation products and services;
- Made one presentation to the full Sound Transit Board to review the Steering Committee's progress;
- Drafted and sent five letters to the Sound Transit Board regarding the Steering Committee's position on a number of issues that impacted the Rainier Valley community and the CDF;
- Participated in a presentation to the Seattle City Council regarding CDF funding issues;
- Made presentations to joint meetings of the Sound Transit Finance Committee, Central Link Oversight Committee and Seattle City Council Transportation Committee on the Operating Plan.

Legal Review

JLB 9/25/02

SOUND TRANSIT

RESOLUTION NO. R2002-16

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute an interim service agreement with the Community Development Fund (CDF), adopting a budget for that interim agreement through December 31, 2002 in an amount not to exceed \$196,130, and authorizing the Executive Director to begin negotiations with the CDF incorporated as the Rainier Valley Community Development Fund for a long-term service agreement to be executed by December 31, 2002.

WHEREAS, by Resolution No. 72, adopted May 31, 1996, the Sound Transit Board adopted financial policies to govern the financing and implementation of the Ten-Year Regional Transit Plan and to specify budgetary guidelines for providing subarea equity in accomplishing the same; and

WHEREAS, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority's (Sound Transit) district, the voters approved local-option taxes to support implementation of the Ten-Year Regional Transit System Plan; and

WHEREAS, by Resolution No. R98-4 the Sound Transit Board adopted budget policies; and

WHEREAS, by Resolution No. R2001-17 the Sound Transit Board adopted the 2002 budget; and

WHEREAS, said budget is consistent with adopted Sound Transit financial policies as established by Resolution No. 72; and

WHEREAS, by Resolution No. R99-34 the Sound Transit Board established a Transit - Oriented Community Development Fund for Southeast Seattle (the "Fund"). Expenditures from the Fund shall be generally consistent with the timing of construction of the project, the mitigation of impacts of the project, and promotion of increased ridership; and

WHEREAS, by Motion No. M2002-46 the Sound Transit Board authorized execution of an agreement with the City of Seattle to establish, oversee and fund the City of Seattle's

portion of the Transit-Oriented Community Development Fund for Southeast Seattle, and to provide funding support for certain aspects of the Central Link Light Rail Project; and

WHEREAS, the CDF Steering Committee established by Motion No. M2000-72, has transmitted a draft operating plan for the Fund to the Board for its consideration. The operating plan contemplates that Sound Transit will contract with the Community Development Fund to administer Sound Transit's Supplemental Mitigation Account of the Fund;

WHEREAS, the CDF is a newly formed non-profit corporation of the State of Washington, and must perform additional business organization work in order to be in a position to carry out the administration services proposed in the draft operating plan;

WHEREAS, the interim service agreement will require the CDF to perform such work and provide the necessary funds for its performance.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority as follows:

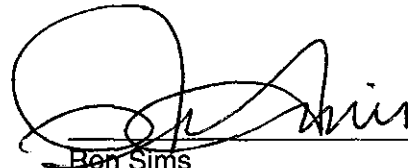
Section 1. The Executive Director is authorized to execute an interim service agreement with the CDF through December 31, 2002, with a budget not to exceed \$196,130. All payments made by Sound Transit under the interim agreement will be reimbursed to Sound Transit from the Fund.

Section 2. The budget of \$196,130 for the interim service agreement is adopted and added to the existing 2002 Sound Transit staff operating budget authority. Disbursement of these dollars will occur on a monthly basis through December 31, 2002 from Sound Transit to the CDF. The disbursement of these dollars by the CDF will follow the budget outlined in the interim service agreement.

Section 3. The Executive Director is authorized to begin negotiations with the CDF on a long-term service agreement with the CDF.


Section 4. The Board further authorizes the Executive Director to take any actions necessary to implement the policies and determinations of the Board pursuant to this Resolution.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 10, 2002.



Ben Sims
Board Chair

ATTEST:



Marcia Walker
Board Administrator