

**SOUND TRANSIT  
STAFF REPORT**

**RESOLUTION NO. R2003-02**

**Budget Amendment for the Community Development Fund**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	2/6/03	Discussion/Possible Action	<b>Hugh Simpson, Chief Financial Officer</b>	(206) 398-5082
Board Meeting	2/13/03			

<b>Contract/Agreement Type:</b>	<b>Requested Action:</b>
Competitive Procurement	Execute New Contract/Agreement
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**

- Amends 2003 budget to include the Transit-Oriented Community Development Fund (the Fund) 2003 transactions as follows: service contract payments to the Rainier Valley Community Development Fund (RVCDF), Sound Transit internal administrative costs, 2002 and 2003 annual transfers to the Fund by Sound Transit, Community Development mitigation disbursements and partners funding payments to Sound Transit.

**Action**

- Amending the 2003 Board-adopted budget by \$528,935 in staff operating costs relating to service contract payments; \$215,625 in internal administrative staff costs; \$11,000,000 in transfers to the Community Development Fund within Sound Transit's financial structure; \$8,835,000 in mitigation disbursements; and partnership funding from the City of Seattle (\$4,000,000) and King County (\$1,000,000) in the amount of \$5,000,000 in support of the Community Development Fund for Southeast

**KEY FEATURES**

- Amends the 2003 Sound Transit staff operating budget for service contract payments to the Fund by \$528,935. Monthly amounts will be paid to the Fund for the remainder of calendar year 2003. Sound Transit will be reimbursed by the Fund for these expenses.
- Amends the 2003 staff operating budget for Sound Transit administrative costs by \$215,625 relating to Administrative Services (\$120,000) and Finance and Information

Services (\$95,625) to support the Fund activities. Sound Transit will be reimbursed by the Fund for these expenses.

- Amends 2003 budget to authorize \$11,000,000 in transfers to the Fund by Sound Transit.
- Amends 2003 budget to authorize \$8,835,000 in mitigation disbursements by the fund in the form of payments and advances.
- Amends 2003 budget to included partnership funding from the City of Seattle of \$4,000,000 and King County of \$1,000,000.

**BUDGET IMPACT SUMMARY**

**Project Description:** Community Development Fund

**Current Status:** Interim Start-up Funding

**Projected Completion Date:** 2008

<b>Action Outside of Adopted Budget:</b>	<b>Y/N</b>	<b>Y Requires Comment</b>
This Line of Business	Y	Requires setup of new business unit for CDF operating expenses. Payments will be reimbursed to Sound Transit.
This Project	N	
This Phase	N	
This Task	N	
Budget amendment required	Y	Requires amendment to 2003 budget
<b>Key Financial Indicators:</b>	<b>Y/N</b>	<b>Y Requires Comment</b>
Contingency funds required	N	
Subarea impacts	N	
Funding required from other parties other than what is already assumed in financial plan	N	

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

**BUDGET DISCUSSION**

This resolution will enable Sound Transit to fund the long-term service agreement payments and required Sound Transit internal administrative costs needed to implement the Fund and achieve the Supplemental Mitigation objectives. As part of the annual budget process, the Board will review and adopt the budget for implementing the Supplemental Mitigation portion of the Community Development Fund.

This resolution also authorizes transfers to the Fund within Sound Transit's financial structure, mitigation payments, advances and partner funding. The table and corresponding notes below highlight the Fund activities 2002-2009. Within the table there are five sections that describe funding from partners, Sound Transit funding, the Fund mitigation payments and advances and the Fund administrative costs along with accompanying notes. Also, note numbers depicted below are in thousands.

	2002	2003	2004	2005	2006	2007	2008	2009	Total
<b>Partnership Funding To Project (1)</b>									
City of Seattle (1a)		4,000	3,500	5,600	8,400				21,500
King County (1b)		1,000	1,000	1,000	1,000	1,000	1,000	1,200	7,200
<b>Total</b>	-	5,000	4,500	6,600	9,400	1,000	1,000	1,200	28,700
<b>Sound Transit Funding To CDF (2)</b>									
Annual Payments	3,000	8,000	3,500	3,500	7,500	1,000	1,000	1,200	28,700
<b>CDF Mitigation Disbursements (3)</b>									
Payment	-	4,335	2,665	2,390	2,005	2,490	900		14,785
Advances	-	4,500	2,050	1,550	2,100	750			10,950
<b>Total CDF Mitigation</b>	-	8,835	4,715	3,940	4,105	3,240	900	-	25,735
<b>CDF Administrative Costs (4) (5)</b>									
Service Contract Payments	196	529	514	501	516	532	548		3,336
ST Internal Costs	318	216	174	183	192	201	211		1,495
<b>Total Administrative Costs</b>	514	745	688	684	708	733	759	-	4,831
<b>Total Sound Transit Payments (6)</b>									
Partnership Funding	-	5,000	4,500	6,600	9,400	1,000	1,000	1,200	28,700
Interest, repayment or adjustment	514	4,580	903	(1,976)	(4,587)	2,973	659	(1,200)	1,866

## CDF Budget and Funding Notes

**Note 1:** Motion No. M2002-46 (Memorandum of Agreement with the City of Seattle) provides for funding from the City of Seattle to Sound Transit in reference 1(a) through utility related work on the Link Initial Segment. Motion No. M2002-65 (Memorandum of Agreement with King County and City of Seattle related to the Downtown Seattle Transit Tunnel) provides for funding from King County to Sound Transit in line 1(b) for work related to the Link Initial Segment.

**Note 2:** Under the agreements referenced above Sound Transit will make payments per this schedule to a separate account within Sound Transit's financial structure to be used in disbursing funds for mitigation payments, advances and administrative costs. Actual amounts transferred to the Fund will be net of the CDF administrative costs.

**Note 3:** Amounts included under this section are for payments from CDF designated funds contained within Sound Transit financial records to impact parties for program elements. Annual estimates were created from input from the CDF Steering Committee and Founding Board.

**Note 4:** Amounts included in this section are divided into two sections: service contract payments and Sound Transit internal administrative costs. Service contract payments are estimated and will be presented within the proposed long-term service agreement to the Sound Transit Board during February 2003. These funds will be used by the CDF organization to implement the operating plan through 2008. Sound Transit internal costs include to-date actual expenditures of \$318,000 and annual amounts required for Sound Transit to administer the

program through 2008. All administrative costs (service payments and internal administrative costs) will be reimbursed from CDF designated funds (included in Note 2) to Sound Transit.

**Note 5:** The costs shown include only Sound Transit's 70% portion of the total cost of Fund administration. The remaining 30% is expected to be paid by the City of Seattle through a separate contract with the City of Seattle. This proration will be evaluated annually; for planning purposes, the above table shows a 70/30 split of costs through 2008.

**Note 6:** Current funding from Sound Transit is not to exceed \$28.7 million. Forecasted interest income is \$1.9 million. Forecasted total program elements (mitigation payments, advances, and administrative costs) are estimated at \$30.6 million. Any shortfall will be made up through an adjustment of program elements or by repayments from advances.

## **REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS**

Since all costs related to the Community Development Fund are reimbursed back to Sound Transit, there is no financial impact to the Agency.

### **History of 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 to propose an operating plan for the Fund and providing for associated tasks and procedures.

In spring 2002, the Steering Committee submitted a draft operating plan to the Sound Transit Board. On September 6, 2002, the organization officially incorporated as the Rainier Valley Community Development Fund, a non-profit corporation of the State of Washington. On September 19, 2002, the Founding Board of the Community Development Fund submitted the organization's Operating Plan to the Sound Transit Board for consideration. The 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.

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.

On December 12, 2002, by Motion No. M2002-138 the Sound Transit Board adopted the RVCDF Operating Plan, which provides overall guidance for the administration of the Fund and governance of the RVCDF that will administer the Fund pursuant to a contract with Sound Transit. The Sound Transit Board adopted this Operating Plan with the express condition that certain aspects of Fund operations may not be adjusted without an amendment to the Operating Plan approved by both the Sound Transit Board and the Seattle City Council. These items include: (1) the mission statement of the Fund; (2) the purposes of payments, advances, and loans; (3) separation of its operations and financial record keeping into the Supplemental Mitigation Account and the Community Development Account; (4) geographic boundaries of the Fund; and (5) legal and governance structure of the RVCDF.

In October 2002, by Resolution No. R2002-16, the Sound Transit Board authorized execution of an interim service agreement and budget for operations start-up through the end of 2002 and authorized negotiations to begin with the RVCDF for a long-term service agreement. The interim service agreement has been extended through February 28, 2003. A separate motion is under consideration to authorize execution of that long-term service agreement with the RVCDF. This action amends the budget to pay the costs of the long-term service agreement and related funding for the Fund.

### Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2002-138	Adopted the Rainier Valley Community Development Fund Operating Plan on December 12, 2002, which provides overall guidance for the administration of the Fund and governance of the entity that will administer the Fund pursuant to a contract with Sound Transit.	12/12/02
R2002-16	Authorized the Executive Director to execute an interim service agreement with the Community Development Fund, 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.	10/10/02
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 subarea 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 a long-term service agreement with the RVCDF would delay the distribution of the Fund to impacted parties in the Rainier Valley.

### **Regional Partnership and Cooperation**

Sound Transit, the City of Seattle, King County and the RVCDF's Steering Committee, Founding Board and Rainier Valley community members have partnered throughout the RVCDF process to develop an Operating Plan so that implementation 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 RVCDF 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 RVCDF's funds; and to ask for nominees to the Founding Board;
- Held two focus groups attended by 32 impacted businesses to discuss and evaluate proposed RVCDF financial assistance;
- Met one-on-one with an additional 33 impacted businesses to review their needs and to discuss whether the proposed RVCDF's financial products and technical assistance will be useful and sufficient;

- Met with 32 community stakeholders to discuss their opinions regarding the RVCDF'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 RVCDF'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 RVCDF;
- Participated in a presentation to the Seattle City Council regarding the RVCDF's 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**

JB 2/5/03

## **SOUND TRANSIT**

### **RESOLUTION NO. R2003-02**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the 2003 Board-adopted budget by \$528,935 in staff operating costs relating to service contract payments; \$215,625 in internal administrative staff costs; \$11,000,000 in transfers to the Community Development Fund within Sound Transit's financial structure; \$8,835,000 in mitigation disbursements; and partnership funding from the City of Seattle (\$4,000,000) and King County (\$1,000,000) in the amount of \$5,000,000 in support of the Community Development Fund for Southeast Seattle

WHEREAS, Resolution No. R99-34 defined that Sound Transit shall establish within the North King County subarea budget a \$50 million (YOE\$) Transit-Oriented Community Development Fund ("The Fund") to be available to mitigate impacts of the construction and operation of light rail in Southeast Seattle; and

WHEREAS, Motion No. M2000-72 established a Steering Committee for the \$50 million Transit-Oriented Community Development fund 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; and

WHEREAS, Motion No. M2002-46 authorized the Executive Director to execute an agreement with City of Seattle to establish, oversee and fund the City of Seattle's portion of the Transit-Oriented Community Development Fund, and to provide funding support for certain aspects of the Central Link Light Rail Project; and

WHEREAS, Motion No. M2002-65 authorized the Executive Director to execute an agreement among Sound Transit, King County and the City of Seattle defining the terms and conditions to permit the joint operations of trains and buses in the Downtown Seattle Transit Tunnel; and



WHEREAS, Resolution No. R2002-16 authorized the Executive Director to execute an interim service agreement with the Community Development Fund, adopting a budget for that interim agreement through February 15, 2003 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 February 15, 2003; and

WHEREAS, Motion No. M2003-07 authorizes the Executive Director to execute a long-term service agreement with the Rainier Valley Community Development Fund, which would facilitate one of the major and imminent goals of the Community Development Fund: 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; and

WHEREAS, execution of the long-term agreement requires additional resources be allocated in Sound Transit's staff operating budget; and

WHEREAS, Sound Transit will be reimbursed from the Community Development Fund for service contract payments and Sound Transit internal administrative costs incurred; and


WHEREAS, execution of the long-term agreement requires budget authorization to fund the Community Development Fund within Sound Transit's financial structure, authorization for Community Development Fund disbursements for mitigation payments and advances, and partnership funding; and

WHEREAS, an amendment to increase the 2003 Board-adopted budget requires supermajority approval of the Sound Transit Board.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority to amend the 2003 Board-adopted budget by \$528,935 in staff

operating costs relating to service contract payments; \$215,625 in internal administrative staff costs; \$11,000,000 in transfers to the Community Development Fund within Sound Transit's financial structure; \$8,835,000 in mitigation disbursements; and partnership funding from the City of Seattle (\$4,000,000) and King County (\$1,000,000) in the amount of \$5,000,000 in support of the Community Development Fund for Southeast Seattle.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 13, 2003.



Ron Sims  
Board Chair

ATTEST:

Marcia Walker  
Marcia Walker  
Board Administrator