

## SOUND TRANSIT

### MOTION NO. M99-2

A motion of the Board of the Central Puget Sound Regional Transit Authority adopting policies to guide grant activities to secure funds that will augment local option tax revenues and fulfill *Sound Move* financial policies.

#### **Background:**

*Sound Move's* financial plan assumed the plan would be funded with a combination of local revenues, bond proceeds and non-local grant funds. The finance plan made the following assumptions about monies from non-local sources:

- ◆ Most of Sound Transit's federal assistance was assumed from federal discretionary "New Starts" funding to build the Link light rail project from SeaTac to the University District. These New Starts grants were distributed to the North and South King County subareas.
- ◆ Other federal sources were assumed to contribute Approximately \$200 million (\$year of expenditure). These funds were distributed to Snohomish, Pierce, and East and South King County subareas (proportional to local revenue generated) since they would likely be associated with the Sounder commuter rail and Regional Express bus programs.
- ◆ The *Sound Move* finance plan did not assume any state funds.
- ◆ *Sound Move* policies directed that a higher share of New Starts funds should be sought in order to extend the Link light rail system from the University District to Northgate in Phase I.

The creation and evolution of a grants program for Sound Transit has raised several issues that require board policy direction (see Background and Comments):

- ◆ Confusion regarding Sound Transit's funding needs.
- ◆ Local concerns regarding Sound Transit's recent entry into competition for grants.
- ◆ Partnering on joint grant applications with other agencies or jurisdictions/support for other agencies' grant applications.
- ◆ Subarea equity and project selection.
- ◆ Questions regarding Sound Transit's position on state funding.

The purpose of the proposed motion is to have a set of board-approved policies to guide staff in our grants activities.

#### **Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the policies below be adopted to guide grant activities of Sound Transit.

## SOUND TRANSIT GRANT POLICIES

### I. Section 5309 Discretionary “New Starts” Funds

#### Policy 1 – New Starts

Sound Transit will seek to maximize its federal share and appropriations from “New Starts” discretionary grants to build the Central Link light rail system in the North King and South King County subareas, consistent with the voter-adopted *Sound Move* plan. The Board will review this policy in late 1999 – at the completion of preliminary engineering and the environmental process – and as negotiations with the Federal Transit Administration for a Full Funding Grant Agreement get underway.

### II. Section 5309 Discretionary Bus and Bus Facilities Funds

#### Policy 2 – Discretionary Bus

Sound Transit will coordinate with other central Puget Sound transit partners to develop a single package for discretionary bus appropriation requests to submit to the Washington State congressional delegation. This approach seeks to maximize the federal discretionary bus grants appropriated to the region.

### III. Other grant funds

#### Policy 3 – Secure Other Funds Assumed to Implement *Sound Move*

Consistent with *Sound Move* policies, Sound Transit will seek to secure – through a mix of grant sources – the additional grant funding in order to implement the complete array of projects and services identified in *Sound Move* and fulfill commitments made to the voters.

Only after reviewing progress toward the funding targets and commitments established in *Sound Move* will Sound Transit consider seeking funds for investments that would: (a) significantly broaden the scope of or enhance a *Sound Move* project; (b) reduce bonding; and/or (c) fund new projects not included in *Sound Move* (consistent with the Board’s adopted criteria and process for revising *Sound Move*).

#### Policy 4 – Partnering on Grant Applications

In developing grant partnerships with local agencies and/or jurisdictions, Sound Transit’s priority will be to fund the baseline costs associated with implementing *Sound Move* projects and services. In general, Sound Transit will act as lead applicant if it receives a majority share of grant funds and will act in a support role if it is a minority partner. Criteria to guide staff’s decisions on where to jointly develop a potential grant application are as follows:

- ◆ The magnitude of grant funds that will cover baseline *Sound Move* project costs.
- ◆ The estimated ridership that will benefit from the project or service being funded.
- ◆ The degree to which grant funds can be successfully spent in the appropriated year.

- ◆ Whether a Memorandum of Understanding or similar agreement exists between Sound Transit and the partner agency(s) which specifies the scope of project and relative share of project costs.
- ◆ The extent to which the project is being managed at a regional level (example, Smart Card) and/or benefits multiple agencies.

Policy 5 - Support for Other Agencies' Grant Applications

When requested, Sound Transit will provide a letter of support to all project partners applying for grant funds whose projects benefit or enhance *Sound Move* project investments. Sound Transit will also consider pledging its investments, or in-kind donations, as local match taking into account the significance of the project to the *Sound Move* program and any regulatory requirements that may apply.

Policy 6 - State Funds

Sound Transit will support state funding for other agencies' projects that directly support and complement the projects and services of *Sound Move* [e.g., completion of the HOV system (Regional Express) and investments in the intercity rail corridor (Sounder)].

Sound Transit will also support state funding for projects of other agencies who are partners of Sound Transit in the projects and services of *Sound Move*.

Sound Transit will seek opportunities for replacement of local revenues lost as a result of voter passage of Referendum 49, and will explore ways that the state can become a long-term funding partner in *Sound Move*.

Approved by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 11<sup>th</sup> day of February, 1999.

ATTEST:

Marcia Walker

Marcia Walker  
Board Administrator

Paul E. Miller

Paul E. Miller  
Board Chair

# SOUND TRANSIT

## MOTION NO. M99-2

### Grant Policies BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
PGA Committee	1/15/99	Canceled	Paul Matsuoka,	206-684-6761
Executive Committee	1/15/99	Discussion	Deputy Executive	
Finance Committee	1/21/99	Discussion	Director	
Finance Committee	2/4/99	Discussion/Possible Action to Recommend Board Approval	Sheila Dezarn,	206-684-1730
PGA Committee	2/5/99	Discussion/Possible Action to Recommend Board Approval	Government Relations Manager	

#### ACTION:

Board approval of policies to guide staff's activities for pursuing federal, state, and other grants.

#### BACKGROUND:

*Sound Move's* financial plan assumed the plan would be funded with a combination of local revenues, bond proceeds and non-local grant funds. The finance plan made the following assumptions about monies from non-local sources:

- ◆ Most of Sound Transit's federal assistance was assumed from federal discretionary "New Starts" funding to build the Link light rail project from SeaTac to the University District. These New Starts grants were distributed to the North and South King County subareas.
- ◆ Other federal sources were assumed to contribute approximately \$200 million (\$year of expenditure). These funds were distributed to Snohomish, Pierce, and East and South King County subareas (proportional to local revenue generated) since they would likely be associated with the Sounder commuter rail and Regional Express bus programs.
- ◆ The *Sound Move* finance plan did not assume any state funds.
- ◆ *Sound Move* policies directed that a higher share of New Starts funds should be sought in order to extend the Link light rail system from the University District to Northgate in Phase I.

The creation and evolution of a grants program for Sound Transit has raised several issues that require board policy direction:

- ◆ Confusion regarding Sound Transit's funding needs: Many outside the agency have forgotten that Sound Transit is not fully funded, or they believe that all of Sound Transit's grant funding will be obtained through New Starts.

- ◆ Local concerns: Sound Transit's recent entry into competition for grants has raised concerns among local agencies who also rely on the same sources of grant funding for their projects.
- ◆ Joint grant applications/support for other agencies: Sound Transit is being approached by a number of agencies to either (1) partner on joint grant applications -- where all applicants benefit financially from grant funds secured, or (2) support other agencies' grant applications through pledging our local match, in-kind, and/or a provide a letter of support.

Because the sheer number of project partners makes it impossible to develop joint applications or pledge local match in an equitable manner, and, because partnering with or supporting one agency over another would be regarded as favoritism, we need criteria for determining the conditions under which we will jointly develop grant applications and/or support other agencies' applications.

- ◆ Subarea equity and project selection: It is unclear how the principles of subarea equity in grant funding assumed in *Sound Move* should drive the selection of particular projects for grant funding.
- ◆ State funding: Sound Transit staff has received numerous inquiries regarding whether we intend to seek state funding from Referendum 49 monies or other state sources. Staff have also received requests to support other agency or jurisdiction requests for state funding for their own separate projects as well as for their contribution to Sound Transit projects.

The purpose of the proposed motion is to have a set of Board-approved policies to guide staff in our grants activities.

#### **RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:**

- ◆ Resolution No. 72, adopted May 31, 1996, adopting financial policies for implementation of *Sound Move*.
- ◆ Resolution No. 73, adopted May 31, 1996, adopting *Sound Move*.

#### **KEY FEATURES:**

- ◆ Policy to maximize federal New Starts funding.
- ◆ Policy supporting a more coordinated regional approach to federal discretionary bus appropriation requests.
- ◆ Policy re-affirming pursuit of other federal grants to meet commitments made in *Sound Move*.
- ◆ Policy to guide allocation of non-New Starts grant receipts to fulfill *Sound Move* subarea equity.
- ◆ Policy and criteria to guide staff in development of joint grant applications and/or support for other agencies' grant applications.
- ◆ Policy on state funding.

**FUNDING:**

No significant costs are associated with the proposed action. The proposed motion deals with the revenue side of *Sound Move's* financial plan.

**ALTERNATIVES:**

Non-adoption of the motion continues to place staff in an uncertain position, particularly with respect to partnering, coordinating, and supporting other agencies' grant applications. Boardmembers could choose, however, to adopt a different set of policy statements rather than those proposed by staff.

**CONSEQUENCES OF DELAY:**

Grant application deadlines occur throughout the year and recur annually. Delay means prolonging the period that staff would need to operate without Board-adopted policies and direction.

**LEGAL REVIEW:**

The Legal Department has reviewed and approved the Background and Comments and the Motion.

